



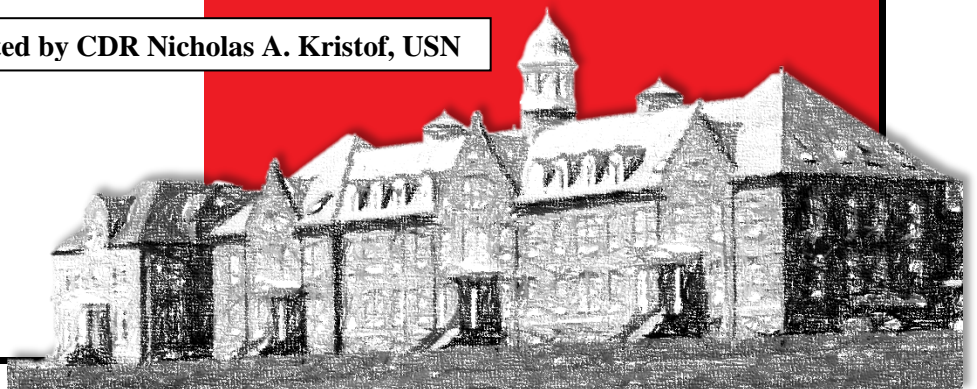
Republic of Indonesia

Fall 2018



US Naval War College Joint Maritime Operations students present their thoughts and approaches to tackle a pressing national security problem.

Edited by CDR Nicholas A. Kristof, USN



The views expressed in these papers reflect personal opinions of the authors and do not reflect the official policy or position of the United States Naval War College, the United States Navy, the US State Department, USAID, any federal agency, the Department of Defense, or the US Government.

Table of Contents

True Believers: Religious Intolerance and Instability	1
William A. Adler, LTC, US Army	
Reassessing the US Freedom of Navigation Program in a Complex Competitive Environment. 13	
Douglas Briller, US Department of State	
Countering Transnational Terrorism by Increasing Indonesian Special Operation Forces’ Capacity	25
Tiffany Chapman, LTC, US Army	
The Republic of Indonesia’s Maritime Strategy: Lofty Aspirations Without the Means to Achieve Them.....	36
Joseph Girard, Capt., US Navy	
Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement	49
Ryan L. Hill, Lt Col, US Air Force	
Trade and Economic Development: Economic Symptoms to Problem Solving 2.0	63
John Hundley, Lt Col, US Air Force	
Employing Special Autonomy as a Deterrent to Separatism in West and East Kalimantan	72
Colin K. Kennedy, Cmdr., US Navy	
Maritime Diplomacy: Countering China in the South China Sea.....	83
Jonathan Q. Kenney, LtCol, US Marine Corps	
Trust Us, We’re SOF? US Special Operations Forces are Key to Building Partner Capacity	94
Jeremy M. Komasz, Capt., US Navy	
President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia.....	106
Chad A. Long, Cmdr., US Coast Guard	
Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China.....	121
Louis M. McCray, Capt., US Navy	
BAKAMLA – The Future of Maritime Security	134
Joseph McGettigan, Cmdr., US Navy	
Nature and Terror in the Sulu-Sulawesi Sea: Stopping the Next Pandemic.....	145
Kenneth L. Meyer, US Department of State	
Climate Change Impacts and Opportunities for Partnership	161
Christi S. Montgomery, Cmdr., US Navy	

The Islamic State and Its Challenge to Gain Support in the World’s Most Populous Muslim Nation.....	176
Jarrod P. Moreland, LTC, US Army	
The Indigenous Defense Industry: Opportunities for Partnership	191
Raghu R. Nair, Capt., Indian Navy	
Cruising to a New Reality? The Republic of Indonesia’s Desire to Become a Global Maritime Fulcrum and the Challenges It Faces	204
Richard J. Nowinski, LTC, US Army	
South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground.....	213
Nicholas C. Nuzzo, LtCol, US Marine Corps	
Intellectual Property Protection: Key to Accelerating Economic Growth.....	226
Kristin Paulson	
Pusat Maritim: Gaining Long-Term Influence and Presence in Eastern Indonesia.....	237
Andrew Rhodes	
One Partnership, Two Indonesias: Income Inequality as a Vulnerability in the INDOPACOM Partnership	258
Megan Rhodes, US Agency for International Development	
Continued US Partner or China’s Next Debt Diplomacy Victim?	269
Nathan L. Rusin, Lt Col, US Air Force	
Seaport Rehabilitation: Key to Indonesian Success.....	280
Donald J. Sandberg, Lt Col, US Air Force	
Money as the Weapon of Choice: A Case for US Foreign Direct Investment	291
Jesse Sjoberg, LtCol, US Marine Corps	
The North Natuna Sea: An Opportunity to Partner	305
Christopher W. Smith, US Department of State	
Radical Islam: Sharia Banking 4.0 and the Rise of an Indonesian Juggernaut.....	314
Steven W. Speares, Lt Col, US Air Force	
A Prescription for Greater US Engagement.....	326
Krista P. Sturbois, Capt., US Navy	
Terrorism and Transnational Organized Crime: Challenges and Solutions	337
Jason Yeatts, Col, US Air Force	
List of Abbreviations	347

The US Naval War College's Joint Maritime Operations (JMO) Department is tasked with educating military and civilian leaders in the arena of maritime warfare in order to support the joint force's attainment of military objectives. This compendium represents the efforts of students in the JMO Department's Senior Level Course 2019 Capstone event. This year's Capstone focused on Indonesia and asked the student seminars to examine a complex problem: "How can US Indo-Pacific Command, in concert with other US instruments of power, engage with the Republic of Indonesia to address the growing tensions associated with excessive maritime claims and the resurgence of terrorist activity in Southeast Asia?" In preparation to form an operational planning group, each student selected an aspect of one of the instruments of national power: Diplomatic, Informational, Military, or Economic, through which to address this problem. Based upon their research, they produced a well-articulated article stating a clear thesis and defending their assertions to reach a conclusion with defined recommendations. The top articles are collected in this compendium.

The value of writing is in the exertion of mental, and physical, effort in organizing thoughts into a cogent and thoughtful document. One of the objectives of the JMO Course is for the students to "...hone critical and creative thinking, especially the ability to develop and evaluate a range of potential solutions to ill-structured problems." The student work that appears herein has achieved that objective. National security professionals have always faced a multitude of significant challenging and complex problems. Today is no different in the face of renewed great power competition, combined with existing operations in hot-spots around the world. Solving these problems requires national security professionals who are educated not only in history and national security issues but also in the use of the military instrument of power, specifically maritime power, to support the attainment of national objectives.

I want to thank the efforts of the JMO faculty who dedicated many hours mentoring their students in writing these papers. I want to thank CDR Nick Kristof, USN for his tireless efforts in collecting and editing this volume. Finally, I want to thank the student authors themselves, who not only contributed to the body of academic knowledge but also challenged themselves to commit their ideas to writing and defended them. I am proudest of them, because they represent the next cohort of leaders who will tackle the coming complex problems in order to achieve the objective.



Captain Edmund B. Hernandez, U.S. Navy
Chairman, Joint Military Operations Department

19 March 2019

True Believers: Religious Intolerance and Instability

William A. Adler, LTC, US Army

Introduction

Contemporary Indonesia represents a microcosm of the challenges that are reshaping the global security environment. The Republic of Indonesia (ROI) has a diverse multi-ethnic and multi-faith population with approximately 300 ethnic and linguistic groups, six officially recognized religions, and hundreds of variations in indigenous beliefs.¹ The country's 260 million inhabitants live across an archipelagic territory on 922 islands.² Its increasing geopolitical relevance is owed in part to its role as a network of trade, cultures, and religions. The ROI's experiment with constitutional democracy represents an ambitious attempt to build a unified vision of national identity on a foundation of ethnic and religious harmony. However, like other multi-ethnic and religiously-diverse states, the very attributes that give the country a vibrant and unique character also generate forces that can unleash disorder.

The specter of the communal violence that occurred between Muslim and Christian neighbors in villages and cities across the Maluku Islands after the fall of the Suharto dictatorship haunts the ROI's social, political, and economic progress.³ This conflict seemed to expose the idea of religious pluralism as a national fiction. The social and political divisions between the two largest religious communities, Christian and Muslim, present an ongoing challenge to domestic stability. As in numerous multi-religion societies, faith plays a critical role in the formation of social identity, orienting politics and policy, and as a potent force in domestic competition and conflict. To address this challenge and preserve social harmony, the central government should promote and enforce policies that support moderate Islamic perspectives.

Religious Identification and Social Unity

Religious associations create powerful bonds of belief and custom in human societies. Common to religious systems is acceptance of central ideas about reality and truth. For the Abrahamic faith traditions of Islam and Christianity, there are two common assumptions that fit into a broadly accepted definition. First, both faith traditions spring from the idea that there is an ever-living God that engages with humanity. Second, both religions posit that humans are ultimately accountable to God for ideas and behavior.⁴ Belief in these central propositions gives these religious systems tremendous power over the intellectual lives of adherents.

Religious conviction also shapes shared identity in ways that create in-group unity and widens social stratification. Each faith tradition provides adherents with a common social identity and orientation. In practice, these traditions rely on deep reservoirs of doctrine, law, and custom to shape multiple facets of the lives of believers. In many societies, religious faith forms a foundation for all important aspects of community life. In this regard, religion provides a powerful force for in-group unity. However, these strong community values often collide with equally persuasive ideas held by other communities. This often results in the uneven distribution

of power and resources between groups. In extreme cases, this can stratify the social order by excluding out-groups, setting up conditions for potential instability.⁵

Christianity and Islam are competitive ideologies that, despite bearing a “family resemblance” in their foundational ideas, are doctrinally incompatible in two important ways.⁶ First, both religions place a strong emphasis on the importance of acting in accordance with their professed beliefs, which puts them in competition for adherents. This competition contributes to the second enduring challenge to Christian-Muslim relations. Both faiths have a long tradition of enmity, which stems from the divergence of their central ideas concerning the relationship of the mortal to the divine.⁷ While this history of hostility and ideological competition does not preordain violence, it does serve as a reliable predictor of social and political friction.

The acknowledgement of this tendency toward hostility and competition is evident in the political language used in states where there are different religious beliefs, such as the United States and the ROI.⁸ The emphasis on religious tolerance as a civic virtue is an implied acknowledgement of the power of religious conviction to inspire conflict and widen social divisions if unchecked. In widely variegated societies such as the ROI, leaders have long recognized the power of religious identification as a social and political force; how those actors balance tolerance and political engagement is central to the future direction of their democracy.

Religion and Politics

The ROI’s complex mix of geography, people, customs, and interests makes politics an intricate array of compromises. Its potential for instability is discernable by considering the nexus of relationships between religious diversity, geography, and institutional stability. First, its imbalance between major religions places the goal of religious plurality at risk. With Muslims making up approximately 87% of the population, the country is able to claim the title of the most populous Muslim nation.⁹ As a democracy, it attempts to establish a balance between religious faiths. It officially recognizes five other major religions and denominations: Christianity (both Protestant and Catholic), Hinduism, Buddhism, and Confucianism. Christians are approximately 9% of the overall population, making Christianity the second most prominent religious group.¹⁰ In practice, this disparity presents a practical challenge to the idea of religious plurality that is central to the ROI’s identity.

Despite a record of tolerance and cultural adaptation, it is a mistake to view Indonesia as a secular state. As Bernard Adeney-Risakotta stated, “Indonesia is better described as a monotheistic nation-state, which rejects both of the classic choices between a monoreligious or secular state.”¹¹ This Indonesian approach advances the premise that religion has a role to play in the public sphere, but it also opens the gate for the exploitation of religious emotion by fundamentalists and political opportunists. The concept of tolerance, in theory, places the state-approved religions on equal footing in the socio-political life of the country.¹² This seems to point to a system that prioritizes consensus and compromise, at least at the macro level.

True Believers: Religious Intolerance and Instability

However, that view is at odds with the reality on the ground, where both local and national political movements often use religious connections to influence and exploit social divisions and consolidate political power.

The second factor contributing to enduring instability is the fragmented nature of the ROI's geography (See **Map 1**). It is composed of a series of islands, hundreds of which are inhabited. The islands of Java and Sumatra have the highest population concentrations and constitute the country's geographic, demographic, and cultural core.¹³ In a geographically unified country, it would be a difficult task to hold this socio-religious imbalance in harmony. Geographic segregation increases the complexity of aligning local politics and social structures with the national ideal of social harmony. Social harmony rests on the ability to follow a national theory of mutual respect for religions, known by the term Pancasila. Pancasila is a doctrine with five major principles: Belief in one God, nationalism expressed in the unity of the country, humanitarianism, democracy guided by wisdom and deliberation, and social justice.¹⁴ In the ROI, the idea of the belief in one God means a God of any of the approved religions.¹⁵ This approach to managing the tensions inherent in a multi-religious state is consistent with Indonesia's tradition of accommodation and tolerance.

The third, but perhaps overlooked, factor that pulls the ROI toward instability is its relative youth and experience as a democracy. Although it gained independence from Dutch rule in 1949, 32 years of military dictatorship under Suharto stunted the country's political development. Democratic reforms did not occur until 1998.¹⁶ Indonesian political institutions and structures are still evolving to meet the needs, hopes, and anxieties of the people. Part of this evolution is acceptance of a wider diversity of voices involved in political discourse. Religious conservatives, suppressed during the Suharto years, began to compete for followers and a role in shaping the country's politics.

For decades, Indonesian political leaders have attempted to chart a "middle path" between moderate and more fundamentalist positions regarding the relationship between religious faith and political power.¹⁷ Since independence, the government has adopted policies that promote a more moderate exercise of the religious-political relationship.¹⁸ While Islam enjoys a clear level of hegemony in the republic, the government promulgates a moderate vision of inter-faith relations through the tenets of Pancasila. To maintain harmony in this complex environment, the government has actively supported efforts to align governance with the ideals of the constitution. Moderation and tolerance contend with the forces of instability as they intersect with the cultural, economic, and social forces at play throughout the country.

People, Places, and Politics: Religious Tolerance at the Fault Lines

In the past, the physical space between the ROI's communities and the relatively settled power structure at local levels favored an adaptive approach that accommodated differences in cultural and religious practices.¹⁹ The geographic split between majority Muslim and majority

Christian communities cuts the archipelago nearly in half along the 120-degree longitude line.²⁰ In the central and Western provinces such as Sumatra and Java, a majority of the population identifies as Muslim, while Christians constitute a majority in Eastern areas such as Ambon, East Nusa Tenggara, and Papua (see **Map 1**). This divide creates religious fault lines, particularly in mixed communities, where the principles of tolerance are tested. At the seams between these two religious groups, population shifts have exposed the veneer of religious tolerance that preserves social order.

Internal migration in the 1970s and 1980s furnished a foreshadowing of the communal ethno-religious segregation that would explode into violence after the fall of Suharto's dictatorship. In Ambon, population shifts created by internal migration created competition for jobs and political power in local districts. As imbalances emerged, competition between ethnic groups drove self-segregation along religious lines. The perceptions of injustice between Muslim and Christian communities, and changes to local political arrangements later provided the excuse for the communal violence that occurred in the late 1990s.²¹ It is unsurprising that these communities of natives and newcomers divided along religious lines, because it is the religious element of social identification that provides the strongest adhesive in times of change and uncertainty.

Religious identification constitutes a powerful filter for social ordering and group interaction precisely because it taps into the human psyche in ways that nationalist or ethnic identification cannot match. The fundamentalist interpretations of some religious doctrines do not recognize a separation between the actions and policy preferences of the State and the precepts of the faith.²² In post-Suharto Indonesia, political parties proliferated as the nation developed its democratic institutions.²³ This proliferation of parties enhanced the utility of religion as a sorting tool or, as Kikue Hamayotsu points out, religion became an "instrument of popular mobilization among increasingly pious Muslim constituents precisely because of expanded electoral competition."²⁴ Despite expanded competition in the ROI, only Islamic parties matter because of Islam's political hegemony.

The idea that the ROI's Islamic political parties will surrender dominance or share the stage in the name of social harmony is a fundamental error. While the controlling influence of Islamic political parties reflects the general preferences across Indonesian society, it also undermines the idea of plurality. Within Muslim communities, competition between moderate and conservative parties to define the practice and reach of their faith encourages a sharper turn toward faith-based identity politics. For many Muslims, the fundamentalist interpretations of their doctrines point back to a meaning beyond primitive group identity and cultural practice. Sayyid Qutb, a writer and theorist on political Islam, wrote in his influential book *Milestones* that Islamic society transcends simple nationality and embraces "a community of belief".²⁵ This concept of a universal Islam exerts a powerful pull on group members and places their objectives

True Believers: Religious Intolerance and Instability

on a collision course with moderates promoting tolerance and a less pious approach to governing.

True Believers: Faith as a Tool for Competition and Conflict.

Both Christianity and Islam are susceptible to manipulation for political objectives. Both religions, in practice, rely on the unification of personal faith and political action to maintain their utility for believers. One value of religion is its ability to offer solutions to common problems such as injustice, poverty, and social harmony. Religions that fail to challenge the central problems of human social life will lose relevance.²⁶ In this relationship, the believer's obligation is action. The varieties and expressions of what constitutes "action" diverge widely.²⁷ However, it is useful to consider the connecting cords between prophetic direction, theological interpretation, personal obedience, and action. Often this relationship operates in the background, but it can become a lever to enable the weaponization of religion for political aims.

Conflict in Maluku 1999-2004

The conflict in Maluku from 1999 to 2004 is illustrative of the segregating and amplifying effect of religion on communal violence. In July 1999, a minor dispute between two ethnic communities on the archipelago of North Maluku erupted into a localized civil war lasting almost a year. The conflict claimed the lives of more than 5,315 people, displaced a further 250,000 people, and devastated infrastructure across the province. Its aftermath includes an atmosphere of enduring fear and division that settled over the region. This case illustrates how rapidly and intensely inter-religious conflict can consume entire communities and regions. It also provides a useful model for considering the predisposing factors that can shatter stability in complex societies. The echoes of this conflict still carry lessons for Indonesia's government.

There are numerous theories concerning the ethnic conflict in the Maluku islands, and a detailed comparison of them is beyond the scope of this paper.²⁸ Instead, it is useful to examine how these communities, with a reputation for peaceful co-existence, responded to the early spasms of violence. As the cycle of pre-emptive and retaliatory violence escalated in late 1999, villages and towns quickly divided themselves along religious lines. This locked the indigenous Kao Christian population and Muslim migrants into a savage struggle for survival.²⁹ As news of the conflict spread, external discourse and support also tended to diverge along religious or secular lines. Signature events, such as the forced conversions of Muslims to Christianity in North Maluku in late 1999, incited external actors such as Laskar Jihad and Laskar Mujahiddin to send volunteers from Muslim-dominated Java.³⁰ Religious identification, more than ethnic association, proved to be the vehicle to expand the intensity and reach of local unrest.

The ferocity of the violence and the religious character of the divide presented opportunities for fundamentalist actors to sustain the conflict and expand the divide. Even following the government's qualified success at bringing the two sides together to sign a peace treaty in 2002, clear divisions and tensions remained.³¹ Religious fundamentalists and armed

militants like Laskar Jihad remain factors in the security landscape. Since the conflict subsided in 2004, communities have not fully reconciled, and the people of the region have self-segregated along religious lines. For fundamentalists who advance religious identity as a zero-sum truth, this segregation and tension provide an opportunity for further exploitation.

The Ahok Case: Identity Politics and Tolerance

The relationship of Islamic fundamentalists to Indonesian politics recently emerged at the center of civic debate in the capital of Jakarta. In 2016, the acting governor of Jakarta, the ethnic Chinese-Christian Basuki Tjahaja Purnama, commonly known by his Chinese name, Ahok, ran as an incumbent against Muslim candidates for the governorship of Indonesia's most populous city.³² During the race, a video surfaced in which Ahok stated:

“Ladies and gentlemen may not vote for me, because (you have been) lied to by (someone using) Surah al-Maidah verse 51 etc. ... So if you cannot vote for me because you are afraid of being condemned to hell you do not need to feel uneasy as you are being fooled. It is all right.”³³

Author and Islamic Scholar A.J. Arberry translated the passage in question, verse 51 of *al-Maidah* (the Table), as: “Believers, take not the Jews nor the Christians as friends. They are friends of each other. Whoso of you makes them his friends is one of them God guides not the people of the evildoers”.³⁴ This interpretation asserts that a true Muslim should never accept the “mastership” or leadership of a non-Muslim.³⁵ This theme was amplified by Ahok's Muslim opponents.

The message stuck, despite Ahok's relative success as a governor and broad public appeal. Ahok was widely condemned and accused of “insulting” Islam following the release of video footage, widely distributed through social media and YouTube. Ahok's political opponents quickly seized on this opportunity and capitalized on the emotional energy present in the wider Islamic community to boost support for their own campaign. Fundamentalist Islamic groups such as Front Pembela Islam (FPI) organized a series of mass demonstrations that underlined the volatile forces just below the surface in this election. Quickly, the balance shifted, and Ahok lost his lead, lost the election, and, most ominously, lost his freedom when sentenced to prison for blasphemy.³⁶ Ahok's opponent was able to capitalize on the shift to a more conservative Islam increasingly popular in the heavily populated core of the ROI.

This election and its outcome have significant consequences for the ROI's domestic political direction in the future. The current president, Joko Widodo, faces a national election in 2019. Widodo may face opposition from more conservative candidates. Opposition candidates with the ability to tap into organized fundamentalist Islamic interest groups such as FPI, Jamaah Anshorusy Syariah (JAS), and Hizbut Tahrir Indonesia (HTI) may yet attempt to challenge Widodo's authenticity as a Muslim. If they do not oppose his election, they are likely to continue to work through citizen's groups to advocate for a more conservative, and exclusionary,

True Believers: Religious Intolerance and Instability

Islamic character to Indonesian politics.³⁷ This contest may be political and legal in nature in the Islamic core of Indonesia, but along the fault lines of religious sectarianism, in places like the North Malukas and Sulawesi, it may exacerbate lingering tensions.

Other Perspectives and Possibilities

Studies considering the same set of problems have concluded that religious affiliation is a significant, but not dominant, factor among competing social groups in the ROI.³⁸ Many of these studies identify discreet political and economic differences as more compelling causal factors in the social unrest that results in mass-violence. Competition for political power and influence sparked by persistent economic disparity and exclusion are reoccurring themes. In culturally diverse regions of the country where structural inequalities developed during colonial rule and dictatorship, the imbalances in political power and economic access are acute.³⁹ In these settings, opportunistic political actors compete for influence. These “conflict entrepreneurs” exploit strong religious self-identification to amplify existing social divisions and capture the passions of their constituents.⁴⁰ In a county with dozens of ethnically distinct communities, tensions are inevitable. However, it is the combination of ideas about identity, truth, and competition that can convert those tensions into conflict.

Some of these arguments seem to presume that there is a compartmentalized relationship between religion, political activity, and community identity. Political competition and the use of violence are the outward expressions of social models that promote distrust and antipathy. Often, political association and action rely on a common set of values and goals that frequently include a relationship with truth. Group membership requires that adherents accept a series of propositions about social interaction and problem solving.⁴¹ In the more moderate interpretations of both faiths, there is a higher tolerance for differences between Christians and Muslims. However, fundamentalist or radical interpretations are inconsistent with tolerant approaches to inter-faith relationships. These postures toward the transcendent empower communities to assume a relationship with reality that is often at odds with the demands of tolerance. For example, how does the government persuade citizens, who believe that they are acting as agents of God, that attacking a neighboring village is an immoral action? This is the challenge facing the Indonesian government: to maintain the balance between the secular and the religious by empowering the “middle path of Islam”.⁴²

The Way Ahead for the Government: The Middle Path

In the near future, the Indonesian government approach will remain in tension with the stated beliefs of a growing conservative movement.⁴³ The primary challenge for moderates is to convince Indonesians that a tolerant version of Islam is desirable but also essential to the ROI flourishing in the twenty-first century. This will require sustained attention from the central government to mitigate the risk that fundamentalist interpretations of faith present to national unity, social freedom, and the protection of human rights. The central government has a critical

role in supporting the mechanisms already in place in the Indonesian constitution.⁴⁴ Yet, as the Ahok case indicates, simply affirming the constitutional ideals may not be sufficient.

Sitting President Joko “Jokowi” Widodo might have indicated one approach in the recent selection of Ma’ruf Amin as a running mate for the 2019 election. It is possible that in 2019 President Widodo’s coalition will hold onto the presidency by offering a greater voice to more conservative Muslims. Ma’ruf Amin represents the Indonesian Ulama Council (MUI), one of the organizations that supported charges against Ahok in 2016. The decision to add Amin to the ticket was a submission to pressure from a coalition of political parties.⁴⁵ This inclusion of more conservative voices may be an attempt to establish some level of consensus concerning the role of Islam in Indonesian political life. For President Widodo, the choice of Amin has paid off in the near term. Inclusion of the MUI on the incumbent ticket sidelined some sectarian and conservative agitators, at least for the 2019 election.⁴⁶ In the long term, the proliferation of conservative voices concerning the role of Islam in public and political life may require a concerted effort from moderates to maintain a consensus that accommodates minority views.

President Widodo’s coalition may also point to Indonesia’s positive economic outlook as a further incentive to maintain a moderate approach to religious policy. The rise of the Muslim middle class may act as a stabilizing factor in Indonesian politics.⁴⁷ Just as there is an economic component to unrest, there is also an economic component to stability. If the moderate narrative can link social stability with economic stability, it may discourage support for potentially destabilizing policies advocated by groups like the MUI.⁴⁸ The possibility of a state-supported weakening of the Pancasila concept is a harbinger of the kind of social fraying that can arrest long-term growth and stability. The Widodo campaign can link economic stability and religious tolerance as markers on a path away from nearly two decades of ethno-religious unrest that has marred the ROI’s experiment with democracy.

Conclusion

Islam’s social and political dominance in the ROI will continue for the foreseeable future. The intersection of faith and politics will remain a pressure point for future instability where the Christian and Muslim communities collide. The central government should bolster and enforce inclusive approaches regarding religious tolerance to promote domestic stability. That challenge will likely endure as long as some in Indonesia’s Muslim majority promote fundamentalist approaches to policy and law that run counter to the ideas of religious pluralism. In a country that recognizes a belief in “One God” as an organizing principle, political power will always have a religious tone. The relationship between minority Christians and their Muslim neighbors will remain a testing ground for the Indonesian belief in a unified future.

¹ Indonesia Population. (2018-07-17). accessed 22 September, 2018
<http://worldpopulationreview.com/countries/indonesia/>.

- ² U.S. Central Intelligence Agency, "The World Factbook: Indonesia", accessed 13 September, 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- ³ Jones, Sidney. "Causes of Conflict in Indonesia" *Asia Society* (2018), accessed 24 September, 2018, <https://asiasociety.org/causes-conflict-indonesia>.
- ⁴ Victoria, Harrison, "The Pragmatics of Defining Religion in a Multi-cultural World", *The International Journal for Philosophy of Religion* 59 (2006): 133–152.
- ⁵ Siddiq, Irfan, "Ethnic Conflict in Indonesia causes and recommended measures", Master's thesis, Naval Postgraduate School, Monterey, CA, (2005) 33-35.
- ⁶ Harrison, "The Pragmatics of Defining Religion in a Multi-cultural World", 151-152.
- ⁷ Jane Smith. "Muslim-Christian Relations: Historical and Contemporary Realities", Oxford Research Encyclopedia of Religion, (2015) 2-17. <http://religion.oxfordre.com/view/10.1093/acrefore/9780199340378.001.0001/acrefore-9780199340378-e-11>.
- ⁸ U.S. Department of State "Indonesia 2017 Religious Freedom Report" Bureau of Democracy, Human Rights, and Labor, accessed 24 September, 2018, <https://www.state.gov/documents/organization/281068.pdf>.
- ⁹ U.S. Central Intelligence Agency, "The World Factbook: Indonesia".
- ¹⁰ U.S. Central Intelligence Agency, "The World Factbook: Indonesia".
- ¹¹ Bernard Adeney-Risakotta. (2017) "Indonesia and the Future of Islam" Strategic Review, (1 November, 2017) accessed October 5, 2018, <https://worldview.stratfor.com/article/indonesia-and-future-islam>.
- ¹² Amin M. Adbulla, *The Role of Religion in Indonesian Democracy. Panel Discussion*, Council on Foreign Relations. accessed 24 September, 2018.
- ¹³ U.S. Central Intelligence Agency, "The World Factbook: Indonesia".
- ¹⁴ William H Frederick and Robert L. Worden, editors. *Indonesia: A Country Study*. Washington: GPO for the Library of Congress, 1993, accessed 23 October 2018, <http://countrystudies.us/indonesia/24.htm>. When the policy was enacted under Suharto the policy provoked a violent backlash from some Muslim communities because of the language used concerning the principle of a belief in a "supreme being" or Maha Esa and initial language omitted the term "Allah."
- ¹⁵ Hisanori Kato, (2017). "The Challenge To Religious Tolerance: Fundamentalists' Resistance To A Non-Muslim Leader In Indonesia." *Comparative Civilizations Review Vol 77, No. 77 (Fall 2017) 1*.
- ¹⁶ Thompson, Neil. "Islam and Identity Politics in Indonesia". *The Diplomat*, (November 17, 2017) accessed September 15, 2018, <https://thediplomat.com/2017/11/islam-and-identity-politics-in-indonesia/>.
- ¹⁷ Thompson, Neil. "Islam and Identity Politics in Indonesia."
- ¹⁸ Krithika Varagur. "Indonesia's Moderate Islam is Slowly Crumbling." *Foreign Policy*, (February 14, 2017) accessed 25 September, 2018, <https://foreignpolicy.com/2017/02/14/indonesias-moderate-islam-is-slowly-crumbling/>, 2.
- ¹⁹ Leslie H Palmier. "Modern Islam in Indonesia: The Muhammadiyah After Independence", *Pacific Affairs*, Vol 27, No 3 (September, 1954), 255-258.
- ²⁰ World Atlas, Location of Indonesia, accessed 23 October 2018, <https://www.worldatlas.com/webimage/countrys/asia/indonesia/idlatlog.htm>.
- ²¹ Jones, Sidney. "Causes of Conflict in Indonesia"
- ²² John Esposito, L. 2011. *Islam: The Straight Path*. New York: Oxford University Press. 144-145,149.
- ²³ Varagur, "Indonesia's Moderate Islam is Slowly Crumbling." 2.
- ²⁴ Kikue, Hamayotsu, The End of Political Islam? A Comparative Analysis of Religious Parties in the Muslim Democracy of Indonesia, in: *Journal of Current Southeast Asian Affairs*, 30, 3, (2011), 133-159.
- ²⁵ Sayyid Qutb, *Milestones*, ed. A.B. al-Mehri (Birmingham: Maktabah Booksellers and Publishers, 2006), 60.
- ²⁶ Zainuddin M. "Plurality of Religion in Indonesia: Future Challenges of Religion and Democracy in Indonesia", *Journal of Indonesian Islam*, Vol 09 No. 2 (December 2015) 154.
- ²⁷ Glenn Tinder. *The Political Meaning of Christianity: The Prophetic Stance: an interpretation*. Haper Collins (1991) 197-199.
- ²⁸ Siddiq Irfan. "Ethnic Conflict in Indonesia causes and recommended measures", Irfan cites Jacques Bertrand's book *Nationalism and Ethnic Conflict* in Indonesia and takes three approaches to explain the ethnic component of communal violence: Constructivist approaches that provide socio-cultural explanations for violence; Instrumentalist approaches which look at socio-political structures and manipulation as a causal factor; Primordialist approaches that take a biological or anthropological view for ethnic hostility. Bertrand's argument focuses on the tensions caused by a combination of factors: political, cultural, and social factors. The transition from an autocratic form of government to a democracy tipped the community toward unrest.

- ²⁹ Chris Wilson, C. (2008). *Ethno-religious violence in Indonesia: From soil to God*. Routledge Contemporary Southeast Asia Series. 2-3.
- ³⁰ Human Rights Watch, "Moluccan Islands: Communal Violence in Indonesia." accessed October 3, 2018, <https://www.hrw.org/news/2000/05/31/moluccan-islands-communal-violence-indonesia>.
- ³¹ Qurtuby, Sumanto Al, *Religious violence and Conciliation in Indonesia: Christians and Muslims in the Moluccas*. (New York: Routledge Series, 2016) 169-171.
- ³² Kato, Hisanori, (2017). "The Challenge To Religious Tolerance: Fundamentalists' Resistance To A Non-Muslim Leader In Indonesia." *Comparative Civilizations Review Vol 77, No. 77 (Fall 2017) 2-3*. *Ahok assumed governorship from the deputy governor position following the elevation of Joko Widodo to the position of president in 2014. The 2017 race would be the first opportunity for the citizens of Jakarta to vote directly for Ahok*.
- ³³ Kato, "The Challenge To Religious Tolerance," 4.
- ³⁴ Arthur J. Arberry. *The Koran Interpreted*. (New York: Simon Schuster, 1996), 136.
- ³⁵ Qur'an 4:8-51., accessed 3 October, 2018, <https://www.al-islam.org/enlightening-commentary-light-holy-quran-vol-4/section-8-relation-muslims-their-opponents#surah-al-maidah-verse-51>.
- ³⁶ Tim Lindsey "The Rise of Conservative Islam in Indonesia" *Australian Institute of International Affairs*. 22 Aug 2018. accessed September 24, 2018, <https://www.internationalaffairs.org.au/australianoutlook/jokowis-deputy-pick-confirms-rise-of-conservative-islam-in-indonesia/>.
- ³⁷ Kato, "The Challenge to Religious Tolerance," 5.
- ³⁸ Stewart, Patterson. "Indonesia: A Security and Stability Analysis-Part One", *Future Directions International*, (February 11, 2016) accessed August 18, 2018, <http://www.futuredirections.org.au/publication/indonesia-a-security-and-stability-analysis-part-one/>, 5.
- ³⁹ Jones. "The Causes of Conflict in Indonesia," 2.
- ⁴⁰ Irfan., "Ethnic Conflict in Indonesia," 4.
- ⁴¹ Pamela Johnston Conover, "The Role of Social Groups in Political Thinking", *British Journal of Political Science* 18, no. 1 (1988): 51-76. <http://www.jstor.org/stable/193688>.
- ⁴² Amin M. Adbulla. "The Role of Religion in Indonesian Democracy"
- ⁴³ Thompson. "Islam and Identity Politics in Indonesia"
- ⁴⁴ U.S. Department of State "Indonesia 2017 Religious Freedom Report"
- ⁴⁵ Lindsey. "The Rise of Conservative Islam in Indonesia"
- ⁴⁶ Bayuni, Endy M., "April 17th is referendum on Jokowi" *The Jakarta Post*, August 15 2018, accessed 12 October, 2018, <http://www.thejakartapost.com/academia/2018/08/15/commentary-april-17-2019-is-referendum-on-jokowi.html>.
- ⁴⁷ Azyumardi, Amin M. *The Role of Religion in Indonesian Democracy: Panel Discussion*, Council on Foreign Relations. (Accessed 24 September, 2018).
- ⁴⁸ Ibid.

BIBLIOGRAPHY

- Azhar, Haris. "The Human Rights Struggle In Indonesia: International Advances, Domestic Deadlocks." *Sur International Journal on Human Rights* 11, no. 20 (Jun, 2014) Accessed 18 August, 2018) <https://search.proquest.com/docview/1636657506?accountid=322>.
- Arberry, Arthur John. *The Koran Interpreted*. New York: Touchstone, 1996.
- Barron, P., Jaffrey, S., & Varshney, A. (2016). "When Large Conflicts Subside: The Ebbs And Flows Of Violence In Post-Suharto Indonesia." *Journal of East Asian Studies*, 16(2), Accessed August 18, 2018, doi: <http://dx.doi.org/10.1017/jea.2016.6>.
- Bayuni, Endy M., "April 17th is referendum on Jokowi" *The Jakarta Post*, August 15 2018, Accessed 12 October, 2018, <http://www.thejakartapost.com/academia/2018/08/15/commentary-april-17-2019-is-referendum-on-jokowi.html>.
- Conover, Pamela Johnston, "The Role of Social Groups in Political Thinking." *British Journal of Political Science* 18, no. 1 (1988): 51-76. Accessed 14 October, 2018, <http://www.jstor.org/stable/193688>.
- Esposito, John L. 2011. *Islam: The Straight Path*. New York: Oxford University Press, 2005.
- "Developments in Individual OECD and Selected Non-Member Economies" Organization for Economic Cooperation and Development, <http://www.oecd.org/eco/outlook/economic-forecast-summary-indonesia-oecd-economic-outlook.pdf>.

True Believers: Religious Intolerance and Instability

- Frederick, William H. and Robert L. Worden, editors. *Indonesia: A Country Study*. Washington: GPO for the Library of Congress, 1993, Accessed 23 October 2018, <http://countrystudies.us/indonesia/24.htm>.
- Gamache, Martin [Muslim Reach]. "Articles in Southeast Asia". Accessed 28 September, 2018, <http://www.geocurrents.info/category/place/southeast-asia>.
- Hamayotsu, Kikue, "The End of Political Islam? A Comparative Analysis of Religious Parties in the Muslim Democracy of Indonesia" *Journal of Current Southeast Asian Affairs*, Vol 30 No 3 (2011).
- Harrison, Victoria. "The Pragmatics of Defining Religion in a Multi-cultural World", *The International Journal for Philosophy of Religion* 59 (2006): 133–152. Accessed 12 October, 18, <http://www.springerlink.com/content/4025242541886547/>.
- Human Rights Watch, "Moluccan Islands: Communal Violence in Indonesia." Accessed 3 October, 2018, <https://www.hrw.org/news/2000/05/31/moluccan-islands-communal-violence-indonesia>.
- Irfan, Siddiq, "Ethnic Conflict in Indonesia causes and recommended measures", Master's thesis, Naval Postgraduate School, Monterey, CA, 2005.
- Kato, Hisanori (2017). "The Challenge To Religious Tolerance: Fundamentalists' Resistance To A Non-Muslim Leader In Indonesia." *Comparative Civilizations Review* Vol 77, No. 77 (Fall 2017).
- Lannie, Vincent P. and Bernard C. Diethorn. "For the Honor and Glory of God: The Philadelphia Bible Riots of 1840" *History of Education Quarterly*, Vol 8, No. 1 (Spring, 1968).
- Lindsey, Tim "The Rise of Conservative Islam in Indonesia" *Australian Institute of International Affairs*. 22 Aug 2018. Accessed 24, September 2018, <https://www.internationalaffairs.org.au/australianoutlook/jokowis-deputy-pick-confirms-rise-of-conservative-islam-in-indonesia/>.
- Marshall, Katherine, Alwi Shihab, Azyumardi Azra, Amin M. Adbulla, Jakob Tobing. *The Role of Religion in Indonesian Democracy: Panel Discussion*, Council on Foreign Relations. Accessed 24 September 2018.
- Palmier, Leslie H. "Modern Islam in Indonesia: The Muhammadiyah After Independence", *Pacific Affairs*, Vol 27, No 3 (September, 1954).
- Pearce, Jenny (2017) "The demonic genius of politics? Social action and the decoupling of violence and politics." *International Journal of Conflict and Violence*, Vol. 11, (2017).
- Patterson, Stewart, "Indonesia: A Security and Stability Analysis-Part One", *Future Directions International*, (February 11, 2016) Accessed 18, August 2018, <http://www.futuredirections.org.au/publication/indonesia-a-security-and-stability-analysis-part-one/>
- Park, Christopher. (2004) *Religion and Geography*. Hinnells, J. (ed) Routledge Companion to the Study of Religion. London: Routledge, 2004.
- Qutb, Sayyid, *Milestones*, ed. A.B. al-Mehri. Birmingham: Maktabah Booksellers and Publishers, 2006.
- Risakotta, Bernard Adeney. "Indonesia and the Future of Islam" STRATFOR, Accessed 5 October, 2018, <https://worldview.stratfor.com/article/indonesia-and-future-islam>.
- Sumanto, Al Qurtuby, *Religious violence and Conciliation in Indonesia: Christians and Muslims in the Moluccas*, New York: Routledge Series, 2016.
- Tinder, Glenn. *The Political Meaning of Christianity: The Prophetic Stance: an interpretation*. San Francisco: Harper Collins, 1991.
- Smith, Jane. "Muslim-Christian Relations: Historical and Contemporary Realities," *Oxford Research Encyclopedia of Religion* (2015) Accessed 24 September, 2018, <http://religion.oxfordre.com/view/10.1093/acrefore/9780199340378.001.0001/acrefore-9780199340378-e-11>.
- U.S. Central Intelligence Agency, "The World Factbook: Indonesia", accessed 13 September, 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>
- U.S. Department of Justice, Armed Conflicts Report, "Indonesia-Molucca Islands" https://www.justice.gov/sites/default/files/eoir/legacy/2014/02/25/Indonesia_Molucca-Islands.pdf (accessed October 5, 2018).
- U.S. Department of State "Indonesia 2017 Religious Freedom Report" Bureau of Democracy, Human Rights, and Labor, accessed 24 September, 2018, <https://www.state.gov/documents/organization/281068.pdf>
- Wilson, Chris. (2008). *Ethno-religious violence in Indonesia: From Soil to God*. (New York: Routledge Contemporary Southeast Asia Series 2008).
- World Atlas, Location of Indonesia, accessed 23 October 2018, <https://www.worldatlas.com/webimage/countrys/asia/indonesia/idlatlog.htm>.

World Bank, “Indonesia Middle Class Vital for the country’s future” December 4, 2017. Accessed October 20, 2018, <https://www.worldbank.org/en/news/press-release/2017/12/04/indonesia-middle-class-vital-for-the-country-future>.

Zainuddin M. “Plurality of Religion in Indonesia: Future Challenges of Religion and Democracy in Indonesia” *Journal of Indonesian Islam*, Vol 09 No. 2 (December 2015)

Reassessing the US Freedom of Navigation Program in a Complex Competitive Environment

Douglas Briller, US Department of State

Introduction

Since its earliest days, the United States has depended on access to and use of the oceans to promote its economy, engage in free trade, and protect itself. As global populations grew and technologies for harvesting and extracting maritime resources advanced, so did the pressures from nations claiming parts of the maritime commons. To combat these unregulated and often inconsistent claims, nations around the globe drew together in a series of United Nations conferences to codify the laws of the sea and ensure universal rights for all nations. Nearly 40 years ago, the United States implemented its own approach, the Freedom of Navigation (FON) Program, to support and defend these agreed-upon rights and discourage other nations from making claims in excess of global norms or restricting access to the global commons. The geopolitical makeup of the world has changed significantly since the program was developed, and it is not effective in the current global competitive environment. This environment is particularly evident in the South China Sea (SCS), where some of the most contentious disputes surrounding claims of territory and maritime resources are found. The US FON Program has not been successful in convincing other nations to abide by global norms nor does it clearly convey its role in supporting and defending these norms. Recommendations are provided for improving the program's effectiveness in the current environment through increased information operations and a dedicated multilateral approach.

Background: the Freedom of Navigation Program

The maritime claims of nations within the SCS form a complex web of historical usage, overlapping boundaries, and ongoing border disputes. Six countries - Malaysia, Vietnam, China, Taiwan, Brunei, and the Philippines - all have unresolved territorial claims within the SCS. These claims are intertwined with the pressures of politics and economics at domestic, regional and international levels. The United States is not a party to any of the competing maritime claims within the SCS, nor does it take a position on the unresolved border disputes there. It does, however, have significant national security interests in the SCS, particularly in ensuring that freedom of navigation is maintained for commercial and military vessels, and that territorial claims are consistent with customary international law.

Customary international law as applied to maritime claims is reflected in the United Nations Convention on the Law of the Sea (UNCLOS).¹ While the United States has signed but not ratified UNCLOS, it still abides by the terms of the treaty and expects the same from other nations. All six of the nations with disputed borders in the SCS have ratified or acceded to UNCLOS, as have all but one of the Association of Southeast Asian Nations (ASEAN) states. The one outlier nation is Cambodia, which has signed but not ratified UNCLOS. In effect, all nations within the SCS and those with interests in the region are bound by the conditions of

UNCLOS. Differing interpretations of the agreement, or outright disregard for it, are the driving factors behind the concerns that the United States has in the SCS.

Within UNCLOS, “freedom of navigation” refers specifically to shared navigation rights on the high seas and in a country’s exclusive economic zone. The US interpretation, reflected in this paper, is that “freedom of navigation” broadly refers to a number of rights afforded by UNCLOS, including sailing and overflight rights and the rights of passage through defined straits and archipelagic sea lanes.² The US FON Program refers specifically to the joint effort by the Departments of Defense (DOD) and State (DoS) to address claims the United States views to be inconsistent with its interpretation of UNCLOS. This program operates on three tracks: bilateral diplomatic engagement, operational assertions by the US military, and bilateral and multilateral consultations to promote conformity with international law.³ The DOD portion of the FON Program is designed to not only assert FON rights afforded under UNCLOS, but to also challenge excessive maritime claims not consistent with customary international law.⁴

In President Reagan’s 1983 Oceans Policy statement, he declared that the nation’s objectives “have consistently been to provide a legal order that will, among other things, facilitate peaceful, international uses of the oceans.”⁵ This statement also outlined the nation’s policies of asserting its navigational and overflight rights and non-acquiescence to excessive claims. This formed the framework for the FON Program and codified that assertions are done “in a manner that is consistent with the balance of interests reflected in the convention,”⁶ that is supporting the universal rights of UNCLOS. This approach has been consistent across multiple administrations and reflected in academic writings.⁷ The 2018 Ocean Policy issued by President Trump is less specific regarding its national objectives but states that it is the policy of the United States to exercise its rights consistent with customary international law.⁸ It can be inferred that the FON Program policies established under President Reagan are still applicable to meeting the objectives and policy established by President Trump.

Evaluating the Effectiveness of the FON Program

The current FON Program is insufficient for meeting the nation’s strategic goals in a competitive global environment, particularly given the overly vague objectives of the 2018 Ocean Policy. Its effectiveness is limited to identifying and protesting excessive claims, rather than persuading nations to abide by the terms of UNCLOS. The program routinely identifies and objects to excessive claims in the SCS through its FON assertions. These assertions have done nothing to reduce or resolve the complexity of the region’s competing maritime interests and, in fact, may decrease the likelihood of a resolution consistent with UNCLOS. Improvements need to be made to the program so that it more effectively promotes adherence to global norms instead of merely objecting to claims inconsistent with UNCLOS. While an ideal first step would be to update the current Ocean Policy to reflect this needed change, such a change falls outside of the scope of this paper. Instead, recommendations for improvements to the program focus on what can be implemented by the DOD and DoS.

Reassessing the US Freedom of Navigation Program in a Complex Competitive Environment

DOD and DoS have a good record of engaging all three tracks of the FON Program. An assessment conducted by Joshua Root, a US Navy JAG writing in the *Syracuse Journal of International Law and Commerce*, states that “over one hundred diplomatic protests” and “three hundred operational assertions” were carried out within the first twenty years of the program and that there have been hundreds more since then.⁹ The third track of the program, bilateral and multilateral engagement to “promote maritime stability and consistency with international law,”¹⁰ has been conducted with US representation on a number of international and regional forums. For all of the engagement, assertions, and representations that the United States has conducted, what has been the outcome?

Root’s 2016 assessment of the FON Program found that, after 35 years of using of FON assertions and protestations to compel nations to abide by UNCLOS and retract excessive claims, “the program is arguably a failure.”¹¹ Several states have rolled back excessive claims during that time, but there is little evidence that those rollbacks were the result of the program. In some cases, the United States has been conducting regular assertions and diplomatic engagement with the same states for over thirty years with no change in claims.

The strongest argument for the success of the program and its continuation in the current state is the Soviet Union’s 1989 change in stance regarding the restriction on the innocent passage of warships following the 1988 Black Sea bumping incident.¹² In the incident, two US Navy ships conducting a FON assertion in the Black Sea were intentionally bumped by two Soviet ships, resulting in minor damage but no injuries. After this incident, the Soviets expressed a desire to reach an agreement with the United States,¹³ resulting in the 1989 “Uniform Interpretation of the Rules of Innocent Passage” agreement signed by both states. By signing, the USSR reversed its interpretation of UNCLOS and adopted the US view regarding the innocent passage of warships through territorial seas. But this change cannot be fully explained by the US FON Program alone; there were already internal debates in the Soviet Union about the innocent passage of warships and the change in policy came during a warming of relations between the two nations.¹⁴ They had been discussing Law of the Sea issues for several years prior to the 1988 incident,¹⁵ and the United States had been conducting FON assertions, without any changes to Soviet policy, for many years prior to the 1988 incident. It is more likely that the incident between the two navies brought the issue to the forefront of discussion¹⁶ and was only partially responsible for the withdrawal of the excessive claim.

It is valuable to compare the marginal effectiveness of the US FON Program in resolving one of the issues with the USSR to the current FON issues in the SCS. The 1989 Uniform Interpretation agreement was conducted under warming relations between the two countries, whereas today’s SCS incidents come at a time of increased competition between the United States and China. This competition has forced the other nations in the region to strike the delicate balance between turning to the United States for security and relying upon China for economic prosperity.¹⁷ The SCS is vastly more complex, with six nations having competing

claims and the United States viewing five of those claims as excessive. The 1989 agreement was built upon the successful bilateral framework of the “Incidents at Sea” (INCSEA) agreement, a confidence-building document providing guidelines for encounters between US and Soviet military units. Part of INCSEA’s success can be attributed to its bilateral, as opposed to multilateral, nature.¹⁸ INCSEA also contains a framework for raising concerns about inappropriate actions and a yearly meeting to review the agreement and discuss disputes. Within the SCS region, there are two confidence-building documents similar in substance to INCSEA: the “Code for Unplanned Encounters at Sea” (CUES) signed by 21 Asia-Pacific nations and the “Declaration of the Conduct of Parties in the South China Sea” (DOC) signed by ASEAN member nations and China. While similar in intent, both documents are multilateral, and neither contain any real enforcement or dispute-resolution mechanisms. In addition, neither CUES nor DOC are legally binding, whereas INCSEA is. Consequently, neither has proven effective in resolving or containing the complex disputes within the SCS, unlike INCSEA’s effectiveness in reducing US and Soviet incidents. The FON Program was perhaps partially effective after the Black Sea incident, because it was suited to the nature of the Cold War, whereas the complex nature of today’s issues in the SCS requires a different approach.

The FON Program in its current state is not effective in compelling nations to withdraw their excessive claims. This raises the question of whether or not it is useful at all. Root suggests that the “chief benefit of the program may be in maintaining the status quo.”¹⁹ However, numerous incidents in the SCS show that the status quo has not been maintained. These include China’s 2009 declaration of rights over the islands and waters contained within the infamous Nine-Dash Line, China’s extensive island building campaign, and the Philippines’ decision to bring the Chinese territorial claims to arbitration. One can argue that when the “chief benefit” of the FON Program is not effective, it needs to be updated to remain applicable in the current climate of strategic competition.

Improving the Effectiveness of the FON Program

There are two significant areas in which the US FON Program needs to make changes to be successful in this current “resilient, but weakening, post-WWII international order.”²⁰ The first is that the FON Program needs to proactively engage in information operations in support of the US interpretation of UNCLOS, and the second, which follows directly from the first, is that the program needs to be multilateralized—to be effective, it must be a truly international effort supporting universal rights.

In the current era of strategic competition, the United States must use all of its instruments of national power to achieve policy aims. The instrument of information is not being utilized to its full capabilities when dealing with FON issues. Historically, FON operations were a relatively unknown event, intentionally conducted as routine business and not raised to the level of public discourse.²¹ Within the current FON Program, all three tracks of effort – bilateral protestations, military assertions, and bilateral/multilateral engagement are undertaken with a

Reassessing the US Freedom of Navigation Program in a Complex Competitive Environment

relatively passive public affairs approach. This passive approach is employed, first, to preserve existing relationships with countries having excessive maritime claims and, secondly, to give the impression that FON assertions are regular, routine operations that don't justify extraordinary attention.²² When information about FON assertions does make it into the public media, as has been occurring recently with operations in the SCS, there appears to be some confusion about what is being asserted and why.²³ Furthermore, the current DOD policy of not discussing FON operations²⁴ does little to accurately inform the public about the purpose of the FON Program.

DOD's policy is a missed opportunity to engage in positive information operations about the US view of FON as a universal right and the role assertions have in defending that right. An updated FON Program should upend the current passive approach, seeking instead to provide clear messaging from both military and diplomatic sources as to the purpose of a FON operation and what specific excessive claims are being protested. This argument is supported by Lynn Kuok, a fellow at the Brookings Institution, who advocates for consistent, clear messaging associated with FON assertions²⁵ and publicizing a comprehensive list of diplomatic protests that the United States has conducted.²⁶ Both will clarify the intentions of the FON Program and assist the United States in building global support for the defense of customary international law.

The lack of adequate messaging by DOD and DoS is only part of the problem. The other is the content of the messaging. The Chinese Foreign Ministry has publicly stated that through the FON Program "the US places its own interests above international law."²⁷ It is difficult to argue the Chinese claim when the United States states that FON operations "support the longstanding U.S. national interest of freedom of the seas"²⁸ and that it conducts FON assertions to "maintain global mobility of U.S. forces."²⁹ Furthermore, the perceived US attitude of FON operations being "an 'in your face,' 'rub your nose in it' operation, that lets people know who is the boss"³⁰ does not accurately reflect Reagan's purpose of upholding the common interests of UNCLOS. This message likely will not resonate with many other countries, who may view US FON assertions as provocative at best or continued symbols of American hegemony. The United States should change its messaging to reinforce the fact that FON assertions are conducted to assert the rights of all nations, not merely for the benefit of the US military. The United States needs to proactively counter "China's impression that international law is merely an American tool."³¹ Appropriate messaging in robust information operations will bolster the support that exists around the world, even in pockets of the moderate Chinese security community,³² for respecting and complying with international norms. Ultimately, the purpose of the FON Program is to assert universal maritime rights. This needs to be clearly communicated to the world, not only to compete in the information environment but also to improve international acceptance of the US interpretation of UNCLOS.

Writing for *Foreign Affairs*, Mira Rapp-Hooper, a Senior Fellow at the Center for a New American Security, makes the counter-argument that if FON operations are to be considered a normal operation, they should not be publicized and should be conducted without fanfare. There

is nothing that prevents normal operations from being conducted openly and publicized as such, particularly when other nations proactively bring negative media attention to them. No argument has been presented as to why FON assertions should not be publicized after being conducted. Publicizing them is particularly important in light of Kuok's argument that "explicitly stating the rights being asserted will help throw into sharper relief the nature of the dispute."³³ Clarity of messaging and greater publicity are exactly what FON operations need. Rapp-Hooper makes the claim that details of FON operations shouldn't be made public, because "the precise legal rationales behind FONOPS are often incredibly nuanced, and it can be difficult to communicate them to even the most expert audiences."³⁴ If the US government cannot or will not adequately explain the rationale behind the assertions to the American public, how do we expect our international partners to accept it?

Rapp-Hooper goes on to argue that "[t]he American public should not expect to learn the intricate operational details behind each exercise, and it should not be surprised when top officials do not offer them."³⁵ The missing detail is that the American public does not need to be convinced of the FON Program. The international community should be convinced that FON operations are not only about protecting the rights of the US military but about asserting universal rights. International support for the FON Program and its defense of universal rights will not be built by keeping the international, and domestic, public in the dark about what the operations are intended to do and why. Instead, a robust information campaign is necessary and takes on even greater importance when supporting FON operations in the SCS, given the significant negative media coverage provided by Chinese information operations.

A second major change to the FON program would be an unambiguous step towards multilateralization of the program — that is, obtaining broad international support for the protection and assertion of the universal rights that are at the core of UNCLOS. Currently, worldwide FON assertions are carried out almost unilaterally by US forces³⁶ with a few allied nations increasingly taking steps to develop their own programs.³⁷ By deliberately multilateralizing the program, the United States has much to gain and little to lose. Within the SCS, China bears an outsized influence compared to the other countries of the region. The solution for the Southeast Asian nations seeking equal footing is to internationalize their disputes with China.³⁸ The corresponding reaction from China is to push for bilateral solutions instead of a multilateral approach³⁹ and to weaken any international organizations involved in the dispute.⁴⁰ Multilateralizing FON issues provides several benefits, particularly if done in a manner that does not focus on specific states, but rather as a general approach to international norms. It reinforces the point that FON issues in the SCS are a microcosm of universal rights as opposed to a product of Great Power struggles. Ultimately, FON is a right afforded to all nations, and as such, it should be defended and upheld by all nations, not only the United States and a few allies. One immediate step towards this is to convince non-traditional allies, particularly those with strategic interests in the SCS region such as India and Russia, to publicly support universal FON rights.

Reassessing the US Freedom of Navigation Program in a Complex Competitive Environment

Independent FON assertions and overt diplomatic support of those ideals will accomplish that, and both can be achieved without the appearance of American influence.

Multilateralizing FON issues helps reduce some of the nationalism and domestic politics that challenge the resolution of border disputes and maritime claims in the SCS region.⁴¹ Multilateralizing the issues would also remove some pressure on the ASEAN states to resolve the disputes within their own sphere. The influence of China upon Cambodia to not discuss SCS issues during the 2012 ASEAN Summit⁴² fractured the cohesion of the group and reduced its ability to effectively negotiate as a bloc with China. China has also used its economic influence to produce a similar effect within the European Union.⁴³ An internationalization of FON would remove pressure from ASEAN and enable it to focus on other, less-complex, regional issues, while collectively supporting the US interpretation of UNCLOS.

By changing its FON approach from unilateral to multilateral, the United States would demonstrate the global leadership upon which other nations have come to rely. Accepting the assertion that ASEAN members wait for the United States and China to move on policy issues before acting themselves,⁴⁴ the United States has an opportunity to gain broad regional support by leading an international, not unilateral, opinion on FON issues in the SCS. China has shown a willingness to refrain from controversial operations that have met with widespread negative public reactions. For example, after the international outcry over the destruction of the Chinese weather satellite in 2007, the Chinese never conducted another debris-creating test. Similarly, after the 1997 dispute over China's placement of an oil rig in contested waters near Vietnam, pressure from ASEAN caused China to back down.⁴⁵ Despite ASEAN being the second-most successful regional organization in the world,⁴⁶ and having some success in forcing China to act in accordance with regional norms, it remains unable to exert enough soft power to balance China even when it acts cohesively.⁴⁷ ASEAN can be supported by the internationalization of the SCS dispute, with a large international cohort having greater ability to compel China to adhere to global norms.

In his analysis of the unilateral US FON Program, Root suggests that it may be counterproductive in getting states to withdraw excessive claims.⁴⁸ This is particularly the case with some nations in the SCS where the resolution of border disputes is complicated by internal domestic or nationalistic pressures.⁴⁹ No state wishes to be seen retracting its excessive claims and “[b]ending to the wishes of America because its Navy shows off the coastal state’s shore.”⁵⁰ This is another case where multilateralizing the issue can have a significant benefit. States that choose to retract their excessive claims will not be submitting to a perceived American hegemony but instead can be aligning their claims with global norms.

One could argue that by multilateralizing FON, the United States would be admitting its inability to unilaterally compel other nations to adopt international norms, and thereby admit a decline in its international status. However, the historical record shows that after 35 years of

trying and failing, most nations probably understand this. A second counter-argument is that multilateralization in complex environments like the SCS is not effective. Vietnam's attempts to multilateralize its maritime disputes with China within the ASEAN community have been so far unsuccessful.⁵¹ However, ASEAN has generally been unsuccessful in resolving disputes,⁵² so the multilateralization cannot be considered the only issue.

The fact that China rejects attempts to multilateralize issues within the SCS⁵³ and "embraces cooperation solely in spheres which do not compromise its main national interests"⁵⁴ is perhaps the best argument for increased multilateralization. Multilateral pressure could provide an avenue for the preferred Chinese cultural approach of "informal conciliation outside courts, with 'saving face' and the ending of conflicts being primary concerns."⁵⁵ International influence could enable China's compliance with UNCLOS and global norms without the appearance of bowing to US interests.

Conclusion

China has been successful in using lawfare and strategic ambiguity to broaden its claims within the SCS while gradually eroding the established international order. By operating below the level of armed conflict and using asymmetrical naval forces, it has achieved a strategic advantage that the United States cannot successfully contest with our current doctrine on the use of military forces⁵⁶ and an ineffective FON Program. The United States should take an equally asymmetric approach by employing information operations to challenge the Chinese narrative, build greater international support for our view of the global commons and compel, through the weight of international concurrence, nations to adhere to UNCLOS. The issues of FON in the SCS are not only about China, however. An effective US approach to preserving universal FON rights and a common set of territorial claims in line with UNCLOS will address the issue with China and the other nations in the SCS. By publicizing and multilateralizing the FON Program, the United States stands a greater chance of having nations in the SCS region, particularly China, accept the greater global commons. UNCLOS represents a significant achievement of the liberal, rules-based order that the United States contributes to and, as such, deserves to be publicly supported and defended by both the US FON Program and other global partners.

¹ John Burgess et al., eds., "Law of the Sea: A Policy Primer," The Fletcher School, Tufts University, published September 5, 2017, <https://sites.tufts.edu/lawofthesea/files/2017/07/LawoftheSeaPrimer.pdf>, 10.

² Lynn Kuok, "The U.S. FON Program in the South China Sea: A lawful and necessary response to China's strategic ambiguity," Center for East Asia Policy Studies, Brookings, published June 7, 2016, <https://www.brookings.edu/wp-content/uploads/2016/07/Limits-of-Law-in-the-South-China-Sea-2.pdf>, 2.

³ "Maritime Security and Navigation," Office of Ocean and Polar Affairs, Department of State, accessed October 22, 2018, <https://www.state.gov/e/oes/ocns/opa/maritimesecurity/>.

⁴ "U.S. Department of Defense Freedom of Navigation (FON) Program," DoD Annual Freedom of Navigation Reports, Department of Defense, published February 28, 2017, <https://policy.defense.gov/Portals/11/DoD%20FON%20Program%20Summary%202016.pdf?ver=2017-03-03-141350-380>.

- ⁵ “Statement on United States Oceans Policy,” The Public Papers of President Ronald W. Reagan, Ronald Reagan Presidential Library, accessed October 22, 2018, <https://www.reaganlibrary.gov/research/speeches/31083c>.
- ⁶ Reagan Library, “Statement.”
- ⁷ Ryan Santicola, “Legal Imperative? Deconstructing Acquiescence in Freedom of Navigation Operations,” *National Security Law Journal*, 5, no. 1, (2016): 64, 67.
- ⁸ Exec. Order No. 13840, *Federal Register*, 83 no. 121 (June 22, 2018), 29431.
- ⁹ Joshua L. Root, “The Freedom of Navigation Program: Assessing 35 Years of Effort,” *Syracuse Journal of International Law and Commerce* 43, no. 2 (2016): 323.
- ¹⁰ Department of State, “Maritime Security and Navigation.”
- ¹¹ Root, “Freedom,” 347.
- ¹² J. Ashley Roach and Robert W. Smith, *Excessive Maritime Claims*, Third ed. (Leiden: Martinus Nijhoff Publishers, 2012), 638.
- ¹³ William J. Aceves, “Diplomacy at Sea: U.S. Freedom of Navigation Operations in the Black Sea,” *Naval War College Review* 46, no. 2 (1993), 71.
- ¹⁴ Lawrence Juda, “Innocent Passage by Warships in the Territorial Seas of the Soviet Union: Changing Doctrine,” *Ocean Development & International Law* 21, no. 1 (1990): 111, 113.
- ¹⁵ Erik Franckx, “Innocent Passage of Warships,” *Marine Policy* 14, no. 6 (1990): 484.
- ¹⁶ *Ibid.*, 484.
- ¹⁷ Mária Strašáková and Alfred Gerstl, “Conclusion,” in *Unresolved Border, Land and Maritime Disputes in Southeast Asia: Bi- and Multilateral Conflict Resolution Approaches and ASEAN’s Centrality*, eds. Alfred Gerstl and Mária Strašáková (Leiden: Brill, 2017), 310
- ¹⁸ David F. Winkler, *Cold War at Sea: High-Seas Confrontation between the United States and the Soviet Union*, (Annapolis: Naval Institute Press, 2000), 167.
- ¹⁹ Root, “Freedom,” 348.
- ²⁰ U.S. Department of Defense, *Summary of the 2018 National Defense Strategy of The United States of America: Sharpening the American Military’s Competitive Edge* (Washington, DC: Office of the Secretary of Defense, 2018), 2.
- ²¹ Santicola, “Legal,” 93; Steven Groves, “Accession to the U.N. Convention on the Law of the Sea Is Unnecessary to Secure U.S. Navigational Rights and Freedoms,” The Heritage Foundation, published Aug 24, 2011, https://thf_media.s3.amazonaws.com/2011/pdf/bg2599.pdf, 7.
- ²² CDR Brett Troyan, Oceans Policy Advisor, Office of the Secretary of Defense, telephone conversation with author, September 25, 2018; Linnea Duvall, Bureau of East Asia and Pacific Affairs, Department of State, telephone conversation with author, October 1, 2018.
- ²³ Santicola, “Legal,” 84.
- ²⁴ Sam LaGrone, “China Chides U.S. Over Latest South China Sea Freedom of Navigation Operation,” USNI News, U.S. Naval Institute, published October 11, 2017 4:36 PM, <https://news.usni.org/2017/10/11/china-chides-u-s-latest-south-china-sea-freedom-navigation-operation>.
- ²⁵ Kuok, “U.S. FON,” 23.
- ²⁶ *Ibid.*, 24.
- ²⁷ “Foreign Ministry Spokesperson Lu Kang’s Regular Press Conference on May 10, 2016”, Spokesperson’s Remarks, Ministry of Foreign Affairs of the People’s Republic of China, published May 10, 2016, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1362106.shtml.
- ²⁸ “Department of Defense Report to Congress Annual Freedom of Navigation Report Fiscal Year 2017,” DoD Annual Freedom of Navigation Reports, Department of Defense, published December 31, 2017, <https://policy.defense.gov/Portals/11/FY17%20DOD%20FON%20Report.pdf?ver=2018-01-19-163418-053>, 2.
- ²⁹ “Department of Defense Report,” 2.
- ³⁰ Amitai Etzioni, “Freedom of Navigation Assertions: The United States as the World’s Policeman,” *Armed Forces & Society* 42, no. 3 (2016): 502.
- ³¹ Iskander Rehman, “India, China, and differing conceptions of the maritime order,” Project on International Order and Strategy, Brookings, published June 20, 2017, <https://www.brookings.edu/wp-content/uploads/2017/06/rehman-india-china-and-differing-conceptions-of-the-maritime-order.pdf>, 19.
- ³² Xin Chen, “Sea Power and Maritime Disputes: China’s Internal Discourses,” in *Maritime Security in East and Southeast Asia: Political Challenges in Asian Waters*, eds. Nicholas Tarling and Xin Chen, (Palgrave Macmillan, 2017), 243.
- ³³ Kuok, “U.S. FON,” 23.

- ³⁴ Mira Rapp-Hooper, "Make No Mistake," *Foreign Affairs*, published November 25, 2015, <https://www.foreignaffairs.com/articles/2015-11-25/make-no-mistake>.
- ³⁵ *Ibid.*
- ³⁶ Rehman, "India," 19.
- ³⁷ Tuan Anh Luc, "Are France and the UK Here to Stay in the South China Sea?" *The Diplomat*, published September 14, 2018, <https://thediplomat.com/2018/09/are-france-and-the-uk-here-to-stay-in-the-south-china-sea/>.
- ³⁸ Filip Kraus, "Border Disputes in Southeast Asia and Their Impact on the Regional Integration Process," in Gerstl, *Unresolved*, 47.
- ³⁹ Alica Kizeková, "Multitrack Diplomatic Approaches to Border and Territorial Disputes in Southeast Asia and Soft Balancing," in Gerstl, *Unresolved*, 158.
- ⁴⁰ Kraus, "Border Disputes," 47.
- ⁴¹ *Ibid.*, 71.
- ⁴² *Ibid.*, 73.
- ⁴³ Rehman, "India," 19.
- ⁴⁴ Kizeková, "Multitrack," 147.
- ⁴⁵ *Ibid.*, 160.
- ⁴⁶ Richard Q. Turcsányi and Zdeněk Kříž, "ASEAN and the Thai-Cambodian Conflict: The Final Stage at Preah Vihear?" in Gerstl, *Unresolved*, 83.
- ⁴⁷ Kizeková, "Multitrack," 160.
- ⁴⁸ Root, "Freedom," 11.
- ⁴⁹ Kraus, "Border Disputes," 71.
- ⁵⁰ Root, "Freedom," 11.
- ⁵¹ Alfred Gerstl, "The South China Sea Dispute: A Shift to a More Proactive Role in ASEAN's Discourse and Policies since 2012?" in Gerstl, *Unresolved*, 210.
- ⁵² Strašáková, "Unresolved," 308.
- ⁵³ Gerstl, "South China," 190-191.
- ⁵⁴ Kizeková, "Multitrack," 145.
- ⁵⁵ Xinjun Zhang, "International Law in Managing Unsettled Maritime Boundaries: A Report on the Sino-Japanese Dispute Over the East China Sea," in *Maritime Border Diplomacy*, eds. Myron H. Norquist and John Norton Moore (Leiden: Martinus Nijhoff Publishers, 2012), 313.
- ⁵⁶ Peter A. Dutton "Conceptualizing China's Maritime Gray Zone Operations" (Unpublished paper presented at the CMSI Conference on "China's Maritime Gray Zone Operations," 2-3 May 2017, Newport, RI), 5.

BIBLIOGRAPHY

- Aceves, William J. "Diplomacy at Sea: U.S. Freedom of Navigation Operations in the Black Sea." *Naval War College Review* 46, no. 2 (1993): 59-79.
- Burgess, John, Lucia Foulkes, Philip Jones, Matt Merighi, Stephen Murray, and Jack Whitacre, eds. "Law of the Sea: A Policy Primer." The Fletcher School. Tufts University. Published September 5, 2017. <https://sites.tufts.edu/lawofthesea/files/2017/07/LawoftheSeaPrimer.pdf>.
- Cable, James. *Gunboat Diplomacy, 1919-1991: Political Applications of Limited Naval Force*. Third ed. New York: St. Martin's Press, 1994.
- Chen, Xin. "Sea Power and Maritime Disputes: China's Internal Discourses." in *Maritime Security in East and Southeast Asia: Political Challenges in Asian Waters*. eds. Nicholas Tarling and Xin Chen, 207-249. Palgrave Macmillan, 2017.
- "Department of Defense Report to Congress Annual Freedom of Navigation Report Fiscal Year 2017." DoD Annual Freedom of Navigation Reports. Department of Defense. Published December 31, 2017. <https://policy.defense.gov/Portals/11/FY17%20DOD%20FON%20Report.pdf?ver=2018-01-19-163418-053>.
- Dutton, Peter A. "Conceptualizing China's Maritime Gray Zone Operations." Unpublished paper presented at the CMSI Conference on "China's Maritime Gray Zone Operations," 2-3 May 2017, Newport, RI.
- Etzioni, Amitai. "Freedom of Navigation Assertions: The United States as the World's Policeman." *Armed Forces & Society* 42, no. 3 (2016): 501-517.
- Exec. Order No. 13840. "Ocean Policy to Advance the Economic, Security, and Environmental Interests of the United States." *Federal Register* 83, no. 121 (June 22, 2018): 29431-29434.

- “Foreign Ministry Spokesperson Lu Kang’s Regular Press Conference on May 10, 2016.” Spokesperson’s Remarks. Ministry of Foreign Affairs of the People’s Republic of China. Published May 10, 2016. https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1362106.shtml.
- Franckx, Erik. "Innocent Passage of Warships." *Marine Policy* 14, no. 6 (1990): 484-490.
- Gerstl, Alfred. “The South China Sea Dispute: A Shift to a More Proactive Role in ASEAN’s Discourse and Policies since 2012?” In Gerstl, *Unresolved*, 183-230.
- Gerstl, Alfred, and Mária Strašáková, eds. *Unresolved Border, Land and Maritime Disputes in Southeast Asia: Bi- and Multilateral Conflict Resolution Approaches and ASEAN's Centrality*. Leiden: Brill, 2017.
- Groves, Steven. “Accession to the U.S. Convention of the Law of the Sea Is Unnecessary to Secure U.S. Navigational Rights and Freedoms.” The Heritage Foundation. Published August 24, 2011. https://thf_media.s3.amazonaws.com/2011/pdf/bg2599.pdf.
- Hollick, Ann L. *U.S. Foreign Policy and the Law of the Sea*. Princeton: Princeton University Press, 1981.
- Juda, Lawrence. "Innocent Passage by Warships in the Territorial Seas of the Soviet Union: Changing Doctrine." *Ocean Development & International Law* 21, no. 1 (1990): 111-116.
- Kwiatkowska, Barbara. "Innocent Passage by Warships: A Reply to Professor Juda." *Ocean Development & International Law* 21, no. 4 (1990): 447-450.
- Kizeková, Alica. “Multitrack Diplomatic Approaches to Border and Territorial Disputes in Southeast Asia and Soft Balancing.” In Gerstl, *Unresolved*, 143-167.
- Kraus, Filip. “Border Disputes in Southeast Asia and Their Impact on the Regional Integration Process.” In Gerstl, *Unresolved*, 46-82.
- Kuok, Lynn. “The U.S. FON Program in the South China Sea: A lawful and necessary response to China’s strategic ambiguity.” Center for East Asia Policy Studies. Brookings. Published June 7, 2017. <https://www.brookings.edu/wp-content/uploads/2016/07/Limits-of-Law-in-the-South-China-Sea-2.pdf>.
- LaGrone, Sam. “China Chides U.S. Over Latest South China Sea Freedom of Navigation Operation.” USNI News. U.S. Naval Institute. Published October 11, 2017 4:36 PM. <https://news.usni.org/2017/10/11/china-chides-u-s-latest-south-china-sea-freedom-navigation-operation>.
- Luc, Tuan Anh. “Are France and the UK Here to Stay in the South China Sea?” *The Diplomat*. Published September 14, 2018. <https://thediplomat.com/2018/09/are-france-and-the-uk-here-to-stay-in-the-south-china-sea/>.
- “Maritime Security and Navigation.” Office of Ocean and Polar Affairs. Department of State. Accessed October 22, 2018. <https://www.state.gov/e/oes/ocns/opa/maritimesecurity/>.
- Noyes, John E. "The United States, the Law of the Sea Convention, and Freedom of Navigation." *Suffolk Transnational Law Review* 29, no. 1 (2005): 1-24.
- Rapp-Hooper, Mira. “Make No Mistake.” *Foreign Affairs*. Published November 25, 2015. <https://www.foreignaffairs.com/articles/2015-11-25/make-no-mistake>.
- Rehman, Iskander. “India, China, and differing conceptions of the maritime order.” Project on International Order and Strategy. Brookings. Published June 20, 2017. <https://www.brookings.edu/wp-content/uploads/2017/06/rehman-india-china-and-differing-conceptions-of-the-maritime-order.pdf>.
- Roach, J. Ashley, and Robert W. Smith. *Excessive Maritime Claims*. Third ed. Leiden: Martinus Nijhoff Publishers, 2012.
- Roach, J. Ashley and Robert W. Smith. *United States Responses to Excessive Maritime Claims*. Second ed. The Hague: Martinus Nijhoff, 1996.
- Rolph, John W. "Freedom of Navigation and the Black Sea Bumping Incident: How "Innocent" must Innocent Passage be?" *Military Law Review* 135 (1992): 137-165.
- Root, Joshua L. "The Freedom of Navigation Program: Assessing 35 Years of Effort." *Syracuse Journal of International Law and Commerce* 43, no. 2 (2016): 321-351.
- Santicola, Ryan. “Legal Imperative? Deconstructing Acquiescence in Freedom of Navigation Operations.” *National Security Law Journal* 5 no. 1 (2016): 59-95.
- “Statement on United States Oceans Policy.” The Public Papers of President Ronald W. Reagan. Ronald Reagan Presidential Library. Accessed October 22, 2018. <https://www.reaganlibrary.gov/research/speeches/31083c>.
- Turcsányi, Richard Q. and Zdeněk Kříž. “ASEAN and the Thai-Cambodian Conflict: The Final Stage at Preah Vihear?” In Gerstl, *Unresolved*, 143-167.
- U.S. Department of Defense. *Summary of the 2018 National Defense Strategy of The United States of America: Sharpening the American Military’s Competitive Edge*. Washington, DC: Office of the Secretary of Defense, 2018.

- “U.S. Department of Defense Freedom of Navigation (FON) Program.” DoD Annual Freedom of Navigation Reports. Department of Defense. Published February 28, 2017.
<https://policy.defense.gov/Portals/11/DoD%20FON%20Program%20Summary%202016.pdf?ver=2017-03-03-141350-380>.
- U.S. Joint Chiefs of Staff. *Joint Concept for Integrated Campaigning*. Washington, DC: Joint Chiefs of Staff, 2018.
- U.S. Joint Chiefs of Staff. *Joint Planning*. Washington, DC: Joint Chiefs of Staff, 2017.
- U.S. Office of the Chief of Naval Operations. *The Commander's Handbook on the Law of Naval Operations*. Washington, DC: Department of the Navy, Office of the Chief of Naval Operations, 2017.
- Winkler, David F. 1958. *Cold War at Sea: High-Seas Confrontation between the United States and the Soviet Union*. Annapolis: Naval Institute Press, 2000.
- Zhang, Xinjun. “International Law in Managing Unsettled Maritime Boundaries: A Report on the Sino-Japanese Dispute Over the East China Sea.” In *Maritime Border Diplomacy*, edited by Myron H. Nordquist and John Norton Moore, 309-320. Leiden: Martinus Nijhoff Publishers, 2012.

Countering Transnational Terrorism by Increasing Indonesian Special Operation Forces' Capacity

Tiffany Chapman, LTC, US Army

Introduction

For the last twenty years, the Republic of Indonesia (ROI) has waged a counterinsurgency (COIN) battle against radical Islamist groups.¹ Today's threat, the Islamic State (IS), seeks to erode the Government of Indonesia's (GOI) legitimacy and thwart efforts to increase its standing as a democracy.² The ROI is vulnerable to this threat due to deeply rooted ethno-religious tensions, economic disparity, and long-standing political turmoil.³ Insurgents exploit religious tensions between Muslims (86% of Indonesia's population—the largest Muslim population in the world) and other minorities, particularly Christians.⁴ Islamist groups organize frequent protests to influence political elections, and concerns over religious intolerance are growing.⁵ It also has a high poverty rate; the gap between rich and poor is second only to China in the Asia-Pacific.⁶ In addition to these socio-economic issues, some political leaders have a history of corruption, political discord, and despotic practices, which have triggered previous insurgencies and separatist movements.⁷ The ROI's unique geography, consisting of 17,000 islands covering three different time zones, further exacerbates social, economic, and political tensions.⁸ Many areas are geographically isolated, presenting a significant obstacle to unification efforts.⁹ Geographic, social, and political isolation, combined with nascent or limited governance capacity, leads to disenfranchisement of segments of the population.

Within this environment, IS has found fertile ground in which to pursue its goals of establishing sharia law in the ROI and creating a pan-Islamic state across south Asia.¹⁰ Like al Qaeda (AQ), which established its roots in Indonesia in the post-Suharto era, IS's message resonates among disenfranchised elements.¹¹ After a lull in AQ activity, IS emerged in Southeast Asia in 2014 and remains a significant threat to the ROI's internal security.¹² Today, IS poses an even greater threat to Indonesia's security than AQ: the ROI is one of the largest contributors of IS fighters in the world, exporting over 500, half of which are expected to eventually return.¹³ These returning fighters play a critical role in recruiting more IS members and destabilizing internal security.¹⁴

Indonesia's primary counterterrorism (CT) and COIN institutions, consisting of the Indonesian National Police (POLRI) and national-level cyber and intelligence organizations, lack the ability to effectually counter IS; Indonesian Special Operations Forces (SOF) possess the greatest potential to do so. Improvements must focus on the development of operational skills and doctrine, the ability to wage information operations (IO), and the capability to gather, analyze, and share intelligence. Given the dire threat that IS poses to Indonesia and the region, the United States should assist the ROI in countering terrorism and insurgency by increasing the capacity of its SOF units to conduct COIN and CT.

Analysis

Operational Capability

The United States must first focus on enhancing Indonesian SOF's operational capability to assume a larger role in the nation's COIN and CT efforts. CT falls under the purview of the POLRI, an organization which, with the exception of Densus 88, is largely under-resourced, poorly-trained, riddled with corruption, and ranked poorly in terms of effectiveness and capability.¹⁵ While the POLRI has primacy over internal security, it lacks the capacity to unilaterally achieve this mission.¹⁶ Due to resource constraints, POLRI forces are generally massed in widely-dispersed population centers, leaving rural areas largely unregulated.¹⁷ These unregulated areas, in turn, provide fecund areas within which insurgents can remain undetected to plan and foment their destructive efforts.

As a result of these ungoverned spaces, Indonesian SOF must augment POLRI efforts. While the POLRI consistently employs the Indonesian SOF in a supporting role in COIN and CT actions, Indonesian SOF require operational knowledge, training, and doctrine to make a more sizeable contribution.¹⁸ Enhancement of Indonesian SOF's capabilities to perform a greater internal security role is consistent with Indonesia's current legal framework: Indonesian SOF have statutorily-defined COIN and CT functions within the larger mission of protecting national sovereignty from internal and external threats.¹⁹

In 2015, the GOI expanded the military's CT role, reorganizing its forces and mandating that it provide security at critical infrastructure sites.²⁰ Most recently, due to a spike in IS violence between 2016 and 2018, President Widodo reactivated a Joint Special Operations Command, known as "Koopssusgab," to assume a larger CT role.²¹ Koopssusgab's key mission is targeting High Value Targets and, among other CT activities, rooting out IS training camps within the country.²² Although still required to coordinate with and gain approval from the POLRI, Koopssusgab, along with CT components of the Indonesian Army Special Forces ("Kopassus"), Naval Special Warfare ("Kopaska"), Air Force Special Forces Ground Corps ("Paskhas"), and other specialized, Tier 1 counterterrorism response teams are well-equipped, well-funded, and well-manned.²³ The defense budget for 2018 equaled \$7.7 billion, or .72% of Gross Domestic Product, and the defense procurement budget is expected to reach \$2.3 billion by 2021, demonstrating its emphasis on resourcing the military.²⁴ This increased level of resourcing demonstrates Indonesian SOF's potential for an enhanced role in the CT fight.

Despite a reliance on the three services to operate effectively together, the Indonesian military lacks joint doctrine.²⁵ Further, prior to reactivation in 2015, Koopssusgab underwent a two-year hiatus in operations while under different military leadership.²⁶ This period of inactivity necessitates increased training and development of operational knowledge, which the United States is well-placed to provide. The United States has significant experience in joint operations, training, and doctrine in the special operations arena and should impart some of this experience to Indonesian SOF. In May 2016, the Commander of the US Special Operations

Countering Transnational Terrorism by Increasing Indonesian Special Operation Forces' Capacity

Command expressed support for this sentiment, stating at the Middle East Special Operations Commanders Conference that cooperation with Indonesian SOF was imperative to countering “transregional terrorist organizations.”²⁷ Such a partnership would be congruent with US policy goals, confirmed by Secretary of Defense Mattis in January 2018 when he expressed a strong desire for greater collaboration with Indonesian SOF.²⁸ Indonesian SOF are well-situated to leverage such a partnership; they have similar structures, selection processes, and nascent training regimes to their US counterparts and, as recently as June 2018, demonstrated interoperability through participation in multinational training events such as “Rim of Pacific” and Cobra Gold.²⁹ As a result, Indonesian SOF are a prime potential partner for US CT efforts.

Information Operations

Along with expanding Indonesian SOF’s operational capabilities, the United States should also assist them in conducting information operations (IO), particularly within the cyber domain, to prevent radicalization, counter IS propaganda, and disrupt IS communications. The ability to effectively counter IS propaganda is a critical aspect of the Indonesian COIN effort that remains underdeveloped.³⁰ Islamic State, and its most active Indonesian affiliate, Jamaah Anshurad Daulah (JAD), relies heavily on propaganda to radicalize and recruit, often through social media platforms.³¹ This propaganda is effective in radicalizing a broad demographic, extending beyond young males—the target audience for AQ—to families and women.³² Recent attacks in May 2018 demonstrated this propaganda’s effectiveness to mobilize entire families, including women and children who detonated improvised explosive devices and suicide vests.³³ Propaganda plays a critical role in IS’s attack strategy, which necessitates a robust ability to counter and diminish its efficacy.³⁴

The ROI has made some efforts to disrupt the IS propaganda apparatus. In January 2018, the GOI established a cyber security unit, in part aimed at countering online propaganda.³⁵ However, as is the case with POLRI, the cyber security unit is not well-resourced or highly-capable, and it struggles to find individuals with the requisite knowledge and skills to effectively operate.³⁶ The unit also has multiple missions, such as the prevention of cyber attacks and online financial crimes, and does not maintain a singular CT focus.³⁷ To the extent that the cyber security unit is able to apply its limited resources to CT efforts, these efforts face additional obstacles: The internet only reaches about 16% of the Indonesian population, and the ability to block all IS sites is virtually impossible.³⁸ As a result, IO, and specifically counterpropaganda efforts, generally require both a digital and physical presence in the community; Indonesian SOF possess the potential to accomplish both aspects.

If partnered with an experienced ally such as the United States, Indonesian SOF could conduct multi-domain information operations with the necessary training. While POLRI lacks the trust of the populace, Indonesian SOF are favorably viewed and could assist with community outreach and key leader engagements.³⁹ Further, Indonesian SOF are well-resourced in terms of personnel and budget and have the ability to assume a larger role in the cyber domain. In order

to succeed, though, Indonesian SOF need specialized IO training, and the United States has decades of experience in this regard from Operations Enduring Freedom, Iraqi Freedom, and Inherent Resolve. For example, US Central Command (CENTCOM) employs a multi-prong approach to countering IS propaganda in support of Operation Inherent Resolve by operating a Digital Engagement Team (DET) and a web operations cell (Web Ops) to weaken IS's influence in the cyber domain.⁴⁰ CENTCOM cyber elements construct narratives that expose weaknesses or falsehoods in IS propaganda, discredit IS's legitimacy by depicting injustices committed by IS, and frustrate IS communications.⁴¹ These efforts resulted in reduced IS presence on some social media platforms, and a similar apparatus could be equally effective within Indonesia.⁴²

Intelligence Gathering and Sharing

As another line of effort for assistance, the United States should improve Indonesian SOF's ability to conduct intelligence gathering and sharing. Islamic State's loose, amorphous organizational structure and decentralized network of cells, or "usroh," make it a particularly difficult foe to target.⁴³ Sealing the national borders and maintaining a physical presence in every geographical area of Indonesia to deter insurgents is impracticable. Recognizing its geographical complexities and the increased flow of combat-experienced IS fighters, the ROI's intelligence collection capabilities warrant prioritization and improvement. The ability to share intelligence, particularly throughout the region, is a critical component to combatting transnational threats. With an asserted objective of establishing a Southeast Asia stronghold, IS poses an imminent threat to the region.⁴⁴ Timely and accurate intelligence gathering and sharing provide better threat awareness and enhance a nation's ability to prevent or respond to that threat.

The ROI possesses an intelligence agency, but, similar to many of its CT entities, it faces significant challenges that diminish its effectiveness. The Indonesia State Intelligence Agency, also known as "BIN," is the primary national-level intelligence agency; however, BIN suffers from similar systemic personnel and resource shortages as the cyber security unit and POLRI.⁴⁵ In 2010, the government created a national, civilian-led CT office to integrate the capabilities and efforts of multiple agencies; this organization relies heavily on the Indonesian SOF's intelligence-gathering capabilities and CT assets, effectively creating an ancillary SOF mission for collection and analysis.⁴⁶ Fortunately, a foundational intelligence apparatus exists, and in January 2018, the ROI entered into an intelligence-sharing agreement, the "Our Eyes" initiative with Brunei, Malaysia, the Philippines, Singapore, and Thailand, to counter IS in the region.⁴⁷ However, while intelligence gathering and sharing is both a national and regional priority, Indonesian SOF must have the capacity to process, analyze, and act upon it.

US assistance to intelligence gathering in the ROI has precedent. In 2003, it established a special counterterrorism unit within POLRI called Densus 88, which was funded and trained by the United States.⁴⁸ Although extremely capable at finding, fixing, and destroying insurgent targets, Densus 88 currently consists of only 1100 officers.⁴⁹ Koopssusgab enjoys a close working relationship and successful interoperability with Densus 88, and with additional

Countering Transnational Terrorism by Increasing Indonesian Special Operation Forces' Capacity

development, Indonesian SOF could significantly augment Densus 88 efforts.⁵⁰ US assistance would be in accord with the bilateral 2015 Strategic Partnership Agreement, in which the United States pledged continued cooperation to combat terrorism.⁵¹ By further developing Indonesian SOF's intelligence-gathering capacity, the United States would greatly facilitate Indonesian and regional CT efforts.

Counter-Arguments

Some concerns exist regarding an increased role for Indonesian SOF in national security. First, the military enjoyed expansive authority and power under the Suharto regime.⁵² During that time, the military assumed a greater role in the conduct of state affairs due to a concept called "dwifungsi."⁵³ Under dwifungsi, officers could simultaneously serve in the military and occupy political posts.⁵⁴ Those opposed to expansion of the military's role also point to Suharto's use of the military to quell civil disorder and quash civil rights.⁵⁵ Today, these concerns are unfounded. The ROI ended dwifungsi's dual-role concept in 2000, and reform efforts subordinated the military to the Ministry of Defense, which is led by an elected civilian official.⁵⁶ After the end of Suharto's regime in 1998, the Indonesian military underwent other major reforms: The government passed two laws, Law No. 2/2002 and Law No. 34/2204, which redefined the military's authority, structure, and responsibilities, while limiting its political activities and reserving policy-making roles to its civilian leadership.⁵⁷

Others may point to the military's contempt for civilian leadership, which could negatively impact the alignment of strategic and operational priorities and civil-military relations.⁵⁸ However, the military remains statutorily bound in its current role, subordinated to civilian leadership and relegated to a more peripheral role in policy development.⁵⁹ Further, President Widodo remains committed to promoting democratic principles, reunifying the country, and preventing government corruption.⁶⁰ As long as the GOI is committed to maintaining a democracy, military forces are unlikely to assume unchecked influence over national policy.⁶¹

Some critics may cite concerns over the Indonesian military's human rights record and whether expansion of SOF's role poses a risk of further abuses. Indonesian SOF were previously sanctioned under the Leahy Law from participating in certain US training programs for alleged human rights abuses, mainly stemming from operations related to separatist movements in Papua and Timor-Leste.⁶² However, these sanctions were lifted in 2010.⁶³ Acknowledging this issue, the military underwent additional reform efforts that added training in international humanitarian and human rights law to the military education curriculum.⁶⁴ The military employs subject matter experts to present the training, and although few incidents of abuse have been reported since the inception of reform efforts, reported abuses are prosecuted through the Indonesian version of the Uniform Code of Military Justice.⁶⁵ The integration of human rights training and enforcement appears to have diminished the frequency of abuse allegations and remains a critical aspect of changing military culture.

Finally, others may question prioritizing building Indonesian SOF capacity at the expense of other agencies. However, while the GOI has taken steps to improve its CT and COIN effectiveness, the fact remains that the Indonesian SOF, with 12,000 personnel, are more developed, resourced and capable than many of the other entities.⁶⁶ Development of their capability would not violate their statutory role, nor would it supersede the role of POLRI since Indonesian SOF have demonstrated interoperability with Densus 88 in a series of training events throughout the country.⁶⁷ Additional assistance from the United States remains imperative to further developing these capabilities. From 2002-2015, the United States maintained a Joint Special Operations Task Force in the Philippines to assist with counterterrorism; after the United States ended these efforts, however, IS quickly seized and controlled territory in Malawi.⁶⁸ If the United States is committed to maintaining regional stability, US assistance is necessary to capacity-building. In support of CT efforts, this assistance must be enduring.

Recommendations

To develop an enduring and sustainable framework for assistance, the United States should consider additional measures to improve Indonesian SOF's effectiveness and capability in fighting insurgency and terrorism. At the national level, US leadership should consider a mutual or collective defense agreement with Indonesia; no such agreement currently exists.⁶⁹ The United States is signatory to a bilateral collective defense agreement with the Philippines, as well as a Southeast Asia Treaty with Australia, France, New Zealand, Philippines, Thailand, and the United Kingdom.⁷⁰ Under some agreements, US forces are permitted to establish permanent or rotational basing within the host country, thereby expanding the ability to conduct joint training exercises and achieve interoperability.⁷¹ An agreement with Indonesia would potentially provide an enhanced US presence within the country and would facilitate the operational development and growth of Indonesian SOF capabilities.

Additionally, US leadership should lift the remaining prohibitions on direct training assistance imposed by the Leahy Law, as this is the only remaining obstacle to expanded assistance.⁷² The Leahy Law prohibits the expenditure of appropriated funds for a foreign military force if credible information exists that the force committed gross violations of human rights, as determined by the US Department of State.⁷³ Appropriated funds are used for, among other things, equipping, training, and providing other assistance to the foreign military force.⁷⁴ Funding may be reinstated for the assistance of a military force if the Secretary of Defense determines that the force's government has "taken effective measures to bring those responsible to justice."⁷⁵ These measures range broadly from investigation to adjudication and prosecution but would certainly encompass the measures taken by the GOI in establishing a UCMJ process for investigating and processing such claims.⁷⁶ The Secretaries of State and Defense hold the discretion to determine if "remediation" of the Indonesian SOF has occurred, which would open the doors to greater US direct assistance.⁷⁷ Although funding restrictions have been lifted, Indonesian SOF would benefit from the experience gained by traveling to the United States for training, which is currently prohibited.⁷⁸ This remaining impediment should be removed.

Countering Transnational Terrorism by Increasing Indonesian Special Operation Forces' Capacity

At the theater level, the Commander of US Indo-Pacific Command, the geographic combatant command who exercises responsibility over the area within which Indonesia lies, should incorporate the recommended US assistance into the Theater Security Cooperation Plan (TSCP). These plans identify activities—such as building partner force capacity through training, intelligence sharing, and education—and link them to national objectives.⁷⁹ In the 2018 National Defense Strategy, Secretary Mattis emphasized the importance of “[e]xpand[ing] Indo-Pacific alliances and partnerships” to achieve regional stability, uninhibited multi-domain access, and deterrence.⁸⁰ Codifying capacity-building support to Indonesian SOF in the TSCP will ensure this assistance has an enduring impact towards achieving national goals.

Conclusion

The threat posed by transnational terrorists, namely IS, cannot be over-emphasized. In 2017, at the Shangri-La Dialogue, a forum for defense ministers from Southeast Asia, members asserted that terrorism is the region’s top security concern.⁸¹ In addition to the threat that terrorism poses, Indonesia represents an important partner in the region, and a close partnership with Indonesian SOF may advance other US strategic interests in the region while combatting terrorism. In this context, the question is not *should* the United States assist Indonesian SOF to build greater capacity, but *how*. Enhancing Indonesian SOF’s operational, counterpropaganda, and intelligence-gathering capabilities is foundational and may lead to greater cooperation in terms of funding and a defense agreement. As the United States has learned in prior conflicts, a critical component to combatting terrorism is to prevent it from gaining or holding territory, and the United States is in a position to effectuate this goal – it must seize that opportunity while it can. The GOI has taken critical steps to facilitate this opportunity by instituting programs to counter insurgency and terrorism, and now the United States must leverage its resources to enhance the capability of those programs before it is too late.

¹ Denise Youngblood, “Indonesia: Political Conditions,” Country Watch, last modified January 2017, http://www.countrywatch.com.usnwc.idm.oclc.org/Intelligence/CWTopic?Type=text&CountryID=79&Topic=POP_CO.

² Youngblood, “Indonesia: Political Conditions.”

³ “Indonesia Crime and Security Risk Report - Q3 2018,” London: Business Monitor International, 2018, 11, <https://search-proquest-com.usnwc.idm.oclc.org/docview/2066737446?accountid=322>; Judith Jacob, “Blasphemy Allegations Highlight Divisions in Indonesian Society,” *Jane’s Intelligence Review*, February 3, 2017, 5, <https://janes-ihs-com.usnwc.idm.oclc.org/IntelligenceReview/DisplayFile/jir12299?edition=2017>; Yan Han Ong, “The Separatist Perspective: Explaining Regional Autonomy in Indonesia” (MSc. diss., Leiden University, 2016) 19, 21; Sara Schoenhardt, “Religious Tension Increases in Indonesia,” *Voice of America News*, December 15, 2010, 1-2, Proquest Central, <https://search-proquest-com.usnwc.idm.oclc.org/docview/817656149?pq-origsite=summon>; Eve Warburton, “Inequality, Nationalism, and Electoral Politics in Indonesia,” *Southeast Asian Affairs* (2018): 137, 142, 144, <https://search-proquest-com.usnwc.idm.oclc.org/docview/2029511208?accountid=322>; Youngblood, “Indonesia: Political Conditions.”

⁴ “Indonesia Crime and Security Risk Report - Q3 2018,” 11; “Indonesia: Executive Summary,” *Jane’s Sentinel Security Assessment – Southeast Asia*, August 15, 2018, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos010-sea>, 1; Schoenhardt, “Religious Tension Increases in Indonesia”, 1-2; “The Terrorist Threat in Indonesia: From Jemaah Islamiyah to ‘Islamic State,’” *Counter Terrorist Trends and*

Analyses 10, no. 6 (2018): 1,

<http://search.ebscohost.com.usnwc.idm.oclc.org/login.aspx?direct=true&db=tsh&AN=130655117&site=ehost-live>.

⁵ Jacob, “Blasphemy Allegations Highlight Divisions in Indonesian Society,” 5; “Indonesia - Security,” *Janes Sentinel Security Assessment – Southeast Asia*, August 15, 2018, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/seaa000-sea>, 5.

⁶ Warburton, “Inequality, Nationalism, and Electoral Politics in Indonesia,” 141-142.

⁷ Ong, “The Separatist Perspective: Explaining Regional Autonomy in Indonesia,” 19, 21; Youngblood, “Indonesia: Political Conditions.”

⁸ Youngblood, “Indonesia: Political Conditions.”

⁹ Ibid.

¹⁰ Ibid.

¹¹ Youngblood, “Indonesia: Political Conditions.” Although AQ was organized as multiple groups with a shared end state and ideology, and prone to frequent splintering when the ideology diverged, Jemaah Islamiyah (JI) emerged as the most prolific and violent AQ affiliate. “Radical Islam in Indonesia – Islamism,” Indonesia Investments, last modified May 16, 2018, 2, <https://www.indonesia-investments.com/business/risks/radical-islam/item245>, 4; Youngblood, “Indonesia: Political Conditions.” For a decade, JI conducted numerous bombings across Indonesia, largely targeting Western symbols and tourist centers, until membership was diminished through the arrest of key leaders and over 500 members. Zachary Abuza, “Joining the New Caravan: ISIS and the Regenerations of Terrorism in Southeast Asia” (Working Paper, The Strategic Studies Institute of the US Army War College, 2015), 2, <http://strategicstudiesinstitute.army.mil/index.cfm/articles/joining-the-new-caravan/2015/06/25>; Ken Ward, “Indonesian Justice Strikes a Blow Against Radical Islam with Bashir Verdict,” *The Age*, June 17, 2011, <https://search-proquest-com.usnwc.idm.oclc.org/docview/872050767?accountid=322>; Youngblood, “Indonesia: Political Conditions.”

¹² Abuza, “Joining the New Caravan,” 1; “Indonesia Crime and Security Risk Report - Q3 2018,” 8.

¹³ Indonesia Investments, “Radical Islam in Indonesia – Islamism,” 5; “Jamaah Ansharud Daulah and the Terrorist Threat in Indonesia,” *Counter Terrorist Trends and Analyses* 10, no. 6 (2018): 3.

¹⁴ Indonesia Investments, “Radical Islam in Indonesia – Islamism,” 5.

¹⁵ “Indonesia Crime and Security Risk Report - Q3 2018,” 16,19; Indonesia Investments, “Radical Islam in Indonesia – Islamism,” 5; “Indonesian Military Targets Internal Security Role,” *Jane's Intelligence Review*, July 1, 2015, <https://janes-ihs-com.usnwc.idm.oclc.org/IntelligenceReview/DisplayFile/jir11970?edition=2015>.

¹⁶ “Indonesia Crime and Security Risk Report - Q3 2018,” 19.

¹⁷ Ibid.

¹⁸ “Indonesian Military Targets Internal Security Role;” Leonard C. Sebastian and Iis Gindarsah, “Assessing military reform in Indonesia,” *Defense & Security Analysis* 29, no. 4 (2013), 295, <https://doi.org/10.1080/14751798.2013.842709>.

¹⁹ Sebastian and Gindarsah, “Assessing military reform in Indonesia,” 296.

²⁰ “Indonesian Military Targets Internal Security Role.”

²¹ “Indonesia – Special Operations Forces,” *Jane's Amphibious and Special Forces*, July 17, 2018, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jawc0249-jasf>, 2; Marguerite Afra Sapiie and Nurul Fitri Ramadhani, “Indonesian Military Expected to Play Greater Role in Counterterrorism,” *The Jakarta Post*, May 17, 2018, <http://www.thejakartapost.com/news/2018/05/17/indonesian-military-expected-to-play-greater-role-in-counterterrorism.html>.

²² “Indonesia – Special Operations Forces,” 2.

²³ Ewen Southby-Tailyour, “Indonesia – Ground Forces,” *Janes Sentinel Security Assessment – Southeast Asia*, July 23, 2002, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jawc0250-jasf>, 3; “Indonesia – Special Operations Forces,” 2.

²⁴ “Indonesia – Defence Budget Overview,” *Jane's Sentinel Security Assessment – Southeast Asia*, February 14, 2018, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos090-sea>, 1, 3; “Indonesia – Armed Forces,” *Janes Sentinel Security Assessment – Southeast Asia*, July 12, 2018, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos100-sea>, 11.

²⁵ “Indonesia - Armed Forces,” 7.

²⁶ Sapiie and Ramadhani, “Indonesian Military Expected to Play Greater Role in Counterterrorism.”

²⁷ “Indonesia – Special Operations Forces,” 2.

²⁸ Ibid.

- ²⁹ “Indonesia - Armed Forces,” 8; “Indonesia – Special Operations Forces,” 3, 5.
- ³⁰ Abuza, “Joining the New Caravan,” 9.
- ³¹ Abuza, “Joining the New Caravan,” 6; “The Terrorist Threat in Indonesia: From Jemaah Islamiyah to 'Islamic State,’” 1.
- ³² Abuza, “Joining the New Caravan,” 2, 6.
- ³³ Sidney Jones, “How ISIS has Changed Terrorism in Indonesia,” *The New York Times*, May 23, 2018, <https://search-proquest-com.usnwc.idm.oclc.org/docview/2042843816?accountid=322>, 5; “Indonesia - Security,” 2.
- ³⁴ “Jamaah Ansharud Daulah and the Terrorist Threat in Indonesia,” 4. The IS attack typically consists of four phases: attack, control of the area of attack, propagandizing the attack, and martyrdom. Ibid.
- ³⁵ “Indonesia - Security,” 2, 5.
- ³⁶ “Indonesia Crime and Security Risk Report - Q3 2018,” 4, 11-12, 24.
- ³⁷ Ibid., 23-4.
- ³⁸ Abuza, “Joining the New Caravan,” 9, 15.
- ³⁹ “Indonesia Crime and Security Risk Report - Q3 2018,” 19; “Indonesia - Armed Forces,” 14-15.
- ⁴⁰ Karen Parrish, “Centcom Counters ISIL Propaganda,” *Federal Information & News Dispatch, Inc.*, July 6, 2016, <https://search-proquest-com.usnwc.idm.oclc.org/docview/1802226383?accountid=322>.
- ⁴¹ Parrish, “Centcom Counters ISIL Propaganda.”
- ⁴² Ibid.
- ⁴³ Indonesia Investments, “Radical Islam in Indonesia – Islamism,” 4; Jones, “How ISIS Has Changed Terrorism in Indonesia;” Quinton Temby, “Imagining an Islamic State in Indonesia: From Darul Islam to Jemaah Islamiyah,” *Indonesia* 89 (April 2010): 34, <https://www-jstor-org.usnwc.idm.oclc.org/stable/20798213>.
- ⁴⁴ “Indonesia Crime and Security Risk Report - Q3 2018,” 10. This threat is evidenced by IS’s recent occupation of the Filipino city of Malawi. Ibid.
- ⁴⁵ “Indonesia Crime and Security Risk Report - Q3 2018,” 11-12.
- ⁴⁶ “Indonesia - Armed Forces,” 5.
- ⁴⁷ “Indonesia – External Affairs,” *Jane’s Sentinel Security Assessment – Southeast Asia*, August 13, 2018, Jane’s Online, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos080-sea>, 2.
- ⁴⁸ Indonesia Investments, “Radical Islam in Indonesia – Islamism,” 4.
- ⁴⁹ “Indonesia - Security,” 3; Indonesia Investments, “Radical Islam in Indonesia – Islamism,” 5.
- ⁵⁰ “Indonesia – Special Operations Forces,” 2.
- ⁵¹ “Indonesia - External Affairs,” 2.
- ⁵² “Indonesian Military Targets Internal Security Role.”
- ⁵³ Ibid.
- ⁵⁴ Ibid.
- ⁵⁵ Ibid.
- ⁵⁶ “Indonesian Military Targets Internal Security Role;” Sebastian and Gindarsah, “Assessing military reform in Indonesia,” 293-4.
- ⁵⁷ Sebastian and Gindarsah, “Assessing military reform in Indonesia,” 293, 296.
- ⁵⁸ Ibid., 293.
- ⁵⁹ Warburton, “Inequality, Nationalism, and Electoral Politics in Indonesia,” 137, 144; Youngblood, “Indonesia: Political Conditions.”
- ⁶⁰ Ibid.
- ⁶¹ Sebastian and Gindarsah, “Assessing military reform in Indonesia,” 305.
- ⁶² “Indonesia Crime and Security Risk Report - Q3 2018,” 14; “Indonesia - External Affairs,” 2; “Indonesia – Special Forces,” 2; “Leahy Fact Sheet,” US Department of State, last modified March 9, 2018, <https://www.state.gov/j/drl/rls/fs/2018/279141.htm>.
- ⁶³ “Indonesia - External Affairs,” 2.
- ⁶⁴ Sebastian and Gindarsah, “Assessing military reform in Indonesia,” 295.
- ⁶⁵ “Indonesia - Armed Forces,” 2.
- ⁶⁶ “Indonesia – Special Operations Forces,” 4.
- ⁶⁷ Ibid., 2.
- ⁶⁸ Thomas Maresca, “ISIS Expands Foothold in Southeast Asia with Philippine Siege,” *USA Today*, June 11, 2017, <https://search-proquest-com.usnwc.idm.oclc.org/docview/1908213668?accountid=322>.
- ⁶⁹ “Indonesia Crime and Security Risk Report - Q3 2018,” 14.

- ⁷⁰ “US Collective Defense Arrangements,” US Department of State, accessed September 15, 2018, <https://www.state.gov/s/l/treaty/collectivedefense/>.
- ⁷¹ Richard Javad Heydarian, "Philippines Re-Embraces US Military Muscle," *The Straits Times*, January 21, 2016, <https://search-proquest-com.usnwc.idm.oclc.org/docview/1758619710?accountid=322>.
- ⁷² “Indonesia - External Affairs,” 2.
- ⁷³ “Leahy Fact Sheet.”
- ⁷⁴ Ibid.
- ⁷⁵ Ibid.
- ⁷⁶ Ibid.
- ⁷⁷ “Leahy Fact Sheet.”
- ⁷⁸ Breanna Heilicher, “Indonesia Requests US to Reduce Limitations on US Security Aid to Indonesian Special Forces Unit,” *Security Assistance Monitor*, January 26, 2018, <https://www.securityassistance.org/blog/indonesia-requests-us-reduce-limitations-us-security-aid-indonesian-special-forces-unit>.
- ⁷⁹ Gregory Dyekman, "Security Cooperation: A Key to the Challenges of the 21st Century," November 2007, 2.
- ⁸⁰ US Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America* (Washington, DC: GPO, 2018), 4, 6, 9.
- ⁸¹ Maresca, “ISIS Expands Foothold in Southeast Asia with Philippine Siege.”

BIBLIOGRAPHY

- Abuza, Zachary. “Joining the New Caravan: ISIS and the Regenerations of Terrorism in Southeast Asia” Working Paper, The Strategic Studies Institute of the US Army War College, 2015. <http://strategicstudiesinstitute.army.mil/index.cfm/articles/joining-the-new-caravan/2015/06/25>.
- Dyekman, Gregory. *Security Cooperation: A Key to the Challenges of the 21st Century*. Newport, RI: Naval War College, 2007.
- Heilicher, Breanna. “Indonesia Requests US to Reduce Limitations on US Security Aid to Indonesian Special Forces Unit.” *Security Assistance Monitor*, January 26, 2018. <https://www.securityassistance.org/blog/indonesia-requests-us-reduce-limitations-us-security-aid-indonesian-special-forces-unit>.
- Heydarian, Richard Javad. "Philippines Re-Embraces US Military Muscle." *The Straits Times*, January 21, 2016. <https://search-proquest-com.usnwc.idm.oclc.org/docview/1758619710?accountid=322>.
- “Indonesia – Armed Forces.” *Janes Sentinel Security Assessment – Southeast Asia*. Jane’s Online. Last modified July 12, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos100-sea>.
- “Indonesia Crime and Security Risk Report - Q3 2018.” Business Monitor International. Last modified July 2018. <https://search-proquest-com.usnwc.idm.oclc.org/docview/2066737446?accountid=322>.
- “Indonesia – Defence Budget Overview.” *Jane’s Sentinel Security Assessment – Southeast Asia*. Jane’s Online. Last modified February 14, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos090-sea>.
- “Indonesia: Executive Summary.” *Jane’s Sentinel Security Assessment – Southeast Asia*. Jane’s Online. Last modified August 15, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos010-sea>.
- “Indonesia – External Affairs.” *Jane’s Sentinel Security Assessment – Southeast Asia*. Jane’s Online. Last modified August 13, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/indos080-sea>.
- “Indonesia – Security.” *Janes Sentinel Security Assessment – Southeast Asia*. Jane’s Online. Last modified August 15, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/seaa000-sea>, 5.
- “Indonesian Military Targets Internal Security Role.” *Jane’s Intelligence Review*, July 1, 2015. <https://janes-ihs-com.usnwc.idm.oclc.org/IntelligenceReview/DisplayFile/jir11970?edition=2015>.
- “Indonesia – Special Operations Forces.” *Jane’s Amphibious and Special Forces*. Jane’s Online. Last modified July 17, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jawc0249-jasf>.
- Jacob, Judith. "Blasphemy Allegations Highlight Divisions in Indonesian Society." *Jane’s Intelligence Review*. Last modified February 3, 2017. <https://janes-ihs-com.usnwc.idm.oclc.org/IntelligenceReview/DisplayFile/jir12299?edition=2017>.
- “Jamaah Ansharud Daulah and the Terrorist Threat in Indonesia.” *Counter Terrorist Trends and Analyses* 10, no. 6 (2018).
- Jones, Sidney. "How ISIS has Changed Terrorism in Indonesia." *The New York Times*, May 23, 2018. <https://search-proquest-com.usnwc.idm.oclc.org/docview/2042843816?accountid=322>.

Countering Transnational Terrorism by Increasing Indonesian Special Operation Forces' Capacity

- “Leahy Fact Sheet,” US Department of State. Last modified March 9, 2018.
<https://www.state.gov/j/drl/rls/fs/2018/279141.htm>.
- Maresca, Thomas. "ISIS Expands Foothold in Southeast Asia with Philippine Siege." *USA Today*, June 11, 2017.
<https://search-proquest-com.usnwc.idm.oclc.org/docview/1908213668?accountid=322>.
- Ong, Yan Han. “The Separatist Perspective: Explaining Regional Autonomy in Indonesia.” MSc. diss., Leiden University, 2016.
- Parrish, Karen. “Centcom Counters ISIL Propaganda.” *Federal Information & News Dispatch, Inc.*, July 6, 2016.
<https://search-proquest-com.usnwc.idm.oclc.org/docview/1802226383?accountid=322>.
- “Radical Islam in Indonesia – Islamism.” Indonesia Investments. Last modified May 16, 2018.
<https://www.indonesia-investments.com/business/risks/radical-islam/item245>.
- Sapiie, Marguerite Afra and Nurul Fitri Ramadhani. “Indonesian Military Expected to Play Greater Role in Counterterrorism.” *The Jakarta Post*, May 17, 2018.
<http://www.thejakartapost.com/news/2018/05/17/indonesian-military-expected-to-play-greater-role-in-counterterrorism.html>.
- Schoenhardt, Sara. “Religious Tension Increases in Indonesia.” *Voice of America News*, December 15, 2010. Proquest Central, <https://search-proquest-com.usnwc.idm.oclc.org/docview/817656149?pq-origsite=summon>.
- Sebastian, Leonard C. and Iis Gindarsah. “Assessing military reform in Indonesia.” *Defense & Security Analysis* 29, no. 4 (2013). <https://doi.org/10.1080/14751798.2013.842709>.
- Southby-Tailyour, Ewen. “Indonesia – Ground Forces, *Janes Sentinel Security Assessment – Southeast Asia*. Jane’s Online. Last modified July 23, 2002. <https://janes-ihc-com.usnwc.idm.oclc.org/Janes/Display/jawc0250-jasf>.
- Temby, Quinton. “Imagining an Islamic State in Indonesia: From Darul Islam to Jemaah Islamiyah.” *Indonesia* 89 (April 2010). <https://www-jstor-org.usnwc.idm.oclc.org/stable/20798213>.
- “The Terrorist Threat in Indonesia: From Jemaah Islamiyah to ‘Islamic State.’” *Counter Terrorist Trends and Analyses* 10, no. 6 (2018).
<http://search.ebscohost.com.usnwc.idm.oclc.org/login.aspx?direct=true&db=tsh&AN=130655117&site=ehost-live>.
- “US Collective Defense Arrangements.” US Department of State. Accessed on September 15, 2018.
<https://www.state.gov/s/l/treaty/collectivedefense/>.
- US Department of Defense. *Summary of the 2018 National Defense Strategy of the United States of America*. Washington, DC: GPO, 2018.
- Waghelstein, John D. and Donald Chisholm. *Analyzing Insurgency*. Newport, RI: Naval War College, 2006.
- Warburton, Eve. “Inequality, Nationalism, and Electoral Politics in Indonesia.” *Southeast Asian Affairs* (2018).
<https://search-proquest-com.usnwc.idm.oclc.org/docview/2029511208?accountid=322>.
- Ward, Ken. “Indonesian Justice Strikes a Blow Against Radical Islam with Bashir Verdict.” *The Age*, June 17, 2011.
<https://search-proquest-com.usnwc.idm.oclc.org/docview/872050767?accountid=322>.
- Youngblood, Denise. “Indonesia: Political Conditions.” Country Watch. Last modified January 2017.
<http://www.countrywatch.com.usnwc.idm.oclc.org/Intelligence/CWTopic?Type=text&CountryID=79&Topic=POPCO>.

The Republic of Indonesia's Maritime Strategy: Lofty Aspirations Without the Means to Achieve Them

Joseph Girard, Capt., US Navy

Introduction

Located between the Indian and Pacific Oceans, the Republic of Indonesia (ROI) is the largest archipelagic nation in the world, consisting of approximately 17,000 islands spread across a distance of almost 5,000 km.¹ The ROI's population of more than 250 million people is surrounded by 5.8 million square km of water, including its inland waters, territorial seas, and Exclusive Economic Zone (EEZ).² Despite its geographic position and physical configuration and a long tradition of marine and coastal resource utilization, it has historically lacked the capability to secure its maritime environment.³ Political challenges, economic crises, and confused maritime governance have prevented the Indonesian Navy (Tentara Nasional Indonesia – Angkatan Laut, TNI-AL) from achieving much progress in changing this.⁴

After the turn of the century, ROI, along with other nations in South-East Asia, embarked on a program of naval modernization to replace obsolete equipment with more capable platforms. This modernization program described a Minimum Essential Force (MEF) that would be in service by 2024. Five years after beginning this program, newly-elected Indonesian President Joko Widodo outlined a maritime strategy – the Global Maritime Fulcrum (GMF) – that called for a greater leadership role in Southeast Asia and an increased maritime defense force. There are significant obstacles to achieving this maritime strategy. First, given the ROI's current economy and defense spending, it is unrealistic to expect it to be able to afford the high cost of the MEF platforms. Second, capability requirements differ between three required areas of operations: regional power projection, operations within its Exclusive Economic Zone (EEZ), and operations in coastal and internal waters. The MEF would give the ROI only marginal power projection capability and would be unable to successfully enforce its EEZ or provide adequate internal maritime security. Finally, the MEF risks undermining the stabilizing capability of regional security cooperation frameworks and the economic and security value these frameworks can offer. Given the stated strategic interests described by President Joko Widodo, the desired transformation and modernization of the TNI-AL represents a significant strategy misalignment between ends and means.

Background: GMF and the MEF Roadmap

In his inauguration speech in October 2014, President Widodo affirmed the ROI's recognition of the importance of maritime security. Widodo called on Indonesians to “work as hard as possible to turn Indonesia into a maritime nation once again. Oceans, seas, straits, and bays are the future of our civilization.”⁵ In November 2014, in an address at the East Asia Summit, he further clarified his vision for ROI's restoration as a maritime power by stating that it lies at the center of 21st-century strategic changes in economics and geopolitics.⁶ He outlined a maritime-focused development agenda and strategy (the GMF) supported by five pillars of

The Republic of Indonesia's Maritime Strategy: Lofty Aspirations Without the Means to Achieve Them

strategic maritime interest: reestablishing a maritime culture, developing maritime resources (especially food), improving maritime infrastructure, increasing cooperation with other nations in the maritime domain, and expanding maritime defense forces.⁷

In 2009, the TNI-AL Chief of Staff established a roadmap for force modernization and structural changes to take place over two decades.⁸ This roadmap evolved from a series of ambitious proposals to improve the combat capability of the TNI-AL and provide it with greater regional power projection capability.⁹ The MEF articulated in this roadmap described the forces needed to address (1) military threats originating north of ROI, (2) questions over conflicting maritime claims, and (3) a wide range of internal security concerns.¹⁰ The MEF would include the capabilities the TNI-AL assesses it needs to address both current and anticipated future threats by 2024.

Evan Laksmana, a researcher at the Center for Strategic and International Studies (CSIS) in Jakarta, provides a comprehensive overview of Order Number 39, issued by the Indonesian Chief of Naval Staff in 2009, that describes a broad range of anticipated missions the MEF should perform and a detailed plan for platform acquisition to accomplish those missions.¹¹ From such high-intensity missions as the destruction of enemy combatants, amphibious assault, and special warfare to a wide variety of low-intensity and law enforcement missions ranging from countering piracy, countering illicit trafficking, and enforcing maritime border security, the MEF roadmap is based upon a broad spectrum of possible mission sets. These missions cover the range of military and security operations inside ROI's territorial waters and EEZ as well as power projection into the Southeast Asian seas that would establish it as a "green water" navy.¹²

To enable the TNI-AL to achieve green water status and accomplish such a diverse spectrum of possible operations, the MEF roadmap describes a robust force structure comprised of both high-end and low-end platforms, totaling 274 ships serving three broad purposes: strike (110 ships), patrol (66 ships), and support (98 ships).¹³ The MEF naval transformation plan is divided into three phases (2010-2014, 2015-2019, and 2019-2024) and three lines of effort: procurement of new platforms, upgrades and enhancements to existing platforms, and retirement of obsolete platforms.¹⁴ Additionally, the ROI's 2012 Law 16, Defense Industry Act, requires new acquisition programs to use Indonesian defense companies as much as possible.¹⁵ In 2014, President Widodo stressed the importance of this indigenous acquisition policy to expand the country's defense capacity and reduce its dependence on foreign defense suppliers.¹⁶

Can the Republic of Indonesia Afford the MEF?

Given the range of missions required under GMF, from low-intensity law-enforcement activities to high-intensity combat, the MEF requires a significant number of high-end platforms and a greater number of low-end platforms. The cost of acquiring this range of platforms exceeds the ROI's economic means. Current budget trends do not support the anticipated acquisition costs to field the MEF. Additionally, the requirement to continue operating

inefficient, obsolete ships and the Indonesian Army's dominance in the ROI's military culture have put additional pressure on the TNI-AL's budget.¹⁷

When the TNI-AL issued the MEF roadmap, it was projected to require roughly one-third of defense procurement budgets, based on an assumption of total defense spending growing to two percent of Gross Domestic Product (GDP) by 2014 and three percent of GDP by 2024.¹⁸ Actual defense spending in 2010 was \$5.84 billion (USD equivalent), or 0.7% of GDP, increasing to \$7 billion, 0.8% of GDP, in 2014.¹⁹ 2017 overall defense spending was 0.81% of GDP, a far cry from the 1.5-2% of GDP needed to achieve the MEF, according to the 2010 Strategic Defense Plan and officials in the TNI-AL.²⁰ While the ROI's economy has been growing at just over five percent annually, defense budgets have stagnated at around \$7.5 billion from 2015 to the present, and procurement budgets are decreasing below \$1 billion, well below the \$2.5 billion hoped for in the original MEF roadmap.²¹ ROI has applied a significant share of its limited procurement funding to a small number of expensive platforms, minimizing its ability to procure large numbers of lower-capability platforms such as patrol or fast attack craft. For example, in 2011, it agreed to a \$1.1 billion deal with South Korea to acquire three submarines, two of which are in service today.²² In contrast, the KCR-60M fast attack craft has a unit cost of approximately \$14 million.²³ If the TNI-AL had acquired one less submarine, it could have afforded an additional 26 KCR-60Ms. Given the current trend in defense (and procurement) spending and the high cost of complex, modern platforms, the TNI-AL will be unable to meet its planned acquisition to modernize its naval forces according to the MEF roadmap.

Considering the mismatch between procurement requirements and the funding levels being applied to them, it is worthwhile to examine the progress the TNI-AL is making in fielding new platforms. Assessing the progress of the modernization plan is difficult to do, because fewer new-platform acquisitions can be numerically offset by delaying the retirement of older platforms. However, data on new acquisitions and retirements for the first MEF phase (2010-2014) are available and provide a reasonable forecast of likely progress in the second and third MEF phases through 2024. Based on analysis of planned versus actual procurements of new systems and retirements of obsolete equipment during the first phase (2010-2014), the TNI-AL procured only 20 of 39 planned platforms and retired fewer than half (five of eleven) of planned retirements.²⁴ While the second phase (2015-2019) is still in progress, as of September 2018, the ROI has added one submarine (three were planned), two planned SIGMA PKR frigates, 16 PC-40 patrol craft (30 were planned), two survey vessels, and one tank landing ship (four were planned).²⁵ Based on the acquisition progress in phases one and two of the MEF roadmap, the only way the TNI-AL can achieve its numerical goal of 274 ships is to continue operating obsolete equipment longer than planned. As expected from the gap between budgets and requirements discussed previously, it is not surprising that the TNI-AL is not fielding systems in the numbers envisioned in the roadmap.

The Republic of Indonesia's Maritime Strategy: Lofty Aspirations Without the Means to Achieve Them

In addition to insufficient overall defense spending, TNI-AL's procurement budgets for new platforms are being squeezed by competing pressures. Shortfalls in new platform acquisitions force the TNI-AL to operate and maintain older equipment. These older platforms are increasingly expensive to operate and drive up operations and maintenance funding requirements. For example, from 2004 to 2005, the TNI-AL fuel and lubricant expenses were nearly \$7 million greater than necessary because of inefficient power plants in older ships.²⁶ Additionally, Gregory Raymond describes how TNI-AL budgets are adversely impacted by the cultural dominance of the Army in the ROI's armed forces, concerning both control over budgets and levels of political influence.²⁷ The ROI has been unable to acquire modern platforms in the numbers envisioned by the MEF construct because of insufficient defense spending by the government, particularly in procurement budgets. The strategic interests described by President Widodo's GMF strategy cannot be achieved, because the economic means are not aligned with strategic ends.

MEF Capabilities Versus GMF Missions

Even if the ROI could overcome economic obstacles to procuring and fielding its MEF, it is unlikely that the MEF would have the necessary capability to support the Global Maritime Fulcrum (GMF) concept. The five pillars of President Widodo's GMF concept highlight the diversity of challenges faced by the ROI. Two pillars (increasing cooperation with other nations in the maritime domain and expanding maritime defense forces) are outwardly-focused and suggest a need for high-capability platforms that can operate at the high-intensity end of the conflict spectrum. The other three pillars are inwardly-focused on improving infrastructure, managing resources, and developing a maritime culture, calling for lower capability platforms conducting less intense patrolling and law enforcement missions.

To meet the ROI's ambition to become a medium regional power with a green water navy, the TNI-AL will require modern platforms with the capabilities to meet a wide range of possible maritime challenges. According to Koh Collin, the TNI-AL's green-water-navy aspirations would posture it to be "primarily oriented towards operating within the EEZ while possessing a limited, secondary ability to conduct 'out-of-area' operations."²⁸ Geoffrey Till describes several criteria useful for categorizing a navy as small or medium, including function versus capability and geographic reach.²⁹ It is therefore useful to evaluate the MEF's capabilities and requirements in three operational environments: projection of power in the larger Southeast Asia region outside the ROI's EEZ, maritime operations inside its EEZ, and operations in its near coastal water.

Outside the EEZ, MEF mission sets regarding out-of-area power projection are mostly limited to sea control operations such as destroying enemy naval forces and interdicting sea lines of communication.³⁰ The responsibility to accomplish these missions would fall on the TNI-AL's submarine force and future major surface combatants, namely its new PKR SIGMA frigates.³¹ Despite the TNI-AL's ambitions to project power regionally, submarine and frigate

sensor and weapon capabilities suggest that Indonesia's ability to operate beyond its own waters will be limited to anti-submarine and anti-surface warfare. In a more pessimistic assessment, Benjamin Schreer argues that the ROI's high-end platforms are actually more focused on the defensive concept of anti-access that holds would-be attackers at risk of losing high-value platforms.³² In his assessment, the TNI-AL's submarines, frigates, corvettes, and anti-ship cruise missile-equipped fast attack craft represent a coastal defense capability, not a power projection capability. While the PKR SIGMA frigates have the flexibility to perform functions outside of conflict, the TNI-AL's submarine force has much less utility. As noted by Harold Kearsley, submarines have "tremendous potential for wartime employment, but little else."³³ Given its limited capabilities and operational reach, the MEF will have marginal effectiveness beyond its EEZ and does not provide the TNI-AL the ability to project power regionally.

Within the ROI's EEZ, the MEF roadmap describes an extensive list of possible mission sets. Evaluating the capabilities of the MEF to meet these requirements requires an understanding of the perspectives of key maritime stakeholders. There are eleven different agencies, including the TNI-AL, with key roles in maritime security.³⁴ In 2015, the Consortium for Maritime Security conducted a Training Needs Analysis, soliciting assessments from these key maritime players to establish the highest priority maritime security threats.³⁵ In order, the five highest-priority threats determined by the analysis were illegal, unreported, and unregulated (IUU) fishing; piracy; smuggling and trafficking in persons; narcotics trafficking; and terrorism.³⁶ Interestingly, these eleven stakeholders did not describe the threats and challenges posed by external state actors. The security challenges inside the ROI's EEZ are significant. IUU fishing is estimated to cost the Indonesian economy \$3 billion per year;³⁷ this amount represents 40% of the ROI's total defense budget. Piracy is also an enormous challenge. Between 2000 and 2014, there was an average of 100 piracy incidents per year in Indonesian waters, the highest by far of any nation in the region.³⁸ In 2017, 20% of global piracy incidents occurred in Indonesian waters.³⁹

Before comparing MEF capabilities to these threats, it is important to understand the TNI-AL's legal authority to address these law enforcement challenges. Although the Indonesian Army does not have the authority to conduct internal security and law enforcement operations, the TNI-AL retains this authority.⁴⁰ Despite US biases toward distinguishing between the responsibilities and authorities of an externally focused navy and an internally focused coast guard, the ROI's unique geography and strategic culture drive the TNI-AL to enforce and provide internal maritime security as well as provide defense from external threats.⁴¹ However, while the TNI-AL has the authority to address these security challenges, it has no direct authority or control over the various non-military organizations that also perform law enforcement functions against this wide array of threats.⁴²

These threats exist both on the open ocean within the 200-mile EEZ boundary as well as the relatively calmer internal waters of the archipelago. This distinction is important because of

The Republic of Indonesia's Maritime Strategy: Lofty Aspirations Without the Means to Achieve Them

the required sea-handling characteristics of vessels which need to operate in open-ocean waters. As Harold Kearsley point out, "EEZ patrol ships need to be able to respond proportionately to the threat or situation and simple, visible weaponry, high speed, good sea-keeping and loiter characteristics, maneuverability and hull strength are desirable attributes."⁴³ Given these requirements, the MEF's fast attack craft and patrol craft are ill-suited to operate on the open ocean of the EEZ. The responsibility to address these law enforcement challenges will fall to larger frigates and corvettes. Under the MEF construct, the ROI will have only 22 vessels suitable for EEZ enforcement operations. Effectively patrolling the nearly three million square kilometers of the EEZ and continental shelf with 22 ships is unlikely.⁴⁴ Additionally, employing a highly-capable combatant in patrolling operations is a misapplication of high-end and expensive combat potential on low-end security challenges.⁴⁵

The MEF's capability to patrol internal waters is more closely matched with the maritime security threats it will face by relying on 66 patrol craft. However, these patrol craft are well-armed with heavy machine guns and anti-ship cruise missile on certain variants.⁴⁶ While effective for coastal defense against a capable adversary, these highly-armed patrol vessels represent additional wasted capability in conducting law enforcement activities in the ROI's coastal waters. The MEF will have some capability to conduct humanitarian assistance and disaster relief operations using its amphibious assault ships, as demonstrated by ROI's participation in RIMPAC 2014.⁴⁷

The MEF is designed to cover a wide range of maritime security challenges. While attempting to achieve a balanced force, the MEF includes a significant number of expensive, high-capability platforms. These platforms financially crowd out the low capability platforms ROI needs to meet its internal maritime security requirements. Considering the diversity of threats and challenges the MEF will face beyond Indonesian waters, inside its EEZ, and within its coastal waters, it lacks enough platforms with enough capability to fully support the expansive requirements of the GMF strategy.

Regional Cooperation as a Strategic Means

In addition to the strategic misalignment of economic means and capabilities in achieving GMF defense objectives, the MEF is also misaligned with the GMF ends of expanding naval diplomacy through increased cooperation with other nations. This strategic misalignment stems from three interconnected and reinforcing factors. First, the procurement of high-end, offensive weapons systems risks military competition with its attendant destabilizing consequences. Second, despite President Widodo's emphasis on maritime border security and sovereignty, the MEF will be limited in its ability to deter Chinese assertiveness in its territorial claims. Third, ROI's desire for greater autonomy and regional leadership will put pressure on the effectiveness of the Association of Southeast Asian Nations (ASEAN) in dealing with regional tensions.

Although most researchers do not characterize the naval modernization occurring across Southeast Asia as a dangerous arms race, there are causes for concern.⁴⁸ To be sure, the TNI-AL is in desperate need to modernize its obsolete vessels, some of which are over 50 years old.⁴⁹ However, the acquisition of additional submarines and other offensive weapons systems such as anti-ship cruise missiles could send a message to other nations in the region that they need to procure these capabilities as well. Coupled with existing regional tensions (e.g., the ongoing dispute between ROI and Malaysia over the Ambalat Islands), increasing these capabilities across the region could be destabilizing.⁵⁰ As Geoffrey Till and Jane Chan acknowledge, although the risk is not high, the South-East Asia maritime environment is very dynamic, and there remains “the possibility that naval modernization together with existing disputes could have dangerous consequence.”⁵¹

To support the maritime border security and sovereignty elements of the GMF strategy, the MEF would need a sufficiently-strong military capability to deter Chinese assertiveness. Sheldon Simon assesses that the “new ships and aircraft acquired by Southeast Asian armed forces are relatively few in numbers and hardly a match for China's People's Liberation Army's growing air and naval assets.”⁵² Additionally, the TNI-AL has been relatively ineffective in dealing with Chinese fishing in the ROI's EEZ.⁵³ For example, in March 2016, a Chinese Coast Guard vessel intentionally hit and freed a Chinese fishing vessel being towed by Indonesian authorities after they had arrested eight Chinese fishermen for illegal fishing.⁵⁴ Following brief public outrage, ROI's foreign minister attempted to dial back the tension with China, stating that “Indonesia is not a claimant state in the South China Sea.”⁵⁵ It is unlikely that the MEF capabilities are going to be effective in deterring Chinese territorial assertiveness given Jakarta's seeming reluctance to push back against Chinese claims, despite President Widodo's emphasis on maritime borders and sovereignty.

The GMF strategy represents an Indonesian desire for increased autonomy and regional leadership that could undermine the potential for ASEAN to manage and resolve regional tensions. Donald Weatherbee describes an ASEAN already challenged by a consensus-driven approach to addressing regional concerns and an “unwillingness of the states to raise the issues to the regional level where theoretically, ASEAN mechanisms for peaceful resolutions are in place.”⁵⁶ Several of Widodo's advisors have made public statements downplaying the importance of ASEAN and ROI's leadership role in that organization.⁵⁷ Other Indonesians have said that “ASEAN needs Indonesia more than Indonesia needs ASEAN.”⁵⁸ The MEF requirement to increase domestic production of weapons and platforms is a manifestation of the desire for greater autonomy and less dependence on the other nations. Desired MEF capabilities and the political drive to assume a greater regional leadership role risk undermining the ability of an already challenged ASEAN to help resolve regional issues.

Conclusions and Recommendations

ROI's national leadership has articulated aspirations for an increased leadership role in Southeast Asia, hoping to become a medium regional power. These aspirations are captured in the externally-focused components of the GMF concept, supported by five strategic maritime pillars: reestablishing a maritime culture, developing maritime resources (especially food), improving maritime infrastructure, increasing cooperation with other nations in the maritime domain, and expanding maritime defense forces. Although the ROI's current political climate and recent economic growth provide an environment in which defense modernization is more economically feasible than in the past, the MEF development plans for the TNI-AL are too expensive to be achieved. The ROI's focus on acquiring expensive, high-capability platforms prevents it from acquiring sufficient numbers of low-capability platforms to meet the GMF's internal maritime security requirements. While the capabilities that would be provided by the MEF (if it could be achieved) might support some elements of the GMF concept's strategic maritime interests, the MEF would be unable to effectively project power beyond its EEZ and would have only limited effectiveness in securing the ROI's strategic maritime interests inside its EEZ and territorial and waters. Finally, the MEF concept and its associated expansion of naval power coupled with ROI's regional leadership ambitions undermine rather than exploit cooperative, multilateral approaches to establishing maritime security. These three issues represent a strategy misalignment between ends (the ROI's strategic maritime interests) and means (financial resources, platform capabilities, and regional cooperation).

To resolve this strategic disconnect, the author recommends three independent courses of action. First, the US Government should continue supporting cooperation frameworks (such as ASEAN) to address and reduce tensions in the region. The United States should enhance its legitimacy as a contributor to these efforts by ratifying the United Nations Convention on the Law of the Sea. US diplomatic efforts should attempt to influence the ROI away from actions that could be perceived as being too assertive in its regional leadership aspirations and, instead, reaffirm the importance of multilateral cooperation through information sharing and exercises. Finally, the United States should strengthen economic ties within and beyond Southeast Asia by exploring trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Second, US Indo-Pacific Command should leverage its interagency partnerships to work with Indonesian military and law enforcement agencies to expand on current capacity-building activities. These partnerships should focus on helping the ROI implement modern and cost-effective solutions to improve maritime domain awareness. For example, Global Fishing Watch (a collaboration between corporate and charitable organizations) has been analyzing satellite imagery to detect illegal, unreported, and unregulated fishing.⁵⁹ The cost of obtaining and processing this data has been steadily decreasing while the delay between detecting and reporting violations is becoming small enough that authorities can respond quickly and apprehend the offenders.

Finally, the ROI should perform a detailed review of both its force structure plans and its maritime strategy to identify where its force modernization concept is forcing it to accept risk in some mission areas. This review would likely lead to changes in the MEF roadmap to make it more affordable and more capable in addressing the most pressing threats by calling for more numerous low-capability platforms to address what are mainly law-enforcement challenges. This review should also examine the feasibility and validity of the current GMF strategy. Interestingly, some researchers have opined that, contrary to what is stated in the GMF strategy, ROI might not have regional ambitions beyond economic and infrastructure development inside its EEZ. If this is true, the ROI should update its GMF strategy to reflect a more accurate set of objectives to help guide force planning. If it does not, it risks squandering the opportunity to implement a naval modernization program that is both achievable and relevant to its strategic goals.

¹ Hal Hill, *Regional Dynamics in a Decentralized Indonesia* (Singapore: Institute of Southeast Asian Studies, 2014), 1.

² Marsetio, "Indonesian Sea Power and Regional Maritime Security Challenges," *Journal of Maritime Studies and National Integration* 1 no. 1 (2017): 40-41.

³ Rokhmin Dahuri and Ian M. Dutton, "Integrated Coastal and Marine Management Enters a New Era in Indonesia," *Integrated Coastal Zone Management* 1 no. 1 (2000): 1.

⁴ James Goldrick and Jack McCaffrie, *Navies of South-East Asia: A Comparative Study* (New York: Routledge, 2013), 61-83.

⁵ *Jakarta Globe*, "Jokowi's Inaugural Speech as Nation's Seventh President," 20 October 2014. <https://jakartaglobe.id/news/jokowis-inaugural-speech-nations-seventh-president/>.

⁶ Joko Widodo, "The Seas Should Unite, Not Separate Us," *Jakarta Post*, 14 November 2014. <http://www.thejakartapost.com/news/2014/11/14/the-seas-should-unite-not-separate-us.html>.

⁷ Ibid.

⁸ Evan A. Laksmana, "Rebalancing Indonesia's Naval Force: Trends, Nature, and Drivers," in *Naval Modernisation in South-East Asia*, ed. Geoffrey Till and Jane Chane (New York: Routledge, 2014), 189.

⁹ James Goldrick and Jack McCaffrie, *Navies of South-East Asia*, 86-87.

¹⁰ Laksmana, "Rebalancing Indonesia's Naval Force," 189.

¹¹ Ibid., 191.

¹² Riefqi Muna, "Indonesia Aims for 'Green Water Navy' Capability," *Jane's Defence Weekly*, 24 June 2005. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jdw11325-jdw-2005>. A green water navy is one with capability to operate effectively in its region outside its own waters as opposed to a blue water navy (capable of global power projection) or a brown water navy (limited to coastal and riverine operations).

¹³ Ristian Atriandi Supriyanto, "Indonesia's Naval Modernisation: A Sea Change?" *Rajaratnam School of International Studies (RSIS) Commentaries* 20 (2012): 2.

¹⁴ Dangan Waluyo, Wirjodirdjo Budisantoso, and Supartono, *Policy Scenarios to Achieve Minimum Essential Force: Case Study of the Indonesian Navy*, (Surabaya, Indonesia: Postgraduate School of Naval Technology (STTAL), 2016), 1; Laksmana, "Rebalancing Indonesia's Naval Force," 192.

¹⁵ *Janes World Navies*, "Indonesia – Defense Industry," 5 October 2018, Accessed 6 October 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jwdia101-jwdi>.

¹⁶ Prashanth Parameswaran, "An Indonesian Defense Revolution Under Jokowi?" *The Diplomat*, 30 January 2015, <https://thediplomat.com/2015/01/an-indonesian-defense-revolution-under-jokowi/>.

¹⁷ Gregory Vincent Raymond, "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39 no. 1 (2017): 167.

¹⁸ Laksmana, "Rebalancing Indonesia's Naval Force," 184.

¹⁹ Koh Swee Lean Collin, "What Next for the Indonesian Navy? Challenges and Prospects for Attaining the Minimum Essential Force by 2024," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37 no. 3 (2015): 451.

- ²⁰ Greg Fealy and Hugh White, "Indonesia's 'Great Power' Aspirations: A Critical View," *Asia & the Pacific Policy Studies* 3 no. 1 (2016): 96; Benjamin Schreer, *Moving Beyond Ambitions? Indonesia's Military Modernisation* (Barton, Australia: Australian Strategic Policy Institute, 2013), 18; *The World Bank*, "Indonesia Military Expenditures," Accessed 4 Oct 2018. <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=ID>.
- ²¹ Laksmana, "Rebalancing Indonesia's Naval Force," 184; *Economist Intelligence Unit*, "Indonesian Economy," Accessed 1 October 2018. <http://country.eiu.com/usnwc.idm.oclc.org/Indonesia>; *Janes World Navies*, "Indonesia – Defense Industry."
- ²² I. Gusti Bagus Dharma Agastia, "Small Navy, Big Responsibilities: The Struggles of Building Indonesia's Naval Power," *AEGIS Journal of International Relations* 1 no. 2 (2017): 172
- ²³ Collin, "What Next for the Indonesian Navy?" 452.
- ²⁴ Waluyo, Budisantoso, and Supartono, *Policy Scenarios to Achieve Minimum Essential Force*, 2.
- ²⁵ *Janes World Navies*, "Indonesia – Navy," 28 September 2018, Accessed 1 October 2018. <https://janes-ihs.com/usnwc.idm.oclc.org/Janes/Display/jwna0071-sea>.
- ²⁶ Collin, "What Next for the Indonesian Navy?" 439.
- ²⁷ Raymond, "Naval Modernization in Southeast Asia," 167.
- ²⁸ Collin, "What Next for the Indonesian Navy?" 435.
- ²⁹ Geoffrey Till, *Seapower: A Guide for the Twenty-First Century* (New York: Routledge, 2013), 117.
- ³⁰ Laksmana, "Rebalancing Indonesia's Naval Force," 191.
- ³¹ *Janes Navy International*, "Taking the Stage: Indonesia Envisions a 'World-Class Navy,'" 20 October 2014, https://www.janes.com/images/assets/021/45021/Indonesia_envisions_a_world-class_navy.pdf; Schreer, *Moving Beyond Ambitions?*, 19-20.
- ³² Schreer, *Moving Beyond Ambitions?* 19-20.
- ³³ Harold J. Kearsley, *Maritime Power and the Twenty-first Century*. (Aldershot, England: Dartmouth, 1992), 47.
- ³⁴ Lyle J. Morris and Giacomo Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities* (Cambridge, U.K.: RAND Corporation, 2018), 21-23.
- ³⁵ Ioannis Chapsos and James A. Malcolm, "Maritime Security in Indonesia: Towards a Comprehensive Agenda?" *Marine Policy* 76 (2017): 179-180.
- ³⁶ *Ibid.*, 182.
- ³⁷ Morris and Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*, 25.
- ³⁸ *Ibid.*, 25.
- ³⁹ *World Fact Book*, "Indonesia," Accessed 30 September 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- ⁴⁰ Muhamad Arif and Yandry Kurniawan, "Strategic Culture and Indonesian Maritime Security," *Asia & the Pacific Policy Studies* 5 no. 1 (2017), 85.
- ⁴¹ *Ibid.*, 85.
- ⁴² Marsetio, "Indonesian Sea Power and Regional Maritime Security Challenges," 43.
- ⁴³ Kearsley, *Maritime Power and the Twenty-first Century*, 46.
- ⁴⁴ Vivian Louis Forbes, *Indonesia's Delimited Maritime Boundaries*, (Berlin: Springer, 2014), 2.
- ⁴⁵ Kearsley, *Maritime Power and the Twenty-first Century*, 46.
- ⁴⁶ *Janes World Navies*, "Indonesia – Navy."
- ⁴⁷ *Janes Navy International*, "Taking the Stage: Indonesia Envisions a 'World-Class Navy.'"
- ⁴⁸ Bernard F. W. Loo, "Modernisation in South-east Asia: Modernisation Versus Arms Race," in *Naval Modernisation in South-East Asia: Nature, Causes, and Consequences*, ed. Geoffrey Till and Jane Chane (New York: Routledge, 2014), 283.
- ⁴⁹ *Janes World Navies*, "Indonesia – Navy."
- ⁵⁰ Sheldon W. Simon, "Conflict and Diplomacy in the South China Sea," *Asian Survey* 52 no. 6 (2012): 999.
- ⁵¹ Geoffrey Till and Jane Chan, *Naval Modernisation in South-East Asia: Nature, Causes and Consequences* (New York: Routledge, 2013), 318.
- ⁵² Simon, "Conflict and Diplomacy," 999.
- ⁵³ René L Pattiradjawane and Natalia Soebagjo, "Global Maritime Axis: Indonesia, China, and a New Approach to Southeast Asian Regional Resilience," *International Journal of China Studies* 6 no. 2 (2015): 182.
- ⁵⁴ Robert Sutter and Chin-hao Huang, "China-Southeast Asia Relations: South China Sea, More Tension and Challenges," *Comparative Connections* 18 no. 1 (2016): 59.

⁵⁵ Ibid., 59.

⁵⁶ Donald E. Weatherbee, *International Relations in Southeast Asia: The Struggle for Autonomy* (Lanham, MD: Rowman & Littlefield, 2009), 299.

⁵⁷ Aaron L. Connelly, "Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37 no. 1 (2015): 11, 13, 18.

⁵⁸ Weatherbee, *International Relations in Southeast Asia*, 301.

⁵⁹ *The Economist*, "The Fight Against Illicit Fishing of the Oceans is Moving into Space," 6 September 2018. <https://www.economist.com/science-and-technology/2018/09/06/the-fight-against-illicit-fishing-of-the-oceans-is-moving-into-space>.

BIBLIOGRAPHY

- Agastia, I. Gusti Bagus Dharma. "Small Navy, Big Responsibilities: The Struggles of Building Indonesia's Naval Power." *AEGIS Journal of International Relations* 1 no. 2 (2107): 164-180.
- Arif, Muhamad and Yandry Kurniawan. "Strategic Culture and Indonesian Maritime Security." *Asia & the Pacific Policy Studies* 5 no. 1 (2017): 77-89.
- Ate, Jan Pieter. "The Reform of the Indonesian Armed Forces in the Context of Indonesia's Democratisation." *Shedden Papers, Centre for Defence and Strategic Studies, Australian Defence College* (2010): 1-17.
- Benny, Guido and Kamarulnizam Abdullah. "Indonesian Perceptions and Attitudes Toward the ASEAN Community." *Journal of Current Southeast Asian Affairs* 30 no. 1 (2011): 39-67.
- Bueger, Christian. "What is Maritime Security?" *Marine Policy* 53 (2014): 159-164.
- Capie, David. "Indonesia as an Emerging Peacekeeping Power: Norm Revisionist or Pragmatic Provider?" *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 38 no. 1 (2016): 1-27.
- Chapsos, Ioannis and James A. Malcolm. "Maritime Security in Indonesia: Towards a Comprehensive Agenda?" *Marine Policy* 76 (2017): 178-184.
- Collin, Koh Swee Lean. "What Next for the Indonesian Navy?: Challenges and Prospects for Attaining the Minimum Essential Force by 2024." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37 no. 3 (2015): 432-462.
- Connelly, Aaron L. "Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37 no. 1 (2015): 1-28.
- Croissant, Aurel, Paul W. Chambers, and Philip Voelkel. "Democracy, the Military and Security Sector Governance in Indonesia, the Philippines and Thailand" in *The Crisis of Democratic Governance in Southeast Asia*, edited by Aurel Croissant and Marco Bünte, 190-208. Basingstoke, Hampshire: Palgrave Macmillan, 2011.
- Dahuri, Rokhmin and Ian M. Dutton. 2000. "Integrated Coastal and Marine Management Enters a New Era in Indonesia." *Integrated Coastal Zone Management* 1 no. 1 (2000): 1-11.
- Donaldson, Peter. "Indonesian Modernisation Plans and Capabilities." *Moench Publishing Group News*, 31 October 2016. <https://www.monch.com/mpg/news/maritime/145-indonesian-modernisation-plans-and-capabilities.html>.
- The Economist*. "The Fight Against Illicit Fishing of the Oceans is Moving into Space." 6 September 2018. <https://www.economist.com/science-and-technology/2018/09/06/the-fight-against-illicit-fishing-of-the-oceans-is-moving-into-space>.
- Economist Intelligence Unit*. "Indonesian Economy." Accessed 1 October 2018. <http://country.eiu.com.usnwc.idm.oclc.org/Indonesia>.
- Fealy, Greg and Hugh White. "Indonesia's 'Great Power' Aspirations: A Critical View." *Asia & the Pacific Policy Studies* 3 no. 1 (2016): 89-97.
- Febriana, Senia. *Maritime Security and Indonesia: Cooperation, Interests and Strategies*. New York: Routledge, 2017.
- Forbes, Vivian Louis. *Indonesia's Delimited Maritime Boundaries*. Berlin: Springer, 2014.
- Goldrick, James and Jack McCaffrie. *Navies of South-East Asia: A Comparative Study*. New York: Routledge, 2013.
- Grevatt, Jon. "Indonesia's White Paper Calls for an 'Independent Defence Industry.'" *Jane's Defence Industry*, 2 June 2016. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jdin90419-jdin-2016>.
- Hill, Hal. *Regional Dynamics in a Decentralized Indonesia*. Singapore: Institute of Southeast Asian Studies, 2014.
- Hill, J. R. *Maritime Strategy for Medium Powers*. Annapolis: Naval Institute Press, 1986.

The Republic of Indonesia's Maritime Strategy: Lofty Aspirations Without the Means to Achieve Them

- Jane's Navy International*. "Taking the Stage: Indonesia Envisions a 'World-Class Navy.'" 20 October 2014, https://www.janes.com/images/assets/021/45021/Indonesia_envisions_a_world-class_navy.pdf.
- Janes World Navies*. "Indonesia – Defense Industry." 5 October 2018, Accessed 6 October 2018, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jwdia101-jwdi>.
- _____. "Indonesia – Navy." 28 September 2018, Accessed 1 October 2018, <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jwna0071-sea>.
- Jakarta Globe*. "Jokowi's Inaugural Speech as Nation's Seventh President." 20 October 2014. <https://jakartaglobe.id/news/jokowis-inaugural-speech-nations-seventh-president/>.
- Kearsley, Harold J. *Maritime Power and the Twenty-first Century*. Aldershot, England: Dartmouth, 1992.
- Laksmana, Evan A. "Rebalancing Indonesia's Naval Forces: Trends, Nature, and Drivers" in *Naval Modernisation in South-East Asia: Nature, Causes and Consequences*, edited by Geoffrey Till and Jane Chan, 175-203. New York: Routledge, 2014.
- Loo, Bernard F.W. "Naval Modernisation in South-East Asia: Modernisation versus Arms Race" in *Naval Modernisation in South-East Asia: Nature, Causes and Consequences*, edited by Geoffrey Till and Jane Chan, 283-97. New York: Routledge, 2014.
- Marsetio. "Indonesian Sea Power and Regional Maritime Security Challenges." *Journal of Maritime Studies and National Integration* 1 no. 1 (2017): 34-46.
- Ministry of Defence of the Republic of Indonesia. *Indonesian Defence White Paper 2015*. Jakarta, Indonesia.
- Morris, Lyle J. and Giacomo Persi Paoli. *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*: Cambridge, UK: RAND Corporation, 2018.
- Muna, Riefqi. "Indonesia Aims for 'Green Water Navy' Capability." *Jane's Defence Weekly*, 24 June 2005. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jdw11325-jdw-2005>.
- Parameswaran, Prashanth. "Indonesia Spotlights Defense Industry Challenge Under Jokowi." *The Diplomat*, 10 March 2018. <https://thediplomat.com/2018/03/indonesia-spotlights-defense-industry-challenge-under-jokowi/>.
- _____. "An Indonesian Defense Revolution Under Jokowi?" *The Diplomat*, 30 January 2015. <https://thediplomat.com/2015/01/an-indonesian-defense-revolution-under-jokowi/>.
- Pattiradjawane, René L. and Natalia Soebagjo. "Global Maritime Axis: Indonesia, China, and a New Approach to Southeast Asian Regional Resilience." *International Journal of China Studies* 6 no. 2 (2015): 175-185.
- Piccone, Theodore J. *Five Rising Democracies and the Fate of the International Liberal Order*. Washington, D.C.: Brookings Institution Press, 2016.
- Ramassini, David. "Too Small to Answer the Call." *Proceedings Magazine*, 9 May 2017. <https://www.usni.org/magazines/proceedings/2017-05/too-small-answer-call>.
- Raymond, Gregory Vincent. "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39 no. 1 (2017): 149-177.
- Schreer, Benjamin. *Moving Beyond Ambitions?: Indonesia's Military Modernisation*. Baton, Australia: Australian Strategic Policy Institute, 2013.
- Sciascia, Alban. "Monitoring the Border: Indonesian Port Security and the Role of Private Actors." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 35 no. 2 (2013): 163-187.
- Sebastian, Leonard C. and Iis Gindarsah. "Assessing Military Reform in Indonesia." *Defense & Security Analysis* 29 no. 4 (2013): 293-307.
- Shekhar, Vibhanshu. *Indonesia's Foreign Policy and Grand Strategy in the 21st Century: Rise of an Indo-Pacific Power*. New York: Routledge, 2018.
- _____. "China, India and Indonesia-Building Trust Amidst Hostility." *Asia Pacific Bulletin* 249 (2014): 1-2.
- Simon, Sheldon W. "Conflict and Diplomacy in the South China Sea." *Asian Survey* 52 no. 6 (2012): 995-1018.
- Sutter, Robert and Chin-hao Huang. "China-Southeast Asia Relations: South China Sea, More Tension and Challenges." *Comparative Connections* 18 no. 1 (2016): 55-66.
- Supriyanto, Ristian Atriandi. "Indonesia's Naval Modernisation: A Sea Change for Indonesia?" *Rajaratnam School of International Studies (RSIS) Commentaries* 20 (2012).
- Till, Geoffrey and Jane Chan. "Some Tentative Conclusions" in *Naval Modernisation in South-East Asia: Nature, Causes and Consequences*, edited by Geoffrey Till and Jane Chan, 298-319. New York: Routledge, 2014.
- Till, Geoffrey. *Seapower: A Guide for the Twenty-First Century*. New York: Routledge, 2013.
- Vickers, Adrian. *A History of Modern Indonesia*. Cambridge: Cambridge University Press, 2013.

- Waluyo, Dangan, Wirjodirdjo Budisantoso, and Supartono. *Policy Scenarios to Achieve Minimum Essential Force: Case Study of the Indonesian Navy*. Surabaya, Indonesia: Postgraduate School of Naval Technology (STTAL), 2016.
- Weatherbee, Donald E. *International Relations in Southeast Asia: The Struggle for Autonomy*. Lanham, MD: Rowman & Littlefield Publishers, 2009.
- Widodo, Joko. 2014. "The Seas Should Unite, Not Separate Us." *The Jakarta Post*, 14 November 2014. <http://www.thejakartapost.com/news/2014/11/14/the-seas-should-unite-not-separate-us.html>.
- The World Bank*. "Indonesia Military Expenditures." Accessed 4 October 2018. <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=ID>.
- World Fact Book*. "Indonesia." Accessed 30 Sep 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

Ryan L. Hill, Lt Col, US Air Force

Introduction

After the devastating terror attack in Bali, Republic of Indonesia (ROI) in 2002, the United States reduced military aid restrictions it had placed on the ROI due to previous human rights issues and assisted the nation in combating terror.¹ The assistance efforts were successful, and acts of terror declined significantly over the following decade. However, on January 14, 2016, a series of explosions outside Jakarta sent a shockwave far beyond the effects of the bombs.² The attack, claimed by the Islamic State (IS), sparked new reason for concern in the ROI. More recent attacks have demonstrated IS resolve in the region, and the Government of Indonesian (GOI) has responded strongly. Many argue that the GOI crackdown on the IS threat has been too heavy-handed, renewing concerns over human rights violations.³ Ironically, the government's harsh response to the uptick in terror could be used by the IS as propaganda to radicalize and recruit. Allegations of human rights violations have the potential to change the calculus for the United States, who has found common strategic ground with the ROI and is looking to grow its strategic partnership to address both transnational terror and China's aggressive posture in the South China Sea (SCS).⁴ The GOI crackdown has led to an enormous spike in arrests, overcrowding the nation's defunct prison system. As a result, the prisons are nearly impossible to control and have become a hotbed for IS radicalization and recruitment, bolstering the IS threat in the nation.⁵ As the GOI continues its harsh response to the growing threat, it creates a "cycle of escalation" that only makes the IS problem more severe. Meanwhile, the United States has recently expressed interest in lifting additional military restrictions and supporting an Indonesian special forces unit previously accused of human rights violations.⁶ This action has the potential to make the problem worse, rather than resolve it. Before the US Indo-Pacific Command (INDOPACOM) engages with the Indonesian military (Tentara Nasional Indonesia or TNI), it should first assist the GOI in breaking the cycle of escalation and create conditions for more effective engagement between the two nations.

Response to Terror (1991-2015): Shift from Military to Police Action

The ROI has a history of over-reaction when dealing with terror groups. The government drew harsh international criticism for atrocities against uprisings in East Timor in 1991 where the TNI killed more than 270 people with US-supplied weapons in the "Santa Cruz massacre" in Dili. The United States responded to these human rights violations by implementing restrictions on military aid and training.⁷ The ROI again caused human rights concerns with its overly aggressive response to separatist movements in the Indonesian provinces of Aceh and West Papua. These incidents further isolated the nation, and in 1998, the United States solidified restrictions by implementing the Leahy Law.⁸ The law states that "DoD-appropriated funds may not be used for any training, equipment, or other assistance for a foreign security force unit if the

Secretary of Defense has credible information that such unit has committed a Gross Violations of Human Rights.”⁹ This law still governs US restrictions in engaging with the Indonesian military.

After the terror attacks on September 11, 2001, these restrictions became an obstacle for the United States in its Global War on Terror; the ROI-based terror organization known as Jemaah Islamiya (JI) had links to Al-Qaida. Riduan Isamuddin, the chief of operations for JI, was one of only eight “key bin Laden lieutenants” who were present in a meeting that took place in January 2000 to plan attacks on the USS *Cole* and the September 2001 hijackings.¹⁰ The Bush administration pressured the ROI to go after terrorist organizations; however, it was reluctant to pursue the terror group out of fear of backlash from conservative Muslims in the country.¹¹ After the Bali bombing on October 12, 2002, believed to have been the work of JI, the GOI began to change its stance.¹² This shift opened the door for US support and assistance; however, the United States had to circumvent restrictions placed on the TNI. The State Department’s Office of Diplomatic Security offered a congressionally-funded program called Anti-Terrorism Assistance (ATA) via contractors that focused on growing the counter-terrorism (CT) capacity and capability of the Indonesian National Police rather than the military.¹³ The ATA program was more than a political and legal expediency; it kept the task out of the military domain and alleviated concerns within the ROI, the United States, and the international community regarding the TNI’s human rights record.¹⁴

Alongside Australia, the United States worked to establish an elite police squad in the ROI called “Densus 88.” Specialized security forces from both countries provided high-level training to the newly formed unit.¹⁵ In 2004, the squad became operational and had an immediate impact, capturing the suspected conspirators involved in the Bali bombing, including most-wanted terrorists Dr. Azahir bin Hussin in 2005 and Noordin M. Top in 2009.¹⁶ The unit was successful in turning the tide against terror and did so while maintaining the confidence of the Indonesian people.¹⁷

The Rise and Reality of the Emerging Islamic State Threat

Due in large part to Densus 88’s efforts, the ROI saw far fewer terror attacks after the first decade of the new millennium; however, the IS has recently revitalized the terror threat.¹⁸ A series of attacks with varying degrees of success followed the January 2016 Jakarta attack.¹⁹ In July of 2016, a suicide bomber in central Java blew himself up in a police station. In November of the same year, the Indonesian police foiled a plot to bomb the Myanmar embassy in Jakarta. Then in May of 2018, 13 people were killed, and several more injured, by a series of suicide bombings in three churches in Surabaya.²⁰ The IS is believed to have been responsible for each of these incidents, a sign that the organization is gaining a foothold in the region.

Using three lines of reasoning, many argue that the IS threat is nothing to worry about; however, the growing reality of the threat invalidates each of their conclusions. The first reason people cite is that the moderate strain of Islam in the ROI is unlikely to radicalize. Dr. Zachary

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

Abuza, professor at the US National War College, agrees, stating “Southeast Asia should be infertile ground for ISIS,” and explaining that Muslims in the region “are mostly moderate and tolerant.”²¹ William Mackey, a Bosworth Scholar at the Fletcher School of Law and Diplomacy, corroborates this, contending that the two predominant Muslim organizations, which make up 60 to 70 million people, do not agree with IS beliefs or actions. Mackey also stated that “79 percent of Indonesians view ISIS unfavorably.”²² Despite these facts, there are signs that the IS message resonated with many. One such sign is the IS’s effective use of social media. According to Stefanie Kam, associate research fellow at the S. Rajaratnam School for International Studies (RSIS) in Singapore, “the rise of the Internet provides the perfect medium for terrorist to recruit, promote their ideology and attract financing.” She notes that in 2014, the ROI had the “second-largest population of Facebook users in the world,” the “fourth-largest population of Twitter users.”²³ IS leaders in the ROI, such as the imprisoned Abu Bakar Bashir, have used the internet to motivate, direct, and recruit.²⁴ This shift to modern technology to advance its platform is a hallmark of the IS. Author Loretta Napoleoni noted that “While the world of the Taliban was limited to Koranic schools and knowledge based upon the writings of the Prophet, globalization and modern technology have been the incubator of the Islamic State.”²⁵ She also stated that “what accounts for its enormous success is its modernity and pragmatism.”²⁶ This is a new brand of Islamic terrorists, capable of recruiting in a way that previous organizations could not.

The second reason quoted for the supposed impotency of the IS threat is that terrorists in Southeast Asia are not as trained or organized as those in the Middle East. Mackey called the IS “poorly trained and largely incompetent” and didn’t see the group as a major threat.²⁷ IS efforts were clumsy at first; however, recent activity in the Philippines has proven that the force can put up a formidable and relatively long fight against an established military. Tan See Seng, a professor of International Relations at RSIS wrote: “There is growing consensus among terrorism analysts that the Battle of Marawi in Mindanao, Philippines, which lasted from May to October 2017, constitutes a watershed moment in the evolution of the terrorist threat in the ASEAN region.” He explained that the significance of this instance is that the IS-aligned group was willing and able to “take the fight to the Philippine military.”²⁸ He also expressed concern that the episode could inspire other IS-aligned organizations in Southeast Asia to attempt similar engagements.²⁹ The IS has proven capable of sustained engagements in the region, and increased IS activity in the ROI may indicate that it is ready for such a fight.

The third reason some do not to consider IS a threat in the ROI is that only an estimated 800 individuals attempted to travel from Indonesia to the Syria region to join IS, and many of these were captured enroute.³⁰ However, the small number of influential radicals that have returned are making an impression. Zachary Abuza commented that “while the numbers are small, and will remain relatively low, they will have disproportionate influence at home,” noting that returnees from the Afghan war were “put on pedestals in their communities” and that returnees from Syria and Iraq have gained similar “jihadi credibility.”³¹ Bahrun Naim is one such returnee; according to the Indonesian police, he inspired, and perhaps directed many recent

terror attempts.³² In assessing the IS threat, analyst Rakyan Adibrata put it plainly: “They will be a different type of terrorist, and the police are going to have a lot more problems.”³³

Response to Terror (2016-Present): Increasing the Intensity

Despite those who doubt the validity of the threat, the GOI is taking it seriously and has taken two important measures to tackle the problem. First, it has given Densus 88 expanded authorities to pursue terrorists. In May 2018, just days after the nation’s latest terror attack, the legislature updated the 2003 anti-terrorism law, allowing the police to arrest anyone who is thought to have joined or recruited for a terror group and to preemptively hold terror suspects for “longer periods.”³⁴ The new law also solidified the military’s role in CT. Dr. Greta Nabbs-Keller, research fellow at The University of Queensland, described this move as “further retreat from the key tenets of earlier security legislation which mandated clearer delineation between [police] internal security responsibilities and the TNI’s external defense role.”³⁵ Second, the GOI altered the military provision of the law and formed a Joint Special Operations Command (Koopssusgab) to assist in anti-terror operations. All three service branches are included in the command, including the Army’s Kopassus Unit, the Navy’s Denjaka squad, and the Air Force’s Bravo 90 unit.³⁶ The Presidential Chief of Staff, General (retired) Moeldoko indicated that the force is required to counter the growing threat, stating “We are preparing the Koopssusgab in anticipation of the state challenges we may face in the future.”³⁷

The IS is certainly a problem, but the GOI’s actions thus far have made the problem worse in two significant ways. The first is the increased probability of human rights violations and the effect that such violations will have on the nation’s legitimacy. With fewer restrictions on the police, several have expressed concerns about these issues. In a recent article in *Advanced Science Letters*, author Ardli Johan Kusuma discussed allegations of human rights violations by Densus 88. He cited the “huge authority possessed by Densus 88 force” and the “lack of control and evaluation system toward Densus 88 organization” as two causal factors leading to the allegations.³⁸ Fewer safeguards on the unit will only make matters worse. A similar, but greater, concern is the re-introduction of the military into civil affairs. The biggest worry is the Army’s Kopassus Special Forces Unit, part of the newly formed Koopssusgab and which has the worst human rights history of all Indonesian military units.³⁹ As recent as 2013, Kopassus members were engaged in the “extrajudicial killings” of four prisoners held in jail.⁴⁰ Addressing issues like these, the Indonesian director of the Commission for Disappeared and Victims of Violence stated, “Numerous human rights violations cases during the reformation period have not resolved yet.” He then posed the question, “What if similar cases happen in the near future?”⁴¹ This is indeed an issue; while the United States has reduced restrictions on the ROI over the years, another human rights violation could force it to retreat from further involvement.⁴²

Additionally, government overreaction to the IS threat could play into the hands of the terror organization. Until the latest legislation, the Indonesian response had been effective in squelching terror and protecting civil liberties; however, further action risks alienating the

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

population and enabling further extremists. Dr. Abuza, in writing about government overreaction to violence, stated that this “is what the militants try to provoke.”⁴³ This principle was coined by Israeli CT expert Boaz Ganor as the “boomerang effect” and states that success against terrorist threats increases the motivation of the terrorist to continue their acts of terror.⁴⁴ This notion, illustrated in **Figure 1**, is supported by Tangguh Chairil, professor in the Department of International Relations at Bina Nusantara University, who argues that terrorists “exploit civilian casualties as supposed proof of the immorality of the state.” Human rights violations provide IS with propaganda with which to delegitimize the government and radicalize alienated portions of the population.

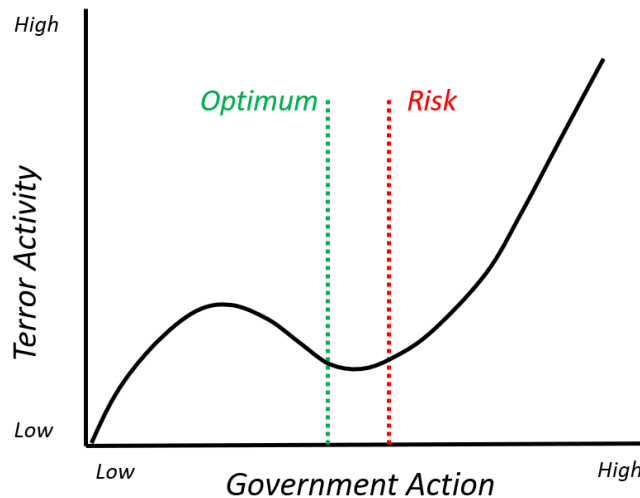


Figure 1. The Boomerang Effect

The second way the government crackdown may be making the terror problem worse is the increased arrests that have overwhelmed an already-overcrowded prison system. In July 2018, Shola Uddin, terrorism expert at the University of Indonesia, claimed that nearly 200 possible terrorists had been arrested “over the past few months” compared to a total of 190 in all of 2017.⁴⁵ Reports from May 2018 showed the prisons were filled to 193% of capacity, which made the prisons nearly impossible to control. This was highlighted by a prison break in 2017, where 400 prisoners escaped, as well as a prison siege on May 8, 2018, in which IS claimed responsibility for five police deaths.⁴⁶ The lack of control is also evident in that IS leader Abu Bakar Bashir’s afore-mentioned message utilizing social media was sent from a maximum security prison in Central Java.⁴⁷ Overcrowding is leading to the radicalization of prisoners. Judith Jacob, a terror and security analyst, explained that “individuals who are imprisoned for lesser offenses... get lumped in to cells and blocks with those convicted of militancy or terrorism.”⁴⁸ Due to the poor prison system, these arrests, meant to squelch terror, actually facilitate the organization and coordination of terrorism and provide terrorists the opportunity to recruit from a malleable population of criminals.⁴⁹ Worse still, Stefanie Kam writes, “Authorities have warned that many imprisoned Indonesian terrorists are due for release.”⁵⁰ This has the potential to add renewed vigor to the IS movement, in turn further energizing the GOI,

which is already geared toward increased action. The Indonesian response to the IS threat is increasing the risk of human rights violations and overcrowding prisons. These unintended effects advance IS recruitment and empower the very threat the GOI set out to eliminate, as illustrated in **Figure 2**.

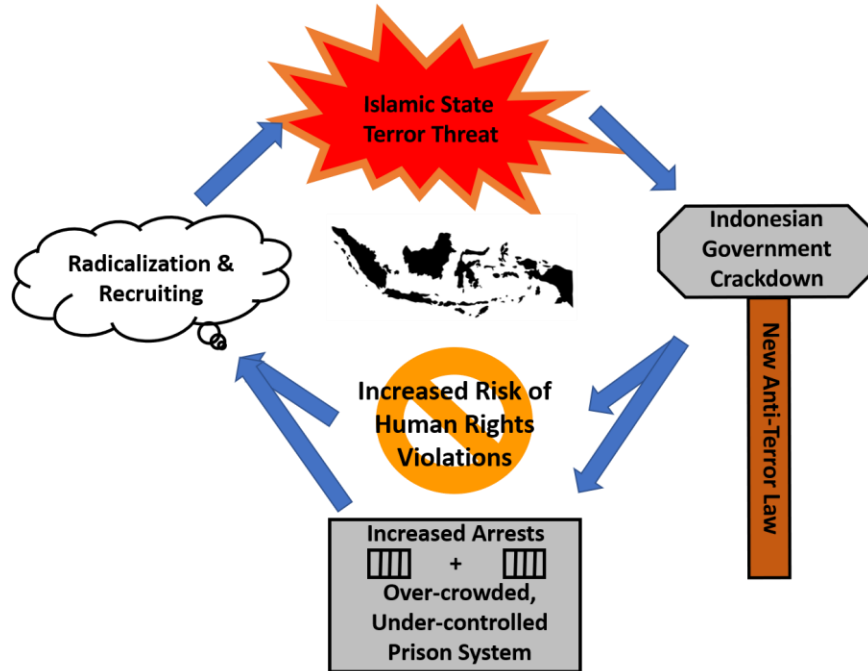


Figure 2. Cycle of Escalation

Current US Interests and Approach to Engagement

The ROI has long been strategically important to the United States; it is the world’s third largest democracy, has the world’s largest Muslim population, and is southeast Asia’s leading economy.⁵¹ Since 2002, it has also been a partner in combatting global terror networks. However, since China’s interest and claims in the SCS have expanded, so have US interests and desire to engage with the ROI.⁵² After years of military restrictions standing in the way of full cooperation, some feel that US support to Kopassus is a required next step in strengthening ties to the ROI. Chief of Foreign Military Sales at the US State Department, Charles Comer, refers to it as a “litmus test” of US sincerity and commitment. He cites military distrust as a primary issue.⁵³ US Secretary of Defense James Mattis seems to hold the same assumptions. Visiting the ROI in February 2018, he stated that “we are committed to deepening our defense cooperation with Indonesia and are seeking opportunities for further engagement in various areas.”⁵⁴ One of the areas discussed was pursuing “remediation” for and renewing ties with the controversial Kopassus unit.⁵⁵ US Senator Leahy, for whom the Leahy Law is named, has expressed concern as to whether or not members of the unit have been held accountable for their actions and whether they are “currently accountable to the rule of law.”⁵⁶ Though partnership is beneficial to the United States and the ROI, both sides should be concerned over where a partnership with Kopassus could lead. A human rights violation could be a major setback in the relationship, and

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

even if there are no violations, there are other ramifications if the United States endorses a military unit in an anti-terror role. Thomas B. Pepinsky, assistant professor of government at Cornell University, stressed that it is important “to get the optics right.”⁵⁷ He also emphasizes that US-Indonesian relations hinge, to a large degree, on Indonesian public opinion. The population is concerned about terror, but the more salient concerns are civil liberties and ensuring domestic political accountability.⁵⁸ US support of Kopassus has the potential to send the wrong message and could intensify the cycle of escalation. (See **Figure 3**.)

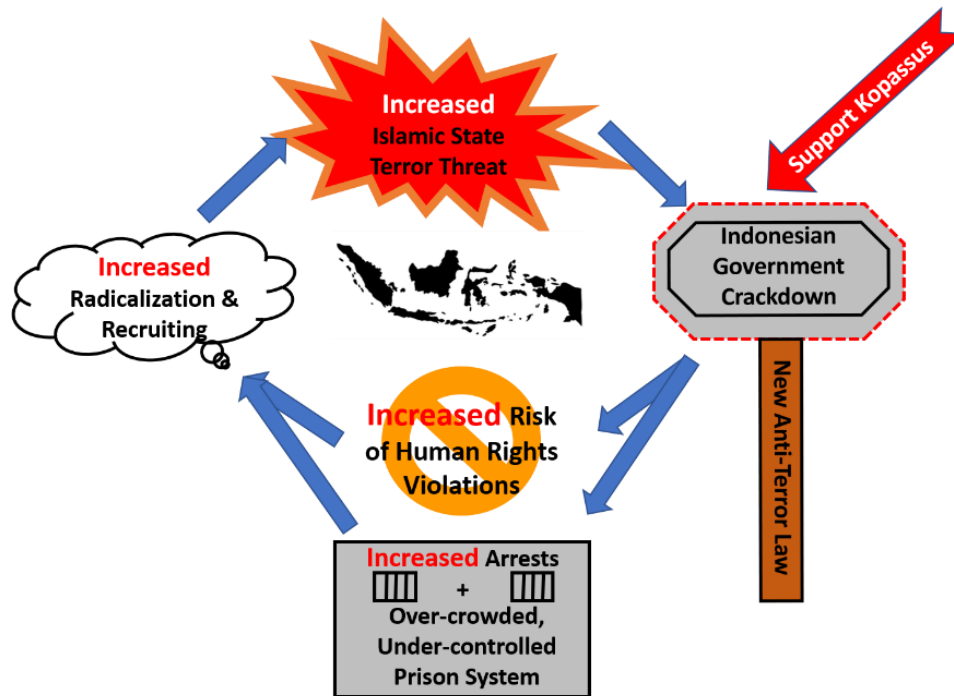


Figure 3. Support to Kopassus effect on Cycle of Escalation

Recommendations for US Action

Amid a developing cycle of escalation, INDOPACOM must carefully chart its approach to engagement. Although supporting Kopassus may provide the United States an immediate point of engagement and prove that it is ready to move the relationship forward, this measure is too risky. Instead, INDOPACOM should pursue a “whole of government” approach to stop the cycle of escalation and set the conditions for further engagement. The command can do this through a three-pronged approach: 1) *Influence* the GOI and military toward a measured response to the IS threat, 2) Improve prison *Infrastructure* to facilitate, separate, and control prisoners, and 3) Counter IS *Ideology* by providing remediation programs for prisoners and engaging the population through social media. This approach addresses the escalation cycle at three points, as illustrated in **Figure 4**, and is further described below.

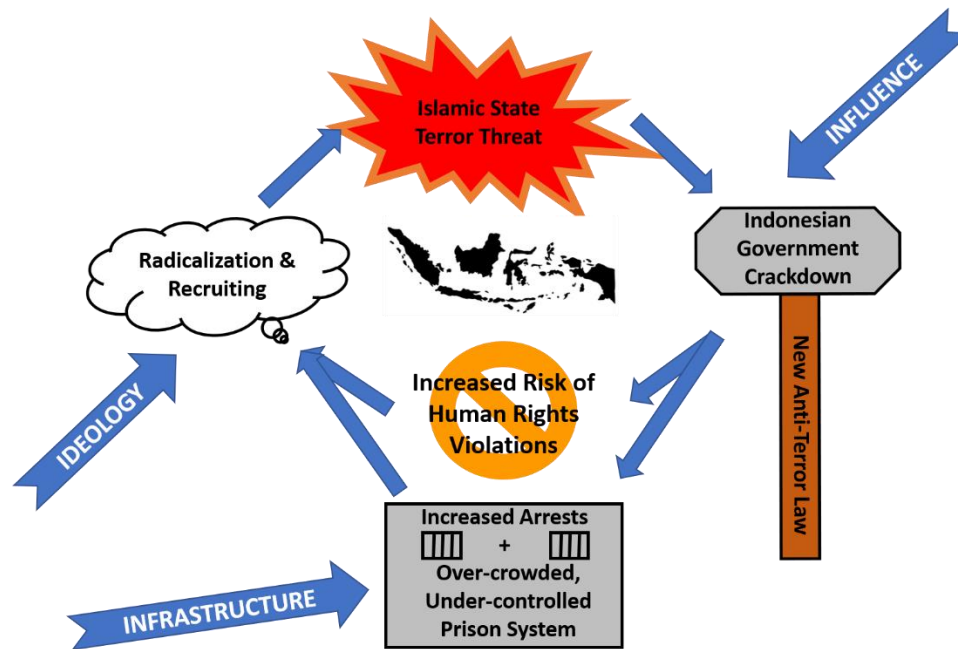


Figure 4. Recommended Efforts to Break Cycle of Escalation

Influence: The GOI’s updated anti-terror law and establishment of the Koopssusgab Unit indicate its intent to intensify CT actions, which will only exacerbate the IS threat. INDOPACOM should work directly with top levels of the military and engage the government through the US Embassy to emphasize the value of restraint in response to terror. As stated by William Mackey, “The government needs to maintain the support of the moderate Indonesian Muslims, and it needs to avoid using heavy-handed tactics against the extremists and their sympathizers.”⁵⁹ Furthermore, as the command works with the government and emphasizes the need to maintain and protect civil liberties, it should highlight these efforts to the population. This will go far in creating a favorable impression of the United States, building trust and paving the way for further engagement.⁶⁰

Infrastructure: Increased arrests have created an enormous prison population. The 464 existing prisons can hold 124,006 prisoners, but the ROI lacks the infrastructure to house the additional 116,000 prisoners currently crammed into existing facilities.⁶¹ This has led to a lack of control, prisoner radicalization, and terrorist recruiting. The United Nations Office on Drugs and Crime (UNDODC) points to Somalia as a success story in resolving a similar issue, stating that “tackling overcrowding... has contributed to the reduction in violence in prison and has enabled staff to engage prisoners more effectively in disengagement activity.”⁶² UNDODC’s *Handbook on the Strategies to Reduce Overcrowding in Prisons* recommends measures such as “reducing the scope of imprisonment” and “developing fair sentencing policies” to reduce the number of inmates.⁶³ While such measures have aided other countries and could be implemented in the ROI, the magnitude and urgency of the problem requires prompt action. Building additional infrastructure and training more prison guards is essential to regaining

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

control of prisons. Terrorists should also be kept isolated. The current system, which places extremists with other prisoners such as drug offenders who make up 70 percent of the prison population, is counter-productive.⁶⁴ INDOPACOM should work with International Narcotics and Law Enforcement Affairs, whose mission is to “help countries deliver justice and fairness by strengthening their police, courts, and corrections systems,” to assist the ROI in building the infrastructure required for an effective prison system.⁶⁵

Ideology: Lastly, INDOPACOM should work with the US Embassy to counter ongoing radicalization within what is otherwise a moderate Islamic population. This should be done first by attempting to reform prisoners. These efforts have been attempted with minimal success since 2002 and were bolstered in 2010 with the formation of the national CT agency, Badan Nasional Penanggulangan Terorisime (BNPT). Though these efforts have been ineffective so far, they should be refocused and not abandoned. Empirical evidence from a deradicalization effort in Sri Lanka has proven that such programs can be successful.⁶⁶ Cameron Sumpter, associate research fellow at RSIS, pointed out that the BNPT has largely ignored and refused to work with Civil Society Organizations who have a great deal of expertise and legitimacy; he went on to propose that the GOI would be more effective in its efforts if it cooperated with these agencies.⁶⁷ INDOPACOM could support this relationship by engaging the BNPT through the State Department and encouraging teaming with Civil Society Organizations. Elani Owen, who works with foreign assistance programs at the US Department of Justice, recommends providing assistance for corrections programs through channels that already exist, such as the International Criminal Investigative Training Assistance Program or the International Narcotics and Law Enforcement Affairs “to provide assistance for corrections programs and de-radicalization measures in prisons training.”⁶⁸ This training, combined with separating incarcerated prisoners, will go a long way toward minimizing the risk of recidivism after release.⁶⁹

In addition to de-radicalizing prisoners, measures should be taken to reach the general population with messages that counter those of the IS. Dr. Abuza warned that this will not be easy, stating that “the propaganda [of IS] is very well made, well edited, and has far higher production value than the ham-fisted response of the governments.” Elani Owen recommends launching a social media campaign to counter IS and integrating the highly respected clerics of the nation’s two largest Muslim populations to push that moderate message.⁷⁰ Stephanie Kam agrees, stating that “Governments need to drive the debate on the Internet and through social media to ensure that their positive messaging is heard above the extremists’ messaging.”⁷¹ One thing is certain: If no one pushes an alternative message, the IS message will go unopposed, increasing its effectiveness.

Conclusion

The Islamic State poses a real threat to Indonesian internal security, and if it gains a foothold, it could create issues for the entire world. If the GOI overreacts, which it seems intent on doing, it could lead to human rights violations and propagate and intensify the cycle of

escalation. If the cycle remains unchecked, each of these problems could have devastating consequences to relations with the United States, which has compelling reasons to strengthen relations. The two nations share interests in countering the trans-national threat created by IS and in opposing Chinese aggression in the SCS. Though the United States feels compelled to engage immediately by supporting Kopassus, conditions aren't yet conducive for this. The engagement could increase the possibility of human rights violations as well as worsening the situation with the growing IS threat. Before the United States moves forward with engagement, INDOPACOM must take a "whole of government" approach to set the conditions by working with the US Embassy in Jakarta and with the highest levels of the TNI to break the cycle of escalation.

¹ Ali Muhammad, "International Context of Indonesia's Counter-Terrorism Policy, 2001-2004," *Jurnal Ilmiah Hubungan Internasional UNPAR*, (2012): 147, <https://www.neliti.com/publications/98109/international-context-indonesias-counter-terrorism-policy-2001-2004>.

² BBC News, "Jakarta attacks: Bombs and Gunfire Rock Indonesian Capital," January 14, 2016, <https://www.bbc.com/news/world-asia-35309195>.

³ Greta Nabbs-Keller, "Indonesia's Revised Anti-Terrorism Law," *Australian Institute of International Affairs*, August 26, 2018, <http://www.internationalaffairs.org.au/australianoutlook/indonesias-revised-anti-terrorism-law/>.

⁴ Joshua Kurlantzick, "US-Indonesia Relations: From Aspiration to Achievement," *The Diplomat*, February 21, 2018, <https://thediplomat.com/2018/02/us-indonesia-relations-from-aspiration-to-achievement/>.

⁵ Aisyah Llewellyn, "Indonesia's Prison System is Broken," *The Diplomat*, May 23, 2018, <https://thediplomat.com/2018/05/indonesias-prison-system-is-broken/>.

⁶ Alex Horton, "Secretary Mattis Seeks Ties with Once-brutal Indonesia Special Forces Unit, with an Eye on China," *The Washington Post*, January 23, 2018, https://www.washingtonpost.com/news/checkpoint/wp/2018/01/23/secretary-mattis-seeks-ties-with-once-brutal-indonesia-special-forces-unit-with-an-eye-on-china/?utm_term=.d0395fa4ba9f.

⁷ Kurt Biddle, "Indonesia-US Military Ties," *Inside Indonesia*, Edition 70, April-June, 2002, <http://www.insideindonesia.org/indonesia-us-military-ties-2>.

⁸ Roni Toldanes and Arie Firdaus, "US Moving to Restore Ties with Blacklisted Indonesian Army Unit: Officials," *Benar News*, February 2, 2018, <https://www.benarnews.org/english/news/indonesian/Kopassus-02272018163814.html>.

⁹ U.S. Department of State, "Leahy Fact Sheet," last modified March 9, 2018, <https://www.state.gov/j/drl/rls/fs/2018/279141.htm>.

¹⁰ Zachary Abuza, *Militant Islam in Southeast Asia: Crucible of Terror* (London: Lynne Rienner Publishers, Inc., 2003), 122-123.

¹¹ Muhammad, "International Context," 142, 146.

¹² *Ibid.*, 145.

¹³ *Ibid.*, 148.

¹⁴ Dewi Kurniawati, "Indonesia's Feared Anti-terrorism Squad Under Fire in Hunt for ISIS," *Asia Sentinel*, April 14, 2016, <https://www.asiasentinel.com/society/indonesia-densus88-hunt-isis/>.

¹⁵ Xialin, "Densus 88."

¹⁶ Muhammad, "International Context," 153.

¹⁷ William Mackey, "Indonesia: Staying Calm and Carrying On," *The Diplomat*, January 27, 2016, <https://thediplomat.com/2016/01/indonesia-staying-calm-and-carrying-on/>.

¹⁸ Zachary Abuza, "Joining the New Caravan: ISIS and the Regeneration of Terrorism in Southeast Asia," *Strategic Studies Institute*, June 25, 2015, <https://ssi.armywarcollege.edu/index.cfm/articles/joining-the-new-caravan/2015/06/25>.

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

- ¹⁹ Joseph Hincks, “Indonesia Suffers Its Worst Terror Attack in a Decade. Here’s What to Know About the Latest Wave of Violence,” *Time*, May 14, 2018, <http://time.com/5275738/indonesia-suicide-bombings-isis-surabaya/>.
- ²⁰ Ibid.
- ²¹ Abuza, “Joining the New Caravan.”
- ²² Mackey, “Indonesia: Staying Calm.”
- ²³ Stefanie Kam and Robi Sugara, “Indonesia, Malaysia and the Fight Against Islamic State Influence,” *The Diplomat*, September 11, 2014, <https://thediplomat.com/2014/09/indonesia-malaysia-and-the-fight-against-islamic-state-influence/>.
- ²⁴ Ibid.
- ²⁵ Loretta Napoleoni, *The Islamist Phoenix: The Islamic State (ISIS) and the Redrawing of the Middle East* (New York: Seven Stories Press, 2014), xiv.
- ²⁶ Ibid., xiv.
- ²⁷ Mackey, “Indonesia: Staying Calm.”
- ²⁸ Tan See Seng, “After Marawi: Military’s Regional Role in Counter-terrorism?” *Rajaratnam School of International Studies*, no. 016, (1 February 2018), <https://www.rsis.edu.sg/rsis-publication/idss/co18016-puritanical-reformists-liberal-modernists-two-sides-of-the-same-coin/#.W7VmZfZfXPY>.
- ²⁹ Ibid.
- ³⁰ Tom Allard and Kanupriya Kapoor, “Fighting Back: How Indonesia’s Elite Police Turned the Tide on Militants,” *Reuters*, December 23, 2016, <https://www.reuters.com/article/us-indonesia-security/fighting-back-how-indonesias-elite-police-turned-the-tide-on-militants-idUSKBN14C0X3>.
- ³¹ Zachary Abuza, “Joining the New Caravan.”
- ³² Allard and Kapoor, “Fighting back.”
- ³³ Ibid.
- ³⁴ Tabita Diela, “Indonesia Toughens Up Anti-terror Laws Days After Worst Attack in Years,” *Reuters*, May 24, 2018, <https://www.reuters.com/article/us-indonesia-security-bill/indonesia-toughens-up-anti-terror-laws-days-after-worst-attack-in-years-idUSKCN1IQ0DQ>.
- ³⁵ Nabbs-Keller, “Indonesia’s Revised Anti-Terrorism Law.”
- ³⁶ Fadli, “Govt to Move Ahead with TNI Antiterror Unit Despite Criticism,” *The Jakarta Post*, May 22, 2018, <http://www.thejakartapost.com/news/2018/05/22/govt-to-move-ahead-with-tni-antiterror-unit-despite-criticism.html>.
- ³⁷ Ibid.
- ³⁸ Ardli Johan Kusuma, “The Allegation of Human Rights Violations in the Process of Counter-Terrorist Acts in Indonesia by Densus 88 Force,” *Advanced Science Letters* 24, no. 5, (2018): abstract.
- ³⁹ Charles “Ken” Comer, “Leahy in Indonesia: Damned if You Do (and Even if You Don’t),” *Asian Affairs: An American Review* 37, no. 2, (2010): 57, <https://doi.org/10.1080/00927671003791348>.
- ⁴⁰ Breanna Heilicher, “Indonesia Requests U.S. to Reduce Limitations on U.S. Security Aid to Indonesian Special Forces Unit,” *Security Assistance Monitor*, January 26, 2018, <https://www.securityassistance.org/blog/indonesia-requests-us-reduce-limitations-us-security-aid-indonesian-special-forces-unit>.
- ⁴¹ Dewi Safitri, “Indonesia: Concerns Mount Over Possible Expansion of Military’s Authority,” *Benar News*, December 1, 2015, <https://www.benarnews.org/english/news/indonesian/TNI-12012015125414.html>.
- ⁴² Muhammand, “International Context,” 152.
- ⁴³ Abuza, “Joining the New Caravan.”
- ⁴⁴ Tangguh Chairil, “Military in Counterterrorism: Restraining Collateral Damage,” *The Jakarta Post*, September 19, 2016, <http://www.thejakartapost.com/academia/2016/08/10/military-in-counterterrorism-restraining-collateral-damage.html>.
- ⁴⁵ Ainur Rohmah, “Indonesian Anti-Terror Squad Arrests Hundreds,” *Asia Sentinel*, July 19, 2018, <https://www.asiasentinel.com/politics/indonesia-densus-88-arrests-hundreds/>.
- ⁴⁶ Llewellyn, “Indonesia’s Prison.”
- ⁴⁷ Stefanie Kam and Robi Sugara, “Indonesia, Malaysia and the Fight Against Islamic State Influence,” *The Diplomat*, September 11, 2014, <https://thediplomat.com/2014/09/indonesia-malaysia-and-the-fight-against-islamic-state-influence/>.
- ⁴⁸ Llewellyn, “Indonesia’s Prison System.”
- ⁴⁹ Arsla Jawaid, “Indonesia and the Islamic State Threat,” *The Diplomat*, March 15, 2017, <https://thediplomat.com/2017/03/indonesia-and-the-islamic-state-threat/>.

- ⁵⁰ Kam and Sugara, “Indonesia, Malaysia and the Fight Against Islamic State Influence.”
- ⁵¹ Breanna Heilicher, “Indonesia Requests U.S. to Reduce Limitations on U.S. Security Aid to Indonesian Special Forces Unit,” *Security Assistance Monitor*, January 26, 2018, <https://www.securityassistance.org/blog/indonesia-requests-us-reduce-limitations-us-security-aid-indonesian-special-forces-unit>.
- ⁵² Joshua Kurlantzick, “US-Indonesia Relations: From Aspiration to Achievement,” *The Diplomat*, February 21, 2018, <https://thediplomat.com/2018/02/us-indonesia-relations-from-aspiration-to-achievement/>.
- ⁵³ Comer, “Leahy in Indonesia.”
- ⁵⁴ Roni Toldanes and Arie Firdaus, “US Moving to Restore Ties with Blacklisted Indonesian Army Unit: Officials,” *Benar News*, February 2, 2018, <https://www.benarnews.org/english/news/indonesian/Kopassus-02272018163814.html>.
- ⁵⁵ Ibid.
- ⁵⁶ Heilicher, “Indonesia Requests U.S. to Reduce Limitations.”
- ⁵⁷ Thomas B. Pepinsky, “Politics, Public Opinion, and the U.S.-Indonesian Comprehensive Partnership,” *The National Bureau of Asian Research, Special Report #25*, (November 2010): 3, http://www.nbr.org/publications/specialreport/pdf/Preview/SR25_Indonesia_preview.pdf.
- ⁵⁸ Ibid., 4.
- ⁵⁹ Mackey, “Indonesia: Staying Calm.”
- ⁶⁰ Comer, “Leahy in Indonesia.”
- ⁶¹ Llewellyn, “Indonesia’s Prison System.”
- ⁶² United Nations Office on Drugs and Crime, *Handbook on the Management of Violent Extremist Prisoners and the Prevention of Radicalization to Violence in Prisons*, (New York: United Nations, 2016), 12.
- ⁶³ United Nations Office on Drugs and Crime, *Handbook on Strategies to Reduce Overcrowding in Prisons*, (New York: United Nations, 2013), 44.
- ⁶⁴ Llewellyn, “Indonesia’s Prison System.”
- ⁶⁵ Bureau of International Narcotics and Law Enforcement Affairs (INL), <https://www.state.gov/j/inl/>.
- ⁶⁶ David Webber, Marina Chernikova, Arie, W. Kruglanski, Michele J. Gelfand, Malkanthi Hettiarachchi, Rohan Gunaratna, Marc-Andre Lafreniere, Jocelyn J. Belanger, “Deradicalizing Detained Terrorists,” *Political Psychology* 39, is. 3, (June 2018): 539, <https://onlinelibrary.wiley.com/doi/pdf/10.1111/pops.12428>.
- ⁶⁷ Cameron Sumter, “Countering Violent Extremism in Indonesia: Priorities, Practice, and the Role of Civil Society,” *Journal for Deradicalization* 11, (Summer 2017): 112.
- ⁶⁸ Elani Owen, “The Next Frontline in the Battle Against the Islamic State? Southeast Asia,” *Cornell International Affairs Review* 10, no. 2, (2017), <http://www.inquiriesjournal.com/articles/1648/the-next-frontline-of-the-battle-against-the-islamic-state-southeast-asia>.
- ⁶⁹ Kam and Sugara, “Indonesia, Malaysia and the Fight Against Islamic State Influence.”
- ⁷⁰ Owen, “The Next Frontline.”
- ⁷¹ Kam and Sugara, “Indonesia, Malaysia and the Fight Against Islamic State Influence.”

BIBLIOGRAPHY

- Abuza, Zachary. “Joining the New Caravan: ISIS and the Regeneration of Terrorism in Southeast Asia.” *Strategic Studies Institute*, June 25, 2015. <https://ssi.armywarcollege.edu/index.cfm/articles/joining-the-new-caravan/2015/06/25>.
- Abuza, Zachary. *Militant Islam in Southeast Asia: Crucible of Terror*. London: Lynne Rienner Publishers, Inc., 2003.
- Allard, Tom and Kanupriya Kapoor. “Fighting Back: How Indonesia’s Elite Police Turned the Tide on Militants.” *Reuters*, December 23, 2016. <https://www.reuters.com/article/us-indonesia-security/fighting-back-how-indonesias-elite-police-turned-the-tide-on-militants-idUSKBN14COX3>.
- BBC News. “Jakarta attacks: Bombs and Gunfire Rock Indonesian Capital.” January 14, 2016. <https://www.bbc.com/news/world-asia-35309195>.
- Biddle, Kurt. “Indonesia-US Military Ties.” *Inside Indonesia*, Edition 70, April-June, 2002. <http://www.insideindonesia.org/indonesia-us-military-ties-2>.
- Chairil, Tangguh. “Military in Counterterrorism: Restraining Collateral Damage.” *The Jakarta Post*, September 19, 2016. <http://www.thejakartapost.com/academia/2016/08/10/military-in-counterterrorism-restraining-collateral-damage.html>.

Breaking the Cycle of Escalation: A US Approach to Assisting with Counter-Terrorism and Creating an Avenue for Further Engagement

- Comer, Charles “Ken”. “Leahy in Indonesia: Damned if You Do (and Even if You Don’t).” *Asian Affairs: An American Review* 37, no. 2 (2010): 57. <https://doi.org/10.1080/00927671003791348>.
- Diela, Tabita. “Indonesia Toughens Up Anti-Terror Laws Days After Worst Attack in Years.” *Reuters*, May 24, 2018. <https://www.reuters.com/article/us-indonesia-security-bill/indonesia-toughens-up-anti-terror-laws-days-after-worst-attack-in-years-idUSKCN11Q0DQ>.
- Fadli. “Govt to Move Ahead with TNI Antiterror Unit Despite Criticism.” *The Jakarta Post*, May 22, 2018. <http://www.thejakartapost.com/news/2018/05/22/govt-to-move-ahead-with-tni-antiterror-unit-despite-criticism.html>.
- Harsono, Andreas. “The US Should Not be Rehabilitating Indonesia’s Abusive Special Forces.” *Human Rights Watch*, January 26, 2018. <https://www.hrw.org/news/2018/01/26/us-should-not-be-rehabilitating-indonesias-abusive-special-forces>.
- Heilicher, Breanna. “Indonesia Requests U.S. to Reduce Limitations on U.S. Security Aid to Indonesian Special Forces Unit.” *Security Assistance Monitor*, January 26, 2018. <https://www.securityassistance.org/blog/indonesia-requests-us-reduce-limitations-us-security-aid-indonesian-special-forces-unit>.
- Hincks, Joseph. “Indonesia Suffers Its Worst Terror Attack in a Decade. Here’s What to Know About the Latest Wave of Violence.” *Time*, May 14, 2018. <http://time.com/5275738/indonesia-suicide-bombings-isis-surabaya/>.
- Horton, Alex. “Secretary Mattis Seeks Ties with Once-brutal Indonesia Special Forces Unit, with an Eye on China.” *The Washington Post*, January 23, 2018. https://www.washingtonpost.com/news/checkpoint/wp/2018/01/23/secretary-mattis-seeks-ties-with-once-brutal-indonesia-special-forces-unit-with-an-eye-on-china/?utm_term=.d0395fa4ba9f.
- Jawaid, Arsla. “Indonesia and the Islamic State Threat.” *The Diplomat*, March 15, 2017. <https://thediplomat.com/2017/03/indonesia-and-the-islamic-state-threat/>.
- Kam, Stefanie and Robi Sugara. “Indonesia, Malaysia and the Fight Against Islamic State Influence.” *The Diplomat*, September 11, 2014. <https://thediplomat.com/2014/09/indonesia-malaysia-and-the-fight-against-islamic-state-influence/>.
- Kurlantzick, Joshua. “US-Indonesia Relations: From Aspiration to Achievement.” *The Diplomat*, February 21, 2018. <https://thediplomat.com/2018/02/us-indonesia-relations-from-aspiration-to-achievement/>.
- Kurniawati, Dewi. “Indonesia’s Feared Anti-terrorism Squad Under Fire in Hunt for ISIS.” *Asia Sentinel*, April 14, 2016. <https://www.asiasentinel.com/society/indonesia-densus88-hunt-isis/>.
- Kusuma, Ardli Johan. “The Allegation of Human Rights Violations in the Process of Counter-Terrorist Acts in Indonesia by Densus 88 Force.” *Advanced Science Letters* 24, no. 5 (2018): 3394-8.
- Llewellyn, Aisyah. “Indonesia’s Prison System is Broken.” *The Diplomat*, May 23, 2018. <https://thediplomat.com/2018/05/indonesias-prison-system-is-broken/>.
- Llewellyn, Aisyah. “Is Indonesia Newly Under Attack?.” *The Diplomat*, May 14, 2018. <https://thediplomat.com/2018/05/is-indonesia-newly-under-attack/>.
- Mackey, William. “Indonesia: Staying Calm and Carrying On.” *The Diplomat*, January 27, 2016. <https://thediplomat.com/2016/01/indonesia-staying-calm-and-carrying-on/>.
- Muhammand, Ali. “International Context of Indonesia’s Counter-Terrorism Policy, 2001-2004.” *Jurnal Ilmiah Hubungan Internasional UNPAR*, (2012): 138-154. <https://www.neliti.com/publications/98109/international-context-indonesias-counter-terrorism-policy-2001-2004>.
- Muradi, Muradi. “The 88th Densus AT: The Role and the Problem of Coordination on Counter-Terrorism in Indonesia.” *Journal of Politics and Law* 2, no. 3 (Summer 2009): 85-95. <http://www.ccsenet.org/journal/index.php/jpl/article/view/3683>.
- Nabbs-Keller, Greta. “Indonesia’s Revised Anti-Terrorism Law.” *Australian Institute of International Affairs*, August 26, 2018. <http://www.internationalaffairs.org.au/australianoutlook/indonesias-revised-anti-terrorism-law/>.
- Napoleoni, Loretta. *The Islamist Phoenix: The Islamic State (ISIS) and the Redrawing of the Middle East*. New York: Seven Stories Press, 2014.

- Nurdin, Padly. "The Combination of Densus 88 and Kopassus to Eliminate Terrorism in Indonesia." *News 24XX.com*, May 17, 2018. <http://www.news24xx.com/read/news/7064/The-combination-of-Densus-88-and-Kopassus-to-eliminate-terrorism-in-Indonesia>.
- Owen, Elani. "The Next Frontline in the Battle Against the Islamic State? Southeast Asia." *Cornell International Affairs Review* 10, no. 2 (2017). <http://www.inquiriesjournal.com/articles/1648/the-next-frontline-of-the-battle-against-the-islamic-state-southeast-asia>.
- Parameswaran, Prashanth. "The Trouble with Indonesia's New Counterterrorism Command." *The Diplomat*, June 11, 2015. <https://thediplomat.com/2015/06/the-trouble-with-indonesias-new-counterterrorism-command/>.
- Pepinsky, Thomas B. "Politics, Public Opinion, and the U.S.-Indonesian Comprehensive Partnership." *The National Bureau of Asian Research, Special Report 25* (November 2010). http://www.nbr.org/publications/specialreport/pdf/Preview/SR25_Indonesia_preview.pdf.
- Rohmah, Ainur. "Indonesian Anti-Terror Squad Arrests Hundreds." *Asia Sentinel*, July 19, 2018. <https://www.asiasentinel.com/politics/indonesia-densus-88-arrests-hundreds/>.
- Safitri, Dewi. "Indonesia: Concerns Mount Over Possible Expansion of Military's Authority." *Benar News*, December 1, 2015. <https://www.benarnews.org/english/news/indonesian/TNI-12012015125414.html>.
- Seng, Tan See. "After Marawi: Military's Regional Role in Counter-terrorism?." *Rajaratnam School of International Studies*, no. 016 (1 February 2018). <https://www.rsis.edu.sg/rsis-publication/ids/co18016-puritanical-reformists-liberal-modernists-two-sides-of-the-same-coin/#.W7VmZfZFxPY>.
- Shekhar, Vibhanshu. *Indonesia's Foreign Policy and Grand Strategy in the 21st Century: Rise of an Indo-Pacific Power*. New York: Routledge, 2018.
- Cameron Sumter, "Countering Violent Extremism in Indonesia: Priorities, Practice, and the Role of Civil Society." *Journal for Deradicalization* 11 (Summer 2017): 112-147.
- Toldanes, Roni and Arie Firdaus. "US Moving to Restore Ties with Blacklisted Indonesian Army Unit: Officials." *Benar News*, February 2, 2018. <https://www.benarnews.org/english/news/indonesian/Kopassus-02272018163814.html>.
- United Nations Office on Drugs and Crime. *Handbook on the Management of Violent Extremist Prisoners and the Prevention of Radicalization to Violence in Prisons*. New York: United Nations, 2016.
- United Nations Office on Drugs and Crime. *Handbook on Strategies to Reduce Overcrowding in Prisons*. New York: United Nations, 2013.
- U.S. Department of State. "Leahy Fact Sheet." Last modified March 9, 2018. <https://www.state.gov/j/drl/rls/fs/2018/279141.htm>.
- Webber, David, Marina Chernikova, Arie, W. Kruglanski, Michele J. Gelfand, Malkanthi Hettiarachchi, Rohan Gunaratna, Marc-Andre Lafreniere, Jocelyn J. Belanger, "Deradicalizing Detained Terrorists." *Political Psychology* 39, is. 3 (June 2018). <https://onlinelibrary.wiley.com/doi/pdf/10.1111/pops.12428>, 539-556.
- Xialin, Maurice. "Densus 88" Indonesia's Heroes or Death Squad?." *The Global Enquirer*, April 18, 2016. <https://theglobalenquirer.news/2016/04/18/densus-88-indonesias-heroes-or-death-squad/>.

Trade and Economic Development: Economic Symptoms to Problem Solving 2.0

John Hundley, Lt Col, US Air Force

Introduction

The Republic of Indonesia (ROI) has relied on its vast resource wealth to build a strong economy and has projected significant growth for at least the next 10 years. Following their recovery from the 1997 Asian Financial crisis, the ROI has sustained an approximate 5-percent annual increase in GDP and was admitted to the G20 economic group in 2008 while maintaining a leadership role within ASEAN and APEC. It ranks as the world's tenth largest economy¹ regarding purchasing power parity, and PricewaterhouseCoopers predicts the ROI could grow to be the world's fifth largest GDP by 2030.² It has maintained economic growth through the export of its vast natural resources but has lagged in the efficient and effective development of vital industry infrastructure, trade policies, and internal technology and human capital.

Despite the ROI's consistent economic growth and positive outlook, there exists a dichotomy between its world-class economic strength and its internal development. As a world economy, it ranks tenth but has an overall poverty rate of approximately 10 percent, with 40 million citizens living in extreme poverty of less than US\$1.25 a day (the sixth highest extreme poverty in the world).³ The World Bank assesses a further 10.7 percent earn slightly more than the US\$1.90 standard for international poverty⁴ and an additional 40 percent of the population lives on slightly less than US\$2 a day.⁵ While the ROI was successful in reducing poverty by half since 1998, the future does not appear as promising since the population that makes up the 10.7-percent reduction was the segment already just below the poverty line. That same group will be adversely affected by any significant monetary fluctuation, industry collapse, or natural disaster and is most at risk to fall back below the poverty line. The remaining 10 percent in poverty will require significant progress to change their financial situation. The World Bank Report found income inequality rose sharply and accelerated between 2000 and 2013,⁶ with the top 20% of the population receiving the most benefit from the ROI's economic prosperity.⁷ To strengthen economic resiliency and stability to 2030 and beyond, the ROI must set trade and domestic policy that incentivizes industrial modernization, efficiency, and competition while increasing internal capacity and capability in agriculture, energy, technology, and human capital.

Agriculture: Rice Self-Sufficiency and Food Security

A World Food Programme report in 2017 assessed only "62% of the national population can afford a staple-adjusted nutritious diet," and affordability was a greater challenge than food availability.⁸ An estimated 20 million Indonesians are malnourished, and an additional 17.5 million households require government assistance in the form of rice subsidy. The Government of Indonesia (GOI) administers a US\$1.5 billion program providing 33 pounds of rice per month, for US\$0.11 cents, to its neediest households. Unfortunately, these types of programs often fail to achieve the desired results, are inefficient, and are, in some cases, ineffective. A 2018 study found that "redistribution programs in developing countries often "leak" because local officials

do not implement programs as the central government intends."⁹ Indonesian households tended to receive less than their rice allotment and paid 42 percent more than the official copay.¹⁰ Local officials have significant discretion in the administration of these programs, and the study concluded that a simple card issued to citizens with the price and ration amount received about 26 percent more rice (the correct ration amount) than the amount specified by the government. The card increased citizens' bargaining power without increasing intervention from the GOI. The cost of the card was "recouped" by the GOI in about two months due to the program's increased efficiency.¹¹ This simple solution addressed problems within the subsidy program but fails to address fundamental challenges in the nation's domestic food and trade policies.

Rice is an integral part of the Indonesian economy, culture, and a key political and national security issue. The ROI claims rice self-sufficiency and avoids importing unless it cannot produce enough internally to meet strategic reserve requirements and provide for its people. Furthermore, it declares itself food secure; implying it can provide reliable access to a sufficient quantity of affordable and nutritious food. In practice, the ROI is often unable to meet its strategic reserve requirements, and the declaration of food security is a political talking point rather than reality. Protectionist policies on rice are at odds with an open trade environment where it may import food less expensively, but this practice lacks transparency. Indonesians pay exorbitant food prices, and rice costs almost double compared to their neighbors.¹² Washington State University estimates the average family spends 44.1 percent of its monthly income on food.¹³ The high cost of food leaves the poorest population vulnerable to price fluctuations, and the country is at greater security and self-sustainment risk when faced with low crop yield, natural disasters, drought, inflation, and monetary value fluctuations. The USDA assessed in 2010 that the ROI had made gains in food security since 1980, but merely increasing productivity would be insufficient to achieve resiliency and might further increase costs to the government and citizens.¹⁴ The GOI must strive to better balance the ends, ways, and means of agricultural policy.

Rice self-sufficiency as a policy requires adequate crop yield to feed a population of 261 million, at a reasonable price, while maintaining an agricultural job base that equates to approximately 41 percent of the working population. The policy creates a domestic market that pays double the world average for its own product while there are more affordable options on the open market. The excessive cost of rice on the market prompts farmers to keep a larger portion of their crop yield and provide a smaller portion to the national system. The GOI then pays to collect, redistribute, and subsidize it, thereby creating an inefficient system that absorbs already-limited fiscal resources. The ROI's Bureau of Logistics (BULOG) is the governing body but has not clearly articulated the criteria for triggering rice imports and a threshold for strategic reserves. The current system creates logistical issues, inhibits business opportunities, and causes administrative inefficiency. The process should be transparent, clearly-articulated, and strategically messaged to minimize domestic concern and misunderstanding. Imports should be synchronized with the world market to stockpile assets when prices are low and sell off excess

when prices are high. The US Department of Commerce describes the ROI's laws as "numerous and overlapping import licensing requirements that impede access to [their] market."¹⁵ While opponents of protectionist trade policies contend they inhibit imports, reduce investment, and stifle competition, there is equally strong support for those policies as they provide control for the government.

Supporters of rice self-sufficiency and food security contend that an open market and reliance on outside sources places the ROI in a reactive system that increases risk to national security. After the 1997 financial crisis, availability and affordability limited food stocks across the country and resulted in long lines at food distribution areas. The crisis impacted the poor especially hard, and the value of the rupiah fell dramatically. In 1998, President Suharto resigned due to the economic crisis, civil protests, and civilian unrest resulting from food lines and limited supply. Advocates of these policies note that the country is largely agrarian, and any change to the policy would reduce farming jobs and increase the unemployment rate. Ultimately, the ROI's current rice and food security policies are intended to ensure jobs, provide for the poor, and bolster national security. To maintain economic growth, its agricultural policies, crop yield, land efficiency, and job base will need to keep pace with growing economic opportunities.

Energy: Subsidies

ROI energy subsidies have been active since the 1940s and include coal, gas, liquefied petroleum gas, kerosene, and fuel. In 2013, the GOI self-imposed a cap on energy subsidies to no more than 3 percent (US\$17.4 billion) of GDP. Attempts to eliminate energy subsidies are rare, and reductions are often short-lived.¹⁶ In 2017, the ROI allotted only US\$6.2 billion to the subsidy (a recent low); however, in 2018 the cost is projected to increase to over US\$10.7 billion.¹⁷ Because the ROI imports about 50 percent of its crude oil, it has limited capacity for additional internal production and refinement, has a low acceptance rate of renewable energy sources, and is subject to external factors. As the country expands renewable-energy use, a significant opportunity may be converting older refineries into biofuel plants.¹⁸ The country was recently impacted as its currency weakened to its lowest point in 20 years, gas prices rose, and the president committed to an energy-price freeze until 2019. On October 10th, 2018, President Widodo announced a government increase in retail gas prices as it attempts to adjust for inflation. Within hours, the GOI rescinded the announcement and agreed to maintain current prices.¹⁹ Despite its realization that the current policy is unsustainable, it is difficult for the GOI to end or reduce subsidies already in place.

Energy subsidies were initially enacted to enable growth and modernization in the 1940s and later to assist the poor. The challenge, however, is that the program is expensive (approximately seven times the cost of food subsidies) and drains GOI resources. For comparison, the ROI spent a total of 3.34 percent of GDP on health care in 2015²⁰ and 0.5 percent on social assistance programs;²¹ in 2014, it spent 350 times on its energy subsidy

program as it did on social programs.²² It spends markedly less on social programs and health care than most countries in the region. To further complicate the problem, the poor benefit the least from the subsidy as most are unable to afford fuel or cars, and an estimated third of the country still uses firewood for cooking. The International Monetary Fund assessed that “the cost to the budget of transferring one dollar...via gasoline subsidies is about 14 dollars”²³ to the government. The richest twenty-percent collect forty percent of energy subsidies and the poorest fifty percent of the population receives only 20 percent.²⁴ The fuel subsidy impacts individual citizens but has had the most significant impact on the ROI’s industries and businesses.

The energy subsidy for industry is intended to increase competitiveness by lowering energy costs, stabilizing budgets, and enabling the upgrade and modernization of equipment. Recent studies have found the subsidy has created unintended consequences and inefficiencies that ultimately cost money through industry inefficiency and an underdeveloped internal market beyond urban areas and cities. As there are no stipulations or incentives to receive the subsidy, businesses avoid cost-intensive investments and infrastructure development in rural areas and maximize profits in urban areas by utilizing the subsidy to cover operating costs.²⁵ The subsidy disincentivizes efficient operations and therefore provides no discernable advantage to upgrading equipment or maximizing output. For example, the textiles and garment industry was inefficient and suffered low productivity through the early 2000s but remained competitive as a cheap producer and exporter. Because the subsidy did not include efficiency benchmarks, companies allowed machinery to reach obsolescence without replacement. The subsidy masked rising production costs and enabled a culture unconcerned with competitiveness. Without the chance to retool, upgrade, and modernize, China and Vietnam overtook it and left the ROI with significantly less market share and no chance to recover quickly or inexpensively.²⁶ The garment and textiles industries suffered obsolescence, inefficiency, and a lack of competitiveness, and these conditions permeate many Indonesian industries. Despite this and the country’s limited and sometimes-obsolete, internal capacity, there is little desire to change the status quo due to the strong economic outlook and protectionist policies that shelter the ROI’s businesses from external competition.

The ROI cannot afford to spend up to 3 percent of its GDP on an inefficient and ineffective subsidy; however, it can ill-afford to cancel the subsidy due to politics. The problem is complex, and a complete solution requires a coordinated political, environmental, and incentivized program that sets strict controls while overhauling the energy industry. In the near-term, the GOI must determine where it can gain efficiencies and work towards larger goals such as environmental reform, industrial capacity building, and infrastructure expansion. A positive example of a current initiative requires the use of a 20-percent palm oil blend as a biofuel additive in ROI’s railways, power plants, military vehicles, and mining equipment beginning in 2018.²⁷ This effort is expected to reduce crude oil imports by US\$3.5 billion per year and should provide an offset for the increasing cost of the subsidy (due to a declining currency value and an increasing cost of imported oil); however, it will not directly impact or reduce the subsidy.

Trade and Economic Development: Economic Symptoms to Problem Solving 2.0

Further investment must include industry expansion into rural areas, capacity building and modernization, and the conversion of existing refineries to biofuels. This effort will be costly, and the fuel subsidy is an option to incentivize progress.

Proponents of the measure point to the increasing number of vehicles in the country and state that a reduction or cancellation of the program would stifle progress and modernization efforts. In 2017, the ROI was the largest automobile market in Southeast Asia and an increase in cost would deny its middle-class access to affordable transportation. Despite low participation by the poor, reducing the subsidy would significantly impact this segment of the society. The fuel subsidy is an emotional and political issue despite the three percent of GDP it consumes but is merely a symptom of larger issues that will dramatically limit the ROI's future economic growth.

Research and Development, Technological Advancement, and Human Capital

The ROI is a rising power with a GDP of US\$1.015 trillion, equal to 1.64 percent of the world economy²⁸ and trending to be the fifth largest economy by 2030. Despite this, it invests remarkably little in research and development (R&D) and technology. A 2013 report by the US Agency for International Development (USAID) found that it spent less than 0.08 percent of its GDP on R&D. This equates to roughly 10 percent of the amount averaged by Brazil, Russia, India, and China. There is a clear “say-do” gap as the nation consistently declares science, technology, and innovation as a top priority but fails to fund it to a competitive level. It ranks low in the “Global Innovation Index (100 of 141), Knowledge Economic Index (108 of 143), and the Global Competitiveness Index (50 of 144).”²⁹ Additionally, businesses and industries do not prioritize technological innovation or R&D, because there is no perceived benefit while protectionist policies enable inefficiencies, protect against competition, and do not incentivize modernization or productivity.

Investment in R&D, science, and innovation is an indicator of the health of those sectors, but there is a more significant challenge to the ROI: education. According to the World Bank, it dedicated 3.58 percent of its GDP to education.³⁰ Funding is not the major issue, and the country is currently transitioning to a 12-year compulsory system from a 9-year system implemented in 1994. In 2015, attendance rates for primary education reached 99 percent; however, enrollment in secondary education is less than 90 percent, and there is a 20 percent dropout rate at that level.³¹ Attendance does not equal performance, and the ROI ranked low in the Program for International Student Assessments (62 out of 72 countries). As a further indicator of the low quality of education, the difference between ROI's highest scoring 10 percent and lowest scoring 10 percent is one of the smallest margins in those 72 countries.³² Schools are not effective, and without producing educated and capable students, the country cannot develop the workforce required to support modernization and innovation efforts.

The ROI must prioritize building a strong education system and maximizing human capital. Improvements, increased capacity, and priority are required at all levels of its education system. Without these measures, the ROI will be unable to transition from an agrarian society economically reliant on plentiful natural resources and cheap goods to a modern economy that competes with the world's advanced countries. The primary and secondary systems are changing, although they require a significant upgrade in the development and quality of teachers. There is no world-class university to attract foreign talent,³³ and approximately 24.7 percent of university and college graduates were unemployed in 2010.³⁴ Numbers for underemployed college graduates are not unavailable, but a significant percentage of people under the age of 24 work in the informal sector. With few available technical jobs, limited opportunities, and high unemployment amongst university and college graduates, the best and brightest minds capable of leading change are departing for better opportunities. The underdevelopment and departure of ROI's most capable human capital represents not only missed opportunity but poses a direct threat as it intends to modernize its industrial and agricultural economies.

Conclusions and Recommendations

The ROI finds itself with an economy that is rapidly growing but simultaneously faces complex challenges that require solutions with no easy answers or blueprints for success. Its economy has great potential beyond 2030 but requires modernization, increased efficiency, external competition, a deliberate transition from an agrarian job base, and an upgraded and expanded infrastructure. Developing its technology and human capital is fundamental to enabling all other improvements, and an improved education system is the key enabler for continued and sustained growth. In 2013, USAID stated that the ROI sought “technical assistance, capacity building, technology, and ideas that foster innovation and reform.”³⁵ This remains relevant. The United States should partner with ROI and provide technical assistance and guidance. US agencies such as USAID and USDA Foreign Agricultural Services are uniquely positioned to provide insight into the complex challenges facing the ROI and assist its transformation into an advanced economy. Soft power, national development, and partnership using liberal amounts of diplomatic, informational, and economic instruments provide an opportunity to develop a stronger bilateral relationship. The United States should not assume the ROI will partner with it exclusively – it does not see the US competition with China as a zero-sum game. The ROI will continue to foster relations with both countries, a hedging strategy with its two largest trading partners. The United States must continue to seek out and develop mutual interests with the ROI, because an economically and democratically strong ROI is important for the region and the world.

This paper identified three specific symptoms of larger issues: food security, industrial modernization and competition, and education and technological advancement. These items require further study, in-depth analysis, and specific recommendations at the strategic and policy level. They will require time, money, policy, and sufficient priority. Recommendations to quickly increase efficiency and reduce cost follow. The food subsidy program is necessary; the

card study discussed earlier will increase effectiveness and efficiency of the program. Country-wide implementation is advised as soon as possible while seeking an evolved policy that integrates with other incentivized improvements previously discussed. Fuel subsidies are unsustainable and inefficient but require short and long-term action plans. The GOI should immediately assign targets, measures of effectiveness, and industry incentives focused on increased efficiency, development in rural areas, and industry competitiveness. Investment in R&D, technology, and modernization must be financed at a competitive level and increased as a constant percentage of GDP over the coming years. Finally, pay, train, assess, and incentivize qualified and capable teachers while increasing capacity of the schools from the primary to university level. The country will not achieve its potential or sustain long-term economic success without a laser focus on human capital to develop and retain its highest-performing citizens while increasing the population's ability to transition to more technologically demanding jobs. Effective education underpins the ability to develop all other transformational initiatives.

¹ "Indonesia Overview," World Bank. Last updated September 25, 2018.

<http://www.worldbank.org/en/country/indonesia/overview>.

² Hannah Audino, John Hacksworth, and Rob Clarry. "The Long View: How will the global economic order change by 2050?" PricewaterhouseCooper, 7.

³ "Investing in Indonesia: A Stronger Indonesia Advancing National and Global Development," USAID. October 2013, v.

⁴ World Bank, "Indonesia Overview."

⁵ Priasto Aji, "Summary of Indonesia's Poverty Analysis," Asian Development Bank no. 4 (October 2015), 3.

⁶ "Indonesia: Rising Inequality Risks Long-Term Growth Slowdown," World Bank, December 8, 2015, <http://www.worldbank.org/en/news/press-release/2015/12/08/rising-inequality-risks-long-term-growth-slowdown>.

⁷ "Reducing Inequality in Indonesia," World Bank, October 22, 2014,

<http://www.worldbank.org/en/country/indonesia/brief/reducing-inequality-in-indonesia>.

⁸ World Food Programme, "Indonesia: Study on the Cost of the Diet." March, 2017, 8.

https://www.wfp.org/sites/default/files/170321%20CotD%20study%20Indonesia%20report_version%202_final.pdf.

⁹ Abhijit Banerjee, Rema Hanna, Jordan Kyle, Benjamin A. Olken, and Sudarno Sumarto. "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia," *Journal of Political Economy*, 2018, vol. 126, no. 2, 451.

¹⁰ Banerjee et al. "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia," 453.

¹¹ *Ibid.*, 489.

¹² David Dowe, "Options for Managing Rice Price Volatility: Stock and Trade Policies," Food and Agricultural Organization of the UN, last modified September 25, 2015, <https://www.slideshare.net/FAOoftheUN/options-for-managing-rice-price-volatility-stock-and-trade-policies>.

¹³ "Annual Income Spent on Food." *Washington State University*, Fall 2011, http://wsm.wsu.edu/researcher/WSMaug11_billions.pdf.

¹⁴ Nicholas Rada and Anita Regmi, "Trade and Food Security Implications from the Indonesian Agricultural Experience." US Department of Agriculture, May 2010, https://www.ers.usda.gov/webdocs/publications/40475/8706_wrs1001_1_.pdf?v=0, 17.

¹⁵ "Indonesia - Prohibited and Restricted Imports," US Department of Commerce, last modified August 1, 2017, <https://www.export.gov/article?id=Indonesia-Prohibited-Restricted-Imports>.

¹⁶ Lucky Lontoh, Kieren Clarke, and Christopher Beaton, "Indonesia Energy Subsidy Review," Global Subsidies Initiative Issue 1, Volume 1, March 2014, https://www.iisd.org/gsi/sites/default/files/ffs_indonesia_review_1v1.pdf, 8.

- ¹⁷ Eko Listiyorini and Viriya Singgih, "Indonesia to Expand Biofuel Mandate to Railways, Power Plants," *Bloomberg*, August 1, 2018, <https://www.bloomberg.com/news/articles/2018-08-01/indonesia-to-expand-biofuel-mandate-to-railways-power-plants>.
- ¹⁸ Fransiska Nangoy, "Indonesia says looking at converting old oil refineries into biofuel plants," *Reuters*, October 9, 2018, <https://af.reuters.com/article/energyOilNews/idAFL4N1WP24S>.
- ¹⁹ Eko Listiyorini and Viriya Singgih, "Indonesia's Jokowi Flip-Flops on Fuel Price Hike," *Bloomberg*, October 10, 2018, <https://www.bloomberg.com/news/articles/2018-10-10/indonesia-flip-flops-on-fuel-price-hike-as-crude-rupiah-bite>.
- ²⁰ "Current Health Expenditure (% of GDP)," World Bank, Accessed October 14, 2018 <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=UA>.
- ²¹ Ndiame Diopé, "Why Is Reducing Energy Subsidies a Prudent, Fair, and Transformative Policy for Indonesia?" World Bank, no. 136, March 2014, <http://siteresources.worldbank.org/EXTPREMNET/Resources/EP140.pdf>, 4.
- ²² Lontoh et al, "Indonesia Energy Subsidy Review," 1.
- ²³ David Coady, Valentina Flamini, and Louis Sears. "The Unequal Benefits of Fuel Subsidies Revisited: Evidence for Developing Countries," International Monetary Fund, November 2015, <https://www.imf.org/external/pubs/ft/wp/2015/wp15250.pdf>, 12.
- ²⁴ Tim Pfefferle, "Fossil Fuel Subsidy Reform in Indonesia," Medium, November 15, 2017, <https://medium.com/@tim.pfefferle/fossil-fuel-subsidy-reform-in-indonesia-a-complex-case-e99b23503f47>.
- ²⁵ Arianto A. Patunru, Budy P. Resosudarmo, and Arief A. Yussaf. "Reducing Petroleum Subsidy in Indonesia: An Interregional General Equilibrium Analysis" in Introduction to Regional Growth and Sustainable Development in Asia, ed. Amitrajeet A. Batabyal and Peter Nijkamp (Switzerland: Springer, 2017), 93-5.
- ²⁶ Hadi Soesastro and M. Chatib Basri, "The Political Economy of Trade Policy in Indonesia," *ASEAN Economic Bulletin*, Vol. 22, no. 1, April 2005, 6.
- ²⁷ Listiyorini et al, "Indonesia to Expand Biofuel Mandate to Railways, Power Plants."
- ²⁸ USAID. "Investing in Indonesia," 9.
- ²⁹ Ibid., 37.
- ³⁰ "Government Expenditure on Education, Total (% of GDP)," World Bank, accessed October 14, 2018, <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=ID>.
- ³¹ "Indonesia; The Children - The School Years," UNICEF, accessed October 14, 2018. https://www.unicef.org/indonesia/children_2833.html.
- ³² Arnaldo Pellini, "Indonesia's PISA Results Show Need to Use Education Resources More Efficiently," *The Conversation*, December 15, 2016, <https://theconversation.com/indonesias-pisa-results-show-need-to-use-education-resources-more-efficiently-68176>.
- ³³ USAID. "Investing in Indonesia," 38.
- ³⁴ "Indonesia: Graduates Struggle to Find Jobs," *University World News*, December 12, 2010, <http://www.universityworldnews.com/article.php?story=20101210214207187>.
- ³⁴ USAID. "Investing in Indonesia," v.

BIBLIOGRAPHY

- Aji, Priasto. "Summary of Indonesia's Poverty Analysis," Asian Development Bank no. 4 (October 2015). <https://www.adb.org/publications/summary-indonesias-poverty-analysis>.
- Audino, Hannah, Rob Clarry and John Hacksworth. "The Long View: How will the global economic order change by 2050?" (PricewaterhouseCooper, February 2017), 1-72.
- Banerjee, Abhijit, Rema Hanna, Jordan Kyle, Benjamin A. Olken, and Sudarno Sumarto. "Tangible Information and Citizen Empowerment: Identification Cards and Food Subsidy Programs in Indonesia." *Journal of Political Economy* 126, no. 2 (April 2018): 451-91. <https://doi.org/10.1086/696226>.
- Coady, David, Valentina Flamini, and Louis Sears. "The Unequal Benefits of Fuel Subsidies Revisited: Evidence for Developing Countries." International Monetary Fund. November 2015. <https://www.imf.org/external/pubs/ft/wp/2015/wp15250.pdf>.
- Diopé, Ndiame. "Why is Reducing Energy Subsidies a Prudent, Fair, and Transformative Policy for Indonesia?" *World Bank*, no. 136, March 2014. <http://siteresources.worldbank.org/EXTPREMNET/Resources/EP140.pdf>.

- Dowe, David. "Options for Managing Rice Price Volatility: Stock and Trade Policies." Food and Agriculture Organization of the United Nations. September 2015. <https://www.slideshare.net/FAOoftheUN/options-for-managing-rice-price-volatility-stock-and-trade-policies>.
- Listiyorini, Eko and Viriya Singgih. "Indonesia to Expand Biofuel Mandate to Railways, Power Plants." *Bloomberg*, August 1, 2018. <https://www.bloomberg.com/news/articles/2018-08-01/indonesia-to-expand-biofuel-mandate-to-railways-power-plants>.
- Listiyorini, Eko and Viriya Singgih. "Indonesia's Jokowi Flip-Flops on Fuel Price Hike." *Bloomberg*, October 10, 2018. <https://www.bloomberg.com/news/articles/2018-10-10/indonesia-flip-flops-on-fuel-price-hike-as-crude-rupiah-bite>.
- Lontoh, Lucky, Kieren Clarke, and Christopher Beaton. "Indonesia Energy Subsidy Review." International Institute for Sustainable Development, March 2014. https://www.iisd.org/gsi/sites/default/files/ffs_indonesia_review_i1v1.pdf.
- Nanjoy, Fransiska. "Indonesia says looking at converting old oil refineries into biofuel plants." *Reuters*, October 9, 2018. <https://af.reuters.com/article/energyOilNews/idAFL4N1WP24S>.
- Pellini, Arnaldo. "Indonesia's PISA Results Show Need to Use Education Resources More Efficiently." *The Conversation*, December 15, 2016. <http://theconversation.com/indonesias-pisa-results-show-need-to-use-education-resources-more-efficiently-68176>.
- Pfefferle, Tim. "Fossil Fuel Subsidy Reform in Indonesia: A Complex Case." *Medium* (blog), November 15, 2017. <https://medium.com/@tim.pfefferle/fossil-fuel-subsidy-reform-in-indonesia-a-complex-case-e99b23503f47>.
- Putunru, Arianto A., Budy P. Resosudarmo, and Arief A. Yussaf. "Reducing Petroleum Subsidy in Indonesia: An Interregional General Equilibrium Analysis." In *Introduction to Regional Growth and Sustainable Development in Asia*, edited by Amitrajeet Batabyal and Peter Nijkamp, 91-111. Switzerland: Springer, 2017)
- Rada, Nicholas and Anita Regmi. "Trade and Food Security Implications from the Indonesian Agricultural Experience." US Department of Agriculture, May 2010. https://www.ers.usda.gov/webdocs/publications/40475/8706_wrs1001_1_.pdf?v=41060.
- Soesastro, Hadi, and M. Chatib Basri. "The Political Economy of Trade Policy in Indonesia." *ASEAN Economic Bulletin* 22, no. 1 (2005): 3–18.
- UNICEF. "Indonesia; The Children - The School Years." Accessed October 14, 2018. https://www.unicef.org/indonesia/children_2833.html.
- University World News. "INDONESIA: Graduates Struggle to Find Jobs." December 12, 2010. <http://www.universityworldnews.com/article.php?story=20101210214207187>.
- USAID. "Investing in Indonesia: A Stronger Indonesia Advancing National and Global Development." October 2013.
- US Department of Commerce. "Indonesia - Prohibited and Restricted Imports." Accessed October 15, 2018. <https://www.export.gov/article?id=Indonesia-Prohibited-Restricted-Imports>.
- Washington State University. "Annual Income Spent on Food." *Washington State University Magazine*, Fall 2011. http://wsm.wsu.edu/researcher/WSMaug11_billions.pdf.
- World Bank. "Current Health Expenditure (% of GDP)." Accessed October 14, 2018. <https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=ID>.
- World Bank. "Government Expenditure on Education, Total (% of GDP)." Accessed October 14, 2018. <https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=ID>.
- World Bank. "Indonesia Overview." Last modified September 25, 2018. <http://www.worldbank.org/en/country/indonesia/overview>.
- World Bank. "Indonesia: Rising Inequality Risks Long-Term Growth Slowdown." December 8, 2015. <http://www.worldbank.org/en/news/press-release/2015/12/08/rising-inequality-risks-long-term-growth-slowdown>.
- World Bank. "Reducing Inequality in Indonesia." October 22, 2014. <http://www.worldbank.org/en/country/indonesia/brief/reducing-inequality-in-indonesia>.
- World Food Programme. "The Cost of the Diet Study in Indonesia." March 2017. <https://www.wfp.org/content/indonesia-cost-diet-study>.

Employing Special Autonomy as a Deterrent to Separatism in West and East Kalimantan

Colin K. Kennedy, Cmdr., US Navy

Introduction

Amid the political upheaval of the 1997-99 Asian financial crisis, longtime authoritarian leader Suharto resigned his Presidency of the Republic of Indonesia (ROI) on May 21, 1998. Given the tumultuous circumstances, the transition of power to his Vice President, B. J. Habibie, was relatively smooth and ushered in a new era of governance for the nation that put an end to Suharto's "New Order" regime. This post-New Order political movement, popularly known as *reformasi*, included more open and effectual democracy, expanded individual rights, and decentralization of government power.¹ The latter was also known for granting regional autonomy.

Regional autonomy laws were enacted in 1999 under political pressure to ease the burdens imposed by nearly 32 years of authoritarianism. Effective on January 1, 2001, the laws thrust the ROI from centralized dictatorial rule to hundreds of partially-autonomous regional governments. This metamorphosis earned the moniker the "Big Bang" for its sudden and sweeping character.² Embarrassed by the loss of East Timor, which occurred during the uncertainty of this transition and was accompanied by undesirable international attention, the Government of Indonesia (GOI) moved to staunch a potential separatist domino effect in two historically aggrieved provinces.³ Tucked into this paradigm of regional self-rule were concessions for "special autonomy" granted to the provinces of Aceh and Papua in August and November of 2001, respectively. They were granted refunds of natural-resource-extraction revenues substantially larger than the rest of the nation along with a variety of religious and political concessions in an effort to dissuade separatism.⁴

Though special autonomy in Aceh and Papua appears to have been effective in curbing conflict associated with separatism, they were not the only provinces who contained separatist elements. They were, however, arguably the two with a semblance of unfavorable international scrutiny similar to what had been experienced in the runup to the loss of East Timor. Conflict with separatist undertones has existed for decades elsewhere in the archipelago in places such as Sulawesi, Riau, and Kalimantan (Indonesian Borneo). Yet special autonomy was not granted to the provinces in those locations, likely because the GOI perceived neither a separatist threat nor any negative international attention.

That the central government narrowly applied special autonomy was logical given the political environment in 2001. However, with the benefit of hindsight and out of concern for future potential separatism, the time has come to expand special autonomy. The provinces of West and East Kalimantan are proposed as test cases.⁵ They are ideal for this study. Similar to Aceh, they are flush with extractable natural resources; similar to Papua, they are comprised of

Employing Special Autonomy as a Deterrent to Separatism in West and East Kalimantan

dozens of ethnic groups and have a land border with a foreign state. The two Kalimantanans are primarily rural and forested provinces with low population densities. Despite significant natural resource extraction programs (mostly timber and palm oil, with smaller emphasis on coal and hydrocarbons in the east), revenues are paltry and the provision of essential and social services to the population lags the more developed and urban centers of the state. In addition, the population is comprised of ethnic groups showing increasing signs of coexistence and political unity. There is also evidence of nascent separatist intentions in some communities. This represents a shift from past mindsets; separatist aims are changing from an ethnocentric view to a multiculturally-united solution, particularly among younger generations. This presents the leadership in Jakarta with an opportunity. Persistent underdevelopment, increasing interethnic unity, and emerging separatist sentiments in West and East Kalimantan threaten Indonesian territorial integrity and put the GOI in a position where it should implement special autonomy.

In support of the argument for the extension of special autonomy, a brief synopsis of *standard regional* autonomy in Indonesia is presented to frame contemporary internal governance. A concise description of *special* autonomy in Aceh and Papua follows for comparison purposes. The main body of the paper assesses the current political and social environments in West and East Kalimantan that underpin the need for proactive central government policy change, along with the rationale for said change and some reasoned counterarguments.

Regional Autonomy in the Republic of Indonesia

For a unitary state, the ROI contains some of the widest varieties of cultures, ethnicities, religions and geography in the world. Its geopolitical framework is best suited for a federation-like government, yet centralized rule and Suharto's desire to "force" nationalism on the population prevented this in the latter part of the twentieth century.⁶ This changed with the end of the New Order when stunned members of the People's Consultative Assembly (Majelis Permusyawaratan Rakyat, MPR), faced with a democratic upheaval of uncertain character, considered ways to increase their probability of remaining in power. With little time to study the environment in detail, MPR representatives—certainly no wellspring of political science expertise—appointed an advisory panel to consider legislative and constitutional adjustments to the structure of government.⁷ The panel, known as "Team 7," hastily suggested decentralization via regional autonomy as a way to pacify an anxious population clamoring for more representation.⁸ Sanctioned with two laws, one for regional autonomy and another that dealt with the necessary fiscal details, this concept of governance was enacted in 1999 and gave villages and districts broad responsibility and authority in public works, education, natural resources, trade, and land rights. These laws also shifted associated civil servants, officers, and facilities from central to regional government control.⁹ Due to ambiguities, the two hastily-enacted laws were clarified by replacement acts in 2004.¹⁰

Though the regional autonomy laws were passed ostensibly for the egalitarian achievement of a more inclusive representative democracy, there were also practical reasons apart from lawmakers' job security. One supposition is that decentralization was convenient, because it encouraged agricultural production in the hinterlands at a time when urban industrial labor was saturated.¹¹ In addition to redistributing labor, the laws were designed purposely to move percentages of revenue from natural resource exploitation back to the local populations from whose land and labor it derived (per Law 33/2004, this was 15.5 percent for petroleum, 30.5 percent for natural gas, and variable small percentages for other resources).¹² Moreover, acknowledging the historical reverence for the customary land rights of individuals, the laws were written to give local citizens more contracting and development authority over natural resources extracted from their properties.¹³

Apart from the vision of regional autonomy and its intended effects, what was most striking about the legislation was the scope of its devolution. Immediately below the central government were the provinces, yet the regional autonomy laws bypassed them and transferred authority directly to the district and village level. Team 7's likely reason for this recommendation was to be maximally responsive to a diverse and aggrieved populace while avoiding the centralization of authority at the provincial level where separatism, coupled with power, could have had a modest prospect for success.¹⁴ In retrospect, this was probably overkill, as it turned the provinces into puppet layers of the government hierarchy. Indeed, the special laws passed for Aceh and Papua in 2001 seem to refute the notion that provincial centralization is bad for the local level and supports separatism, because provincial authority in lieu of district and village authority was granted to Aceh and Papua specifically to *prevent* separatism.¹⁵ At the very least, the inconsistent basis for application of autonomy exposes the confusion in the GOI over political forecasting when faced with threats to sovereignty and a perceived demand for corrective action.

Special Autonomy in Aceh and Papua

Though chaotic in its execution, the enactment of regional autonomy following the fall of Suharto achieved the desired ameliorative effects. The exceptions were in Aceh and Papua, where longstanding separatism continued unabated. In Aceh, the rebellion movement known as the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) maintained that the GOI continued to exploit Acehnese oil and gas resources while funneling the proceeds to Jakarta. They argued that revenue sharing under regional autonomy was insufficient to address years of chronic underdevelopment following open rebellion against the New Order and documented human rights abuses committed by the Indonesian National Armed Forces (Tentara Nasional Indonesia, TNI).¹⁶ Furthermore, GAM noted that political movements in Aceh were incongruent with the approved political parties at the national level. Perhaps the most sensitive issue involved implementation of Islamic Law, or *Sharia*, in Aceh, which had been alternately requested, promised, and reneged since the ROI Constitution was drafted in 1945. The issue of *Sharia* became salient when Suharto resigned and was thus a point of contention during negotiations

Employing Special Autonomy as a Deterrent to Separatism in West and East Kalimantan

following the initial regional autonomy laws. These issues gave Acehese citizens a tangible feeling of disconnectedness from the rest of the nation.

Recognizing the international support that Aceh and GAM were receiving and desiring to avoid a repeat of East Timor, the Wahid Presidential Administration supported the enactment of special autonomy for Aceh. In exchange for re-centralization of government at the provincial level, the law afforded 70 percent revenue sharing for oil and gas.¹⁷ Aceh was also permitted to create new political parties, name their own candidates to local elections, and implement *Sharia* as an alternative adjudicative method for family-law cases.¹⁸ President Wahid was impeached and left office before the law was signed; his hardline successor, President Megawati, reluctantly signed the legislation but spent the next three years failing to enforce it. Not surprisingly, GAM resistance resurged until President Yudhoyono took office in late 2004 with his Vice President, Jusuf Kalla, spearheading a more welcoming approach. A peace process began anew, accelerated by the humanitarian crisis of the December 2004 tsunami. A final peace accord between GAM and the GOI was reached via the Helsinki Memorandum of Understanding (MOU) in 2005.¹⁹

While Aceh had been in a state of coordinated and unified rebellion with international attention, Papua also desired independence but lacked an organized resistance movement with international sympathy. There was (and is) a token resistance movement, the Free Papua Movement (Organisasi Papua Merdeka, OPM), but it operated with infrequent and symbolic guerillaism rather than anything resembling organized resistance operations as had the GAM in Aceh. Papuans continued to feel marginalized by the GOI even after the passage of the regional autonomy laws. As noted Southeast Asia political scientist Jacques Bertrand points out, Papua was not set on separatism but viewed it as a proximate possibility.²⁰

Despite the absence of imminent Papuan secession, the GOI approved special autonomy for Papua three months after doing so for Aceh. This seemingly motiveless legislation likely reflected a longer-term desire by the MPR to suppress Papuan separatism by focusing on the physical and social development of the province and to a lesser extent on its politics.²¹ As in Aceh, 70 percent of revenues from hydrocarbon extraction would return to the province, but 80 percent of revenues from mining, timber, and fishing would be redistributed as well.²² In addition, a special electoral dispensation was made in that every Papuan political party holding at least one seat in the Regional People's Legislative Assembly (Dewan Perwakilan Rakyat Daerah, DPRD) could form a factional group in the same, which differed from the national norm that mandated a party have at least 10 percent of total DPRD seats in order to do so.²³ The result was enormous amounts of retained revenue coupled with an artificially inflated number of factional groups in the DPRD. This was seemingly a way to hedge against corruptive coalitions who might seek to sub-optimally distribute funds contrary to the utilitarian needs of the Papuans. It is reasonable to assess that special autonomy was instituted in Papua with the long-term

containment of separatism in mind, despite Papua's *in situ* lack of interethnic unity and cohesive resistance.

The above synopses are presented to describe two different reasons for the implementation of special autonomy and how history can inform the present. In Aceh, special autonomy was granted under emergent circumstances to prevent its separation from the unitary state, an unpalatable threat to territorial sovereignty considering the earlier East Timor fiasco. Papua, on the other hand, was a curious case; without an imminent threat of secession, the MPR passed special autonomy anyway, apparently mindful of a higher-than-normal potential for future separatism. It is worth pointing out that West and East Kalimantan have similar characteristics to Papua and in some ways show stronger signals for separatism than Papua did in 2001. Despite these characteristics, the two provinces remain without the revenue streams and centralized control that could safeguard Indonesian territorial integrity on the island of Borneo.

West and East Kalimantan: A Case for Special Autonomy

Borderlands, inherent symbols of territorial integrity, are places where sovereignty is most likely to be threatened or challenged.²⁴ West and East Kalimantan (hereafter referred to as "Kalimantan") are examples of such locations. Similar to Papua (another Indonesian borderland), Kalimantan has a history of tribal conflicts.²⁵ Unlike Papua, the varying ethnic groups in Kalimantan see themselves as Indonesian rather than independent. Further, the incidences of violence that occurred prior to 2001 had more to do with frustration over the GOI's failure to respect Kalimantan's equality and land rights.²⁶ Though the perception of marginalization that triggered the interethnic conflict of previous decades remain, incidences of violence in Kalimantan have all but disappeared since 2001, suggesting that an era of interethnic cooperation has taken hold. This presents the possibility that a sufficient level of interethnic unity could gradually evolve into a separatist movement despite Kalimantan's general predisposition toward Indonesian loyalty. Interethnic unity in Papua was the galvanizing force for its independence movement, and the GOI acknowledged this by granting special autonomy in response to it. It would do well to apply the same to Kalimantan.

Development of Interethnic Unity. Kalimantan houses dozens of cultural subgroups aligned under three dominant ethnicities: Dayak (Christian and agnostic), Malay (Islamic), and Chinese. Despite the diversity, community kinship is high, due in part to blood ties between groups that have been diluted over time. As one Indonesian anthropologist points out, intermarriage is common in Kalimantan where Dayaks are sometimes willing to convert to Islam in matrimony.²⁷ One assessment calculates that up to 90 percent of Malays in Kalimantan are of Dayak ancestry.²⁸ In addition to marital mixing, transmigration programs executed during the New Order and the logging boom of 2001-2002 pulled large numbers of outsiders into Kalimantan, amplifying already-progressing heterogeneity.²⁹ Despite this confluence of groups, the usual pairing of district elections and ethnic violence common throughout the ROI was not observed in Kalimantan during or following its June 2018 local elections.³⁰ Taken together,

Employing Special Autonomy as a Deterrent to Separatism in West and East Kalimantan

intermarriage, accepted societal dilution, and peaceful elections mean that contemporary ethnic identification in Kalimantan is no longer a function of birth but rather one of choice.³¹ This concept of choice, which one could construe as self-determination, makes plausible a similar collective choice to secede from the ROI under perceived ostracism.

Taking increasing interethnic unity into consideration and acknowledging its potential to spur an independence movement, the GOI should employ special autonomy to recentralize authority at the provincial level concomitant with the provision of local political party recognition. This would expose political cleavages between ethnicities and subvert separatism to the mandate for cooperative governance. This occurred in Aceh after the Helsinki MOU; the exposure of partisan seams became an unexpected benefit for a central government originally loath to recognize special political parties but eventually contented by the resultant infighting that all but eliminated talk of separatism.³² The current regional autonomy in effect in Kalimantan and the ease with which districts can be split, a process called *pemekaran*, leaves provinces full of ethnocentric villages who are both in control *and* united in their disdain for the central government. This is a recipe for separatism that the establishment of special autonomy would eliminate.

Conditions of Underdevelopment. Just as special autonomy can be employed by the GOI to play off the state of emerging unity in Kalimantan, it can likewise be used to address the chronic underdevelopment for which the borderland frequently impugns the central government. To some extent this contempt is fair. For example, even after the monopolistic land grabs of the New Order, the GOI, mindful of the natural resources in Kalimantan, continued to tinker with forestry regulations and palm oil plantation development while defending its interests with the TNI. (They were there for “security.”)³³ Far more impactful on underdevelopment than the GOI, however, is the omnipresent corruption in districts and villages, made possible on a mass scale by regional autonomy’s devolution of authority. This is exacerbated by the relative ease of *pemekaran* in which aspiring elites seek new districts to abuse, rendering jurisdictions as much about pocket-lining as ethnocentric self-determination.³⁴ It is difficult to develop remote hinterlands when intergovernmental cooperation must be spread among dozens of extremely local governments.³⁵ It is even more difficult when redistributed natural resource revenues hover in the 15-30 percent range and must pass through six organizations along multiple obscure channels to reach each local treasury.³⁶

The potential for corruption, at the expense of social and infrastructure development, is rampant with so many terminal points. With the status quo inhospitable to development, unrest is probable. Such unrest would more than likely manifest as a society seeking popular control via self-determination or secession to Malaysia. To prevent this, the GOI should mandate partial recentralization via special autonomy. Notionally, this would leave administrative accountability in the hands of provincial governments, local enough to allocate revenues in support of relevant policies but not so local as to become a corruptive and bureaucratic albatross.

Emerging Separatism. The analysis thus far has centered on the symbiotic aspects of underdevelopment and interethnic unity in Kalimantan. Considered in isolation, they make an interesting but not necessarily compelling case for special autonomy. When linked with attendant separatism, this argument becomes more persuasive. As discussed earlier, borderland residents in Kalimantan are primarily Indonesian loyalists despite their marginalization. However, recent research has indicated that this may be changing. The deck is stacked against the GOI due to the influence of Malaysia in the borderland of Kalimantan. The predominant currency is the Malaysian Ringgit and school attendance is often across the border in the Malaysian province of Sarawak where pupils are taught from Malaysian curricula.³⁷ In addition, the remote and open border with Sarawak has promoted a labor exodus from the ROI to Malaysia amidst the broader reality of unregulated cross-border business activities and relationships among local leaders.³⁸ The resultant international microeconomy is a threat to Indonesian sovereignty and a breeding ground for potential secession to Malaysia.

Given the economic ties to and reliance on Malaysia, coupled with the aforementioned conditions of increasing interethnic unity and persistent underdevelopment, public efforts are being made to reinvent power structures. With the predisposition in the ROI to view *pemekaran* as a panacea, several groups pursuing new districts have been formed. In West Kalimantan, for example, noted frontier anthropologist Michael Eilenberg has studied one such group known as the Committee for the Establishment of the North Border District. This committee is part of a larger provincial-wide collective known as the Forum for Border Community Care. The aim of such groups is to facilitate alliances and cooperation at the provincial level to gain more concessions from the central government in a deteriorating social environment.³⁹ This is a veritable rebellion, but one that is currently designed to take place lawfully. An independence movement such as that in Aceh or Papua is viewed as a last resort. Alarming, however, there is evidence of younger generations in the *pemekaran* groups who are openly amenable to seceding to Malaysia.⁴⁰ Recalling the increasingly Malaysian-based education of the borderlands, this is an understandable evolution in political will. Though it is doubtful Malaysia has any inclination to annex parts of Indonesian Borneo, the discourse alone in Kalimantan represents increasing potential for a separatist movement that would be in the interest of the GOI to address expeditiously.

Though wont to capitulate to *pemekaran*, in recent years the GOI has become averse to the process based on mixed results vis-à-vis social benefit enhancement, natural resource development optimization, and the exorbitant costs of exponentially expanding bureaucracy.⁴¹ The socioeconomic situation and resultant separatist conundrum in Kalimantan would be ideally placated by special autonomy. The additional natural resource revenue streams associated with this model would offset the current trivial amounts that are insufficient for the existing districts and villages and prohibitive to development. Transfer and expenditure decisions made at the provincial level would be more rational, leading to utilitarian decisions subject to fair scrutiny by a demonstrably-unified electorate. Central government losses due to increased revenue sharing

Employing Special Autonomy as a Deterrent to Separatism in West and East Kalimantan

would be offset by provincial government structures. Administratively more compact than a wide distribution of district and village governments, bureaucratic overhead would be reduced as would the number of terminal points that serve as opportunities for corruption. Moreover, a provincial government one step removed from the central government would be at least marginally more transparent than the village and district governments, leading to a more satisfied population.

Special autonomy in borderland Kalimantan has the potential to be even more successful in preventing separatism than in Aceh and Papua, both of whom have lingering feelings of mistrust and latent nationalism due to pre-existing conditions. West and East Kalimantan, on the other hand, are showing signs of separatism but have otherwise been loyal to the nation since its founding in 1945. Offering special autonomy to Kalimantan would be a proactive gesture of goodwill and has the potential for peacefully reining-in burdensome bureaucracy elsewhere in the archipelago.

Counterarguments

Though special autonomy is purported to be a safeguard against separatism in West and East Kalimantan, there are fair-minded considerations for maintaining the status quo. Any political restructuring in the ROI, be it centralization versus decentralization or district splits and border re-alignments, will yield political haves and have-nots.⁴² Some minority group always emerges from change, and microscale violence could develop if a group perceives itself to be isolated from dialogue and power centers, particularly if the change moved that group from majority to minority status. It is also worth noting that *pemekaran* is not limited to districts; provinces can and often do split as well. The argument for the benefits of special autonomy's recentralization at the provincial level is diminished if it results in more provinces. Ideally a constitutional amendment or at least more restrictive national law regarding *pemekaran* is suggested. Still another political concern regarding special autonomy is the domino effect. Other provinces in the state, whether they espouse the same conditions as West and East Kalimantan or not, may view special autonomy's generous revenue sharing with jealousy and assert that what's good for the goose is good for the gander. However, as Bertrand wisely points out, autonomy is a tool but not a silver bullet for reducing tensions.⁴³

Apart from political reservations, there are valid administrative and environmental arguments against special autonomy. There is quantitative evidence that larger administrative overhead with a greater reach of service delivery fails to quell communal discontent.⁴⁴ This contradicts the notion that recentralization of control at the provincial level in Kalimantan would have a positive net effect. Environmentally, the increased revenue sharing of special autonomy might tend to encourage irresponsible deforestation, for which the ROI and Kalimantan have a disreputable history. Regulatory steps for managing sustainability would have to be implemented and enforced.

Conclusions and Recommendations

The demise of the “New Order” regime led to sweeping reforms in democracy, human rights, and government power structures. Laws passed to overhaul the state’s longstanding culture of highly-centralized national power were rapidly enacted. As a result, districts and villages throughout the archipelago, heretofore largely symbolic entities, found themselves with regional autonomy, possessing broad responsibility and authority in public works, education, natural resources, trade, and land rights. While ameliorating most concerns of a population aggrieved by over three decades of near dictatorship, pockets of resistance remained. One such pocket, East Timor, succeeded in capitalizing on the GOI’s post-Suharto disarray and escaped the state in 1999. Fearing similar separatist outcomes in Aceh and Papua, the GOI passed special autonomy for those provinces in 2001 that provided expanded revenue sharing along with democratic and religious concessions in exchange for provincial-level control.

While the literature is replete with analyses of regional autonomy, there is far less concerning special autonomy and almost no examination of the potential for the expansion of this governance model. This paper seeks to bridge that gap by using West and East Kalimantan as test cases. Similar to Aceh and Papua, these provinces have a history of unrest. They have other similar characteristics such as ethnic diversity, an international land border, low population density, copious profitable natural resources yet paltry revenue, and impediments to physical and social progression. Collectively, these are often drivers of instability. The two provinces, however, have showed only restrained activism and a deference to the ROI.

Despite their evident harmony, West and East Kalimantan exhibit signs of change that should alarm the central government. Interethnic unity is increasing, and underdevelopment continues unabated. In addition, there are signs of an emerging multicultural youth movement toward secession to Malaysia that could manifest itself over time as an independence movement. Such a credible threat to sovereignty must be addressed. Rather than by a military deployment emblematic of the New Order, the GOI should consider an offer of special autonomy to the two provinces. Such an act would direct enhanced revenue streams through the honest broker of a provincial government while encouraging coalition democracy, reduced corruption, and decreased bureaucratic costs.

¹ Smith, “The Origins of Regional Autonomy in Indonesia,” 211.

² Bell, “Indonesia,” 1. See also Pierskalla and Sacks, “Unpacking the Effect of Decentralized Governance on Routine Violence,” 214, and Bullinger and Haug, “In and Out of the Forest,” 244-45.

³ Fujikawa, “Drifting between Accommodation and Repression,” 658.

⁴ *Ibid.*, 662-63. See also Mietzner, “Local Elections and Autonomy in Papua and Aceh,” 3.

⁵ The border province of North Kalimantan, located along the Malaysian border in what was originally the northern regencies of East Kalimantan, was established in 2012. This has not yet been captured in most of the research literature. Accordingly, regarding East and North Kalimantan, this paper refers solely to East Kalimantan, but tacitly implies that any arguments on behalf of East Kalimantan are also applicable to North Kalimantan.

⁶ Bell, “Indonesia,” 1.

- ⁷ Smith, "The Origins of Regional Autonomy in Indonesia," 229. See also Pierskalla and Sacks, "Unpacking the Effect of Decentralized Governance on Routine Violence," 215.
- ⁸ Smith, "The Origins of Regional Autonomy in Indonesia," 213.
- ⁹ Duncan, "Mixed Outcomes," 718.
- ¹⁰ Holtzappel, *Decentralization and Regional Autonomy in Indonesia*, 10.
- ¹¹ *Ibid.*, 5.
- ¹² Kurniawati, "Conflict in Determination of Revenue Sharing Funds," 18.
- ¹³ Duncan, "Mixed Outcomes," 711-12.
- ¹⁴ *Ibid.*, 717. See also Holtzappel, *Decentralization and Regional Autonomy in Indonesia*, xxiii, 19, and Bell, "Indonesia," 3.
- ¹⁵ Bell, "Indonesia," 6.
- ¹⁶ Fujikawa, "Drifting between Accommodation and Repression," 660.
- ¹⁷ *Ibid.*, 662-63.
- ¹⁸ Mietzner, "Local Elections and Autonomy in Papua and Aceh," 3.
- ¹⁹ Fujikawa, "Drifting between Accommodation and Repression," 667-68. See also Oishi, *Contemporary Conflicts in Southeast Asia*, 39.
- ²⁰ Bertrand, *Nationalism and Ethnic Conflict in Indonesia*, 154, 159.
- ²¹ Fujikawa, "Drifting between Accommodation and Repression," 668.
- ²² Bertrand, *Nationalism and Ethnic Conflict in Indonesia*, 205.
- ²³ Rukmo, *Decentralization and Regional Autonomy in Indonesia*, 133-34.
- ²⁴ Eilenberg, *Rethinking Power Relations in Indonesia*, 80.
- ²⁵ Bertrand, *Nationalism and Ethnic Conflict in Indonesia*, 45, 55-57.
- ²⁶ Peluso, *Violent Conflicts in Indonesia*, 115, 127.
- ²⁷ Alfath, "Potential Conflict between the Malay and the Dayak Ethnic Groups," 53, 60.
- ²⁸ Wartiharjono, "Conflict Potential and Social Capital Construction," 86.
- ²⁹ Eilenberg, "Negotiating Autonomy at the Margins of the State," 204.
- ³⁰ Pierskalla and Sacks, "Unpacking the Effect of Decentralized Governance on Routine Violence," 221.
- ³¹ Peluso, *Violent Conflicts in Indonesia*, 117-18.
- ³² Mietzner, "Local Elections and Autonomy in Papua and Aceh," 9, 11, 20-21. See also Padden, "Special Autonomy Works in Indonesia's Aceh Province, But Not Papua." *Voice of America News*, December 22, 2011.
- ³³ Eilenberg, "Negotiating Autonomy at the Margins of the State," 204.
- ³⁴ Eilenberg, *Rethinking Power Relations in Indonesia*, 81-82.
- ³⁵ *Ibid.*, 85, 90.
- ³⁶ Kurniawati, "Conflict in Determination of Revenue Sharing Funds," 19-20.
- ³⁷ Eilenberg, "A State of Fragmentation," 1339.
- ³⁸ Eilenberg, "Negotiating Autonomy at the Margins of the State," 205, 218.
- ³⁹ Eilenberg, *Rethinking Power Relations in Indonesia*, 83.
- ⁴⁰ Eilenberg, "A State of Fragmentation," 1350.
- ⁴¹ Eilenberg, *Rethinking Power Relations in Indonesia*, 90-91.
- ⁴² Duncan, "Mixed Outcomes," 721.
- ⁴³ Bertrand, *Nationalism and Ethnic Conflict in Indonesia*, 186.
- ⁴⁴ Pierskalla and Sacks, "Unpacking the Effect of Decentralized Governance on Routine Violence," 222.

BIBLIOGRAPHY

- Alfath, Edlin Dahniar. "Potential Conflict between the Malay and the Dayak Ethnic Groups in the Hinterland Region of West Kalimantan." *Makara Hubs-Asia* 19 no. 1 (2015): 52-62.
- Bell, Gary F. "Indonesia: The New Regional Autonomy Laws, Two Years Later." *Southeast Asian Affairs* (2003). Accessed October 10, 2018. <https://search.proquest.com/docview/216945360?accountid=322>.
- Bertrand, Jacques. *Nationalism and Ethnic Conflict in Indonesia*. New York: Cambridge University Press, 2004.
- Bullinger, Cathrin, and Michaela Haug. "In and Out of the Forest: Decentralisation and Recentralisation of Forest Governance in East Kalimantan, Indonesia." *ASEAS – Austrian Journal of South-East Asian Studies* 5, no. 2 (2012): 243-62.

- Chan, Francis. "Ethnic Tensions May Flare as Kalimantan Polls Loom." *The Straits Times*, March 26, 2018. ProQuest (2017965698).
- Duncan, Christopher R. "Mixed Outcomes: The Impact of Regional Autonomy and Decentralization on Indigenous Ethnic Minorities in Indonesia." *Development and Change* 38 no. 4 (2007): 711-33.
- Eilenberg, Michael. "Negotiating Autonomy at the Margins of the State: The Dynamics of Elite Politics in the Borderland of West Kalimantan, Indonesia." *South East Asia Research* 17 no. 2 (2009): 201-27.
- _____. "A State of Fragmentation: Enacting Sovereignty and Citizenship at the Edge of the Indonesian State." *Development and Change* 47 no. 6 (2016): 1338-60.
- _____. *Rethinking Power Relations in Indonesia: Transforming the Margins*. Edited by Michaela Haug, Martin Rössler, Anna-Teresa Grumbles and Patrick Ziegenhain. Routledge Contemporary Southeast Asia Series. New York: Routledge, 2016.
- Fincher, Taylor. "Regional Autonomy as a Counterinsurgency Tool for Democratizing States: Case Studies from Aceh, Papua, and Mindanao." M.A. thesis, Georgetown University, 2010. ProQuest (UMI 1475148).
- Fujikawa, Kentaro. "Drifting between Accommodation and Repression: Explaining Indonesia's Policies Toward its Separatists." *The Pacific Review* 30, no. 5 (2017): 655-73.
- Holtzappel, Coen J. G. *Decentralization and Regional Autonomy in Indonesia: Implementation and Challenges*. Edited by Coen J. G. Holtzappel and Martin Ramstedt. Singapore: Publishing Institute of Southeast Asian Studies, 2009.
- Kurniawati, Tenti. "Conflict in Determination of Revenue Sharing Funds between the Central Government and the Provincial Government of East Kalimantan." *Journal of Social and Political Sciences* 16 no. 1 (2012): 16-25.
- Loveband, Anne and Ken Young. *Violent Conflicts in Indonesia: Analysis, Representation, Resolution*. Edited by Charles A. Coppel. Routledge Contemporary Southeast Asia Series. New York: Routledge, 2006.
- Mietzner, Marcus. "Local Elections and Autonomy in Papua and Aceh: Mitigating or Fueling Secessionism?" *Indonesia* 84, October (2007): 1-39.
- Oishi, Mikio. *Contemporary Conflicts in Southeast Asia: Towards a New ASEAN Way of Conflict Management*. Edited by Mikio Oishi. Singapore: Springer, 2016.
- Padden, Brian. "Special Autonomy Works in Indonesia's Aceh Province, But Not Papua." *Voice of America News*, December 22, 2011. ProQuest (912459477).
- Peluso, Nancy Lee. *Violent Conflicts in Indonesia: Analysis, Representation, Resolution*. Edited by Charles A. Coppel. Routledge Contemporary Southeast Asia Series. New York: Routledge, 2006.
- Pierskalla, Jan H., and Audrey Sacks. "Unpacking the Effect of Decentralized Governance on Routine Violence: Lessons from Indonesia." *World Development* 90 (2017): 213-28.
- Rukmo, J. Endi. *Decentralization and Regional Autonomy in Indonesia: Implementation and Challenges*. Edited by Coen J. G. Holtzappel and Martin Ramstedt. Singapore: Publishing Institute of Southeast Asian Studies, 2009.
- Smith, Benjamin. "The Origins of Regional Autonomy in Indonesia: Experts and the Marketing of Political Interests." *Journal of East Asian Studies* 8 (2008): 211-34.
- Urano, Mariko. "Impacts of Newly Liberalised Policies on Customary Land Rights of Forest-Dwelling Populations: A Case Study from East Kalimantan, Indonesia." *Asia Pacific Viewpoint* 55 no. 1 (2014): 6-23.
- Wartiharjono, Sukapti. "Conflict Potential and Social Capital Construction: A Case Study of a Transmigrant Village in East Kalimantan." *Society, Culture and Politics* 30 no. 2 (2017): 84-93.

Maritime Diplomacy: Countering China in the South China Sea

Jonathan Q. Kenney, LtCol, US Marine Corps

Introduction

In 2009, the Peoples Republic of China declared that it “has indisputable sovereignty over the land in the South China Sea (SCS) and the adjacent waters.”¹ Beijing centers its sovereignty claims over much of the SCS on a hodgepodge of dubious historical explanations and creative interpretations of international law. The 200-mile Economic Exclusion Zone (EEZ) around the Republic of Indonesia’s (ROI) Natuna Islands falls within China’s claims. In the last two years, Chinese fishing vessels repeatedly violated the EEZ, yet when confronted China maintains that its boats operate in “traditional Chinese fishing grounds.”² The skirmishes at sea that occurred between China’s maritime forces and the ROI’s lesser coastal protection forces illustrate Beijing’s aspiration to control the SCS and its vast undersea resources. In response to Chinese encroachment, Jakarta’s new national strategy called the Global Maritime Fulcrum Doctrine (GMFD) and supporting foreign policies seek to establish the country as a maritime power and protect its territory from regional hegemons. However, the ROI cannot currently counter China’s maritime intrusions. Its new posture creates an opportunity for the United States to frustrate China’s territorial ambitions and increase its standing with the ROI. The United States should support the foreign policy-focused features of the GMFD to offset Beijing’s encroachment and pressure on Jakarta. To do so, the United States should focus on the following three key areas: equipping and training the ROI’s maritime force, developing and employing an effective sea denial strategy, and building regional coalitions.

Indonesia’s New Foreign Policy Offers Opportunity to the United States

In 2014, Indonesia President Joko “Jokowi” Widodo issued his GMFD, which “fundamentally represents (his) national vision and development agenda to rebuild. The ROI’s maritime culture and expand its economy” in part by exercising “considerable diplomatic influence.”³ Jokowi argued that the “geostrategic centrality of Indonesia as a ‘force between two oceans’... (sits) at the center of a major geostrategic shift (between Western powers and the Far East)” and that “the time has arrived for Indonesia to return its gaze to the sea and to assert itself as a ‘global maritime (fulcrum).’”⁴ Accordingly, he chose the maritime domain as the focus for the ROI’s strategic path to the future using the GMFD’s five strategic pillars:⁵ 1) rebuild the ROI’s maritime culture and archipelagic identity; 2) develop maritime industry with a particular focus on fisheries; 3) improve the ROI’s global maritime connectivity by investing in seaports, shipping, and infrastructure; 4) use maritime diplomacy to address illegal fishing and other security threats; and 5) develop the ROI’s maritime defense force, particularly by modernizing the Navy and Coast Guard.⁶ Jokowi later emphasized his regional foreign policy in support of the GMFD, which sought to consolidate Indonesian leadership in the Association of Southeast Asian Nations (ASEAN), strengthen regional architecture to prevent great-power hegemony, develop strategic bilateral ties, and pursue comprehensive maritime cooperation through the Indian Ocean Rim Association (IORA).⁷

Concurrently, the United States views China as a “strategic competitor” in which “a geopolitical competition (exists) between free and repressive visions of world order.”⁸ The United States seeks to sustain a favorable balance of power in the region through alliances and partnerships to achieve its objectives while “enabling or advancing partner interests.”^{9,10} At the same time, the United States does not seek direct conflict with China. President Jokowi’s strategic overtures could be used as the pretext for a US diplomatic effort to build a partnership to frustrate Beijing’s encroachment on Indonesian territory, establish a useful precedent for the region, and ensure that defiance against China retains a local flavor.

The Problem: China’s Indonesian Heist

Beijing pursues its claims in the SCS by using an indirect approach, inspired by the ancient Chinese General Sun Tzu, to gain control of resources that will enable it to build a new empire while avoiding war.¹¹ According to Sun Tzu, “subjugating the enemy’s army without fighting is the true pinnacle of excellence.”¹² China views the SCS as “essential space for the future survival of the Chinese people.”¹³ China also recognizes the collective strength of the United States and its allies so seeks to avoid armed conflict until the balance of power shifts in its favor, something China believes will eventually occur. In the interim, China attempts to coerce its neighbors to surrender their territorial rights by conducting “gray zone operations.”¹⁴ Rather than using its navy and risking rapid escalation to secure its Nine-Dash Line claims—the vaguely defined area that encompasses most of the SCS that China uses to define its historical territorial ownership—China uses its Coast Guard and civilian fishing fleet as a de facto maritime militia to intimidate its neighbors and achieve its objectives. This approach normalizes Chinese presence in the disputed territories so that its competitors eventually capitulate and tacitly accept its dominion.¹⁵

The overlapping area between the southern limit of China’s Nine-Dash Line and the ROI’s EEZ north of the Natuna Islands is where China seeks to exploit the ROI’s historically-relaxed territorial control. This disputed territory contains fisheries that annually yield a million and a quarter tons of fish and sea beds that hold an estimated 46 trillion cubic feet of natural gas; these resources could generate an estimated \$253 billion of revenue per year.¹⁶ The natural gas contained within the EEZ alone represents almost a quarter of the estimated 190 trillion cubic feet of natural gas under the SCS, which equates to approximately 28 years’ worth of natural gas consumption or 91 years’ worth of Chinese natural gas imports.¹⁷ Despite publicly recognizing the ROI’s 2015 sovereignty claim over the Natuna Islands and remaining a signatory of the UN Convention on the Law of the Sea (UNCLOS), China believes that it possesses the right to control the resources found within the EEZ and has made several attempts to secure its claims.¹⁸

In March 2016, an Indonesian patrol boat seized a large Chinese fishing vessel in the Natuna Islands EEZ and detained its crew. A China Coast Guard (CCG) vessel illegally operating in Indonesian waters rammed the Chinese fishing boat to dislodge it from the patrol craft. After a second CCG vessel arrived, the hopelessly outmatched patrol craft retreated with

Maritime Diplomacy: Countering China in the South China Sea

the Chinese crew but released the fishing boat.^{19,20} During a second incident in May 2016, a Chinese fishing vessel in the EEZ refused to leave, so an Indonesian Navy (IN) frigate targeted it with warning shots, commandeered the ship, and arrested its crew.²¹ In June 2016, several Chinese fishing boats entered the EEZ again, and an IN vessel engaged them with direct fire, damaging one, and injuring some of its crew. China vehemently protested the escalation of force and asserted that the boats were fishing in “Chinese traditional fishing grounds.”²² China’s aggressive behavior, use of non-military capabilities, and disregard for its neighbors’ sovereignty demonstrate its “gray zone” methods and underscore the threat facing Jakarta and the region.

China also demonstrated its intent to “expand the reaches of its state-driven economic model, and reorder the region in its favor” in several other cases, which legitimized Indonesian and others’ concerns in the region.²³ When China disregarded the Republic of the Philippines’ fishing rights within its EEZ, the International Tribunal for the Law of the Sea at The Hague ruled in favor of Philippine claims over the Scarborough Shoal. The Hague’s 12 July 2016 ruling admonished China for its activities, “including its construction of artificial islands, and found that its expansive claim to sovereignty over (Philippine) waters had no legal basis.”²⁴ China repeatedly violated Vietnamese sovereignty between 2014 and 2016, including operating a state-owned offshore drilling rig in Vietnam’s EEZ, which led to vehement protests by Hanoi. Again, China asserted its right to access these resources based on historical precedence “since ancient times” rather than adhering to international law.²⁵

Even though China’s encroachments into Indonesian territory diminished after 2016, its behavior in the rest of the SCS confirms that it eventually seeks to dominate all waters within its Nine-Dash Line. Rather than pursuing a “shock and awe” campaign in the American way, China is willing to “gain space by decreasing force and increasing time.”²⁶ China likely established distant time horizons to achieve its goals, in part based on expected demand for natural resources. Approximately half of the world’s oil tanker traffic flows through the SCS, and economists expect that China, Japan, and South Korea will consume 90 percent of the Middle East’s fossil fuel exports by 2035, most of which travel through the SCS.²⁷ Since China views its ability to control the SCS as critical to its survival, it will continue to exercise “strategic patience” until gaining sufficient naval power to oppose the United States and its allies effectively.²⁸

The ROI struggles to combat China’s Nine-Dash Line claims, because it lacks the maritime resources to defend its sovereignty. As a strategic introvert, the ROI historically focused on internal jihadist/separatist threats. This focus led the country to habitually resource its Army rather than maritime forces, which prevented it from controlling its territory. The ROI possesses only 325 fast/patrol boats versus China’s 500, zero offshore/coastal patrol craft versus China’s 70, and five offshore patrol ships versus China’s 40.²⁹ China retains the advantage, and as it continues to expand its maritime capabilities and establish greater sea control throughout the SCS, time does not favor the ROI. Despite Indonesia’s resource shortfalls, President Joko

Widodo assumed an aggressive stance against China; his policies indicate a significant shift from the nation's traditional path. According to Jokowi, he sees the ROI as a regional leader with global influence that seeks to cooperate with other powers in pursuit of common national objectives that lead to stability in the region.³⁰

Challenging China: The Republic of Indonesia's Fleet, Strategy, and Coalition

If the United States desires to “preserve peace through strength” and maintain the balance of power in Asia, the time is right to support President Jokowi's geopolitical vision.³¹ While building the ROI's maritime forces is important, in the long run, it cannot directly compete with China's military. It must become an expert in employing a less-capable force against a superior threat while mastering the art of maritime diplomacy, as Jokowi suggested in the GMFD. The ROI's desire to transform from a strategic introvert to the “global maritime (fulcrum)” provides the United States a window of opportunity to support the ROI in operationalizing its foreign policy while countering China's hegemonic aspirations. The two nations can accomplish this by equipping and training the ROI's maritime force, developing and employing an effective sea denial strategy, and building regional coalitions.³²

Equipping and Training the Republic of Indonesia's Maritime Force

The GMFD's fifth pillar recognizes the importance of developing and training a maritime force capable of enforcing diplomatic efforts, and the United States is well-positioned to support this strategic goal. The ROI's long-term neglect of its fleet resulted in an inadequate maritime force that contains a mix of incompatible and aging systems. The United States can help it modernize its maritime force across a multi-domain spectrum (air, sea, and cyber); this includes upgrading Navy and Coast Guard platforms while developing a maritime militia. The ROI must generate a force capable of pursuing a strategy to gain relative advantage over a better-resourced opponent. By acquiring a mix of conventional and unconventional systems, it could field an asymmetric maritime capability. This approach leverages its existing fleet and hedges against China's Navy. As China's sea power grows over time, the ROI must improve its maritime capabilities and strive to fill the growing gap with partner capabilities from allies such as the United States.

During fiscal year 2018, the United States sold the ROI \$1.6 billion worth of weapons that included \$670 million for F-16 refurbishment and \$632 million for purchasing eight AH-64 Apache attack helicopters.³³ Over the next five years, the United States should expand the scope of foreign military sales (FMS) to the ROI so that Indonesian maritime forces can compete across all domains. Maintaining the status quo will not enable President Jokowi's GMFD vision to materialize. Through a mix of FMS and foreign military financing, the United States should provide Indonesia with maritime-focused capabilities. These include P-3 surveillance aircraft, low-cost P-3 deliverable sea mines, fast attack craft/fast inshore attack craft (FAC/FIAC) equipped with torpedoes or anti-ship missiles (select Indonesian fishing vessels could also be fitted with these armaments), and underwater unmanned systems (UUS) capable of

Maritime Diplomacy: Countering China in the South China Sea

ramming/attacking ships.³⁴ The ROI currently possesses five diesel submarines but requires twelve to fulfill mission requirements.³⁵ The United States no longer produces diesel submarines, but it could provide sufficient FMA to enable the Indonesians to acquire the necessary systems or accelerate domestic production. To counter Chinese submarine capabilities, the United States should provide MH-60 anti-submarine warfare (ASW) helicopters along with low-cost acoustic sensors to enhance their meager ASW capability. Furthermore, the United States should sell information operations capabilities that enable limited offensive cyber operations and electronic attack and jamming. Acquiring this mix of conventional and unconventional capabilities would allow the Indonesian maritime forces to operate along a broader spectrum of warfare.

Developing and Employing an Effective Strategy

As the ROI builds a maritime force with asymmetric capabilities, the United States should employ advisers from the US Navy (USN), US Special Operations Command, and the US Coast Guard to advise and assist its leaders as they develop a sea denial strategy and train their forces. This strategy leverages diplomatic and military tools that seek to convince China to abandon future EEZ encroachment and includes performing a mix of coercive military tactics (to either compel or deter), coalition building to increase the region's capacity to counter Chinese hegemony, and efforts to leverage the international courts to achieve favorable decisions.³⁶ Providing the ROI with a range of military capabilities would enable it to shift from conducting presence patrols with air, surface, and subsurface elements to employing offensive "swarms" of FAC/FIAC and armed fishing vessels. This capability could counter China's larger warships (similar to the manner that the Iranian Republican Guard Corps Navy threatens USN warships) while simultaneously attacking the Chinese in the electromagnetic spectrum and via shore-based cyber-attacks. Based on the diplomatic effect desired, the Indonesians could tailor the level of asymmetry in its approach.³⁷

For example, the ROI would maintain presence with coastal defense and IN ships in the vicinity of the Natuna Islands to compel China to halt its unauthorized fishing expeditions. If Chinese fishing vessels continue to violate the EEZ, IN ships could intercept them with conventional vessels. As CCG, or Peoples Liberation Army-Navy (PLA-N) forces, inevitably intervene, FAC/FIAC maritime forces could swarm the surface vessels, block PLA-N communications via frequency jamming, and isolate the force. Employing weaponized UUS near CCG or PLA-N hulls could serve as a grave warning that these assets could inflict significant damage if desired. Submarines would also maneuver to block any lines of retreat. Throughout the incident, P-3 aircraft would monitor the area for additional PLA-N reinforcements and provide ASW capability to protect the Indonesian submarines below. If PLA-N ships attempted to engage FAC/FIAC, the craft would retrograde while others attacked from unexpected directions. Combined USN-IN freedom of navigation (FON) patrols and overt displays of these capabilities from within the EEZ would add to the deterrent effect. If the

Chinese continuously experienced such asymmetric resistance, it might compel them to retrograde and ultimately deter future adventurism.

As the United States supports the ROI in building a capable, asymmetric maritime force and developing a strategy to employ that force, both militaries should increase the number and frequency of bilateral exercises. These exercises could attract the participation of other regional partners. Participating countries would develop maritime doctrine tailored to the capabilities and operational objectives applicable to their national goals. Although this interaction serves to increase interoperability, train the next generation of trainers, and expand Indonesian capabilities across relevant domains, it would also demonstrate US commitment to the ROI and the region.

The United States should, in turn, send a demarche to China that plainly states American support for the ROI's freedoms, stresses the importance of collaboration in the region, and highlights the collective right to self-defense. The USN's 7th Fleet can support such diplomatic initiatives with timely port visits to demonstrate solidarity with the ROI, particularly during crucial dates that align with Chinese Communist Party anniversary celebrations—dates that also factor into China's strategic time horizons. Ultimately, the US-supported sea denial strategy, asymmetric maritime capabilities, bilateral training, and diplomatic messaging provide the ROI with the ability to punch well above its weight. However, both countries must exercise caution and balance relations with China to avoid a broader confrontation.

The risk of error in pursuing this track, rather than yielding to China, is high. It is critical for the two nations to assess China's potential responses accurately; otherwise, all sides risk escalation to armed conflict.³⁸ As the United States and the ROI strengthen bilateral ties, they must act to reduce this risk. First, the USN cannot employ its warships against China's civilian fishing vessels, because that will immediately escalate the matter. However, the ROI's FAC/FIAC units and armed fishing vessels can do so without generating the same political effect. Rather than maintaining a constant presence in the SCS, the USN should employ its forces judiciously to maximize the diplomatic impact of SCS deployments. Second, Jakarta should seek to establish a crisis hotline with Beijing that allows all actors to de-escalate tensions via timely leader-to-leader communications.³⁹ Third, the ROI should adopt rules of engagement (ROE) that enable their maritime forces to apply the appropriate level of force to achieve the desired end state and ensure military actions do not dissuade likely allies from offering support.⁴⁰

Building Coalitions: Counterbalancing China through Strategic Multi-National Cooperation

Over the next five years, the United States should support collective efforts in the region to counter China by assisting the ROI in expanding regional maritime agreements with members of the Association of Southeast Asian Nations (ASEAN) and the Indian Ocean Rim Association (IORA). The goal would be to promote "common acts against common threats."⁴¹ While not all nations in these organizations would join the effort due to natural constraints, the organizations' existence and the relationships therein provide a suitable framework from which the two nations

Maritime Diplomacy: Countering China in the South China Sea

can start. Member countries would likely have to resolve or reprioritize existing overlapping claims in the SCS (e.g., control of the Ambalat sea block between Indonesia and Malaysia⁴²) before collaborating to deter Chinese expansionism. Nevertheless, such cooperative efforts can achieve far greater effect against China while reducing the cost to each of its members. They can also achieve Jokowi's goal of creating an "enduring architecture to prevent great power hegemony."⁴³ The United States should target India, in particular, as the key player within IORA whose support is essential. India's rising global prestige, dominant strategic position, and nuclear arsenal add tremendous weight to counterbalance China's aggression.

In an effort to assist Jokowi's foreign policy and promote respect for internationally recognized rights and boundaries, the United States should support the ROI in filing a UNCLOS claim at The Hague on behalf of participating ASEAN and IORA members. This "class action lawsuit" would seek to leverage yet another judgment against China's fishing violations within the members' SCS EEZs. Also, it would legally reinforce FON throughout the SCS and Indian Ocean for all ASEAN and IORA members and the rest of the global community.

Over the next ten years, the United States should support the ROI and other regional participants by developing a robust military alliance modeled after the North Atlantic Treaty Organization (NATO). ASEAN serves as a political entity focused primarily on economic and some military collaboration. While not all ASEAN members would likely participate, the ROI could leverage its relationships to construct a permanent security alliance between member states that strives to "preserve peace through strength" in the region.⁴⁴ As the alliance grows and draws support from powerful countries such as Japan and emerging powers such as Vietnam, IORA nations could join and form an Indo-Pacific Security Alliance (IPSA). The United States could support these partnerships by expanding FMS to member nations and promote durable relations between NATO and the newly formed IPSA. IPSA could become a NATO-compatible and NATO-friendly organization in the Far East and bolster US influence in the region. Achieving this goal would take time, but member countries could initially focus on collaboration during humanitarian assistance/disaster relief missions and gradually increase force integration. As the cohesion of IPSA grows, the United States could assist its forces in establishing standing amphibious task forces similar to the Naval Striking and Support Forces NATO (STRIKEFORNATO) capable of countering China's growing maritime capabilities.⁴⁵

Counterargument and Rebuttal

Some might argue that the United States does not have a meaningful territorial claim in SCS and should not involve itself in matters between China and its neighbors. The Chinese Ministry of Foreign Affairs stated that "the South China Sea is clearly calm without storms, but someone insists on provoking a storm out of it. When some in the United States relate the so-called navigation freedom to marketing their own weapons, their real purpose is all too clear."⁴⁶ Skeptics claim that neighboring states, including the neutrally-aligned ROI (it pursues a policy of non-alignment with great powers), must maintain amicable Sino relations due to China's

importance as a trading partner rather than siding with the United States. Furthermore, it may initially defy Chinese advances, but, in the end, the country lacks the national will to engage in a long-term standoff with China.

The ROI knows that it cannot singularly cope with China's attempts to control its SCS resources, yet it remains unclear whether it would align with the United States or China. China's current trajectory of ignoring international law and fortifying numerous islands throughout the SCS to redefine sovereign boundaries shows no sign of abating. Therefore, the ROI faces two choices: 1) appease the aggressor by seeking a settlement that provides China with the resources it requires but affords only a portion to the rightful owner; or 2) join with potent allies that empower it to pursue its strategic objectives, to include defending its territorial integrity against a rising giant. Despite its non-alignment policy, the ROI previously demonstrated the willingness to ally with countries capable of countering unilateral threats. During the height of the Global War on Terror, it sought refuge with China out of fear of becoming a victim of US unilateralism.⁴⁷ However, as China assumed a more aggressive posture toward its neighbors, the ROI informally annulled this relationship and now seeks to develop alternative security arrangements, as evidenced in Jokowi's GMFD and foreign policy. This policy shift signals a unique opportunity for Washington to engage Jakarta and rekindle meaningful relations where both countries pursue common interests.

The 2014 election of Jokowi signaled a sea change in the Indonesian attitude toward Chinese expansion in the region. While it may have lacked the will to confront China in the pre-Jokowi days, President Widodo's cabinet meeting aboard an Indonesian warship while sailing off the coast of the Natuna Islands shortly after the third maritime incursion in June 2016 demonstrated the ROI's resolve to stand its ground.⁴⁸ Its current leadership clearly demonstrates the will to defend its sovereign territory, especially if backed by a great power such as the United States that can assure its security and provide alternative markets for its goods. While China remains committed to controlling the SCS, it can be deterred. Providing that the United States remains dedicated to countering Chinese hegemony in the region, to include using force or the threat of force if necessary, the United States, the ROI, and the other regional partners can effectively retain the balance of power in their favor.

Conclusion

Indonesian President Joko Widodo provided the United States with a unique opportunity to pursue a multi-layered partnership with like-minded countries to counter China's aggressive expansion. The United States should reciprocate; it and other countries would like to deter behavior that threatens the world order, challenges democratic values, and subverts international norms. Jokowi's GMFD and foreign policy guidance align with the strategic interests of the United States and many nations in the region. It is imperative that American leaders act to support the ROI as it stands against China because, "for much of the world, America's liberties are inspirational, and the United States will always stand with those who seek freedom."⁴⁹ By

Maritime Diplomacy: Countering China in the South China Sea

supporting the foreign policy-focused strategic objectives in the GMFD, US efforts empower the ROI to rightfully protect its sovereign territory and stabilize relations in the SCS. Furthermore, US support buttresses democratic values. Failure to support Indonesia and the region allows China's illegal actions to go unchecked and solidifies a Sino-dominated world where "the strong do what they can, and the weak suffer what they must."⁵⁰ By receiving the appropriate resources, strategy, and collective support, the ROI can confidently challenge China and win.

¹ Vivian Louis Forbes, *Indonesia's Delimited Maritime Boundaries* (Berlin: Springer, 2014), 90.

² "China Goes 1 for 2 in Fishing Boat Wars with Neighbors," *Fortune*, March 21, 2016, <http://fortune.com/2016/03/21/china-indonesia-fishing-coastguard-incident/>.

³ Dewi Santoso and Fadhillah Nafisah, "Indonesia's Global Maritime Axis Doctrine: Security Concerns and Recommendations," *Jurnal Hubungan Internasional* (Jan 9, 2018): 87, <https://www.openaire.eu/search/publication?articleId=journalofuni::df1aaabfe173e21e3885ca0de513ed9e>.

⁴ Scott Bentley, "Indonesia: An Emerging Maritime Power," *Asia-Pacific Regional Security Assessment 2015* 13, no. 3 (May, 2015): 135, <https://www.iiss.org/publications/strategic-dossiers/asiapacific-regional-security-assessment-2015/rsa15-11-chapter-9>.

⁵ Dharma I Gusti Bagus Agastia and Anak Agung Banyu Perwita, "Jokowi's Maritime Axis: Change and Continuity of Indonesia's Role in Indo-Pacific," *Journal of ASEAN Studies*, no. 1 (Jul 30, 2015): 36, <https://doi.org/10.21512/jas.v3i1.751>

⁶ Bentley, "Emerging Maritime Power," 136.

⁷ Agastia and Perwita, "Jokowi's Maritime Axis," 36.

⁸ The White House, *National Security Strategy of the United States of America*, (Washington, D.C., 2017): 45.

⁹ *Ibid.*, 46.

¹⁰ Paul Selva, "Joint Concept for Integrated Campaigning," *The United States Department of Defense* (March 16, 2018):9, http://www.jcs.mil/Portals/36/Documents/Doctrine/concepts/joint_concept_integrated_campaign.pdf?ver=2018-03-28-102833-257

¹¹ Liu Jun and Xuejun Liu, "China and its Neighbors: A Delicate Balance," *The National Interest*, December 1, 2016, <https://nationalinterest.org/print/feature/china-its-neighbors-delicate-balance-18577>.

¹² Ralph Sawyer, *Sun-Tzu: The Art of War*, (Boulder, CO: Westview Press, Inc., 1994), 177.

¹³ Peter Dutton, "Conceptualizing China's Maritime Gray Zone Operations," (Naval War College, 2018), 1.

¹⁴ *Ibid.*, 1.

¹⁵ Alex Calvo, "Asymmetric Maritime Diplomacy: Involving Coastguards, Maritime Militias in China Dealings," Center for International Maritime Security, <http://cimsec.org/asymmetric-diplomacy-time-maritime-nations-involve-coastguards-maritime-militias-dealings-china/23842>.

¹⁶ Margareth Aritonang and Wendra Ajistyatama, "Natuna, Anambas Blessed with Abundant Resources." *The Jakarta Post*, February 17, 2014, <http://www.thejakartapost.com/news/2014/02/17/natuna-anambas-blessed-with-abundant-resources.html>.

¹⁷ Jeremy Maxie, "The South China Sea Disputes and Law of the Sea," *Forbes*, April 26, 2016, <https://www.forbes.com/sites/jeremymaxie/2016/04/25/the-south-china-sea-dispute-isnt-about-oil-at-least-not-how-you-think/#2a02b85c6970>.

¹⁸ Gary Sands, "Indonesia Refuses to Bow to China in the South China Sea," *National Interest*, June 23, 2016, <https://nationalinterest.org/print/blog/the-buzz/indonesia-refuses-bow-china-the-south-china-sea-16696>.

¹⁹ Erik DeCastro, "Breaking the Silence: Indonesia Vs. China in the Natuna Islands." *The Diplomat*, March 23, 2016, <https://thediplomat.com/2016/03/breaking-the-silence-indonesia-vs-china-in-the-natuna-islands/?allpages=yes&print=yes>.

²⁰ Sands, "Indonesia Refuses to Bow."

²¹ *Ibid.*

²² Leo Suryadinata, "The Natunas Incident and Indonesia-China Relations," *The Straits Times*, Jun 23, 2016, <https://www.straitstimes.com/opinion/the-natunas-incident-and-indonesia-china-relations>.

²³ The White House, *National Security Strategy*, 25.

- ²⁴ Jane Parlez, "Tribunal Rejects Beijing's South China Sea Claims," *The New York Times*, Jul 12, 2016, <https://www.nytimes.com/2016/07/13/world/asia/south-china-sea-hague-ruling-philippines.html>.
- ²⁵ Ibid.
- ²⁶ Dutton, "Maritime Gray Zone Operations," 4.
- ²⁷ Maxie, "Disputes and Law of the Sea."
- ²⁸ Dutton, "Maritime Gray Zone Operations," 4.
- ²⁹ Bentley, "Emerging Maritime Power," 137.
- ³⁰ Ibid., 136.
- ³¹ The White House, *National Security Strategy*, 25.
- ³² Bentley, "Emerging Maritime Power," 135.
- ³³ United States Pacific Command, "(FOUO) Country Security Cooperation Plan: Indonesia."
- ³⁴ Richard Scott, "Surviving the Swarm: Navies Eye New Counters to the FIAC Threat," Jane's, accessed October 25, 2018. <https://janes-ihc-com.usnwc.idm.oclc.org/Janes/Display/jni75976-jni-2014>.
- ³⁵ Prashanth Parameswaran, "What's Next for Indonesia's Submarine Program?" *The Diplomat*, Aug 29, 2018, <https://thediplomat.com/2018/08/whats-next-for-indonesias-submarine-program/>.
- ³⁶ Geoffrey Till, *Seapower: A Guide for the Twenty-First Century* (New York, NY: Routledge, 2013), 225.
- ³⁷ Calvo, "Asymmetric Maritime Diplomacy."
- ³⁸ Till, *Seapower*, 236.
- ³⁹ Ibid., 244.
- ⁴⁰ Ibid., 236.
- ⁴¹ Ibid., 246.
- ⁴² "Security," *Jane's Sentinel Security Assessment - Southeast Asia*, (August 15, 2018), 1-2.
- ⁴³ Agastia and Perwita, "Jokowi's Maritime Axis," 36.
- ⁴⁴ The White House, *National Security Strategy*, 4.
- ⁴⁵ North Atlantic Treaty Organization, "NATO Striking and Support Forces," accessed October 18, 2018. <https://sfn.nato.int/>.
- ⁴⁶ Leslie Fong, "What's Behind Beijing's South China Sea Moves – and Why Us Patrols are Making Things Worse," *South China Morning Post*, March 29, 2018, <https://www.scmp.com/week-asia/geopolitics/article/2139073/whats-behind-beijings-south-china-sea-moves-and-why-us-patrols>.
- ⁴⁷ Daniel Novotny, *Torn between America and China*, (Singapore: Institute of Southeast Asian Studies, 2010), 300.
- ⁴⁸ Sands, "Indonesia Refuses to Bow."
- ⁴⁹ The White House, *National Security Strategy*, 41.
- ⁵⁰ Robert B Strassler, *The Landmark Thucydides*, (New York, NY: The Free Press, 1996), 352.

BIBLIOGRAPHY

- "Security." *Jane's Sentinel Security Assessment - Southeast Asia* (August 15, 2018): 1-7.
- Agastia, I Gusti Bagus Dharma and Anak Agung Banyu Perwita. "Jokowi's Maritime Axis: Change and Continuity of Indonesia's Role in Indo-Pacific." *Journal of ASEAN Studies*, no. 1 (Jul 30, 2015): 32-41. <https://doi.org/10.21512/jas.v3i1.751>.
- Aritonang, Margareth and Wendra Ajistyatama. "Natuna, Anambas Blessed with Abundant Resources." *The Jakarta Post*, February 17, 2014. <http://www.thejakartapost.com/news/2014/02/17/natuna-anambas-blessed-with-abundant-resources.html>.
- Baker, Bernice. "Iran's Fast Attack Craft Fleet: Behind the Hyperbole." *Line*, January 16, 2013. <https://www.naval-technology.com/features/featureiran-fast-attack-craft-fleet-behind-hyperbole/>.
- Bentley, Scott. "Indonesia: An Emerging Maritime Power." *Asia-Pacific Regional Security Assessment 2015* 13, no. 3 (May, 2015): 135-146. <https://www.iiss.org/publications/strategic-dossiers/asiapacific-regional-security-assessment-2015/rsa15-11-chapter-9>.
- Calvo, Alex. "Asymmetric Maritime Diplomacy: Involving Coastguards, Maritime Militias in China Dealings." Center for International Maritime Security. <http://cimsec.org/asymmetric-diplomacy-time-maritime-nations-involve-coastguards-maritime-militias-dealings-china/23842>.
- DeCastro, Erik. "Breaking the Silence: Indonesia Vs. China in the Natuna Islands." *The Diplomat*, March 23, 2016. <https://thediplomat.com/2016/03/breaking-the-silence-indonesia-vs-china-in-the-natuna-islands/?allpages=yes&print=yes>.

Maritime Diplomacy: Countering China in the South China Sea

- Dutton, Peter. "Conceptualizing China's Maritime Gray Zone Operations." Naval War College, 2018.
- Fong, Leslie. "What's Behind Beijing's South China Sea Moves – and Why Us Patrols are Making Things Worse." *South China Morning Post*, March 29, 2018. <https://www.scmp.com/week-asia/geopolitics/article/2139073/whats-behind-beijings-south-china-sea-moves-and-why-us-patrols>.
- Forbes, Vivian Louis. *Indonesia's Delimited Maritime Boundaries*. Berlin: Springer, 2014.
- Jun, Liu and Liu Xuejun. "China and its Neighbors: A Delicate Balance." *The National Interest*, December 1, 2016. <https://nationalinterest.org/print/feature/china-its-neighbors-delicate-balance-18577>.
- Maxie, Jeremy. "The South China Sea Disputes and Law of the Sea." *Forbes*, April 26, 2016. <https://www.forbes.com/sites/jeremymaxie/2016/04/25/the-south-china-sea-dispute-isnt-about-oil-at-least-not-how-you-think/#2a02b85c6970>.
- Mizokami, Kyle. "Inside China's Plan to Build the Second-Biggest Aircraft Carrier Fleet in the World." *Foxtrot Alpha*, September 7, 2018. <https://foxtrotalpha.jalopnik.com/inside-china-s-plan-to-build-the-second-biggest-aircraf-1828730033>.
- North Atlantic Treaty Organization. "NATO Striking and Support Forces." Accessed October 18, 2018. <https://sfn.nato.int/>.
- Novotny, Daniel. *Torn between America and China*. Singapore: Institute of Southeast Asian Studies, 2010.
- Parameswaran, Prashanth. "What's Next for Indonesia's Submarine Program?" *The Diplomat*, Aug 29, 2018. <https://thediplomat.com/2018/08/whats-next-for-indonesias-submarine-program/>.
- Parlez, Jane. "Tribunal Rejects Beijing's South China Sea Claims." *The New York Times*, Jul 12, 2016. <https://www.nytimes.com/2016/07/13/world/asia/south-china-sea-hague-ruling-philippines.html>.
- Reuters and Fortune Editors. "China Goes 1 for 2 in Fishing Boat Wars with Neighbors." *Fortune*, March 21, 2016. <http://fortune.com/2016/03/21/china-indonesia-fishing-coastguard-incident/>.
- Sands, Gary. "Indonesia Refuses to Bow to China in the South China Sea." *National Interest*, June 23, 2016. <https://nationalinterest.org/print/blog/the-buzz/indonesia-refuses-bow-china-the-south-china-sea-16696>.
- Santoso, Dewi and Fadhillah Nafisah. "Indonesia's Global Maritime Axis Doctrine: Security Concerns and Recommendations." *Jurnal Hubungan Internasional* (Jan 9, 2018). <https://www.openaire.eu/search/publication?articleId=journalofuni::df1aaabfe173e21e3885ca0de513ed9e>.
- Sawyer, Ralph. *Sun-Tzu: The Art of War*. Boulder, CO: Westview Press, Inc., 1994.
- Scott, Richard. "Surviving the Swarm: Navies Eye New Counters to the FIAC Threat." *Jane's*. Accessed October 25, 2018. <https://janes-ihs-com.usnwc.idm.oclc.org/Janes/Display/jni75976-jni-2014>.
- Selva, Paul J. "Joint Concept for Integrated Campaigning." *The United States Department of Defense* (March 16, 2018): 1-48. http://www.jcs.mil/Portals/36/Documents/Doctrine/concepts/joint_concept_integrated_campaign.pdf?ver=2018-03-28-102833-257.
- Strassler, Robert B. *The Landmark Thucydides*. New York, NY: The Free Press, 1996.
- Suryadinata, Leo. "The Natunas Incident and Indonesia-China Relations." *The Straits Times*, Jun 23, 2016. <https://www.straitstimes.com/opinion/the-natunas-incident-and-indonesia-china-relations>.
- The White House. *National Security Strategy of the United States of America*. Washington, D.C., 2017.
- Till, Geoffrey. *Seapower: A Guide for the Twenty-First Century*. New York, NY: Routledge, 2013.
- United States Pacific Command. "(FOUO) Country Security Cooperation Plan: Indonesia."

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

Jeremy M. Komasz, Capt., US Navy

Introduction

In “Summary of the 2018 National Defense Strategy (NDS) of the United States,” Secretary of Defense James Mattis (SECDEF) outlines the priorities for the US military. He directly addresses China and its efforts to militarize areas of the South China Sea. From his introduction, SECDEF clearly defines the changing security environment and China’s changing role in an increasingly complex, geopolitical world.¹ The NDS defines three lines of effort, one of which is “strengthening alliances as we attract new partners.”² In support of this line, the US Indo-Pacific Command (INDOPACOM) should more actively engage the Indonesian National Armed Forces (Tentara Nasional Indonesia, or TNI) as a strategic partner in the region through the Building Partner Capacity (BPC) construct.

Recent decisions by the Government of Indonesia (GOI) present a path for engagement to build partner capacity with the TNI, with long-term strategic impact.³ The reestablishment of the Indonesian Joint Special Operations Command (IJSOC) allows US Special Operations Forces (SOF) the opportunity to assist in the building of this organization from its inception as a professional and capable operational headquarters, able to conduct well-planned and well-executed joint SOF missions domestically, regionally, and internationally. Building Partner Capacity within IJSOC and the Indonesian Special Operations Forces (ISOF) provides a buffer against Chinese influence in the region, supports regional stability through existing cooperative organizations, and offers the United States a skilled operational partner for the future

Background

INDOPACOM encompasses a vast area of responsibility (AOR). Hereafter, this paper defines the “region” as that area within the Second Island Chain. The position of the Second Island Chain in the Western Pacific establishes a common reference for Chinese intervention. It is located east of the Philippines and runs through the Philippine Sea. The Second Island Chain generally begins in Japan at Honshu Island, runs south/southeast through the Northern Mariana Islands, Guam and the Federated States of Micronesia. It then runs west/southwest through Maluku and south to the northern tip of Australia.⁴ The Republic of Indonesia (ROI) is an increasingly important actor in the region and a developing partner for US engagement. Its geographic position, valuable natural resources, growing economy, substantial military power, and young democratic government make the country and its citizens important to US interests across the AOR. The archipelagic geography of the ROI and the wider region result in a porous border environment that presents a significant security challenge, in which malign actors can potentially move freely.

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

The geographic complexity and the geopolitical situation in the region lend itself to BPC through increased use of Security Force Assistance (SFA) and Foreign Internal Defense (FID) missions and funding. US SOF are accustomed to working in complex operational environments like these and have historically performed extensive SFA and FID missions. US SOF missions enhance country and regional security through direct engagement with partner nation SOF at the tactical, operational, and strategic levels. Many of the Association of South East Asian Nations (ASEAN) nations employ SOF within the region. ISOF is fully engaged, participating in both bilateral and multilateral exercises and operations.⁵ ISOF will greatly benefit from additional US engagement to build IJSOC into a strategically-savvy, operationally-adept force.

All four Indonesian military services field a special operations force. The national police force maintains a special operations/counter-terrorism (CT) capability, as well. ISOF is a capable and mature force, comprised of approximately 12,000 personnel, able to conduct the full spectrum of special operations missions.⁶ The TNI sets the regional standard for CT strategy and is better tactically equipped to address the various aspects of terrorism than other nations in the region.⁷ Manning constraints within US SOF preclude persistent engagement by units at each ISOF tactical element with the regularity necessary for professionalism at the operational level and higher. A small US SOF element, however, will increase understanding of the operational environment. The initial contingent of US SOF will explore relationships within Indonesian military and civilian authorities. Initial engagement with IJSOC can help to guide service and unit-level engagement to better inform US decision makers where best to apply resources. A small initial US SOF footprint helps decision makers determine the proper balance for US involvement and illuminates the important role of scalable, multi-faceted BPC.⁸

BPC is an essential element of US strategy going forward to maintain a positive, competing world order.⁹ It involves the partner nation, its populace, and international partners in the development, amplification, and application of elements of national power (force) to support that nation's citizens and contribute to international peace and stability.¹⁰ It is multi-faceted and involves resources from both governmental and non-governmental players, aimed at engagement over time to enhance a nation's institutions and operational environment. BPC sets the conditions for sustained security through intermediate conditions that build toward focused, sustainable objectives. An inherently complex activity, BPC involves numerous activities at the tactical, operational, and strategic levels. These activities vary in scale and number and may occur singularly, in series, or parallel. All activities focus on building capabilities into capacities and building capacities into long-term security and stability.¹¹

The National Security Strategy (NSS) of the United States provides strategic guidance to the decision makers within the US Department of Defense (DOD) and the US Department of State (DoS). The Secretary of State (SECSTATE) and SECDEF provide more detailed guidance through the Joint Strategic Plan (JSP) and the NDS, respectively. The DoS's Integrated Country Strategy (ICS) applies the JSP's guidance, with DOD input. The ICS for the ROI lists Mission

Goal 2 as “strengthen security,” based on its contributions to “regional and international peace and security through modern and professional defense and law enforcement agencies and engaged community support.”¹² The ICS further states that “Indonesia’s inadequate defense posture, management process, readiness, and joint capabilities currently prevent it from more effectively cooperating with the U.S.”¹³ The improvement of these operational level elements by TNI will help the ROI realize an increased role in the future regional balance of power.

The ICS and NDS both show clear benefit from increased military-to-military engagement with Indonesia. Through this engagement, the military can meet the SECDEF’s vision of stronger alliances and partnerships that help deter aggression, provide mechanisms for action, and extend the United States’ network of capable partners.¹⁴ The IJSOC is composed of a mature, tactical-level force but has yet to achieve its full potential to perform joint training and operations. Increased assistance from the United States will help the ROI focus more strategically and operationally, vice tactically.¹⁵ Support from US SOF is a small, low-cost/high-return approach to assist this strategic partner.

The Case for Building Partner Capacity via ISOF

Buffer Against Aggressive Regional Players

The ROI is a logical partner for the United States and can play a role in countering China as a common aggressor. The relationship between the two nations is healthy; they share many institutional standards as two of the world’s largest democracies. The steadily growing economy and the increasingly stable government provide a secure foundation for further support from the United States.¹⁶ Engaging with and continuing to professionalize ISOF will have lasting stabilization effects on the GOI and its institutions. Engagement, professionalism, and growth, however, take time. A long-term commitment by the United States makes balancing each countries’ desired end states more achievable. BPC, as a strategic concept, is a long-term commitment with strategic implications for both the partner nation and the United States.¹⁷ Applying the BPC construct provides the United States with an indirect approach to countering Chinese influence in the region.

An indirect approach to US strategic goals leverages the mutual goals of both partner nations, reduces the need for large numbers of deployed US forces, and minimizes direct US engagement. All US SOF participate in BPC doctrinally through SFA and FID, among other core SOF missions.¹⁸ Successful use of SFA and FID are effective in establishing partner nation deterrent forces capable of countering both state and non-state hostile actors.¹⁹ Direct BPC efforts through SFA and FID to professionalize and legitimize IJSOC and ISOF offer an opportunity for US SOF to assist in the development of a formal, operational-level SOF headquarters in a key Indo-Pacific nation.²⁰ Based on sustained efforts in Afghanistan, Iraq, and many other countries, US SOF has established itself as the subject matter experts in working by, with, and through partner nation forces. Its ability to provide advice and training builds capability and capacity that is sustainable, transparent, within the rule of law, and increases the

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

legitimacy of the partner nation's military.²¹ Supporting the development of the IJSOC and ISOF capitalizes on a traditional SOF activity within the deterrence arm of US policy.²² Knowing that the ROI possesses effective, well-trained, and professional operational-level SOF, able to secure the nation and assist in the region, will force China, or any other antagonist, to reconsider aggressive action.

ASEAN nations are increasing spending on SOF capabilities to counter uncertainty in the region.²³ Many nations within the region currently benefit or have benefitted from USSOCOM engagement and collaboration.²⁴ Engaging IJSOC and ISOF furthers the indirect US approach to regional stability and supports Indonesian and US strategic goals in the Indo-Pacific. US SOF sees future success and stability as dependent on this indirect approach,²⁵ which enables partner nations to build military self-sufficiency.²⁶ The ROI has taken the lead in ASEAN on many occasions, and its widely regarded as a leader in the organization.²⁷ As it becomes increasingly bold in its assertions of sovereignty,²⁸ the professionalization of ISOF/IJSOC into an operational and strategic level actor indirectly expands US influence, reach, and strategic position to counter China's effort to disrupt the global commons.

A strong partner in the region allows the United States access in the event of a manmade or natural contingency. In the US Special Operations Command's (SOCOM) *SOCOM 2020* Vision, then-SOCOM Commander Admiral William McRaven asserted that the United States cannot address future challenges alone. Resource constraints and growing requirements necessitate that US SOF build a global SOF network of like-minded partners within the defense and interagency communities. Proactive actions by these partners provide cost-effective mechanisms for advanced threat warning and support cooperative solutions across the full spectrum of operations. To build strong partnerships, US SOF must think differently and better understand the multi-faceted cultural and global context to strengthen trust through cooperation.²⁹ SOCOM recognizes the strategic importance of partnerships, specifically in the ROI, and aims to influence and enable them as a skilled partner for future security. US Special Operations Command, Pacific (SOCPAC) identifies it as an area of focus within South East Asia.³⁰ Engagement with the nation is needed, supported, and in the best interest of long-term US strategy in the region.

Bolstering Regional Organizational Stability

US SOF understands the strategic environment and is skilled at translating strategic imperatives to the operational level, working closely with our partners and allies to achieve those goals and influence the environment.³¹ To SOCOM, the impacts of BPC are vital enough to realign forces to capitalize on Global War on Terrorism (GWOT) experience and increase overall US SOF capacity.³² Through this force realignment, SOCOM can assist IJSOC in translating the GOI's strategic vision into operational action. A solid operational plan is paramount to government and military stability and legitimacy in the region. Regional stability,

through legitimized state actors and strong intergovernmental organizations, provides an environment under which all nations of the world can prosper.

The reestablishment of the IJSOC is a bold move on behalf of the TNI, but a move other ASEAN members are also making.³³ As other regional SOF continue to mature, the ROI must keep pace to maintain a leadership position. IJSOC and ISOF can contribute to both national and regional security and stability through better command and control (C2) of joint, and eventually, combined forces. This is an area where US SOF's extensive experience and lessons learned directly apply. A capable ISOF command and control organization provides stability within TNI and the GOI. A stable TNI and GOI will deter aggression, stabilize the greater regional political, economic, and military climate, and increase the ROI's ability to support other regional partners. Mature, operational-level headquarters are necessary for effective C2.

Aggressive actions by China in the region stress the stability between nations and within International Governmental Organizations (IGOs). The rise of China, struggles within US politics, and issues in Europe necessitate a larger role for ASEAN as a counter to Chinese ambitions – as an equal partner, not just for the benefit of the member nations, but for the region.³⁴ Since the 1990's, Indonesian foreign policy has focused on cooperation in order to maintain peace and stability in the region. Members see ASEAN as a shield to the China threat while allowing relations with the West, including defense cooperation with the United States.³⁵ From the first ASEAN summit in 1976, its member states stressed that the strength of each country contributes to national and regional resilience. Close cooperation within ASEAN is paramount to regional stability and preferred to relying upon a powerful, external partner for security.³⁶ As ASEAN continues to increase military coordination with the ROI leading, US involvement in professionalizing the IJSOC and ISOF will only help bolster its position within the organization. US professionalization of TNI supports the ASEAN goal of individual members strength without the United States as a foreign security guarantee. Partnerships, trust, and interdependence between military and other government agencies take time to build.³⁷ The sooner US SOF can effectively engage in the ROI, the quicker the United States can expand influence, security, and stability to meet our strategic goals as nested within those of the country.

Regular information sharing enhances regional stability, although it is a challenge in nearly every aspect of Joint/Combined operations. Not easily done, but imperative to success, information sharing is conducive to building open, honest, and trusting relationships with partner forces and between military and government agencies. A lack of information sharing within GOI makes the country more vulnerable to violent extremist organizations (VEOs).³⁸ As recently as the 2018 Pacific Area Security Sector Working Group (PASSWG) hosted by SOCPAC, the countries in attendance identified information sharing as a key to an effective organization.³⁹ The region has a collaboration tool available via the All Partners Access Network (APAN).⁴⁰ If this proves to be insufficient for TNI requirements to protect the nation and help stabilize the region, the United States should sponsor the expansion of a shared network

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

with capabilities similar to CENTRIX and BICES, which are successful in other regions. Support to this effort offers benefits beyond merely providing information to the ROI and other regional partners; the United States and allies stand to gain access to information previously unavailable. This information can be processed and analyzed by partner nations within a cooperative regional organization and made available for hard or soft action by regional partners or acted upon by US SOF, already positioned in the region.

Future Strategic Partner

Regional actors take a protracted approach to countering US interests in the area. China and VEOs have time on their side to influence populations, change ideology, and create conditions where those populations challenge their governments. An indirect approach by the United States is an appropriate response and will help to build a long-term strategic partnership between the United States and the ROI. To achieve this, US SOF must build senior-level relationships and deep cultural understanding.⁴¹ This approach is more affordable (acceptable) for the host nation, applicable to their needs, and fits within the construct of their organizations.⁴² Starting with IJSOC and ISOF allows INDOPACOM a small-scale increase in SFA and FID. US SOF engagement is scalable or can be canceled if the operational environment changes and requires a different approach.

The current approach to supporting ISOF is insufficient. Known as Military Liaison Elements (MLEs) or PACOM Augmentation Teams (PATs), the billets and personnel for these teams come from the existing SOCPAC structure. SOCPAC supports approximately 12 MLEs/PATs of various sizes throughout the AOR. Although PAT-Indonesia has one of the largest teams – a four-man core element and a four-man Civil Affairs (CA) and Military Information Support Team (MIST) - the leadership of the PAT is at the O3 level, vice the O5/O6 level where it was only a few years ago. The PAT must deal with a myriad of administrative challenges from both the US Embassy and the GOI.⁴³ Although our junior officers are highly astute and capable, their experience during 17 years of combat operations focused on direct-action missions. To more effectively build partner capacity, US SOF must leverage senior personnel with previous experience in the indirect approach. Key leader engagements at the flag officer and general officer level are required to further strengthen the partnership and maintain senior leadership involvement and support from the IJSOC, ISOF, and TNI.

SOCOM has undergone a wargaming, analysis-supported process to properly resource and support the Theater Special Operations Commands (TSOCs) to better meet Geographic Combat Command (GCC) requirements.⁴⁴ SOCOM has also been expanding its Special Operations Liaison Officer (SOLO) program. SOLOs work at the embassy level, acting as the SOCOM representative and SOF advisor for the specified country. They are trained to build relationships, synchronize operations, and coordinate interagency support within the host nation and the US Country Team.⁴⁵ Only Japan and Australia currently have SOLO's assigned in the region.⁴⁶ Based on the strategic importance of IJSOC and ISOF, a SOLO for the ROI is

warranted. Engagement at this level will help bring a whole of government approach to the development of operational-level capacity to IJSOC and stress the importance of interagency coordination for operational and strategic success.

A professionalized ISOF allows SOCOM to expand its global SOF network, a Line of Operation (LOO) in the *SOCOM 2020* vision that actively supports the country team and GCC goals in alignment with the NDS.⁴⁷ US SOF can ensure alignment with interagency partners through forward-based, persistent presence, closely integrated with our ISOF partners to protect our interests and provide rapid response to a host of contingencies.⁴⁸ This persistent presence may seem at odds with the manpower shortfalls previously mentioned, but SOCOM's force optimization is aimed at just these types of missions. Increasingly important in the modern geopolitical landscape, the United States and our partners must build trust over time; it cannot be surged when a crisis arises.⁴⁹ INDOPACOM, SOCOM, and SOCPAC must make a long-term, sustained commitment to IJSOC, ISOF, TNI and the whole of the GOI to advance shared interests in the region and support security and stability for Indonesia and other regional partners.

Counter-Arguments

Previous human rights abuses by ISOF have been well publicized, causing critics to argue against the United States building partner capacity in Indonesia.⁵⁰ However, SECDEF has engaged in discussions just this year regarding improving military cooperation with ISOF.⁵¹ Secretary Mattis acknowledges past abuses by potential partners and reaffirmed that the United States will continue to comply with the Leahy Law, which prevents the United States from training military units until the partner nation addresses questions on human rights.⁵² A complex process which involves US embassies, DoS, and other government organizations, Leahy vetting determines the individuals and units of a partner nation eligible to receive assistance and training from the DOD and other US government organizations.⁵³ The US military and the whole of the US government does not take these accusations lightly, canceling FID and SFA missions and removing personnel from training based on the vetting process. The American people should have confidence that the United States and its military will continue to perform due diligence regarding human rights issues.

The GOI is actively addressing these past abuses. During a periodic review by the United Nations of its human rights record in 2017, the ROI committed to reform the military tribunal system, including reforms to its military criminal code.⁵⁴ Strengthening military-to-military relationships, building trust, and establishing a partnership with IJSOC provides US SOF with the ability to train and influence current and future ISOF personnel on the proper military respect for human rights. Strengthening the "duty-to-inform" provision of the Leahy Laws will foster further cooperation with partner nation governments and law enforcement and reinforce that US assistance is only available to nations that comply with internationally-accepted human rights standards. Any security force assistance package should include assistance to partners in the investigation and prosecution of suspected abuses.⁵⁵

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

US SOF has been stretched nearly to the breaking point during the GWOT. Many will argue that due to ongoing operations throughout the world, SOF should not be asked to do more. USSOCOM disagrees, and with the *SOCOM 2020* posture statement began to realign forces to support the Combatant Commands (CCMDs) better.⁵⁶ This realignment will allow BPC via a return to SFA and FID missions, expansion of the SOLO program, and realigning forces to support the Theater Special Operations Command (TSOC).⁵⁷ Policymakers and strategic planners must apply critical SOF competencies, skills, capabilities, and relationships as part of a deterrence strategy.⁵⁸ SOCOM's efforts to provide trained forces for this are postured to provide strategic effects.

The *SOCOM 2020* realignment initiative appears to focus on the active duty component. Additional US SOF capability and capacity reside in both the Reserve and National Guard Special Operations Forces. Arguably more suited to the types of missions required in Indonesia, Reserve and National Guard personnel bring maturity, experience in and out of uniform, and time in service as force multipliers to BPC missions. In addition to SOF skills, many Reserve and National Guard personnel have government, law enforcement, administrative, legislative, and other soft skills that can be leveraged to provide increased legitimacy when working IJSOC and ISOF. If anything, USSOCOM has yet to realize the full potential of the total force in expanding BPC, SFA, and FID support to important partner nations like Indonesia.

Conclusions and Recommendations

The strategic guidance from US policymakers makes it clear that the focus of DOD is shifting. Closely coupled with that focus will be our increased interdependence on key partner nations in regions of interest around the world. All levels of government have been actively addressing the increased interest in INDOPACOM over the last two administrations. The ROI is a key partner in the AOR. With a strong military and a stable but young democracy, INDOPACOM should continue to expand its military relationship with the country, specifically at the operational, inter-agency, and ministerial levels.

Concurrent with a shift in DOD focus, SOCOM has been analyzing their activities over the last 17 years and posturing for the best application of resources for future engagement, with a focus on strategic effects. US SOF has always been flexible and shown an ability to adjust to whatever DOD needs with focus and dedication. The *SOCOM 2020* vision supports the ICS for the ROI and the NDS. The Vision's specific lines of effort synch with INDOPACOM plans for more valuable engagement with Indonesia to buffer Chinese influence in the region. Further, BPC within IJSOC and ISOF will increase the ROI's leadership and influence in existing, cooperative, regional organizations and offers the United States a partner for future engagement and strategic influence.

The balancing of limited resources is never simple. BPC is neither easy nor fast, even if dedicated and essentially unlimited resources were available. INDOPACOM must exercise

strategic patience to grow and mature IJSOC/ISOF capacity, capability, and operational effectiveness. The GCC and TSOC need to work closely to prioritize assets already available in the theater. A better model for US SOF engagement in Indonesia is the assignment of teams at multiple locations – the US Embassy, Indonesian ministries, IJSOC, and the ISOF service-level commands. This model creates a command, control, and coordination challenge that can be managed in-country by a senior officer. On behalf of INDOPACOM, SOCPAC can work to leverage additional resources – in the form of small teams like SOLOs, PATs, additional SFA and FID funding, a potential Regional SOF Coordination Center (RSCC), or Subject Matter Expert Exchanges (SMEEs). USSOCOM needs to provide personnel and resources to SOCPAC to maintain and expand these instrumental BPC teams.

This paper addressed the idea of increasing military-to-military engagement with Indonesia - with US SOF in the lead - as a buffer to China and an enhancement to regional security. Bringing the idea to the forefront of INDOPACOM and SOCPAC planning fosters detailed discussions and specific mechanisms for execution. Additional research will determine how best to address BPC, SFA, and FID within an operational construct that is specific for Indonesia. Numerous academic works are available to demonstrate how DOD and US SOF have done BPA well, while openly and honestly addressing the shortfalls of those missions and applying lessons learned to support in the Republic of Indonesia.

¹Jim Mattis and Department of Defense, Washington United States, “Summary of the 2018 National Defense Strategy of the United States of America 2018”, 1.

²Ibid., 5.

³Francis Chan, “Jakarta Revives JSOC.”

⁴Erickson, Andrew S. and Joel Wuthnow. "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific "Island Chains"." *The China Quarterly* 225, (03, 2016), 7. <https://search-proquest-com.usnwc.idm.oclc.org/docview/1771014349?accountid=322>.

⁵Andrew White, "ASEAN Special Operations Forces", *Military Technology* 42, no. 2 (2018), 44.

⁶IHS Jane's, "Jane's Special Forces", *Jane's Special Forces* (2017), 87.

⁷Oliver Ward, “Indonesia Leads the Way in Counter-Terrorism” *ASEAN Today* January 11, 2018.

⁸Harry R. Yarger, and Joint Special Operations University, (U. S.). *Building Partner Capacity*. (MacDill Air Force Base, Florida: JSOU Press 2015), 104.

⁹Ibid., ix.

¹⁰Ibid., 38.

¹¹Ibid., 49.

¹²U.S. Department of State, *Integrated Country Strategy – Indonesia* (Washington, DC), 4.

¹³Ibid., 7.

¹⁴Mattis, “Summary of 2018 NDS”, 8.

¹⁵James R. Campbell, “Transnational Security Threats to Indonesia.” *Issues for Engagement: Asian Perspectives on Transnational Security Challenges*, 53. <https://apcss.org/wp-content/uploads/2012/02/48-62-Transnational-Security-Threats.pdf>.

¹⁶Lindsay Hughes, “Indonesian Foreign Policy: The US Factor.” *Future Directions International* (06 September 2018), 1. <http://www.futuredirections.org.au/publication/indonesian-foreign-policy-the-us-factor/>.

¹⁷Yarger, *Building Partner Capacity*, 49-50.

¹⁸Ibid., 86.

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

- ¹⁹ Robert Haddick and Joint Special Operations University, *How do SOF Contribute to Comprehensive Deterrence?* (MacDill Air Force Base, Florida: The JSOU Press, 2017), 5.
- ²⁰ U.S. DOS, *Integrated Country Strategy – Indonesia*, 2.
- ²¹ U.S. Special Operations Command, *United States Special Operations Command 2020 (SOCOM 2020)* (MacDill Air Force Base, Florida: U.S. Special Operation Command, 2013), 4.
<https://www.scribd.com/doc/259630856/SOCOM-2020-Strategy-Forging-the-Tip-of-the-Spear>.
- ²² Haddick, *How do SOF Contribute?*, 66.
- ²³ White, “ASEAN SOF”, 44.
- ²⁴ *Ibid.*, 45.
- ²⁵ Yarger, *Building Partner Capacity*, 83.
- ²⁶ *Ibid.*, 68.
- ²⁷ Anwar, "Indonesia's Vision of Regional Order", 63.
- ²⁸ "Asserting Sovereignty, Indonesia Renames Part of South China Sea." *Cyprus Mail*, (2017)
- ²⁹ U.S. Special Operations Command, *SOCOM 2020*, foreword.
- ³⁰ U.S. Special Operations Command, *United States Special Operations Command Fact Book 2019*, 40.
https://www.socom.mil/FactBook/USSOCOM%202019%20Fact%20Book_Web.pdf.
- ³¹ U.S. Special Operation Command, *SOCOM 2020*, 3.
- ³² Yarger, *Building Partner Capacity*, 103.
- ³³ White, “ASEAN SOF”, 45.
- ³⁴ Andrew Tillet. "ASEAN 'Needs Bigger Global Role': Former Indonesia Minister." *The Australian Financial Review*, August 08, 2017.
- ³⁵ Anwar, Indonesia's Vision of Regional Order”, 58.
- ³⁶ *Ibid.*, 59.
- ³⁷ Yarger, *Building Partner Capacity*, 93.
- ³⁸ U.S. DoS, *Integrated Country Strategy – Indonesia*, 8.
- ³⁹ Dr. Deon V Canyon et al., “Pacific Opportunities, U.S. Special Operations Forces Engage in Pacific Island Nations Through Security Working Group,” *Indo-Pacific Defense Forum* 43, Issue 2 (2018): 47.
- ⁴⁰ *Ibid.*, 51.
- ⁴¹ Ellis, *Thinking Dangerously*, 119
- ⁴² Yarger, *Building Partner Capacity*, 59.
- ⁴³ LTC Hilton B. Gardner, email message to author, 22 October 2018. LTC Gardner is a former SOCPAC J3/J5 staff officer.
- ⁴⁴ U.S. Special Operations Command, *SOCOM 2020*, 5.
- ⁴⁵ Yarger, *Building Partner Capacity*, 84.
- ⁴⁶ LTC Hilton B. Gardner, email message to author, 22 October 2018. LTC Gardner is a former SOCPAC J3/J5 staff officer.
- ⁴⁷ U.S. Special Operations Command, *SOCOM 2020*, 7.
- ⁴⁸ *Ibid.*, 5.
- ⁴⁹ *Ibid.*, 5.
- ⁵⁰ "United States/Indonesia: The US should Not be Rehabilitating Indonesia's Abusive Special Forces." *Asia News Monitor*, (2018d).
- ⁵¹ *Ibid.*
- ⁵² *Ibid.*
- ⁵³ Nina M. Serafino, et al., “'Leahy Law' Human Rights Provisions and Security Assistance: Issue Overview.” Congressional Research Service, R43361. Washington, DC: Congressional Research Service, 2014, Summary.
<https://fas.org/sgp/crs/row/R43361.pdf#page=15>.
- ⁵⁴ "Indonesia: New Military Chief Should Tackle Abuses." *Asia News Monitor*, (2018)
- ⁵⁵ Serafino, “Leahy Law and Human Rights Provisions,” 12.
- ⁵⁶ Jordana Mishory, "SOCOM Finalizing Campaign Plan on how to Best Resource COCOMs." *Inside the Army* 25, no. 31 (2013): 17.

⁵⁷ Troy White, and Joint Special Operations University, *Growing SOLO: Expanding the Spectrum of SOF Advisory Capabilities* (MacDill Air Force Base, Florida: The JSOU Press 2018), 48.

⁵⁸ Haddick, *How Do SOF Contribute?*, 4.

BIBLIOGRAPHY

- "Adm. Harris Delivers Speech on U.S.-Indonesia Bilateral Security Partnership." *Targeted News Service*, 2017.
- "Asserting Sovereignty, Indonesia Renames Part of South China Sea." *Cyprus Mail*, (2017)
- "Indonesia - Special Operations Forces." *Jane's Amphibious and Special Forces* 40, no. 40 (2018).
- "Indonesia: New Military Chief Should Tackle Abuses." *Asia News Monitor*, (2018).
- Press Briefing by Secretary Mattis Enroute to PACOM. Washington, United States Washington, Washington: Federal Information & News Dispatch, Inc., (2018).
- "Senate Armed Services Committee Hearing on the United States Pacific Command, F.Y. 2019." *Political Transcript Wire*, (2018).
- "United States/Indonesia: The US should Not be Rehabilitating Indonesia's Abusive Special Forces." *Asia News Monitor*, (2018).
- Anonymous. "Special Operations Command Pacific." *Special Warfare* 30, no. 4 (2017): 7.
- Anwar, Dewi Fortuna. "Indonesia's Vision of Regional Order in East Asia Amid U.S.-China Rivalry: Continuity and Change." *Asia Policy* 13, no. 2 (2018): 57-63.
- Anwar, Dewi Fortuna. *Indonesia in ASEAN: Foreign Policy and Regionalism* (Singapore: Institute of Southeast Asian Studies, 1994).
- Beaurpere, Guillaume. "Remaining First in Asia." *Special Warfare* 30, no. 4 (2017): 15-19.
- Bertuca, Tony. "PACOM Launches New Asia Pacific Proliferation Security Exercise." *Inside the Pentagon* 30, no. 31 (2014): 1-15.
- Black, Charles N., Richard D. Newton, Mary Ann Nobles and David Charles Ellis. "U.S. Special Operation Command's Future, by Design" *Joint Forces Quarterly* 90 3rd Quarter (2018): 42-49.
- Borelli, Marguerite. "ASEAN Counter-Terrorism Weaknesses." *Counter Terrorist Trends and Analyses* 9, no. 9 (2017): 14-20.
- Campbell, James R. "Transnational Security Threats to Indonesia." *Issues for Engagement: Asian Perspectives on Transnational Security Challenges*. 48-62. <https://apcss.org/wp-content/uploads/2012/02/48-62-Transnational-Security-Threats.pdf>. <https://apcss.org/wp-content/uploads/2010/06/ISSUES-FOR-ENGAGEMENT.PDF.pdf>.
- Chan, Francis. "Jakarta Revives Joint special Operations Command for War on Terror." *The Straits Times*, May 22, 2018.
- Canyon, Dr. Deon V, Dr. Paul Lieber, Michael Mollohan, and Dr. Eric Shibuya. "Pacific Opportunities, U.S. Special Operations Forces Engage in Pacific Island Nations Through Security Working Group," *Indo-Pacific Defense Forum* 43, Issue 2 (2018): 44-51.
- Ellis, David C., Charles N. Black, and Mary Ann Nobles. "Thinking Dangerously – Imaging United States Special Operations Command in the Post-CT World." *Prism* 6, no 3 (2016): 110-129. <http://www.dtic.mil/dtic/tr/fulltext/u2/1042559.pdf>.
- Erickson, Andrew S. and Joel Wuthnow. "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific "Island Chains"." *The China Quarterly* 225, (03, 2016): 1-22. <https://search-proquest-com.usnwc.idm.oclc.org/docview/1771014349?accountid=322>.
- Haddick, Robert and Joint Special Operations University (U.S.). JSOU Press. *How do SOF Contribute to Comprehensive Deterrence?* (MacDill Air Force Base, Florida: The JSOU Press) 2017.
- Horton, Alex. *Secretary Mattis Seeks Ties with Once-Brutal Indonesia Special Forces Unit, with an Eye on China*. Washington: WP Company LLC d/b/a The Washington Post, 2018.
- Hughes, Lindsay. "Indonesian Foreign Policy: The US Factor." *Future Directions International* (06 September 2018), <http://www.futuredirections.org.au/publication/indonesian-foreign-policy-the-us-factor/>.
- IHS Jane's. "Jane's Special Forces." *Jane's Special Forces* (2017).
- Jacob, Judith. "OSINT Summary: Apparent Establishment of New Islamist Group in Indonesia may Result in Renewed Regional Militant Co-Operation." *Jane's Terrorism & Insurgency Monitor* 17, no. 5 (2017).
- Jim Garamone DoD News. *Indo-Asia-Pacific Region Remains 'most Consequential' to America, Pacom Chief Says*. Washington: Federal Information & News Dispatch, Inc, (2016).
- Jim Garamone DoD News. *Pacific Command Senior Enlisted Leader Discusses Region's Network of Allies*. Washington, United States Washington, Washington: Federal Information & News Dispatch, Inc., (2017).

Trust Us, We're SOF? US Special Operations Forces are Key to Building Partner Capacity

- Johnson, Kirk A. and Naval Postgraduate School, Monterey, CA, United States. *The Longue Duree: Indonesia's Response to the Threat of Jihadist Terrorism 1998-2016* (2016).
- Karnavian, Muhammad Tito. "The Role of the National Police in Countering Insurgencies in Indonesia." *Counter Terrorist Trends and Analyses* 9, no. 9 (2017): 8-13.
- Mattis, Jim and Department of Defense Washington United States. Summary of the 2018 National Defense Strategy of the United States of America, (2018).
- McCabe, Peter M., Paul S. Lieber, and Joint Special Operations University (U.S.). JSOU Press. *Special Operations Theory*. Vol. 17-6; 17-6. (MacDill Air Force Base, Florida: The JSOU Press) 2017.
- Mishory, Jordana. "SOCOM Finalizing Campaign Plan on how to Best Resource COCOMs." *Inside the Army* 25, no. 31 (2013): 17.
- Mitchell, James. "Transnational Organised Crime in Indonesia: The Need for International Cooperation." *Brawijaya Law Journal* 3, no. 2 (2016): 176-199.
- Muhibat, Shafiah F. "Indonesia-U.S. Security Collaboration: Still Under the Radar?" *Asian Politics & Policy* 8, no. 1 (2016): 137.
- Nguyen Thi Thuy Hang. "The U.S.-ASEAN Partnership: A Happy Marriage?" *The Polish Quarterly of International Affairs* 26, no. 2 (2017): 116-126.
- Robinson, Linda. "The SOF Experience in the Philippines and the Implications for Future Defense Strategy." *Prism: A Journal of the Center for Complex Operations* 6, no. 3 (2016).
- Robinson, Linda, 1962, Patrick B. Johnston, Gillian S. Oak, and Rand Corporation. *U.S. Special Operations Forces in the Philippines, 2001-2014*. Vol. RR-1236-OSD; RR-1236-OSD. (Santa Monica, Calif: RAND), 2016.
- Sands, Robert Greene, and Darby Arakelian. *Advancing SOF Cultural Engagement: The Malinowski Model for a Qualitative Approach*. (MacDill Air Force Base, Florida: JSOU Press), 2018.
- Serafino, Nina M., June S. Beittel, Lauren Ploch Blanchard, and Liana Rosen. "'Leahy Law' Human Rights Provisions and Security Assistance: Issue Overview. Congressional Research Service, R43361. Washington, DC: Congressional Research Service, 2014. <https://fas.org/sgp/crs/row/R43361.pdf#page=15>.
- Smith, Paul J., 1965. *Terrorism and Violence in Southeast Asia: Transnational Challenges to States and Regional Stability*. (Armonk, New York: M.E. Sharpe), 2005.
- Tillett, Andrew. "ASEAN 'Needs Bigger Global Role': Former Indonesia Minister." *The Australian Financial Review*, August 08, 2017.
- U.S. Department of State. *Integrated Country Strategy – Indonesia*. Washington, DC, Approved for Public Release August 16, 2018.
- U.S. Special Operations Command. *United States Special Operations Command 2020 (SOCOM 2020)* (MacDill Air Force Base, Florida: U.S. Special Operation Command, 2013). <https://www.scribd.com/doc/259630856/SOCOM-2020-Strategy-Forging-the-Tip-of-the-Spear>.
- U.S. Special Operations Command. *United States Special Operations Command Fact Book 2019*. (MacDill Air Force Base, Florida: U.S. Special Operations Command, 2018). https://www.socom.mil/FactBook/USSOCOM%202019%20Fact%20Book_Web.pdf.
- Ward, Oliver. "Indonesia Leads the Way in Counter-Terrorism." *ASEAN Today* January 11, 2018.
- White, Andrew. "ASEAN Special Operations Forces." *Military Technology* 42, no. 2 (2018): 44-45.
- White, Troy, Joint Special Operations University, (U. S.), and Joint Special Operations University (U.S.). JSOU Press. *Growing SOLO: Expanding the Spectrum of SOF Advisory Capabilities*. (MacDill Air Force Base, Florida: The JSOU Press) 2018.
- Yarger, Harry R. and Joint Special Operations University, (U. S.). *Building Partner Capacity*. (MacDill Air Force Base, Florida: JSOU Press) 2015.

President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia

Chad A. Long, Cmdr., US Coast Guard

Introduction

The Republic of Indonesia (ROI) is at a tipping point concerning the level of corruption in the nation. The Indo-Pacific region will likely destabilize if the growing exploitation of its citizens is not reversed. This paper chronicles the history of corruption in the country and how its past has impacted the current day. It will then explore corruption's influence on three elements critical to the United States: the growth of terrorism, the shift of regional control towards the People's Republic of China (PRC), and the decay of democracy. Lastly, it recommends anti-corruption strategies to reverse the spread of corruption. The ROI has failed in battling this crisis on its own and would benefit from outside assistance. The United States needs to immediately partner with the country to reduce its corruption and improve global security.

Corruption Background

Corruption is commonly defined as “the abuse of entrusted power for private gain.”¹ There are two primary reasons behind an individual's decision to act in this manner: to satisfy personal needs or due to a lack of differentiation between state and personal property.² The ROI is recovering from a President who was the quintessential example of this behavior, taking billions from the nation during his 30 years in office.³ His actions instilled corruption in all levels of the government, ultimately making it part of the nation's culture. Two studies are commonly cited to determine the level of corruption within a country: the World Bank's Worldwide Governance Indicator and Transparency International's Corruption Perception Index. The two use perception surveys and statistical analysis to determine the level of corruption.⁴ The Worldwide Governance Indicator scored the ROI at 48.08, which ranks it 101 out of 193 (higher is less corrupt).⁵ The Corruption Perception Index ranked the ROI 96 out of 180 countries (lower is less corrupt).⁶ While both indices list it in the middle of the pack for corruption, the fact that the ROI is the fourth largest country in the world increases the negative impact on the region.⁷

The US State Department's Human Rights Report on the ROI declares that one of the most significant issues is “official corruption and attempts by government elements to undermine efforts to prosecute corrupt officials.”⁸ The ROI suffers from corrupt leaders in all areas of government including the court system. In 2017, ten percent of the population admitted to paying bribes to court officials.⁹ The Government of Indonesian (GOI) has appointed a Corruption Eradication Commission. It is investigating over 31,000 complaints of corruption but is making little headway on the problem, especially when it comes to powerful persons.¹⁰ Corruption is a serious problem, and efforts to contain bribery at the highest levels have not been

successful. While corruption has many negative effects, its most troubling attribute is its connection to terrorism.

Combating Terrorism

Terrorism has historical roots dating to Maximilien Robespierre's French Revolution in the late 1700s; in the last century, the amount of terrorism has exponentially risen.¹¹ Since 2001, the majority of these attacks have occurred in the Middle East, but the problem continues to spread. In just the month of May 2018, the ROI experienced 49 terrorist-related deaths.¹² While terrorism is a problem for every nation, there is a specific homeland security challenge in the ROI—an increase in terrorist cells within the country.¹³ The conditions that create a terrorism-friendly environment within a country include poverty, lack of democratic rule, human rights violations, minority status, and foreign military intervention.¹⁴ The list does not specifically mention corruption, but the exploitation it causes influences the first two of the five conditions. Corruption has a direct impact on the wealth of the population and the democracy of that country.¹⁵ Mohamed Suharto, President of the ROI from 1967 to 1998, siphoned money from his citizens; estimates put the amount around \$25 billion.¹⁶ Since its Gross Domestic Product in 1970 was \$9 billion, this corruption considerably impacted the nation's wealth and continues to be a problem to this day.¹⁷ In 2012, Indonesia's Chief Justice was found guilty of accepting bribes to influence a local election.¹⁸ Justice Akil Mochtar accepted over \$5 million in bribes, leaving the local population with the belief that democracy is a myth, and power in the country needed to be purchased.¹⁹ Corruption's many negative attributes create an ideal environment for terrorism to grow and develop.

A corrupt government does not commonly invest in fighting terrorism; bribes often fund terrorist activities; and corrupt officials and terrorists use similar methods to hide their money.²⁰ There are hundreds of examples of the linkage between corruption and terrorism, but Sarah Chayes found a causal relationship as she during her Carnegie Endowment study. She spent time in Afghanistan, Egypt, and Tunisia researching the connection between the two. Her study describes in vivid detail the underbelly of a corrupt society explaining that bribery is not necessarily a two-way street where both parties are satisfied with the exchange. Oftentimes money isn't enough to bribe a judge, and young girls are used to influence decisions.²¹ These actions lead to desire for revenge and retribution, and the weaker party chooses to use terrorist attacks against the individual or institution. The more corruption that exists, the higher the probability that an individual will resort to terrorism to enact revenge.²²

The ROI is far from the most corrupt country on the planet. Its corruption standing puts it near the middle, ranking 96 out of 180 countries.²³ Logically, an effort to reduce corruption should be focused on nations closer to the bottom of the list. While it is important to reduce corruption in all nations, the ROI is at a tipping point where such a reduction could significantly reduce the risk of future terrorist activities. **Figure 1** shows the relationship between a nation's corruption ranking and terrorist incidents. When analyzed, two concepts become readily

apparent. The first is that regardless of a country’s corruption ranking, terrorism is possible. The second is that low-corruption countries experience a lower level of terrorism, as seen by noting the white space in the lower right corner of the graph. Reducing the ROI’s corruption ranking would make it more difficult for terrorism to breed—ultimately neutralizing the exponential growth of terrorist attacks. The spread of corruption will ultimately lead to increased terrorism. There is a relationship between corruption and terrorism, and the ROI is at a tipping point to become the next terrorist hotspot. The United States should intervene now before the situation is irreversible.

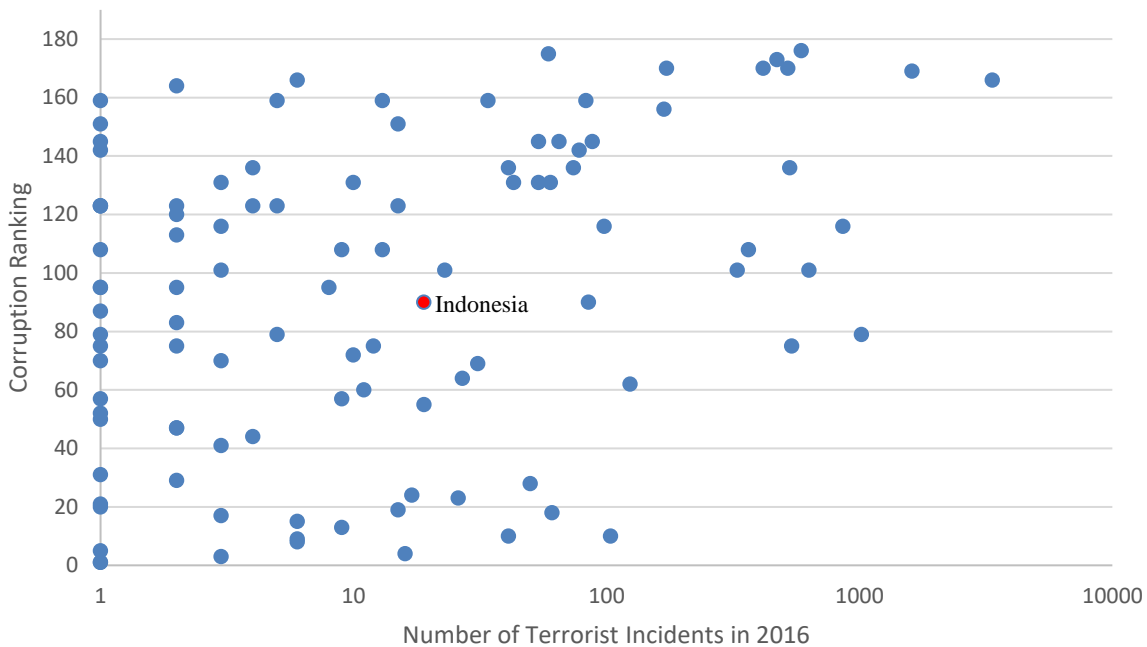


Figure 1. Scatter Chart of Terrorist Occurrences and CPI Corruption Ranking in 2016.²⁴

Corruption and Business—China’s Influence

The ROI’s corruption impacts business with the United States. If the United States is unable to reverse this trend, it is likely that China will continue to expand its influence and ultimately control the entire Indo-Pacific region. Corruption has a negative influence on business, despite the existence of anti-corruption, and will ultimately affect the balance of power in the area. The negative effect of corruption on business is easily identifiable; every dollar spent on bribes hurts profits. Investors are rightfully concerned that money funneled into the hands of corrupt politicians will continue for the life of the business, making long-term gains more difficult to obtain.²⁵ Risks to profit are not the same for all companies conducting business in corrupt nations. Local laws must also be analyzed to obtain a complete picture of the risk of doing business in a given nation. Laws and law enforcement differ significantly between countries around the globe.

President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia

The United Nations (UN) held a Convention against Corruption in 2005 that required countries to criminalize corruption. Of 193 nations, 186 have approved the requirement to criminalize both active and passive bribery on both the national and international level.²⁶ The United States was already in compliance with this regulation through the Foreign Corrupt Practices Act (FCPA) of 1977. In countries such as China, regulations needed to be updated. Since the 1950s, China was using a self-reporting process as a key component of their fight against corruption.²⁷ This method was refined in 1979 when the Criminal Procedural Laws were updated to include corruption and bribery as criminal offenses prosecutable by police.²⁸ The first year China prosecuted 1720 small-scale corruption cases, only three times the self-reporting level.²⁹ These laws were again updated after the 2005 UN Convention to reflect the international requirements, but little has changed regarding the enforcement of the laws.

China is similar to many developing countries, including the ROI, that passed laws to combat corruption but fail to enforce them. The ROI has had anti-bribery laws since 1980 and anti-corruption laws since 1999 but lacks a strong enforcement process.³⁰ The legal practice is very different in America, which aggressively administers the FCPA. In the United States, the government completed a total of 39 high-level enforcement actions against corruption in 2017 with combined penalties of \$1.1 billion.³¹ An example of a recent prosecution would be United Technologies' bribes to China to enhance public housing sales.³² The company was fined almost \$14 million for this instance. **Figure 2** depicts US enforcement action by the country for the last forty years; note that both China and the ROI are near the left-most side of the graph, signifying heavy prosecution.

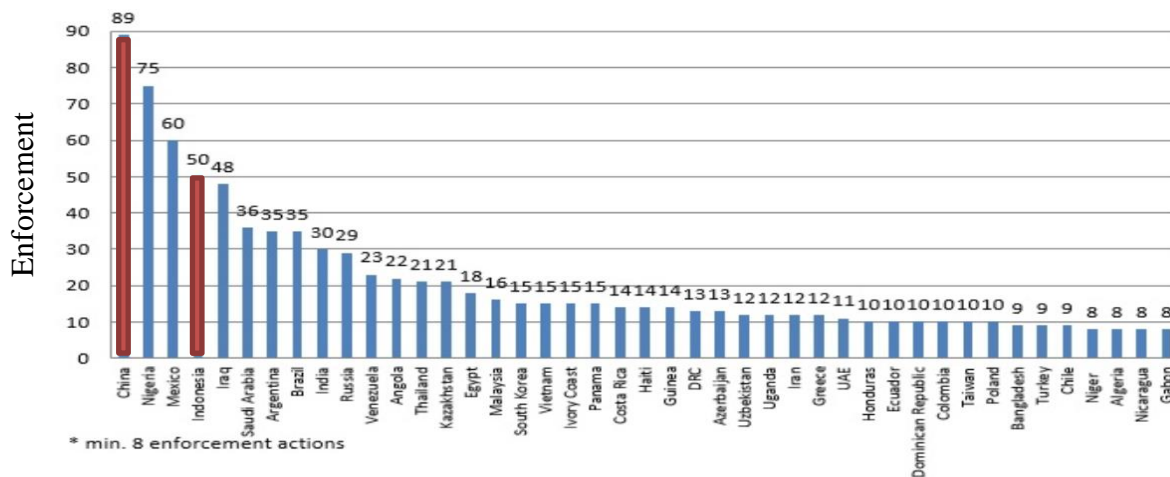


Figure 2. The US Foreign Corrupt Practices Act Enforcement Action (1976-2017).³³

FCPA enforcement in the United States combined with the level of corruption in the ROI is reducing open competition for commercial projects. Bribery is such a fundamental component to bidding on Indonesian projects that China is now able to win most of the new business in the country. As of 2017, China is the second largest source of investment in the ROI; the United States ranks fifth.³⁴ China has invested billions of dollars in major infrastructure projects such as

coal-fired power plants and high-speed rail.³⁵ The United States is unable to compete with Chinese businesses, because FCPA enforcement teams heavily scrutinize US business deals. In 2016, a Kentucky-based company that manufactures wires and cables was caught making \$19 million in payments to Indonesian state-owned entities and was forced to pay \$20 million in fines.³⁶ This unbalanced enforcement favors China's and is shifting more business, and ultimately more regional power, towards China. **Figure 3** is a graphical depiction of China's influence in the region. The ROI is currently neutral, meaning that it has struck a balance between US and Chinese influence. However, each year it increases trade with China and receives greater Chinese investment, reducing US regional economic control and political influence.

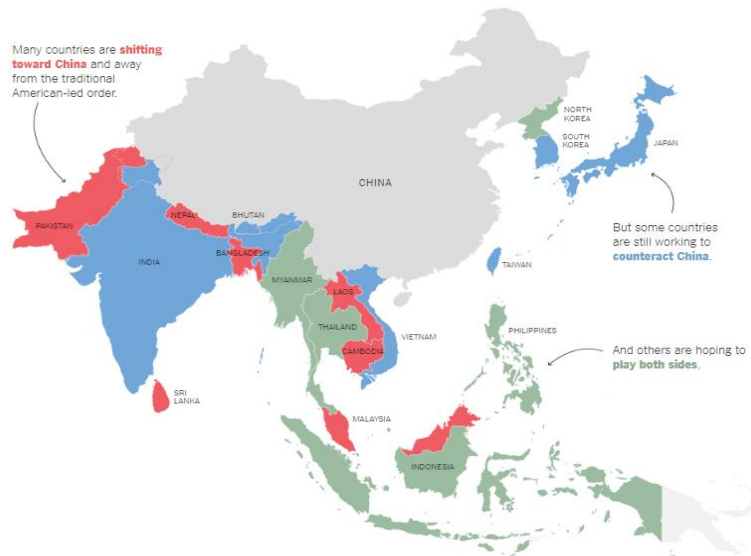


Figure 3: Indo-Pacific region country alliance with China or the United States.³⁷

If corruption in the ROI was decreased, US companies could better compete for Indonesian business and counteract Chinese influence in the region. The ultimate concern is that China will control the majority of business in the ROI and effectively control the country. Of course, proximity to China and its booming economy make it possible that Chinese businesses will still outbid US companies—even in a reduced-corruption environment. Reduced corruption, however, will allow the Indonesian people and their businesses the opportunity to make unbiased and potentially profitable decisions rather than corrupt politicians making a choice based on personal financial gain. Continued corruption will damage US influence in the region and have a destructive effect on the ROI's democracy.

Protecting Democracy

Corruption has a negative impact on all aspects of business, but it also works against democratic values. Politicians and business leaders within the ROI are exploiting the citizenry. This is challenging the survival of the nation's new democratic government, and democracy is beginning to lose ground. As has happened in other nations, corruption squashes democratic

President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia

tendencies. Worryingly, the ROI is currently witnessing growth in the popularity of pro-communist groups.³⁸ President Abraham Lincoln described democracy in his Gettysburg Address as “Government of the people, by the people, for the people.”³⁹ In an effective democracy, a country’s leaders would be selected by the community through a fair-voting process. As corruption increases, fewer individuals turn out for elections.⁴⁰ For 32 years, the ROI lived under the autocratic rule of President Soeharto. He lost power during the 1998 financial crisis, and the 1999 election cycle achieved an impressive 93% turnout.⁴¹ As time has passed and corruption continued to spread, the voter turnout dropped to 84% in 2004 and then to 71% in 2009.⁴² Election corruption is so rampant that it is common knowledge that candidates pay cash for votes and bribe election officials.⁴³

A similar situation occurred in Russia in the 1990s. The country had turned away from communism and was a fledgling democracy. One of the reasons democracy failed in Russia was that votes were purchased rather than earned.⁴⁴ Alfred Evans, Professor of Political Science, explains Russia’s downfall as “the consequences of corrupt process[es] ... were enormously damaging for the institutionalization of democracy.”⁴⁵ Russian elections shifted from being based upon public opinion to having predetermined outcomes.⁴⁶ The ROI is a relatively new democratic state, and it is possible that the country’s corruption will push it toward another authoritarian leader similar to Russia’s Vladimir Putin. Many individuals argue that there are corrupt countries who have maintained a democratic government. Most point to India, the world’s largest democracy, with a population of 1.3 billion.⁴⁷ India’s corruption index is 79, just a few points better than the ROI’s 90.⁴⁸ India is an exception, because it has a strong, established democracy.⁴⁹ Most corrupt nations are classified by the Economist Intelligence Unit’s Democracy Index as hybrid regimes (between a flawed democracy and authoritarian regime). The ROI was recently classified as a flawed democracy, but in 2017 it dropped to just slightly above hybrid-regime level.⁵⁰ A hybrid regime is described as having widespread corruption, flawed democracy, and issues with a functioning government.⁵¹ If the decay of democracy continues, the ROI could return to an authoritarian government.

The time to aggressively combat corruption is now. The ROI is showing signs of slipping towards authoritarianism—activists have been seen wearing Communist Party clothing.⁵² Shops are now illegally advertising hammer and sickle T-shirts to teens and youths. A reduction in corruption will stabilize the country and allow more time for the roots of democracy to develop and grow.⁵³ If the country does fall into the hands of an autocratic leader, influence will shift away from the United States and towards China. The most effective way to reverse this trend is to reduce corruption.

Recommended Anti-Corruption Strategies

If the United States wants to decrease the spread of terrorism, reduce China’s influence in Southern Asia, and protect the ROI’s fledgling democracy, it needs to partner with the GOI to reduce corruption. Anti-corruption campaigns have been attempted in the past, but they have

never been successful. In 1999, the country initiated general elections, relaxed restrictions on the media, began financial monitoring, improved transparency of financial records, and reformed its legal system.⁵⁴ These measures appeared to attack the critical elements of corruption, but the program failed. The GOI never attacked the core element of corruption—the nation’s corrupt leaders. In 2000, the Economic Minister explained that “economic activity would grind to a halt if the government really cracked down on corruption—because all business people would be in [prison].”⁵⁵

The problem with these anti-corruption initiatives was that reversing Suharto’s thirty years of corruption required more than new laws to change the corrupt culture. Corrupt processes existed throughout the nation; low-level bribes were often required to feed families, because local salaries were so low. Anti-corruption efforts must take this complex situation into account. To change, the government must be fair delivering public services and enforcing laws and strive to improve the welfare of its citizens.⁵⁶ Further, the GOI will need to strengthen the professions and technical skills critical to reducing local corruption. Anti-corruption education should target professional groups, such as judges, lawyers, accountants, and journalists. An excellent example of anti-corruption change is the country of Romania. The Romanians completed a year-long study involving over 500 public and private partners impacted by corruption.⁵⁷ They focused on four specific objectives: stopping corruption in public institutions, increasing anti-corruption training, prosecuting corruption crimes, and monitoring the anti-corruption program. Over the past five years, the number of corruption indictments has increased by 50%, and these have achieved an impressive 92% conviction rate.⁵⁸

The United States should partner with the ROI to initiate a similar anti-corruption program. The Romanian program could be enhanced for use in the country. For example, the ROI requires an overhaul to its civil servant promotion and hiring system. Civil servants also need a wage increase, which would reduce their reliance on bribes to support their families. If the ROI partners with a nation with a low level of corruption, such as the United States, it will add validity to its anti-corruption campaigns and increase the probability of success.⁵⁹ The World Bank’s document *Helping Countries Combat Corruption* provides explicit detail on the benefits of partnering with countries around the globe. It explains that successful anti-corruption campaigns have “multilateral efforts to control corruption and reduce transnational bribery.”⁶⁰

The ROI’s Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK) had a 2017 budget of 1030 billion Rupiah (US\$77.3 million).⁶¹ Due to budget cuts, it saw a 26% reduction from previous-year financing, a reduction of 257 billion Rupiah (US\$96.5 million). The KPK retains high levels of public approval but sits outside the executive, legislative, and judiciary branches of government. This exclusion from the political process has made the anti-corruption organization vulnerable to budget cuts. The United States should consider a direct investment of \$25 million into anti-corruption efforts. This money could be immediately absorbed by the KPK and focus on new programs to reinvigorate the Indonesian anti-corruption

President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia

agenda. Citizens will see that the United States is putting pressure on their government to follow their anti-corruption commitments and feel corrupt elements cannot hide from American oversight.⁶²

The US Department of State works with countries to reduce high levels of exploitation through programs focused on preventing corruption and increasing accountability. The small investment in an aggressive anti-corruption campaign now will likely save the US government billions of dollars later to fund larger efforts to combat a new terrorism hub or future Communist power. Lee Iacocca famously stated, “Even a correct decision is wrong when it was taken too late.”⁶³ As of June 2018, the Indonesian House of Representatives was exploring amendments to the Criminal Code that would lessen corruption sentences, ultimately weakening the anti-corruption movement.⁶⁴ There is also discussion about mandating that KPK investigators be borrowed from a pool of National Police staff members, and anti-corruption tools, such as wiretaps, would require legislative approval.⁶⁵ If these changes are approved, the KPK will lose its independence, and the anti-corruption movement will likely stall. Anti-corruption changes are not immediate, and their impact will likely require years to be realized. If federally funded programs are deferred by a few years, the impact may be too late to affect the required positive change. The United States needs to immediately partner with the ROI to reduce its corruption levels and improve global security.

Conclusion

In order to support regional stability, it is critical that the United States sponsor anti-corruption efforts in the ROI. The United States should immediately partner with the nation to reduce its corruption and improve global security. The Asian country is showing many negative trends that need to be immediately reversed. There is a growth in local terrorist activity, more business is going to Chinese firms, and the fledgling democracy is under threat from communist groups growing in popularity. The ROI can stifle these events by reducing its endemic corruption. A small US investment in an aggressive anti-corruption campaign now will likely save the US government billions of dollars later funding efforts to battle an authoritarian government partnering with China or attempting to eliminate a terrorist network spread over a thousand islands.

¹ “What is corruption?” *Transparency International*, assessed August 28, 2018. <https://www.transparency.org/what-is-corruption>.

² Alexander Arifianto, “Corruption in Indonesia: Causes, History, Impacts and Possible Cures,” *Whitepaper Brandeis University*, assessed August 28, 2018. <http://people.brandeis.edu/~cerbil/AlexCorruption.pdf>.

³ Muhammad Majeed and Ronald Macdonald, “Corruption and the military in politics: theory and evidence from around the world,” (2010): 3.

⁴ Anja Rohwer, “Measuring Corruption: A Comparison between the Transparency International’s Corruption Perception Index and the World Bank’s Worldwide Governance Indicator,” *CESifo DICE Report*, (2009): 45.

⁵ Daniel Kaufmann and Aart Kraay, “Worldwide Governance Indicators,” *The World Bank Group*, assessed on September 29, 2018. <http://info.worldbank.org/governance/wgi/#home>.

-
- ⁶ “Corruption Perceptions Index 2017,” *Transparency International*, last modified February 21, 2018. http://www.transparency.org/news/feature/corruption_perceptions_index_2017.
- ⁷ “World Population Prospects 2017,” *United Nations*, assessed on September 29, 2018. <https://population.un.org/wpp/DataQuery/>.
- ⁸ “Indonesia 2017 Human Rights Report,” *United States Department of State Bureau of Democracy, Human Rights and Labor*, (2017):1.
- ⁹ “Indonesia Corruption Report,” *GAN Business Anti-Corruption Portal*, last modified June 2017. <https://www.business-anti-corruption.com/country-profiles/indonesia/>.
- ¹⁰ “Indonesia 2017 Human Rights Report,” *United States Department of State Bureau of Democracy, Human Rights and Labor*, (2017): 24.
- ¹¹ Arthur Garrison, “Defining terrorism: Philosophy of the bomb, propaganda by deed and change through fear and violence,” *Criminal Justice Studies* 17 no. 3 (2004): 260.; Max Roser, Mohamed Nagdy and Hannah Richie, “Terrorism,” *Our World in Data*, last modified January 2018. <https://ourworldindata.org/terrorism>.
- ¹² Sidney Jones, “How ISIS has Changed Terrorism in Indonesia,” *The New York Times*, last modified May 22, 2018. <https://www.nytimes.com/2018/05/22/opinion/isis-terrorism-indonesia-women.html>.
- ¹³ “Global Terrorism Database,” *Global Terrorism Database*, (2018). <https://www.start.umd.edu/gtd/>.
- ¹⁴ James Piazza, “Characteristics of Terrorism Hotspots,” *Combating Terrorism Exchange (CTX)*, 5:3 (2015), <https://globelecco.org/characteristics-of-terrorism-hotspots>.
- ¹⁵ Juan Correa and Klaus Jaffe, “Corruption and Wealth: Unveiling a national prosperity syndrome in Europe,” *arXiv preprint arXiv:1604.00283* (2015).
- ¹⁶ Muhammad Majeed and Ronald Macdonald, “Corruption and the military in politics: theory and evidence from around the world,” (2010): 3.
- ¹⁷ “Indonesia GDP – Gross Domestic Product,” accessed September 15, 2018. <https://countryeconomy.com/gdp/indonesia?year=1975>.
- ¹⁸ Kanupriya Kapoor, “Ex-head of Indonesia’s constitutional court jailed for life for graft,” *Reuters*, last modified November 8, 2012. <https://uk.reuters.com/article/uk-indonesia-corruption/ex-head-of-indonesias-%20constitutional-court-jailed-for-life-for-graft-idUKKBN0F51Z420140630>.
- ¹⁹ “Life Sentence for Indonesia Constitutional Court Judge Akil Mochtar,” *DW.com*, last modified June 30, 2014. <https://www.dw.com/en/life-sentence-for-indonesia-constitutional-court-judge-akil-mochtar/a-17747697>.
- ²⁰ “Terrorism, Corruption and the Criminal Exploitation of Natural Resources,” *Organisation for Economic Co-operation and Development (OECD)*, (2017): 3.
- ²¹ Sarah Chayes, “Corruption and terrorism: the causal link,” *Policy paper- Against corruption: a collection of essays*, (2016), <https://www.gov.uk/government/publications/against-corruption-a-collection-of-essays/against-corruption-a-collection-of-essays#sarah-chayes-corruption-and-terrorism-the-causal-link>.
- ²² “Global Terrorism Database,” *Global Terrorism Database*, (2018). <https://www.start.umd.edu/gtd/>; “Corruption Perceptions Index 2016,” *Transparency International*, last modified January 25 2017. http://www.transparency.org/news/feature/corruption_perceptions_index_2016.
- ²³ “Corruption Perceptions Index 2017,” *Transparency International*, last modified February 21, 2018. http://www.transparency.org/news/feature/corruption_perceptions_index_2017.
- ²⁴ “Global Terrorism Database,” *Global Terrorism Database*, (2018). <https://www.start.umd.edu/gtd/>; “Corruption Perceptions Index 2016,” *Transparency International*, last modified January 25 2017. http://www.transparency.org/news/feature/corruption_perceptions_index_2016.
- ²⁵ Marta Maretich (ed), “Why corruption is a problem for impact investors—and what we can do about it,” *Maximpact Ecosystems*, accessed August 28, 2018. <http://maximpactblog.com/why-corruption-is-a-problem-for-impact-investors-and-what-we-can-do-about-it/>.
- ²⁶ United Nations, “Implementation of chapter III (Criminalization and law enforcement) of the UN Convention against Corruption,” *Conference of the States Parties to the UN Convention against Corruption (Fourth Session)*, (2011): 1-18.; United Nations, “UN Convention against Corruption, Signature and Ratification Status,” last modified June 26, 2018. <https://www.unodc.org/unodc/en/corruption/ratification-status.html>.
- ²⁷ Enze Liu, “A historical review of the control of corruption on economic crime in China,” *Journal of Financial Crime* 23, no. 1 (2016):13.
- ²⁸ *Ibid.*, 16.
- ²⁹ *Ibid.*; Fanfubai Wang and Zhongguo de Shiyan, *Anti-corruption, China’s Experiment*, (Haikou China: Sanhuan Publisher, 1990), 34.

- ³⁰ Denny Rahmansyah and Nico Putra Mooduto, "Bribery & Corruption 2018: Indonesia," *Global Legal Insights*, assessed on September 21, 2018. <https://www.globallegalinsights.com/practice-areas/bribery-and-corruption-laws-and-regulations/indonesia>.
- ³¹ "2017 Year-End FCPA Update," *Gibson Dunn*, last modified January 2, 2018. <https://www.gibsondunn.com/wp-content/uploads/2018/01/2017-year-end-fcpa-update-1.pdf>.
- ³² "United Technologies Charged with Violating FCPA," *U.S. Securities and Exchange Commission Press Release 2018-188*, last modified September 12, 2018. <https://www.sec.gov/news/press-release/2018-188>.
- ³³ "2017 Year-End FCPA Update," *Gibson Dunn*, last modified January 2, 2018. <https://www.gibsondunn.com/wp-content/uploads/2018/01/2017-year-end-fcpa-update-1.pdf>.
- ³⁴ Erwida Maulia, "China becomes Indonesia's No. 2 investor with infrastructure drive," *Nikkei Asian Review*, last modified February 1, 2018. <https://asia.nikkei.com/Politics/International-Relations/China-becomes-Indonesia-s-No.-2-investor-with-infrastructure-drive>.
- ³⁵ Ren Peng, Liu Chang and Zang Liwen, "China's involvement in coal-fired power projects along the belt and road," (2017):1-8.; Wilmar Salim, and Siwage Negara, "Why is the high-speed rail project so important to Indonesia," *ISEAS Perspective* 16 (2016): 1-10.
- ³⁶ "2016 Year-End FCPA Update," *Gibson Dunn*, last modified January 3, 2017. <https://www.gibsondunn.com/wp-content/uploads/2018/01/2016-year-end-fcpa-update-1.pdf>.
- ³⁷ Max Fisher and Audrey Carlsen, "How China is Challenging American Dominance in Asia," *New York Times*, last modified March 9, 2018. <https://www.nytimes.com/interactive/2018/03/09/world/asia/china-us-asia-rivalry.html>.
- ³⁸ Tim Lindsey, "Is Indonesia retreating from democracy?," *The Conversation*, last modified July 8, 2018. <https://theconversation.com/is-indonesia-retreating-from-democracy-99211>.
- ³⁹ Abraham Lincoln, "The Gettysburg Address," Gettysburg, PA., November 19, 1863.
- ⁴⁰ Daniel Stockemer, Bernadette LaMontagne and Lyle Scruggs, "Bribes and ballots: The impact of corruption on voter turnout in democracies," *International Political Science Review* 34, no. 1 (2013): 74-90.
- ⁴¹ Ibid.
- ⁴² Ibid.
- ⁴³ Philip Jacobson, "How corrupt elections fuel the sell-off of Indonesia's natural resources," last modified June 7, 2018. <https://news.mongabay.com/2018/06/how-corrupt-elections-fuel-the-sell-off-of-indonesias-natural-resources/>.
- ⁴⁴ "How corruption undermines democracy," last modified January 11, 2018. <https://www.demdigest.org/corruption-undermines-democracy/>.
- ⁴⁵ Alfred Evans, "The Failure of democratization in Russia: A comparative perspective," *Journal of Eurasian Studies* 2, no. 1 (2011): 45.
- ⁴⁶ Ibid., 43.
- ⁴⁷ Riju Agrawal, "Is India Still the World's Largest Democracy," last modified April 1, 2017. <https://nationalinterest.org/feature/india-still-the-worlds-largest-democracy-19973>.
- ⁴⁸ "Corruption Perceptions Index 2017," *Transparency International*, last modified February 21, 2018. http://www.transparency.org/news/feature/corruption_perceptions_index_2017.
- ⁴⁹ Howard LaFranchi, "Global decline in democracy? The lesson from India may be 'Not so fast,'" *The Christian Monitor*, last modified March 16, 2018. <https://www.csmonitor.com/World/Asia-South-Central/2018/0316/Global-decline-in-democracy-The-lesson-from-India-may-be-Not-so-fast>.
- ⁵⁰ "Economist Intelligence Unit's Democracy Index," accessed September 24, 2018. <https://infographics.economist.com/2018/DemocracyIndex/>.
- ⁵¹ "Democracy Index 2015," *The Economist*, assessed September 24, 2018. <https://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf>.
- ⁵² Mong Palatino, "What's Behind the New Communist Scares in Indonesia and the Philippines?" *The Diplomat*, last modified November 7, 2018. <https://thediplomat.com/2016/05/whats-behind-the-new-communist-scares-in-indonesia-and-the-philippines/>.
- ⁵³ "How corruption undermines democracy," last modified January 11, 2018. <https://www.demdigest.org/corruption-undermines-democracy/>.
- ⁵⁴ Natasha Hamilton-Hart, "Anti-Corruption Strategies in Indonesia," *Bulletin of Indonesian Economic Studies* 37, no. 1 (2010): 65-82.
- ⁵⁵ Ibid, 77.

- ⁵⁶ Alan Doig and Stephen Riley, "Corruption and anti-corruption strategies: Issues and case studies from developing countries," *Corruption and integrity improvement initiatives in developing countries* 45 (1998): 62.
- ⁵⁷ Maira Martini, *Examples of National Anti-Corruption Strategies*, (2013): 3.
- ⁵⁸ Kassandra, "As a series of high-profile controversies have come to light, New Europe has investigated Romania's anti-corruption strategy," *NewEurope*, last modified December 8, 2017. <https://www.neweurope.eu/article/corruption-romania-anti-corruption-fight/>.
- ⁵⁹ "Partnerships against Corruption," *U.S. Department of State eJournal USA*, 16, no. 8 (2012): 2.
- ⁶⁰ "Helping Countries Combat Corruption: The Role of the World Bank," last modified September 1997. <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/corrptn.pdf>: 7.
- ⁶¹ Maxwell Abbott, "Indonesia's Corruption Eradication Commission Law Weathers the Storm, For Now," *The Diplomat*, last modified September 7, 2017. <https://thediplomat.com/2017/09/indonesias-corruption-eradication-commission-law-weather-the-storm-for-now/>.
- ⁶² "Partnerships against Corruption," *U.S. Department of State eJournal USA*, 16, no. 8 (2012): 2.
- ⁶³ "Lee Iacocca Quotes," *Goodreads*, assessed September 20, 2018. <https://www.goodreads.com/quotes/748481-even-a-correct-decision-is-wrong-whem-it-was-taken>.
- ⁶⁴ "Fighting the graft fighter," *The Jakarta Post*, last modified June 8, 2018. <http://www.thejakartapost.com/academia/2018/06/08/fighting-the-graft-fighters.html>.
- ⁶⁵ Maxwell Abbott, "Indonesia's Corruption Eradication Commission Law Weathers the Storm, For Now," *The Diplomat*, last modified September 7, 2017. <https://thediplomat.com/2017/09/indonesias-corruption-eradication-commission-law-weather-the-storm-for-now/>.

BIBLIOGRAPHY

- "2016 Year-End FCPA Update." *Gibson Dunn*. Last modified January 3, 2017. <https://www.gibsondunn.com/wp-content/uploads/2018/01/2016-year-end-fcpa-update-1.pdf>.
- "2017 Year-End FCPA Update." *Gibson Dunn*. Last modified January 2, 2018. <https://www.gibsondunn.com/wp-content/uploads/2018/01/2017-year-end-fcpa-update-1.pdf>.
- Abbott, Maxwell. "Indonesia's Corruption Eradication Commission Law Weathers the Storm, For Now." *The Diplomat*. Last modified September 7, 2017. <https://thediplomat.com/2017/09/indonesias-corruption-eradication-commission-law-weather-the-storm-for-now/>.
- Agrawal, Riju. "Is India Still the World's Largest Democracy." *The National Interest*. Last modified April 1, 2017. <https://nationalinterest.org/feature/india-still-the-worlds-largest-democracy-19973>.
- "Anti-corruption Strategies." *Commonwealth Law Bulletin* 34, no. 2 (2008): 331-333.
- Arifianto, Alexander. "Corruption in Indonesia: Causes, History, Impacts and Possible Cures," *Whitepaper Brandeis University*. Assessed August 28, 2018. <http://people.brandeis.edu/~cerbil/AlexCorruption.pdf>.
- Bajpai, Prableen. "The World's Top Economies." *Investopedia*. Last modified July 7, 2017. <https://www.investopedia.com/articles/investing/022415/worlds-top-10-economies.asp>.
- Caiden, Gerald E. "Undermining good governance: Corruption and democracy." *Asian Journal of Political Science*, 5, no. 2 (1997), 1-22.
- Caruso, Phil. "Indonesia and Terrorism: Success, Failure and an Uncertain Future." *Middle East Institute*. Last modified on February 6, 2018. <http://www.mei.edu/content/map/indonesia-and-terrorism-success-failure-and-uncertain-future>.
- Chayes, Sarah. "Corruption and terrorism: the causal link." *Policy paper- Against corruption: a collection of essays*. (2016). <https://www.gov.uk/government/publications/against-corruption-a-collection-of-essays/against-corruption-a-collection-of-essays#sarah-chayes-corruption-and-terrorism-the-causal-link>.
- "Chinese Anti-Corruption Law." *GAN*. Assessed on September 19, 2018. <https://www.business-anti-corruption.com/anti-corruption-legislation/china/>.
- Correa, Juan and Klaus Jaffe. "Corruption and Wealth: Unveiling a national prosperity syndrome in Europe." *arXiv preprint arXiv:1604.00283* (2015).
- "Corruption in Indonesia." *Indonesia-Investments*. Last modified June 23, 2017. <https://www.indonesia-investments.com/business/risks/corruption/item235?>.
- "Corruption Perceptions Index 2016." *Transparency International*. Last modified January 25 2017. http://www.transparency.org/news/feature/corruption_perceptions_index_2016.

President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia

- “Corruption Perceptions Index 2017.” *Transparency International*. Last modified February 21, 2018. http://www.transparency.org/news/feature/corruption_perceptions_index_2017.
- Cuervo-Cazurra, Alvaro. “Who cares about corruption?.” *Journal of International Business Studies*, 37 (2006): 803-822.
- “Democracy Index 2015.” *The Economist*. Assessed September 24, 2018. <https://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf>.
- Dini, Pensiun. “Corruption in Indonesia: causes, forms, and remedies.” *Aimbaruddin*. Last modified April 13, 2011. <https://aimbaruddin.wordpress.com/2011/04/13/corruption-in-indonesia-causes-forms-and-remedies/>.
- Doig, Alan and Stephen Riley. “Corruption and anti-corruption strategies: Issues and case studies from developing countries.” *Corruption and integrity improvement initiatives in developing countries* 45 (1998): 45-62.
- “Indonesia Policy Brief- Bribery and corruption.” Organisation for Economic Co-operation and Development. Last modified October 2016. <https://www.oecd.org/policy-briefs/indonesia-fighting-corruption-to-attract-responsible-investors.pdf>.
- “Indonesia’s young democracy thriving, but challenges remain.” *East-West Center*. Last modified January 11, 2018. <https://www.eastwestcenter.org/news-center/east-west-wire/indonesias-young-democracy-thriving-but-challenges-remain>.
- “Economist Intelligence Unit’s Democracy Index.” Accessed September 24, 2018. <https://infographics.economist.com/2018/DemocracyIndex/>.
- Evans, Alfred. “The Failure of democratization in Russia: A comparative perspective.” *Journal of Eurasian Studies* 2, no. 1 (2011): 40-51.
- “Fighting the graft fighter.” *The Jakarta Post*. Last modified June 8, 2018. <http://www.thejakartapost.com/academia/2018/06/08/fighting-the-graft-fighters.html>.
- Fisher, Max and Audrey Carlsen. “How China is Challenging American Dominance in Asia.” *New York Times*. Last modified March 9, 2018. <https://www.nytimes.com/interactive/2018/03/09/world/asia/china-us-asia-rivalry.html>.
- “Foreign Anti-corruption Act.” *GAN*. Assessed on September 19, 2018. <https://www.business-anti-corruption.com/anti-corruption-legislation/fcpa-foreign-corrupt-practices-act/>.
- Garrison, Arthur. “Defining terrorism: Philosophy of the bomb, propaganda by deed and change through fear and violence.” *Criminal Justice Studies* 17, no. 3 (2004): 260.
- “Global Terrorism Database.” *Global Terrorism Database*. (2018). <https://www.start.umd.edu/gtd/>.
- Hamilton-Hart, Natasha. “Anti-Corruption Strategies in Indonesia.” *Bulletin of Indonesian Economic Studies* 37, no. 1 (2010): 65-82.
- Harson, Siktus. “Children of Jihad: Terrorism shifting gears in Indonesia.” *LaCroix International*. Last modified on May 29, 2018. <https://international.la-croix.com/news/children-of-jihad-terrorism-shifting-gears-in-indonesia/7691>.
- “Helping Countries Combat Corruption: The Role of the World Bank.” Last modified September 1997. <http://www1.worldbank.org/publicsector/anticorrupt/corruptn/corruptn.pdf>.
- Hines, James. “Forbidden Payments: Foreign Bribery and American Business After 1977.” *NBER Working Paper* 5266. (1995).
- “How corruption undermines democracy.” *Democracy Digest*. Last modified January 11, 2018. <https://www.demdigest.org/corruption-undermines-democracy/>.
- Huang, H. “Working Reports of Supreme People’s Procuratorate.” (1980).
- “Indonesia 2017 Human Rights Report.” *United States Department of State Bureau of Democracy, Human Rights and Labor*. (2017): 1-24.
- “Indonesia attacks: How Islamic State is galvanizing support.” *BBC News*. Last modified May 13, 2018. Accessed on August 28, 2018. <https://www.bbc.com/news/world-asia-44100393>.
- “Indonesia Corruption Report.” *GAN Business Anti-Corruption Portal*. Last modified June 2017. <https://www.business-anti-corruption.com/country-profiles/indonesia/>.
- “Indonesia Country Statement.” *Anti-Corruption Summit in London*. Assessed on August 29, 2018. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/522708/Indonesia.pdf.
- “Indonesia GDP – Gross Domestic Product.” *Countryeconomy.com*. Accessed September 15, 2018. <https://countryeconomy.com/gdp/indonesia?year=1975>.

- “Indonesia Policy Brief- Bribery and Corruption.” *Organisation for Economic Co-operation and Development*. Last modified October 2016. <https://www.oecd.org/policy-briefs/indonesia-fighting-corruption-to-attract-responsible-investors.pdf>.
- Jacobson, Philip. “How corrupt elections fuel the sell-off of Indonesia’s natural resources.” Last modified June 7, 2018. <https://news.mongabay.com/2018/06/how-corrupt-elections-fuel-the-sell-off-of-indonesias-natural-resources/>.
- Jennings, Ralph. “Bad for Business? China’s Corruption Isn’t Getting Any Better Despite Government Crackdowns.” *Forbes*. Last modified March 15, 2018. <https://www.forbes.com/sites/ralphjennings/2018/03/15/corruption-in-china-gets-stuck-half-way-between-the-worlds-best-and-worst/#1e6732473d10>.
- Jones, Sidney. “How ISIS has Changed Terrorism in Indonesia.” *The New York Times*. Last modified May 22, 2018. <https://www.nytimes.com/2018/05/22/opinion/isis-terrorism-indonesia-women.html>.
- Kapoor, Kanupriya. “Ex-head of Indonesia’s constitutional court jailed for life for graft.” *Reuters*. Last modified November 8, 2012. <https://uk.reuters.com/article/uk-indonesia-corruption/ex-head-of-indonesias-%20constitutional-court-jailed-for-life-for-graft-idUKKBN0F51Z420140630>.
- Kassandra. “As a series of high-profile controversies have come to light, New Europe has investigated Romania’s anti-corruption strategy.” *NewEurope*. Last modified December 8, 2017. <https://www.neweurope.eu/article/corruption-romaniyas-anti-corruption-fight/>.
- Kaufmann, Daniel and Aart Kraay. “Worldwide Governance Indicators.” *The World Bank Group*. Assessed on September 29, 2018. <http://info.worldbank.org/governance/wgi/#home>.
- Koerner, Brendan. “How did Sunarto Steal \$35 Billion.” Last modified November 8, 2012. http://www.slate.com/articles/news_and_politics/explainer/2004/03/how_did_suharto_steal_35_billion.html.
- Kubbe, Ina and Annika Engelbert. “Corruption and the impact on democracy.” *Crime Law Social Change* (2017). <https://doi.org/10.1007/s10611-017-9732-0>.
- LaFranchi, Howard. “Global decline in democracy? The lesson from India may be ‘Not so fast.’” *The Christian Monitor*. Last modified March 16, 2018. <https://www.csmonitor.com/World/Asia-South-Central/2018/0316/Global-decline-in-democracy-The-lesson-from-India-may-be-Not-so-fast>.
- “Lee Iacocca Quotes.” *Goodreads*. Assessed September 20, 2018. <https://www.goodreads.com/quotes/748481-even-a-correct-decision-is-wrong-whem-it-was-taken>.
- “Life Sentence for Indonesia Constitutional Court Judge Akil Mochtar.” *DW.com*. Last modified June 30, 2014. <https://www.dw.com/en/life-sentence-for-indonesia-constitutional-court-judge-akil-mochtar/a-17747697>.
- Lincoln, Abraham. “The Gettysburg Address.” Gettysburg, PA., November 19, 1863.
- Lindsey, Tim. “Is Indonesia retreating from democracy?.” *The Conversation*. Last modified July 8, 2018. <https://theconversation.com/is-indonesia-retreating-from-democracy-99211>.
- _____. “Jokowi in Indonesia’s Neo-New Order.” *East Asia Forum*. Last modified November 7, 2018. <http://www.eastasiaforum.org/2017/11/07/jokowi-in-indonesias-neo-new-order/>.
- Liow, Joesph Chinyoug. “ISIS reaches Indonesia: The terrorist group’s Prospect in Southeast Asia.” *Brookings*. Last modified on February 8, 2016. <https://www.brookings.edu/opinions/isis-reaches-indonesia-the-terrorist-groups-prospects-in-southeast-asia/>.
- Liu, Enze. “A historical review of the control of corruption on economic crime in China.” *Journal of Financial Crime* 23, no. 1 (2016): 4-21.
- Majeed, Muhammad Tariq and Ronald Macdonald. “Corruption and the military in politics: theory and evidence from around the world.” (2010): 3.
- Maretich, Marta (ed). “Why corruption is a problem for impact investors—and what we can do about it.” *Maximpact Ecosystems*. Accessed August 28, 2018. <http://maximpactblog.com/why-corruption-is-a-problem-for-impact-investors-and-what-we-can-do-about-it/>.
- Marsh, Jenni. “How a Hong Kong millionaire’s bribery case exposes China’s corruption problems in Africa.” *CNN*. Last modified February 9, 2018. <https://www.cnn.com/2018/02/09/world/patrick-ho-corruption-china-africa/index.html>.
- Martin, Michael. “Is Russia a democracy?.” Last modified July 18, 2018. <https://www.metro.us/news/the-big-stories/is-russia-a-democracy>.
- Martini, Maira. *Examples of National Anti-Corruption Strategies*. (2013): 1-8.

President Trump Needs to Stop the Acts of Corruption in the Republic of Indonesia

- Maulia, Erwida. "China becomes Indonesia's No. 2 investor with infrastructure drive." *Nikkei Asian Review*. Last modified February 1, 2018. <https://asia.nikkei.com/Politics/International-Relations/China-becomes-Indonesia-s-No.-2-investor-with-infrastructure-drive>.
- McBeth, John. "Indonesia's most dangerous terrorist group—the rise of JAD." Last modified on May 16, 2018. <https://www.aspistrategist.org.au/the-rise-of-jamaah-anshurat-daulah-indonesias-most-dangerous-terrorist-group/>.
- Oberman, Raoul, et. al. "The archipelago economy: Unleashing Indonesia's potential." *McKinsey Global Institute*. (2012).
- Pant, Harsh. V. "India and Indonesia Come Together in the Indo-Pacific." *The Diplomat*. Last modified on May, 30 2018. <https://thediplomat.com/2018/05/india-and-indonesia-come-together-in-the-indo-pacific/>.
- "Partnerships against Corruption," *U.S. Department of State eJournal USA*, 16, no. 8 (2012): 2.
- Peng, Ren, Liu Chang and Zang Liwen. "China's involvement in coal-fired power projects along the belt and road." *Global Environment Institute*, (2017):1-8.
- Piazza, James. "Characteristics of Terrorism Hotspots." *Combating Terrorism Exchange (CTX)*. 5:3 (2015). <https://globalecco.org/characteristics-of-terrorism-hotspots>.
- Palatino, Mong. "What's Behind the New Communist Scares in Indonesia and the Philippines?." *The Diplomat*. Last modified November 7, 2018. <https://thediplomat.com/2016/05/whats-behind-the-new-communist-scares-in-indonesia-and-the-philippines/>.
- Purba, Kornelius. "Commentary: Indonesia needs China more than China needs Indonesia." *The Jakarta Post*. Last modified May 7, 2018. <https://asia.nikkei.com/Politics/International-Relations/China-becomes-Indonesia-s-No.-2-investor-with-infrastructure-drive>.
- Quah, Jon S. T. "Causes and Consequences of Corruption in Southeast Asia: A Comparative Analysis of Indonesia, the Philippines and Thailand." *Asian Journal of Public Administration* 25, no 2 (2003): 235-266. doi: 10.1080/02598272.2003.10800416.
- Rahmansyah, Denny and Nico Putra Mooduto. "Bribery & Corruption 2018: Indonesia." *Global Legal Insights*. Assessed on September 21, 2018. <https://www.globallegalinsights.com/practice-areas/bribery-and-corruption-laws-and-regulations/indonesia>.
- Rock, Michael. "Corruption and democracy." *The Journal of Development Studies*, 45, no. 1 (2009): 55–75.
- Rohwer, Anja. "Measuring Corruption: A Comparison between the Transparency International's Corruption Perception Index and the World Bank's Worldwide Governance Indicator." *CESifo DICE Report*, (2009): 45.
- Roose, Joshua. "How Indonesia is dealing with the new threat posed by returning Islamic State fighters." *The Conversation*. Last modified on May 18, 2018. <http://theconversation.com/how-indonesia-is-dealing-with-the-new-threat-posed-by-returning-islamic-state-fighters-96535>.
- Roser, Max, Mohamed Nagdy and Hannah Richie. "Terrorism." *Our World in Data*. Last modified January 2018. <https://ourworldindata.org/terrorism>.
- Rovnick, Naomi. "Indonesia is one of the world's most corrupt countries. Here's why there's new hope." Last modified November 8, 2012. <https://qz.com/25891/will-indonesia-become-the-next-republic-of-congo-or-like-japan/>.
- "SIGAR-Special Inspector General for Afghanistan Reconstruction." *Quarter Report to the United States Congress*. (2018).
- Salim, Wilmar, and Siwage Dharma Negara. "Why is the high-speed rail project so important to Indonesia." *ISEAS Perspective* 16 (2016): 1-10.
- Sapio F. "Implementing Anticorruption in the PRC: Patterns of Selectivity." *Centre for East and South-East Asian Studies Lund University, Working paper*. (2005).
- Shelley, Louise. "The unholy trinity: transnational crime, corruption, and terrorism." *Brown J. World Aff.* 11 (2004): 101.
- Stockemer, Daniel, Bernadette LaMontagne and Lyle Scruggs. "Bribes and ballots: The impact of corruption on voter turnout in democracies." *International Political Science Review* 34, no. 1 (2013): 74-90.
- Suzuki, Jun. "Indonesia suffers double digit decline in foreign investment." *NIKKEI Asian Review*. Last modified on August 15, 2018. <https://asia.nikkei.com/Business/Business-Trends/Indonesia-suffers-double-digit-decline-in-foreign-investment>.

- “Terrorism, Corruption and the Criminal Exploitation of Natural Resources.” *Organisation for Economic Co-operation and Development (OECD)*, (2017): 3.
- Tsimonis, Konstantinos. “China and the UN Convention Against Corruption: A 10-year appraisal.” Last modified August 6, 2018. <http://theasiadialogue.com/2016/08/06/china-and-the-united-nations-convention-against-corruption-a-10-year-appraisal/>.
- United Nations. “Implementation of chapter III (Criminalization and law enforcement) of the United Nations Convention against Corruption.” *Conference of the States Parties to the United Nations Convention against Corruption (Fourth Session)*, (2011): 1-18.
- _____. “UN Convention against Corruption, Signature and Ratification Status.” Last modified June 26, 2018. <https://www.unodc.org/unodc/en/corruption/ratification-status.html>.
- United States Department of State. “U.S. Anti-Corruption Efforts.” Accessed on August 29, 2018. <https://www.state.gov/anticorruption/>.
- “United Technologies Charged with Violating FCPA.” *United States Securities and Exchange Commission Press Release 2018-188*. Last modified September 12, 2018. <https://www.sec.gov/news/press-release/2018-188>.
- Varagur, Krithika. “Indonesian Corruption Sentence Hailed as a turning Point.” Last modified April 27, 2018. <https://www.voanews.com/a/indonesian-corruption-sentence-hailedasturning-point/4367398.html>.
- “Voter Turnout- Indonesia.” *Institute for Democracy and Electoral Assistance*. Accessed September 24, 2018. <https://www.idea.int/data-tools/question-countries-view/521/142/ctr>.
- Wang, Fanfubai and Zhongguo de Shiyan. *Anti-corruption, China’s Experiment*. (Haikou China: Sanhuan Publisher, (1990), 34.
- Weissmann, Jordon. “The Corporation Law That Scares the Bejesus Out of Corporate America.” *The Atlantic*. Last modified April 25, 2012. <https://www.theatlantic.com/business/archive/2012/04/the-corruption-law-that-scars-the-bejesus-out-of-corporate-america/256314/>.
- “What is corruption?.” *Transparency International*. Assessed August 28, 2018. <https://www.transparency.org/what-is-corruption>.
- “World Population Prospects 2017.” *United Nations*. Assessed on September 29, 2018. <https://population.un.org/wpp/DataQuery/>.
- Zalman, A. “The History of Terrorism.” Last modified on May 18, 2018. <https://www.thoughtco.com/the-history-of-terrorism-3209374>.

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

Louis M. McCray, Capt., US Navy

*“Oceans, seas, straits, and gulfs are the future of our civilization.
We have been showing our backs [to them for] too long...”¹*

- President Joko Widodo, Indonesia’s 7th President

Introduction

At the November 2014 East Asia Summit, newly elected Indonesian President Joko “Jokowi” Widodo declared his ambition to transform Indonesia into a maritime power.² The leaders of the Association of Southeast Asian Nations’ (ASEAN) ten member countries and the Presidents of the United States, Japan, and India were all in attendance as President Jokowi unveiled his Global Maritime Fulcrum (GMF).³ The vision alluded to the need for the Republic of Indonesia (ROI) to protect its maritime resources by combatting illegal, unreported, and unregulated (IUU) fishing. Since President Jokowi’s announcement, some reports estimate that Indonesia has reduced IUU fishing by foreign vessels in its exclusive economic zone (EEZ) by 90%.⁴ The Jokowi administration’s success in combatting IUU fishing is good news for Indonesia, but it also has broader implications for the Indo-Pacific region.

Finding effective countermeasures to excessive Chinese claims in the South China Sea (SCS) is a problem that continues to vex the United States and its regional allies and partners. The ROI’s crackdown on illegal fishing could provide an opportunity for the United States to counter those claims. The two nations could build on their existing relationship on IUU fishing under the United Nations (UN) Agreement on Port State Measures as a way to counter China without risking military escalation.⁵ Such a partnership would ultimately challenge Chinese legitimacy, since making excessive claims under international law is a trademark of Beijing’s approach to statecraft.⁶ Targeting legitimacy matters, because lulling adversaries to believe they are not in conflict with China is at the heart of how Beijing pursues its goals.⁷ Simply put, China’s approach to statecraft only works if its actions seem legitimate, or at least legitimate enough, under international law. This paper will propose a way to challenge Chinese legitimacy by focusing attention on the illegitimacy of its actions. Regarding IUU fishing, since international law does not recognize China’s Nine-Dash Line, fishing without permission by Chinese vessels in its neighbors’ EEZs is by definition illegal.⁸

The United States should reinforce its partnership with the ROI on this issue to challenge the legitimacy of excessive Chinese claims in the SCS.⁹ This type of partnership makes sense for three reasons. First, the ROI is well-postured to be a regional leader against illegal fishing, given its embrace of its maritime identity. Second, its aggressive stance against IUU fishing makes it an ideal partner for the United States to counter Chinese claims in the SCS. Third, a

window of opportunity exists to use IUU fishing as a strategic narrative against China, while the ROI is on the UN Security Council from 2019 to 2020.

Leadership on Illegal Fishing is Key to Maritime Identity

The ROI's embrace of its maritime identity under Jokowi's GMF policy has resulted in greater focus on illegal fishing. In March 2017, President Jokowi released his long-awaited Sea Policy, which elaborated on the maritime vision he announced at the 2014 East Asia Summit.¹⁰ The policy expanded on the original five pillars by adding two additional ones and providing a framework for implementation.¹¹ Of particular note, one of the manifestations of the GMF initiative has been the country's clamp down on IUU fishing.¹² This trend likely will continue as the Jokowi administration further implements its maritime vision under the more comprehensive Sea Policy. Since aggressively combatting illegal fishing has been successful, it stands to reason that IUU fishing will gain greater importance as the ROI continues to define its maritime identity.

The ROI's size, geographic location, and desire to control its EEZ also contribute to its standing as a regional leader against IUU fishing. As the world's largest archipelagic nation with the world's fourth largest population, commercial fishing rights are an important strategic issue.¹³ In 2016 alone, the United Nations estimated that it generated 14.3 million tons of seafood, making it the second largest seafood producer in the world.¹⁴ It is located on the periphery of China's infamous Nine-Dash Line, and its EEZ around the Natuna islands overlaps China's claim.¹⁵ These competing claims over the waters around the Natuna islands directly relate to illegal fishing, since an essential aspect of EEZs is the protection of resources. The ROI's archipelagic nature, dependency on fishing, and need to secure its fishing rights all support the country becoming an influential leader on IUU fishing.

Critics may argue that the ROI is not well-positioned to be a regional leader on combatting illegal fishing for two important reasons. First, even though its EEZ around the Natuna islands overlaps with China's claim, it considers itself a non-claimant in SCS disputes.¹⁶ Second, taking a regional lead against IUU fishing could antagonize China, and potentially jeopardize Chinese investments in Indonesian infrastructure. Estimates project that the ROI's cash-strapped government needs anywhere from \$157 billion to upwards of \$500 billion to fund its infrastructure initiatives, with China as a potential source for at least some of those funds.¹⁷ To the first point, regardless of Jakarta's official diplomatic position on the SCS, it stands to lose if China successfully codifies its Nine-Dash Line. Furthermore, the ROI's tack into the winds of maritime relevance almost certainly puts it on a collision course with China.¹⁸ To the second point, while China is the third-largest foreign investor in the country with \$3.36 billion in 2017, this does not mean it wants to be a client of China.¹⁹ The Jokowi administration should assume that there are strings attached to Chinese infrastructure investments; using foreign aid as leverage is a common Chinese ploy.²⁰ However, the ROI ultimately has the final say regarding how deeply it allows China to involve itself in Indonesian affairs. Given Jokowi's focus on

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

Indonesian sovereignty, it seems unlikely that Jakarta would allow Beijing to gain too much leverage.

As strong as these counterpoints are, it is unlikely that the ROI would acquiesce to China on a fundamental issue of sovereignty such as fishing rights, given the importance of the fishing industry to the country. Additionally, combating IUU fishing has emerged as a key element of both President Jokowi's GMF and his more comprehensive Sea Policy. Trading access to fishing rights for money would be politically risky for Jokowi, especially since he is up for reelection in 2019. For now, the ROI seems to have chosen a middle road between pursuing regional leadership on illegal fishing and remaining neutral towards China. However, this position could easily change if China continues its ascendancy and the ROI were to feel isolated. For this reason, a closer relationship with the United States on illegal fishing may be attractive.

Want an Aggressive Partner? Find a Common Issue

The ROI's aggressive stance against IUU fishing and its demonstrated willingness to take action make it an ideal partner for the United States to counter excessive Chinese claims. Its efforts to protect its maritime resources have resulted in an overall reduction of IUU fishing nationwide, including a reduction in illegal Chinese fishing in the North Natuna Sea. Under the leadership of Marine Affairs and Fisheries Minister, Susi Pudjiastuti, the task force President Jokowi established in 2016 to curb illegal fishing has captured and destroyed hundreds of fishing vessels.²¹ Later that same year, the ROI and China engaged in three maritime skirmishes over fishing rights around the Natuna islands. New York Times correspondent Joe Cochrane points out that its pushback against China's claims around the Natuna Islands takes direct aim at Beijing's Nine-Dash Line and adds yet another player to the high-stakes competition for maritime rights in the SCS.²² In addition to its enforcement actions, the ROI also increased its military presence on the Natuna archipelago and renamed the waters around the islands the North Natuna Sea.²³ China responded to these actions by publicly claiming for the first time that its Nine-Dash Line included fishing waters inside the ROI's EEZ.²⁴ Although tensions over fishing rights in the North Natuna Sea have not derailed Indonesian–Chinese relations, they have complicated them. Jakarta's actions to protect its sovereign rights demonstrate that it does not desire subservience to Beijing. These actions also show that Jokowi's GMF is more than just rhetoric. Particularly with regard to IUU fishing, the ROI has shown a willingness to take a proactive role in protecting its maritime resources. The issue is also one on which it and the United States can find common ground.

The illegal fishing issue fits with the Trump administration's views on Chinese actions in the SCS. In his National Security Strategy, President Trump highlighted China's use of non-military methods of statecraft to advance its aims.²⁵ The administration prioritizes a vision for the Indo-Pacific in which all nations are potential partners against forces attempting to subvert sovereignty.²⁶ In keeping with its renewed emphasis on the region, the administration also has scheduled regular freedom of navigation operations (FONOPS) in the SCS, a major change from

the Obama administration that infrequently used FONOPS.²⁷ The Trump administration's emphasis on sovereignty aligns well with the Jokowi administration's focus on IUU fishing, since the issue is fundamentally one of sovereignty.²⁸ The United States' intention to increase FONOPS in the region is further evidence of its renewed commitment to challenge aggressive Chinese statecraft in the Indo-Pacific. However, increased naval operations alone have been ineffective, since "gray-zone aggressors deliberately refuse to breach the threshold between uneasy peace and armed conflict."²⁹ This aspect of gray-zone conflict suggests the need for a more creative approach. A reinforced US-ROI partnership to combat IUU fishing is one option that would bridge the gap between inaction and military escalation.

Aligning national interests may prove to be easy, since an effective US-ROI partnership aimed at China's excessive claims could build on the diplomatic framework already in place to reduce IUU fishing. The two nations already work together to implement the UN Food and Agriculture Organization (FAO) Agreement on Port State Measures, which focuses on eliminating IUU fishing.³⁰ The partnership focuses on a number of interagency programs coordinated by the US Embassy in Jakarta.³¹ The FAO agreement has been a good framework for US-ROI cooperation on IUU fishing, but it could serve a broader purpose. Both nations could use the agreement to more closely link China to illegal fishing. This connection would be easy to make for two reasons: 1) As a non-party to the agreement, China is vulnerable to charges that it is working against the international community when it comes to stopping illegal fishing, and 2) China's Nine-Dash Line essentially enables illegal fishing by Chinese vessels in its neighbors' EEZs.

The July 2016 ruling by the UN's Permanent Court of Arbitration against China in its dispute with the Philippines provides legal clarity on China's Nine-Dash Line. The ruling only strengthens the connection between IUU fishing and broader EEZ disputes in the SCS. This link further calls into question the legitimacy of Beijing's claims and provides a rationale for the United States and the ROI to characterize Chinese encroachments into its neighbors' EEZs as crimes. In fact, this is exactly how it has treated incursions by foreign illegal fishing vessels into its EEZ under the Jokowi administration.³² Treating these incursions as crimes is a brilliant move by Jakarta, since it is a logical way to interpret Chinese actions through the lens of the 2016 ruling. Considering illegal fishing a crime undercuts China's sovereignty argument, since viewing the issue as a criminal matter presumes that the SCS disputes are settled international law. Approaching the connection between illegal fishing and EEZs as a law enforcement issue complicates matters for China and allows the United States to reinforce its partnership with Indonesia without being explicitly anti-Chinese.

A fair critique of this argument is that despite the ROI's aggressive actions against IUU fishing, a reinforced US-ROI partnership on the issue will have little impact on Chinese actions. To paraphrase Feng Zhang from Australian National University, the paradoxical effect of the UN Arbitration Court ruling is that although Beijing has hardened its stance on the Nine-Dash Line,

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

it also seems more willing to negotiate.³³ While China is not yet ready to give up on its Nine-Dash Line, Beijing is not ready to go to war over it. As Michael Mazzar argues, China is aware of the advantages of being seen as a responsible global actor.³⁴ This presumably is why China continues to aggressively pursue its gray-zone strategies as opposed to military escalation or foregoing the Nine-Dash Line. Although China has chosen to continue pursuing its excessive claims since the court ruling, “[i]n terms of international law, the arbitration award was a humiliating defeat for Beijing.”³⁵ Herein lies the strength of a US–ROI partnership centered on illegal fishing. By emphasizing the connection between illegal fishing and EEZ disputes, the two nations could steer the narrative away from international law to one that also includes a more compelling story about illegal fishing. The attention the Jokowi administration has received regarding its approach to the issue should be a good indicator of the potential strength of illegal fishing as a strategic narrative. More to the point, the UN’s court ruling grabbed China’s attention. An additional challenge to its legitimacy, by connecting China to illegal activities such as IUU fishing, would be difficult for Beijing to ignore.

The Strategic Narrative of Illegal Fishing

A strategic narrative drawing the connection between Chinese statecraft through intimidation, EEZ disputes, and IUU fishing would further complicate matters for Beijing. Two aspects of a strategic narrative that could resonate with an international audience are 1) the nexus between transnational crime, human rights abuses, and IUU fishing, and 2) the environmental impact of the practice.³⁶ Both are potentially useful themes for the United States. With regard to transnational crime, in 2015 the Associated Press reported on fishermen from Myanmar, Thailand, Cambodia, and Laos who were essentially slave labor for the illegal fishing industry in Benjina, Maluku, ROI.³⁷ The Indonesian government immediately cracked down on the operation and evacuated 300 of the fishermen to safety.³⁸ The incident prompted Fisheries Minister Susi Pudjiastuti to comment, “One of the reasons I prioritize the eradication of illegal fishing is not only because we are losing trillions of rupiah due to illegal fishing, but also because illegal fishing is often a vehicle for other crimes, such as people smuggling, drug smuggling, and slavery.”³⁹

Minister Pudjiastuti’s comments highlight the country’s credibility on the illegal fishing issue, which could be used to discuss the criminal aspect of IUU fishing from a global platform. In 2018, as the ROI continued to aggressively fight illegal fishing, it also secured 144 of 190 country votes to gain a non-permanent seat on the UN Security Council from 2019 to 2020.⁴⁰ Although it did not articulate maritime security as one of four priorities for its tenure on the Security Council, in 2017 Minister Pudjiastuti did call for the United Nations to designate IUU fishing a transnational crime.⁴¹ Given Minister Pudjiastuti’s interest in illegal fishing, President Jokowi’s overall emphasis on maritime security, and the emergence of the administration’s fight against IUU fishing as one of its most visible success stories, Indonesia seems well-postured to use its seat on the Security Council to advocate against the practice. If a strategic narrative about

illegal fishing is to have any credibility on the world stage, the United States must have a strong partner in the region willing to tell the story. The ROI is potentially that partner.

Messaging the environmental impact of illegal fishing would be equally problematic for China. According to the world's largest conservation non-governmental organization, the World Wildlife Fund (WWF), "more than 30 percent of the world's fisheries have been pushed beyond their biological limits and are in need of strict management plans to restore them."⁴² The WWF further points out that 85% of fishing stocks are at risk from IUU fishing, and that the practice is a major contributor to overfishing.⁴³ Highlighting these reports illustrates that illegal fishing already has international attention and an audience. Connecting IUU fishing, transnational crime, and overfishing in the SCS to China is both a compelling story to tell and a difficult one for China to refute.

Some may argue that even if illegal fishing makes for a compelling story, it would not be an effective strategic narrative against China. Considering China's increased economic power and the ROI's reliance on Chinese money to fund infrastructure projects, it might be difficult to convince the country to support Security Council measures that could alienate Beijing. Although this argument is not insignificant and suggests that there is little incentive for Indonesia to support what essentially sounds like a "feel-good" initiative with the United States, how the story is crafted is what matters. Ironically, while this paper has spent a great deal of effort drawing linkages between China and illegal fishing, framing this illegal fishing narrative need not be so direct. An effective strategic narrative should be informed by common interests between the United States and the ROI, such as the criminal aspect of illegal fishing. This would enable the two nations to use IUU fishing as leverage against China on the Security Council, without forcing either into an openly anti-China position.

In order to ensure Indonesian buy-in to this narrative, the United States should emphasize human rights, environmental, and economic impacts of the practice. These impacts are not explicitly anti-China, thus avoiding direct conflict, and align with Indonesia's stance on IUU fishing. They also potentially place China on the horns of a dilemma. By introducing a measure to the Security Council that designates illegal fishing a transnational crime, China would be forced to choose between two bad options. If it chose to vote for the measure, China would draw attention to illegal fishing by its vessels in its neighbors' EEZs. If China chose either to veto the measure or abstain, then it essentially would be supporting criminal activity. As a single issue, China might be willing to take that risk; however, context matters. Beijing's actions seem much less reasonable when measured against data points such as China's unwillingness to join the Agreement on Port State Measures, its encroachments into its neighbors' EEZs, the 2016 United Nations' court ruling, and its proclivity to use statecraft to bully its neighbors. Simply put, if China opposes international efforts to stop illegal fishing, it will invite greater criticism of the legitimacy of its actions.

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

Conclusion

Unifying a partnership around illegal fishing would benefit the United States and Indonesia because of the dilemma it would create for China. The more the United States uses the international system it built to consider, discuss, and encourage rules against practices such as IUU fishing that China is a party to, the more China's legitimacy will be called into question. Although effective, China's aggressive statecraft is not ironclad, especially when it comes to its legitimacy. China might want regional hegemony in Asia; however, Beijing's actions are constrained by the fact that it has "no desire to collapse global economic institutions or create spiraling regional instability."⁴⁴ China scholar Peter Dutton sums it up best with his observation that Beijing has turned state coercion upside down by adding rungs to the bottom of the escalation ladder rather than to the top of it.⁴⁵ To implement its strategy, China has chosen non-kinetic means and methods to achieve its objectives. To counter this approach, the United States must use the international system to call out China's behavior as unacceptable. The United States should focus on issues such as illegal fishing, which are easily understood by large international audiences and call into question Beijing's adherence to international law.

A reinforced US-ROI partnership on IUU fishing could result in China feeling further isolated from the very international community in which it desires to be a leader. This feeling of isolation could compel China to change its behavior. What is certain is that Beijing's statecraft will not change if the United States, its allies, and its partners do nothing.⁴⁶ Illegal fishing may not be a silver bullet, but the issue is important since it affects all countries in the region. If the ROI emerges as an effective leader on the issue, other countries in the region may consider following its lead. With that said, an important question is to what extent is the ROI willing to challenge China? Jakarta has demonstrated some willingness to draw redlines and push back against Beijing when its EEZ is threatened, as illustrated in maritime engagements with Chinese fishing boats in the Natuna Sea. However, it appears to be reticent to take a leading role globally on illegal fishing, as demonstrated by maritime issues appearing nowhere on its list of priorities for the Security Council. Nevertheless, if the United States actively supports the ROI in its efforts to implement the GMF and joins it to advocate for the elimination of IUU fishing, then it stands to gain two strategic advantages: 1) A strong regional partner, and 2) A strong strategic narrative to challenge the legitimacy of Chinese claims in the SCS.

Recommendations

The United States and the ROI should introduce a measure to the UN Security Council to designate IUU fishing a transnational crime. The Agreement on Port State Measures has had some effect in reducing IUU fishing; a measure designating illegal fishing as a transnational crime would only strengthen that framework. The United States also must emphasize that the elimination of IUU fishing is a strategic priority in the Indo-Pacific region, and that it fully supports Indonesian leadership on the issue. The measure should include two key aspects: 1) Nations must respect the rights of their neighbors to police their EEZs, and 2) Nations must provide information to an international maritime law enforcement database to track known or

suspected illegal fishing vessels. To be effective, the measure must put China in a position to either come out in favor of eliminating illegal fishing, or argue why illegal fishing is an acceptable practice. Either way, China would be forced to take a disadvantageous position.

In addition to a UN Security Council measure, the United States also should support its diplomatic efforts in Jakarta with military resources from the US Indo-Pacific Command when appropriate. A joint diplomatic–military approach enhances unity of effort and brings additional resources to bear such as special operations forces (SOF), which would be well-suited to support the embassy’s mission. Specifically, inherent to SOF are several skillsets and interagency networks that would strengthen a reinforced US-ROI partnership on IUU fishing and complement existing US counterterrorism relationships with the country. Two SOF resources that could be useful and are worthy of further research are military information support operations assets and counterterrorism information-sharing relationships. These capabilities could prove essential to both developing and effectively communicating a strong IUU fishing strategic narrative and tracking Chinese illegal fishing vessels.

Finally, the United States should recognize the present state of affairs in the SCS as a conflict that is defined by daily competition for influence and legitimacy. At present, it appears that Beijing has the wind at its back. However, the international system remains tilted in Washington’s favor. The United States must view the ROI’s non-permanent seat on the Security Council and willingness to take a leadership role on issues such as IUU fishing as opportunities to reassert influence in the SCS. This window of opportunity will not remain open forever. In fact, it is rapidly closing relative to the time required for diplomatic action and the expiration of ROI’s time on the Security Council. Put simply, the time to act is now.

¹ Rory Metcalf, “Jokowi’s maritime inaugural address,” *The Interpreter* (October 21, 2014), accessed October 20, 2018, <https://www.lowyinstitute.org/the-interpreter/jokowis-maritime-inaugural-address>.

² Rendi A. Witulur, “Jokowi Launches Maritime Doctrine to the World,” *The Jakarta Post* (November 13, 2014), accessed August 30, 2018, <http://www.thejakartapost.com/news/2014/11/13/jokowi-launches-maritime-doctrine-world.html>.

³ The five pillars of the Jokowi administration’s Global Maritime Fulcrum are as follows: 1) Reviving Indonesia’s maritime culture, 2) Improving maintenance and management of marine resources, 3) Improving maritime infrastructure and connectivity, 4) Committing to resolving regional maritime conflicts through diplomacy, and 5) Building Indonesia’s maritime defense capacity. Adelle Neary, “Jokowi Spells Out Vision for Indonesia’s ‘Global Maritime Nexus,’” *Center for Strategic & International Studies* (November 26, 2014), accessed August 30, 2018, <https://www.csis.org/analysis/jokowi-spells-out-vision-indonesia%E2%80%99s-%E2%80%9Cglobal-maritime-nexus%E2%80%9D>.

⁴ California Environmental Associates, “Trends in Marine Resources and Fisheries Management in Indonesia,” *California Environmental Associates Review* (2018), accessed July 28, 2018, <https://www.packard.org/wp-content/uploads/2018/08/Indonesia-Marine-Full-Report-08.07.2018.pdf>.

⁵ The Food and Agriculture Organization (FAO) of the United Nations Agreement on Port State Measures has 56 party nations and focuses on eliminating IUU fishing. It will be discussed in greater detail later in this paper.

⁶ This paper uses “statecraft” as a shorthand to describe either the individual or integrated use of instruments of national power in state competition other than armed conflict in order to achieve political aims. As the term statecraft relates to “gray zone strategies,” there is no common definition of what constitutes a “gray zone.” In the

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

context of this paper, Chinese statecraft is synonymous with the vaguer term “gray zone strategies.” It is also worth noting that this paper borrows from the United States’ joint military definition of legitimacy, which describes it as “actual and perceived legality, morality, and rightness of...actions from the various perspectives of interested audiences.” Joint Staff, “Joint Publication 3-0, Joint Operations, Appendix A-4,” (January 17, 2017), accessed October 12, 2018, http://www.jcs.mil/Portals/36/Documents/Doctrine/pubs/jp3_0_20170117.pdf.

⁷ Michael J. Mazarr, *Mastering the Gray Zone: Understanding a Changing Era of Conflict* (Carlisle: Strategic Studies Institute and U.S. Army War College Press, 2015), 85.

⁸ The FAO partly defines IUU fishing as “Fishing and fishing-related activities conducted in contravention of national, regional and international laws.” FAO, “Illegal, Unreported, and Unregulated Fishing,” accessed September 6, 2018, <http://www.fao.org/3/a-i6069e.pdf>.

⁹ “Reinforce” in the context of this paper follows the Joint Staff’s Joint Concept for Integrated Campaigning definitions for cooperative relationships. Namely, reinforced relationships are described as follows: “independent actors may already have taken action, of their own accord, that aligns with our interests. In these cases, we seek to support their actions and do not necessarily need to take the lead (though that may change with continual assessment).” Joint Staff, “Joint Concept for Integrated Campaigning,” (March 16, 2018), 20, accessed October 12, 2018.

http://www.jcs.mil/Portals/36/Documents/Doctrine/concepts/joint_concept_integrated_campaign.pdf?ver=2018-03-28-102833-257.

¹⁰ Evan Laksmana, “Indonesian Sea Policy: Accelerating Jokowi’s Global Maritime Fulcrum,” *Asia Maritime Transparency Initiative* (March 23, 2017), accessed August 30, 2018, <https://amti.csis.org/indonesian-sea-policy-accelerating/>. The Jokowi administration named its policy the “Sea Policy,” also known as Presidential Regulation No. 16, in order to root both its name and the spirit of the policy in the United Nations Convention on the Law of the Sea (UNCLOS).

¹¹ Keoni Marzuki, “Indonesia’s National Sea Policy: Concretising the Global Maritime Fulcrum,” *S. Rajaratnam School of International Studies* (March 24, 2017), accessed October 3, 2018, <https://www.rsis.edu.sg/wp-content/uploads/2017/03/CO17052.pdf>.

¹² Prashanth Parameswaran, “Indonesia Wants Global War on Illegal Fishing,” *The Diplomat* (March 09, 2017), accessed October 4, 2018, <https://thediplomat.com/2017/05/indonesia-wants-global-war-on-illegal-fishing/>.

¹³ CIA Factbook, “East & Southeast Asia: Indonesia,” accessed August 30, 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

¹⁴ Parameswaran, “Indonesia Wants Global War on Illegal Fishing.”

¹⁵ Ibid.

¹⁶ Adelle Neary, “Jokowi Spells Out Vision.”

¹⁷ Karlis Salna, “Indonesia Needs \$157 Billion for Infrastructure Plan,” *Bloomberg* (January 25, 2018), accessed August 31, 2018, <https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan>.

¹⁸ Joe Cochrane, “Indonesia, Long on Sidelines, Starts to Confront China’s Territorial Claims,” *The New York Times* (September 10, 2017), accessed August 31, 2018, <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.

¹⁹ Rachmadea Aisyah, “Chinese Investments trending in Indonesia.” *The Jakarta Post* (May 2, 2018), accessed August 31, 2018, <http://www.thejakartapost.com/news/2018/05/02/chinese-investments-trending-in-indonesia.html>.

²⁰ The Hambantota port in Sri Lanka is one of the more notorious examples of Chinese predatory lending. In that case, China gave Sri Lanka money, which Beijing knew its poorer neighbor could never repay, to revitalize the port. When Sri Lanka failed to make its payments, China leveraged those debts to coerce Sri Lanka into signing over rights for 99 years to the 15,000 acre port. Maria Abi-Habib, “How China Got Sri Lanka to Cough up a Port,” *The New York Times* (June 25, 2018), accessed October 21, 2018, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>.

²¹ Krithika Varagur, “Indonesia is Blowing Illegal Fishing Boats Out of the Water,” *Voice of America News* (June 26 2017), accessed August 31, 2018. <https://www.voanews.com/a/indonesia-fisheries-protection/3901739.html>. Since Indonesia began its crackdown on illegal fishing, reports on the number of illegal fishing boats destroyed by Jakarta range anywhere from the high 300s to 500 vessels.

²² Joe Cochrane, “Indonesia, Long on Sidelines.”

²³ Ibid.

²⁴ Ibid.

-
- ²⁵ Trump Presidential Administration, *National Security Strategy of the United States* (December 2017), accessed September 1, 2018, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.
- ²⁶ Ibid.
- ²⁷ Ankit Panda, "A FONOP Schedule in the South China Sea: What Next," *The Diplomat* (September 11, 2017), accessed September 1, 2018, <https://thediplomat.com/2017/09/a-fonop-schedule-in-the-south-china-sea-what-next/>.
- ²⁸ Although EEZs are in international waters, according to UNCLOS coastal states have the right to enforce sovereign rights in this zone for economic purposes. United States Navy, *Naval Warfare Publication 1-14M: The Commander's Handbook on the Law of Naval Operations*, (Norfolk: Department of the Navy, 2017), 1-9.
- ²⁹ James Holmes and Toshi Yoshira, "Five Shades of Chinese Gray-Zone Strategy," *The National Interest* (May 2, 2017), accessed August 30, 2018, <https://nationalinterest.org/feature/five-shades-chinese-gray-zone-strategy-20450>.
- ³⁰ Food and Agriculture Organization (FAO) of the United Nations, "Agreement on Port State Measures: Parties to the PMSA," accessed October 20, 2018, <http://www.fao.org/port-state-measures/background/parties-psma/en/>; Of significant note, China is not one of the 56 nations that are a party to the agreement.
- ³¹ U.S. Embassy & Consulates in Indonesia, "Fact Sheet: U.S.– Indonesian Maritime Cooperation," accessed September 1, 2018, <https://id.usembassy.gov/our-relationship/policy-history/embassy-fact-sheets/fact-sheet-u-s-indonesia-maritime-cooperation/>. The specific programs of the United States–Indonesia partnership are capacity building, technology procurement, and systems integration.
- ³² David G. Rose, "China calls it fishing, Indonesia calls it crime: Pudjiastuti finds her target for oceans summit," *This Week in Asia* (October 18, 2018), accessed October 22, 2018. <https://www.scmp.com/week-asia/geopolitics/article/2169153/china-calls-it-fishing-indonesia-calls-it-crime-pudjiastuti>.
- ³³ Feng Zhang, "Assessing China's response to the South China Sea arbitration ruling," *Australian Journal of International Affairs* (February 28, 2017), accessed September 1, 2018, <https://www.tandfonline.com/doi/full/10.1080/10357718.2017.1287876?src=recsys>.
- ³⁴ Michael J. Mazarr, *Mastering the Gray Zone*, 82.
- ³⁵ Feng Zhang, "Assessing China's response."
- ³⁶ The reason why an illegal fishing strategic narrative would resonate is because people can relate to narratives about food access, restricting food access through coercion and crime, and the negative environmental impacts of overfishing. International law on the other hand, though important, is much more difficult to understand. In simple terms, all people eat; most people like nature; few people practice law; even fewer practice international maritime law. Why not tell a story people will listen to?
- ³⁷ International Organization for Migration (IOM), "Human trafficking in the fishery sector: the Benjina case," (as of March 2018), accessed 13 September, 2018, <https://indonesia.iom.int/human-trafficking-fishery-sector-benjina-case-inta-Olabre>.
- ³⁸ Ibid.
- ³⁹ Ibid.
- ⁴⁰ Pandu Utama Manggala, "Indonesia's Chance to Advocate Maritime Security Issues on the Security Council," *The Diplomat* (June 13, 2018), accessed September 13, 2018, <https://thediplomat.com/2018/06/indonesias-chance-to-advocate-maritime-security-issues-on-the-security-council/>.
- ⁴¹ Patsy Widakuswara, "Indonesia Urges UN to Declare Fish Theft a Transnational Crime," *Voice of America News* (June 10, 2017), accessed September 13, 2018, <https://www.voanews.com/a/indonesia-urges-united-nations-declare-fish-theft-transnational-crime/3895243.html>; Yuni Arisandy, "Indonesia has four priorities in unsc," *AntaraNews.com* (June 9, 2018), accessed September 26, 2018, <https://en.antaranews.com/news/116100/indonesia-has-four-priorities-in-unsc>; Indonesia's four priorities for its tenure on the UNSC are as follows: 1) Global stability through diplomacy, 2) Regional stability through building synergy between Southeast Asian organizations and the UN, 3) Cooperation to fight terrorism, extremism, and radicalism, and 4) Linking peace efforts to sustainable development goals.
- ⁴² World Wildlife Fund, "Overfishing," accessed September 13, 2018, <https://www.worldwildlife.org/threats/overfishing>.
- ⁴³ World Wildlife Fund, "More than 85 Percent of Global Fish Stocks are at Significant Risk of Illegal Fishing – WWF Report" (October 29, 2015), accessed September 13, 2018, <https://www.worldwildlife.org/press-releases/more-than-85-percent-of-global-fish-stocks-are-at-significant-risk-of-illegal-fishing-wwf-report>.
- ⁴⁴ Michael J. Mazarr, *Mastering the Gray Zone*, 81.

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

⁴⁵ Peter A. Dutton, “Conceptualizing China’s Maritime Gray Zone Operations,” Unpublished paper presented at the CMSI Conference on “China’s Maritime Gray Zone Operations,” (2-3 May 2017), Newport, RI.

⁴⁶ On the other hand, reinforcing the existing United States–Indonesia partnership on IUU fishing is a relatively low-cost approach that could yield a good return on investment. What makes this approach potentially useful is that it focuses on a partnership that already exists and on an issue that one partner really cares about. As this paper has discussed, being viewed as a leader on illegal fishing benefits Indonesia both domestically and internationally. For the United States, why not take advantage of that?

BIBLIOGRAPHY

- Abi-Habib, Maria. “How China Got Sri Lanka to Cough up a Port.” *The New York Times* (June 25, 2018). Accessed October 21, 2018. <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>.
- Aisyah, Rachmadea. “Chinese Investments trending in Indonesia.” *The Jakarta Post* (May 2, 2018). Accessed August 31, 2018. <http://www.thejakartapost.com/news/2018/05/02/chinese-investments-trending-in-indonesia.html>.
- Arisandy, Yuni. “Indonesia has four priorities in unsc.” *AntaraNews.com* (June 9, 2018). Accessed September 26, 2018. <https://en.antaranews.com/news/116100/indonesia-has-four-priorities-in-unsc>.
- California Environmental Associates. “Trends in Marine Resources and Fisheries Management in Indonesia.” *California Environmental Associates Review* (2018). Accessed July 28, 2018. <https://www.packard.org/wp-content/uploads/2018/08/Indonesia-Marine-Full-Report-08.07.2018.pdf>.
- CIA Factbook. “East & Southeast Asia: Indonesia.” Accessed August 30, 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- Cochrane, Joe. “Indonesia, Long on Sidelines, Starts to Confront China’s Territorial Claims.” *The New York Times* (September 10, 2017). Accessed August 31, 2018, <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- Connelly, Aaron L. “Indonesia in the South China Sea: Going it alone.” *Lowy Institute* (December 05, 2016). Accessed July 18, 2018. <https://www.lowyinstitute.org/publications/indonesia-south-china-sea-going-it-alone>.
- Dutton, Peter A. “Conceptualizing China’s Maritime Gray Zone Operations.” Unpublished paper presented at the CMSI Conference on “China’s Maritime Gray Zone Operations,” (2-3 May 2017). Newport, RI.
- Food and Agriculture Organization (FAO) of the United Nations. “Agreement on Port State Measures: Parties to the PMSA.” Accessed October 20, 2018. <http://www.fao.org/port-state-measures/background/parties-psma/en/>.
- Food and Agriculture Organization (FAO) of the United Nations. “Republic of Indonesia.” Accessed August 30, 2018. <http://www.fao.org/fishery/facp/IDN/en>.
- Holmes, James and Toshi Yoshira. “Five Shades of Chinese Gray-Zone Strategy.” *The National Interest* (May 2, 2017). Accessed August 30, 2018. <https://nationalinterest.org/feature/five-shades-chinese-gray-zone-strategy-20450>.
- Hudaya, Maula, and Agung Tri Putra. “Toward Indonesia as Global Maritime Fulcrum: Correcting Doctrine and Combating Non-Traditional Maritime Threats Toward Indonesia as Global Maritime Fulcrum: Correcting Doctrine and Combating Non-Traditional Maritime Threats,” *Research Gate* (December 2017). Accessed July 18, 2018. https://www.researchgate.net/publication/323539713_Toward_Indonesia_as_Global_Maritime_Fulcrum_Correcting_Doctrine_and_Combating_Non-Traditional_Maritime_Threats_Toward_Indonesia_as_Global_Maritime_Fulcrum_Correcting_Doctrine_and_Combating_Non-Traditi.
- International Organization for Migration (IOM). “Human trafficking in the fishery sector: the Benjina case.” (as of March 2018). Accessed 13 September, 2018. <https://indonesia.iom.int/human-trafficking-fishery-sector-benjina-case-inta-Olabre>.
- Jackson, Van. “Tactics of Strategic Competition.” *Naval War College Review: Vol. 70 : No. 3, Article 4* (2017). Accessed July 18, 2018. <http://digital-commons.usnwc.edu/nwc-review/vol70/iss3/4/>.
- Joint Staff. “Joint Publication 3-0, Joint Operations, Appendix A-4” (January 17, 2017). Accessed October 12, 2018. http://www.jcs.mil/Portals/36/Documents/Doctrine/pubs/jp3_0_20170117.pdf.

- Joint Staff, 2018, "Joint Concept for Integrated Campaigning," March 16, accessed October 12, 2018. http://www.jcs.mil/Portals/36/Documents/Doctrine/concepts/joint_concept_integrated_campaign.pdf?ver=2018-03-28-102833-257.
- Kennedy, Conor M, and Andrew S. Erickson, 2017. "CMSI China's Third Sea Force, The People's Armed Forces Maritime Militia: Tethered to the PLA." *Andrew S. Erickson: China analysis from original sources: China Maritime Studies Institute* (March 2017). Accessed July 18, 2018. <http://www.andrewerickson.com/>.
- Kurlantzick, Joshua. "Keeping the U.S.-Indonesia Relationship Moving Forward." *Council on Foreign Relations: Council Special Report No. 81* (February 2018). Accessed July 18 2018. <https://www.cfr.org/report/keeping-us-indonesia-relationship-moving-forward>.
- Laksmana, Evan. "Indonesian Sea Policy: Accelerating Jokowi's Global Maritime Fulcrum." *Asia Maritime Transparency Initiative* (March 23, 2017). Accessed August 30, 2018. <https://amti.csis.org/indonesian-sea-policy-accelerating/>.
- Manggala, Pandu Utama. "Indonesia's Chance to Advocate Maritime Security Issues on the Security Council." *The Diplomat* (June 13, 2018). Accessed September 13, 2018. <https://thediplomat.com/2018/06/indonesias-chance-to-advocate-maritime-security-issues-on-the-security-council/>.
- Marzuki, Keoni. "Indonesia's National Sea Policy: Concretising the Global Maritime Fulcrum." *S. Rajaratnam School of International Studies* (March 24, 2017). Accessed October 3, 2018. <https://www.rsis.edu.sg/wp-content/uploads/2017/03/CO17052.pdf>.
- Marzuki, Keoni Indrabayu. "PacNet #14A - The Meaning of Indonesia's Global Maritime Fulcrum." *Center for Strategic & International Studies* (February 22, 2018). Accessed July 25, 2018. <https://www.csis.org/analysis/pacnet-14a-meaning-indonesias-global-maritime-fulcrum>.
- Mazarr, Michael J. *Mastering the Gray Zone: Understanding a Changing Era of Conflict*. Carlisle: Strategic Studies Institute and U.S. Army War College Press, 2015.
- Metcalf, Rory. "Jokowi's maritime inaugural address," *The Interpreter* (October 21, 2014). Accessed October 20, 2018. <https://www.lowyinstitute.org/the-interpreter/jokowis-maritime-inaugural-address>.
- Mishra, Rahul and Irfa Puspita Sari. "Indonesia- China relations: Challenges and Opportunities." *IDSA Issue Brief* (November 22, 2010). Accessed August 31, 2018. https://www.files.ethz.ch/isn/136917/IB_China-Indonesia.pdf.
- Morris, Lyle J, and Giacomo Persi Paoli. "A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities." *RAND Corporation* (2018). Accessed July 18, 2018. https://www.rand.org/pubs/research_reports/RR2469.html.
- Neary, Adelle. "Jokowi Spells Out Vision for Indonesia's 'Global Maritime Nexus.'" *Center for Strategic & International Studies* (November 26, 2014). Accessed August 30, 2018. <https://www.csis.org/analysis/jokowi-spells-out-vision-indonesia%E2%80%99s-%E2%80%9Cglobal-maritime-nexus%E2%80%9D>.
- Panda, Ankit. "A FONOP Schedule in the South China Sea: What Next?" *The Diplomat* (September 11, 2017). Accessed September 1, 2018. <https://thediplomat.com/2017/09/a-fonop-schedule-in-the-south-china-sea-what-next/>.
- Parameswaran, Prashanth. "Indonesia Wants Global War on Illegal Fishing." *The Diplomat* (March 09, 2017). Accessed October 4, 2018. <https://thediplomat.com/2017/05/indonesia-wants-global-war-on-illegal-fishing/>.
- Rose, David G. "China calls it fishing, Indonesia calls it crime: Pudjiastuti finds her target for oceans summit." *This Week in Asia* (October 18, 2018). Accessed October 22, 2018. <https://www.scmp.com/week-asia/geopolitics/article/2169153/china-calls-it-fishing-indonesia-calls-it-crime-pudjiastuti>.
- Salna, Karlis. "Indonesia Needs \$157 Billion for Infrastructure Plan." *Bloomberg* (January 25, 2018). Accessed August 31, 2018. <https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan>.
- Sinaga, Obsatar, and Verdinand Robertua. "Indonesia in the South China Sea Dispute: Humble-Hard Power." *Research Gate* (January 2018). Accessed July 18, 2018. https://www.researchgate.net/publication/324452524_Indonesia_in_the_South_China_Sea_Dispute_Humble-Hard_Power.

Illegal Fishing in the South China Sea: Why a US–Indonesia Partnership on Illegal, Unreported, and Unregulated Fishing Complicates Matters for China

- Supriyanto, Ristian A. "Out of Its Comfort Zone: Indonesia and the South China Sea." *Research Gate* (January 2016). Accessed July 18, 2018. https://www.researchgate.net/publication/294576650_Out_of_Its_Comfort_Zone_Indonesia_and_the_South_China_Sea.
- Trump Presidential Administration. *National Security Strategy of the United States* (December 2017). Accessed September 1, 2018. <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.
- Tsirbas, Marina. "Saving the South China Sea fishery: time to internationalise," *Australian National University: Crawford School of Public Policy: No. 3* (June 2017). Accessed July 18, 2018. <https://nsc.crawford.anu.edu.au/department-news/10725/saving-south-china-sea-fishery-time-internationalise>.
- U.S. Embassy & Consulates in Indonesia. "Fact Sheet: U.S.– Indonesian Maritime Cooperation." Accessed September 1, 2018. <https://id.usembassy.gov/our-relationship/policy-history/embassy-fact-sheets/fact-sheet-u-s-indonesia-maritime-cooperation/>.
- Varagur, Krithika. "Indonesia is Blowing Illegal Fishing Boats Out of the Water." *Voice of America News* (June 26, 2017). Accessed August 31, 2018. <https://www.voanews.com/a/indonesia-fisheries-protection/3901739.html>.
- Widakuswara, Patsy. "Indonesia Urges UN to Declare Fish Theft a Transnational Crime." *Voice of America News* (June 10, 2017). Accessed September 13, 2018. <https://www.voanews.com/a/indonesia-urges-united-nations-declare-fish-theft-transnational-crime/3895243.html>.
- Witular, Rendi A. "Jokowi Launches Maritime Doctrine to the World." *The Jakarta Post* (November 13, 2014). Accessed August 30, 2018. <http://www.thejakartapost.com/news/2014/11/13/jokowi-launches-maritime-doctrine-world.html>.
- World Wildlife Fund. "More than 85 Percent of Global Fish Stocks are at Significant Risk of Illegal Fishing – WWF Report" (October 29, 2015). Accessed September 13, 2018. <https://www.worldwildlife.org/press-releases/more-than-85-percent-of-global-fish-stocks-are-at-significant-risk-of-illegal-fishing-wwf-report>.
- Zhang, Feng. "Assessing China's response to the South China Sea arbitration ruling." *Australian Journal of International Affairs* (February 28, 2017). Accessed September 1, 2018. <https://www.tandfonline.com/doi/full/10.1080/10357718.2017.1287876?src=recsys>.

BAKAMLA – The Future of Maritime Security

Joseph McGettigan, Cmdr., US Navy

Introduction

The Republic of Indonesia's (ROI) prosperity is predicated on maritime security. As the largest archipelagic nation in the world, made up of over 17,000 islands, both the ROI's ability to exist internally as one coherent country and participate externally in the international community at large require the ability to control and exploit the sea.¹ The Government of Indonesia (GOI) has long neglected to focus on maritime security, but in 2014 President Joko "Jokowi" Widodo announced a new approach: the Global Maritime Fulcrum (GMF), a plan to reprioritize the maritime domain.² Concurrently, he established a coast guard with the intent that it would head national maritime security efforts.³ The coast guard is named Badan Keamanan Laut, or BAKAMLA for short.⁴ Although the creation of the GMF and the establishment of BAKAMLA are steps in the right direction, BAKAMLA has been ineffective in its role as the coordinating authority for maritime security.⁵ Underfunded, lacking legal control over other agencies, and caught up in a complex bureaucracy, BAKAMLA is the right solution for maritime security in the ROI but is too immature to take sole responsibility for maritime security today. While BAKAMLA builds capacity, the ROI should establish a Joint Interagency Task Force (JIATF) to centralize operational authority for maritime security missions. Once BAKAMLA matures and becomes respected, it can step into its intended role as lead agent for maritime security.

A Maritime Nation

A massive archipelago, the ROI relies on the sea for survival.⁶ Its waters, including its Exclusive Economic Zone (EEZ), encompass an area four times the size of its land holdings.⁷ Lines of communication across internal waters are required to connect its islands together, providing the means to transfer people, goods, and food.⁸ With some of the most biodiverse waters in the world, the ROI relies upon fishing as a major food source and economic resource. In 2017 alone, Indonesian fishermen brought in almost 10 million tons of fish, facilitating exports worth over \$3 billion USD.⁹

In addition to its geography, the ROI's location makes its waters highly strategic assets.¹⁰ All of the chokepoints between the Pacific and Indian Oceans travel past the country. These constricted waterways are heavily traversed; the Strait of Malacca sees approximately 25 percent of the world's traded goods transit through its waters every year.¹¹ The ROI has always been concerned with the sovereignty of its waterways. One of the earliest adopters of the United Nations Convention on the Law of the Sea (UNCLOS), it was the main driving force behind the language discussing archipelagic waters in the treaty.¹² The ROI also lies on some of the most contested waterways in the world.¹³ Its many neighboring countries bordering the South China Sea (SCS) have competing claims for economic rights in the region. The ROI has frequent disputes with these neighbors, especially China and Vietnam, over fishing rights.¹⁴ Last year, it went so far as to rename a portion of the SCS to draw attention to its sovereign claims.¹⁵

Located at the far southern tip of the SCS, the Natuna Islands lie near China’s Nine-Dash Line. While the ROI is not officially a claimant in the international case against China’s claims in the SCS, it has a definite stake in the proceedings.¹⁶ In order to demonstrate its desire to control the EEZ around the islands, it renamed the area the North Natuna Sea and is stationing assets in the region, aggressively patrolling the waters to enforce fishing laws.¹⁷

Regardless of international politics, the ROI has maritime security concerns related to illegal, non-state activities as well. Given its expansive sea territory and close proximity to its neighbors, policing the vast waterways in the ROI is complicated. Its borders are porous, and the environment is ripe for illegal activities. According to GOI officials, the most critical maritime security threats today include Illegal Unreported and Unregulated (IUU) fishing, smuggling, human trafficking, illegal immigration, piracy, terrorism, and human rights violations.¹⁸

Shifting Focus

It is surprising, but the ROI, a nation so tied to the sea, has historically prioritized its army over a navy. A young democracy, the ROI is still overcoming its colonial and authoritarian roots. When the military was first created, its army was primarily focused on gaining independence from the Dutch.¹⁹ Once independence was won, the authoritarian government under President Sukarno remained focused internally to solidify control over the populace.²⁰ This inward focus, employing the military to control the people, created a military dominated by the army.²¹ Even today, after years of democratic rule and the 2014 announcement of the GMF, the army greatly outnumbers the navy and the air force—the army is currently five times the size of the navy.²²

President Jokowi recognizes that the current force structure is ill-prioritized. With his GMF plan, he made it clear that a shift towards the maritime domain is necessary. His plan has five pillars to focus governmental efforts: “(1) maritime boundaries, maritime space, and maritime diplomacy; (2) maritime industries and connectivity; (3) natural resources, industry, and maritime services, as well as management of marine environment; (4) maritime defense and security; and (5) nautical culture.”²³ These priorities speak to the nature of the country and reflect recognition that all facets of commerce, defense, and daily life are affected by the sea.

Crowded Waters

It is within the framework of the GMF that BAKAMLA was created in 2014. It roughly translates as “Maritime Security Agency” and replaced its predecessor BAKORMLA, the Maritime Security Coordinating Board. It was granted greater authority and resources, including a fleet and larger staffing, to create a coast guard.²⁴ BAKAMLA retained overall coordination authority for maritime security in the ROI and is in charge of all other agencies that have interests in the arena. One of the primary reasons BAKAMLA was founded was that Jokowi realized the maritime security apparatus was made up of many agencies with overlapping responsibilities.²⁵ The status quo was a chaotic system, prevented interagency coordination, and

allowed for duplicate efforts. Although tasked to solve this problem, BAKAMLA has had difficulty gaining respect and has struggled to align all players into a coherent force.²⁶

There are 12 governmental agencies with whom BAKAMLA is supposed to coordinate and lead for maritime security.²⁷ Not only does each agency have its own identity, budget, and history that brings a certain amount of baggage to the interagency table, but each is also spread out between multiple governmental ministries.²⁸ The major ministries involved include the Coordinating Ministry for Maritime Affairs, the Indonesian Navy (TNI-AL), the Ministry of Maritime Affairs and Fisheries (KKP, also referred to as the Fisheries Ministry), and the Coordinating Ministry of Politics, Law, and Security.²⁹ Beneath these disparate ministries are many agencies that have a stake in maritime security, including the Indonesian Search and Rescue Agency (BASARNAS), the Directorate General of Sea Transportation, SATGAS 115 (an IUU fishing task force run by the KKP), the Directorate General of Immigration, BAKAMLA, the Indonesian Directorate for Customs and Excise, and the Indonesian Water Police.³⁰ BAKAMLA is tasked not only with leading and coordinating multiple agencies within its own ministry but also with imposing order across ministry seams. This is not easy, especially considering the two largest players in maritime security operate at the ministry level—the Indonesian Navy and the Fisheries Ministry.

TNI-AL has long been the nation's primary maritime security force. Internally focused for the majority of its history, it has adopted primarily a law enforcement role.³¹ In the GMF, it is directed to assume a more outward looking focus and to become a "green water" fleet, operating in the near seas and concerning itself with issues of sovereignty and national power.³² However, the TNI-AL has been reluctant to move into these roles and is still using the majority of its force for law enforcement operations.³³ It is not without good reason that the TNI-AL remains mired in the internal maritime security effort. It is very experienced and highly skilled at law enforcement operations; these missions are what the navy knows. The authorities for the TNI-AL to conduct law enforcement are still in place.³⁴ While BAKAMLA is supposed to take over the internal law enforcement role, it has not made enough progress. Often, it has to borrow from and work with TNI-AL forces to conduct operations.³⁵ In fact, the head of BAKAMLA is a TNI-AL Admiral, and other officers operate on loan from the navy.³⁶ Even with TNI-AL participation in local maritime security, the effort is under-resourced.³⁷ The TNI-AL is attempting to modernize under the GMF but struggles to gain the funding necessary for significant progress, leaving it operating in its comfort zone.

The Fisheries Ministry, while focused on only one facet of maritime security, has outsized clout and influence. One reason for the KKP's power and access to funding is that IUU fishing is regarded as the number one threat to maritime security by the agencies working in the field.³⁸ IUU fishing costs the ROI between one and three billion USD per year, depending on the report.³⁹ Perhaps a bigger reason for the ministry's dominance is its strong-willed leader, Minister Susi Pudjiastuti, who has singlehandedly turned around a once meek and insignificant

agency.⁴⁰ Appointed to the ministry by President Jokowi upon his election in 2014, she has been an outspoken and brash figure in internal and international politics.⁴¹ During her tenure, the KKP has grown its enforcement function, establishing a fleet of boats and law enforcement personnel conducting operations in Indonesian waters.⁴²

SATGAS 115 is a special task force created by the KPP to counter IUU fishing and has achieved tremendous results.⁴³ One of the most effective, and perhaps infamous, tools has been the practice of blowing up foreign illegal fishing boats that are caught in Indonesian waters.⁴⁴ The crews are arrested and removed from the boats, the catches confiscated, and the boats destroyed. The crews then languish in Indonesian custody while they await arrangements to be made with their home governments. This practice, while perhaps a grey area in the law of the sea, has been credited with drastically reducing IUU fishing.⁴⁵ In line with her bombast on the international stage, Minister Pudjiastuti was responsible for the renaming of the North Natuna Sea in the southern reaches of the SCS, thereby taking on the issue of sovereignty, in addition to fishing rights.⁴⁶ She believes there's more to her jurisdiction as head of the KPP than merely fishing policy: "One of the reasons I prioritize the eradication of illegal fishing is not only because we are losing trillions of rupiah due to illegal fishing, but also because illegal fishing is often a vehicle for other crimes, such as people smuggling, drugs smuggling and slavery."⁴⁷

Argument for a Coast Guard

With so many agencies operating in the maritime domain, it is curious that the ROI decided to introduce another operational maritime force in the BAKAMLA. However, there is much to be gained by establishing a coast guard. Many other nations around the world have employed coast guards, in addition to their navies, as a means to legitimize legal claims.⁴⁸ Nowhere has the growth of coast guards been more rapid and influential in the last several years than East Asia.⁴⁹

Growing countries traditionally grant their navies responsibilities in both warfare and law enforcement realms.⁵⁰ As nations mature, it is common to divide these tasks into two separate institutions. First and foremost, coast guards assist with perception.⁵¹ They establish legitimacy and provide a powerful messaging tool. When a coast guard undertakes operations inside a country's seas, it reinforces sovereignty over those territorial seas. When a navy vessel that has jurisdiction for combat and law enforcement approaches a vessel, its intent can be confusing: aggressive or peaceful.⁵² The mere presence of a navy ship can be more escalatory than a coast guard vessel. Coast guard vessels are also effective tools for developing partnerships through exercises and exchanges.⁵³ Between countries that may have military or other rivalries, an exchange with the coast guard can be viewed as a non-aggressive, peaceful partnership, forging ties between the nations.

Additionally, coast guards become critical when all of a nation's neighbors are employing them. In the case of the SCS, the Chinese have rapidly grown their coast guard and

deployed it throughout the region.⁵⁴ Countries such as Japan and the Philippines have realized that sending a navy to interdict a coast guard is escalatory in the public eye.⁵⁵ This drives other nations to employ their coast guards to meet the Chinese as a matter of messaging. Coast guards are more cost effective at law enforcement than navies, requiring smaller ships and less armament.⁵⁶ This can be very useful for an evolving economy that is trying to grow maritime security infrastructure such as the ROI. This is especially true when most of the ROI's maritime security concerns manifest within its own territory. Having a separate coast guard allows the navy to shift focus from internal affairs to external defense. Navies can dedicate themselves to warfare and greatly improve their tactics and platforms through specialization.

As the ROI grows and tackles its maritime security concerns, it is important to employ a coast guard. The most critical maritime security problems it faces are actually internal law enforcement functions and not typical navy missions. With a professed desire to expand the focus of the TNI-AL outward, BAKAMLA should be grown to fill the void.

Chinese Precedent

Although operating on a much larger scale, the recent rise of the Chinese Coast Guard is a useful case study to contrast the approach taken by the ROI. While remaining aware of the fundamental differences between the two nations, we can explore a successful plan for the ROI. When China began asserting its Nine-Dash Line claims in the SCS, it turned to its coast guard as a tool for legitimacy.⁵⁷ The modern Chinese Coast Guard was created in 2013 and rapidly grew to become the largest in the world.⁵⁸ This rise was due to fast-paced ship building and creative resourcing.⁵⁹

The Chinese consolidated five agencies into one force, merging existing capacity.⁶⁰ Like the ROI today, it had multiple agencies focused on specific aspects of maritime security.⁶¹ To create its coast guard, China combined the Maritime Police and Border Control, the Fisheries Law Enforcement Command, and the Maritime Anti-smuggling Police with the State Oceanic Administration.⁶² The Chinese then transferred some ships from the navy to the coast guard, painted them white, and instantly increased their force.⁶³ This is not to say that ship building was neglected; China has also greatly increased construction of new coast guard vessels.⁶⁴ This rapid buildup was made possible by uniquely Chinese factors. It has a very strong centralized national government with complete control over all agencies. It is easy for China to discard organizations within the government and merge others. It also possesses a strong economy controlled by the government, which provides a massive funding source for the effort.⁶⁵

Compared to China, the ROI has taken a different approach with different results. Although BAKAMLA was created about a year after the Chinese Coast Guard, it has not seen such rapid growth. The ROI did not consolidate all of its maritime security agencies into one coast guard; it instead added an additional agency to attempt to coordinate the others. It was unable to spend as much money to grow capability as its economy is nowhere near as strong as

that of China. It also did not have a large, expanding navy from which to draw resources. This is not to suggest that copying China's approach will work for the ROI. They are two very different countries, with different political systems and histories. However, some aspects of the Chinese plan should be considered as the ROI moves forward with BAKAMLA.

Conclusion and Recommendations

Looking at the 2014 GMF, it is clear that President Jokowi understands the need for maritime security and is attempting to consolidate efforts in that arena. To date, the creation of BAKAMLA has not lived up to the expectations set forth in the plan. Several scholars have offered suggestions to solve BAKAMLA's woes, but each identifies only one mechanism to fix the problem.⁶⁶ The answer lies in a combination of approaches.

President Jokowi should first focus on one aspect of maritime security as a starting point from which to grow. IUU fishing is an appropriate focus, as it has been identified as the most important maritime security issue for the ROI and is already being addressed by all agencies. A joint interagency task force (JIATF) and operations center should be established to counter IUU fishing. All counter-IUU operations should be overseen by this operational command, regardless of the forces employed. TNI-AL, SATGAS 115, BAKAMLA, and others should all fall under this command. While counter to the Chinese example of actually consolidating agencies, it will have the same effect, while still operating within the realities of the political landscape, deconflicting redundant operations, allowing for unity of command, and fusing intelligence from all sources. Although formed for counter narcotics as opposed to fishing, the organization of JIATF South in the United States is a prime example of an effective construct.

This JIATF should be run by BAKAMLA. The command and control of the organization does not require resources such as ships and could be stood up quickly. This could efficiently give control to BAKAMLA and allow it to gain the respect of the other agencies. Since BAKAMLA already has a history of taking officers from the TNI-AL, it should draw the task force staff from the Navy. The staff should be created by drafting experienced, well-respected officers from the TNI-AL and putting them in BAKAMLA uniforms, improving the effectiveness of the organization and further empowering it. This JIATF is designed to combat IUU fishing, which will in turn help the economy. While the link might not be direct, a growing economy would lead to greater purchasing power for the government to purchase new ships. New ships should be built for BAKAMLA, but building new more capable ships for the TNI-AL should be the priority. Building TNI-AL's green water fleet would shift the Navy's mission away from internal maritime security and law enforcement and give BAKAMLA room to take over. As the TNI-AL received new ships, some of its older, smaller ships could be transferred to BAKAMLA, increasing the capabilities of both forces simultaneously.

The final step in the process is only possible once BAKAMLA is able to oversee the maritime security domain by itself. At this point, the fisheries ministry and others should merge

their operational forces into BAKAMLA, retaining only their policy functions. Legislation should be then enacted to remove law enforcement functions from the TNI-AL so that only BAKAMLA has that authority, similar to the United States Coast Guard.

Through the merging of capabilities, funding, and authorities, BAKAMLA can become the force envisioned by President Jokowi in 2014. The United States should help the ROI realize the vision put forward in the GMF by providing guidance and assistance to establish the initial JIATF. This cannot happen overnight, or as rapidly as China was able to enact change, but it is possible and necessary for the continued prosperity and growth of the ROI.

¹ Prashanth Parameswaran, The Diplomat, “Confronting Indonesia’s Maritime Coordination Challenge,” The Diplomat, accessed August 31, 2018, <https://thediplomat.com/2017/04/confronting-indonesias-maritime-coordination-challenge/>.

² Muhamad Arif and Yandry Kurniawan, “Strategic Culture and Indonesian Maritime Security,” *Asia & the Pacific Policy Studies* 5, no. 1 (January 1, 2018): 77–89, <https://doi.org/10.1002/app5.203>.

³ Muhamad Arif, “Power Plays in Indonesian Waters,” *Policy Forum* (blog), February 1, 2018, <https://www.policyforum.net/power-plays-indonesian-waters/>.

⁴ Arif and Kurniawan, “Strategic Culture and Indonesian Maritime Security.”

⁵ Dharma Agastia IGB, “3 Years Later, Where Is Indonesia’s ‘Global Maritime Fulcrum’?,” *The Diplomat; Tokyo*, November 22, 2017, <http://search.proquest.com/docview/1967387758/abstract/D1721BF9C5B64A9DPQ/1>.

⁶ Premesha Saha, “Indonesia’s Potential as a Maritime Power,” *Maritime Affairs: Journal of the National Maritime Foundation of India* 12, no. 2 (July 2, 2016): 28–41, <https://doi.org/10.1080/09733159.2016.1232951>.

⁷ Lyle J. Morris, “Assessing Recent Developments in Indonesian Maritime Security,” October 12, 2018, <https://www.rand.org/blog/2018/10/assessing-recent-developments-in-indonesian-maritime.html>.

⁸ Saha, “Indonesia’s Potential as a Maritime Power.”

⁹ Jane Perlez, The Jakarta Post, “Fisheries Industry Misses Targets for Three Consecutive Years,” The Jakarta Post, accessed August 31, 2018, <http://www.thejakartapost.com/news/2018/01/15/fisheries-industry-misses-targets-for-three-consecutive-years.html>.

¹⁰ Arif and Kurniawan, “Strategic Culture and Indonesian Maritime Security.”

¹¹ Krishnadev Calamur, “High Traffic, High Risk in the Strait of Malacca,” The Atlantic, August 21, 2017, <https://www.theatlantic.com/international/archive/2017/08/strait-of-malacca-uss-john-mccain/537471/>.

¹² “How Did Indonesia Become an Archipelagic State?,” The Strategist, May 11, 2017, <https://www.aspistrategist.org.au/indonesia-became-archipelagic-state/>.

¹³ Saha, “Indonesia’s Potential as a Maritime Power.”

¹⁴ Ibid.

¹⁵ Prashanth Parameswaran, The Diplomat, “Why Did Indonesia Just Rename Its Part of the South China Sea?,” The Diplomat, accessed September 3, 2018, <https://thediplomat.com/2017/07/why-did-indonesia-just-rename-its-part-of-the-south-china-sea/>.

¹⁶ Prashanth Parameswaran, The Diplomat, “The Truth About China’s Indonesia South China Sea Tantrum,” The Diplomat, accessed September 3, 2018, <https://thediplomat.com/2017/09/the-truth-about-chinas-indonesia-south-china-sea-tantrum/>.

¹⁷ Parameswaran, “Why Did Indonesia Just Rename Its Part of the South China Sea?”

¹⁸ Lyle Morris and Giacomo Persi Paoli, *A Preliminary Assessment of Indonesia’s Maritime Security Threats and Capabilities* (RAND Corporation, 2018), <https://doi.org/10.7249/RR2469>.

¹⁹ Gregory Vincent Raymond, “Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?,” *Contemporary Southeast Asia; Singapore* 39, no. 1 (April 2017): 149–77, <http://dx.doi.org.usnwc.idm.oclc.org/10.1355/cs39-1e>.

²⁰ Ibid.

²¹ Raymond, “Naval Modernization in Southeast Asia.”

²² Ibid.

- ²³ Morris and Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*.
- ²⁴ Nani Afrida, The Jakarta Post, "Govt to Strengthen Maritime Security Body," The Jakarta Post, accessed October 21, 2018, <http://www.thejakartapost.com/news/2015/02/13/govt-strengthen-maritime-security-body.html>.
- ²⁵ Morris and Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*.
- ²⁶ The Jakarta Post, "Bakamla Trapped in Overlapping Agencies," The Jakarta Post, accessed August 31, 2018, <http://www.thejakartapost.com/news/2015/02/03/bakamla-trapped-overlapping-agencies.html>.
- ²⁷ "Power Plays in Indonesian Waters."
- ²⁸ Morris and Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*.
- ²⁹ Ibid.
- ³⁰ Ibid.
- ³¹ Arif and Kurniawan, "Strategic Culture and Indonesian Maritime Security."
- ³² Koh Swee Lean Collin, "What Next for the Indonesian Navy? Challenges and Prospects for Attaining the Minimum Essential Force by 2024," *Contemporary Southeast Asia; Singapore* 37, no. 3 (December 2015): 432–62, <http://dx.doi.org.usnwc.idm.oclc.org/10.1355/cs37-3e>.
- ³³ Ibid.
- ³⁴ Dharma Agastia, "SMALL NAVY, BIG RESPONSIBILITIES: The Struggles of Building Indonesia's Naval Power," *AEGIS Journal of International Relations* 1 (March 1, 2017): 164–80.
- ³⁵ Kristian Erdianto, Kompas Cyber Media, "Kurang Peralatan dan Personel, Bakamla Diminta Tingkatkan Koordinasi dengan TNI AL," KOMPAS.com, August 30, 2016, <https://nasional.kompas.com/read/2016/08/30/21275611/kurang.peralatan.dan.personel.bakamla.diminta.tingkatkan.koordinasi.dengan.tni.al>.
- ³⁶ Agastia, "SMALL NAVY, BIG RESPONSIBILITIES."
- ³⁷ Ibid.
- ³⁸ Ioannis Chapsos and James A. Malcolm, "Maritime Security in Indonesia: Towards a Comprehensive Agenda?," *Marine Policy* 76 (February 2017): 178–84, <https://doi.org/10.1016/j.marpol.2016.11.033>.
- ³⁹ Hannah Beech and Muktita Suhartono, "A 'Little Bit of a Nut Case' Who's Taking On China," *The New York Times*, October 8, 2018, sec. World, <https://www.nytimes.com/2018/06/08/world/asia/indonesia-fishing-boats-china-poaching.html>; Morris and Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*.
- ⁴⁰ Beech and Suhartono, "A 'Little Bit of a Nut Case' Who's Taking On China."
- ⁴¹ Ibid.
- ⁴² Morris and Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*.
- ⁴³ Ibid.
- ⁴⁴ Jeffrey Hutton, "This Indonesian Minister Will Blow Your Mind (and Maybe Your Boat)," South China Morning Post, accessed October 21, 2018, <http://www.scmp.com/week-asia/personalities/article/2121483/tattooed-indonesian-fisheries-minister-will-blow-your-mind>.
- ⁴⁵ Beech and Suhartono, "A 'Little Bit of a Nut Case' Who's Taking On China."
- ⁴⁶ Parameswaran, "Why Did Indonesia Just Rename Its Part of the South China Sea?"
- ⁴⁷ Chapsos and Malcolm, "Maritime Security in Indonesia."
- ⁴⁸ Lyle J. Morris, "The Rise of Coast Guards in East and Southeast Asia," *Naval War College Review; Washington* 70, no. 2 (Spring 2017): 75–112.
- ⁴⁹ Ibid.
- ⁵⁰ Ibid.
- ⁵¹ Ibid.
- ⁵² Ibid.
- ⁵³ Prabhakaran Paleri, "Coast Guards and Maritime Partnerships: An Over-the-Horizon Perspective," *Maritime Affairs: Journal of the National Maritime Foundation of India* 11, no. 2 (July 3, 2015): 99–111, <https://doi.org/10.1080/09733159.2015.1105492>.
- ⁵⁴ Dan Parsons, "South China Sea Dispute Shaping Up as Coast Guard Showdown," *National Defense; Arlington* 98, no. 727 (June 2014): 30–31.
- ⁵⁵ Ibid.
- ⁵⁶ Morris, "The Rise of Coast Guards in East and Southeast Asia."
- ⁵⁷ Parsons, "South China Sea Dispute Shaping Up as Coast Guard Showdown."

⁵⁸ Jane Perlez, “Beijing, With an Eye on the South China Sea, Adds Patrol Ships,” *The New York Times*, December 21, 2017, sec. World, <https://www.nytimes.com/2015/04/11/world/asia/china-is-rapidly-adding-coast-guard-ships-us-navy-says.html>.

⁵⁹ Lyle Morris, “Taming the Five Dragons? China Consolidates Its Maritime Law Enforcement Agencies,” Jamestown, accessed October 24, 2018, <https://jamestown.org/program/taming-the-five-dragons-china-consolidates-its-maritime-law-enforcement-agencies/>.

⁶⁰ Ibid.

⁶¹ Lyle Goldstein, *Five Dragons Stirring up the Sea: Challenge and Opportunity in China’s Improving Maritime Enforcement Capabilities*, n.d.

⁶² Morris, “Taming the Five Dragons?”

⁶³ Ibid.

⁶⁴ Perlez, “Beijing, With an Eye on the South China Sea, Adds Patrol Ships.”

⁶⁵ Shinji Yamaguchi, “Strategies of China’s Maritime Actors in the South China Sea,” *China Perspectives; Wanchai*, no. 3 (2016): 23–31.

⁶⁶ IGB, “3 Years Later, Where Is Indonesia’s ‘Global Maritime Fulcrum?’”; Morris and Persi Paoli, *A Preliminary Assessment of Indonesia’s Maritime Security Threats and Capabilities*.

BIBLIOGRAPHY

Afrida, Nani. “Bakamla Trapped in Overlapping Agencies.” *The Jakarta Post*. 2015. Accessed August 31, 2018a.

<http://www.thejakartapost.com/news/2015/02/03/bakamla-trapped-overlapping-agencies.html>.

Afrida, Nani. “Govt to Strengthen Maritime Security Body.” *The Jakarta Post*. 2015. Accessed October 21, 2018c.

<http://www.thejakartapost.com/news/2015/02/13/govt-strengthen-maritime-security-body.html>.

Agastia, Dharma. “Small Navy, Big Responsibilities: The Struggles of Building Indonesia’s Naval Power.” *AEGIS Journal of International Relations* 1 (March 2017.): 164–80.

Agastia, Dharma. “3 Years Later, Where Is Indonesia’s ‘Global Maritime Fulcrum?’” *The Diplomat; Tokyo*, November 22, 2017.

<http://search.proquest.com/docview/1967387758/abstract/D1721BF9C5B64A9DPQ/1>.

Arif, Muhamad. “Power Plays in Indonesian Waters.” *Policy Forum* (blog). February 1, 2018.

<https://www.policyforum.net/power-plays-indonesian-waters/>.

Arif, Muhamad, and Yandry Kurniawan. “Strategic Culture and Indonesian Maritime Security.” *Asia & the Pacific Policy Studies* 5 (1): 77–89. 2018. <https://doi.org/10.1002/app5.203>.

ASEAN Website. “Annex O - Contribution of Armed Forces in Response to Security Challenges, Intervention by Indonesia.Pdf.” n.d. Accessed September 2, 2018.

<http://aseanregionalforum.asean.org/files/Archive/21st/11th%20ASPC,%20Yangon,%208%20June%202014/Annex%200%20-%20Contribution%20of%20Armed%20Forces%20in%20Response%20to%20Security%20Challenges,%20intervention%20by%20Indonesia.pdf>.

ASEAN U.S. Mission Website. “Expanding Maritime Cooperation.” *U.S. Mission to ASEAN* (blog). Accessed September 3, 2018. <https://asean.usmission.gov/education-culture/maritime/>.

BBC Monitoring Asia Pacific; London. 2017. “Vietnam, Indonesia to Sign Joint Vision Statement on Defence,” August 24, 2017. <http://search.proquest.com/docview/1931551806/citation/AD11875EF8A140ECPQ/1>.

Beech, Hannah, and Muklita Suhartono. “A ‘Little Bit of a Nut Case’ Who’s Taking On China.” *The New York Times*, October 8, 2018, sec. World. <https://www.nytimes.com/2018/06/08/world/asia/indonesia-fishing-boats-china-poaching.html>.

Brewster, David. “Can Coast Guards Tame the ‘Wild West’ of the Indian Ocean?” *Policy Forum* (blog). June 13, 2018. <https://www.policyforum.net/can-coast-guards-tame-wild-west-indian-ocean/>.

Butcher, John G. and R. E. Elson. “How Did Indonesia Become an Archipelagic State?” *The Strategist*. May 11, 2017. <https://www.aspistrategist.org.au/indonesia-became-archipelagic-state/>.

Calamur, Krishnadev. “High Traffic, High Risk in the Strait of Malacca.” *The Atlantic*. August 21, 2017.

<https://www.theatlantic.com/international/archive/2017/08/strait-of-malacca-uss-john-mccain/537471/>.

Chapsos, Ioannis, and James A. Malcolm. “Maritime Security in Indonesia: Towards a Comprehensive Agenda?” *Marine Policy* 76 (February 2017): 178–84. <https://doi.org/10.1016/j.marpol.2016.11.033>.

- Cochrane, Joe. “Tensions Rise After China’s Coast Guard Frees Fishing Boat Seized by Indonesia: [Foreign Desk].” *New York Times, Late Edition (East Coast)*; New York, N.Y., March 22, 2016, sec. A.
- Cochrane, Joe. “Indonesia, Long on Sidelines, Starts to Confront China’s Territorial Claims.” *The New York Times*, August 7, 2018, sec. World. <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- Collin, Koh Swee Lean. “What Next for the Indonesian Navy? Challenges and Prospects for Attaining the Minimum Essential Force by 2024.” *Contemporary Southeast Asia*; Singapore 37 (3): 432–62. 2015. <http://dx.doi.org.usnwc.idm.oclc.org/10.1355/cs37-3e>.
- Drwiega, Andrew. “Indonesia Reposturing Military Strategy.” *Asian Military Review* (blog). August 17, 2017. <https://asianmilitaryreview.com/2017/08/indonesia-reposturing-military-strategy/>.
- Erdianto, Kristian. “Kurang Peralatan dan Personel, Bakamla Diminta Tingkatkan Koordinasi dengan TNI AL.” *KOMPAS*. August 30, 2016. <https://nasional.kompas.com/read/2016/08/30/21275611/kurang.peralatan.dan.personel.bakamla.diminta.tingkatkan.koordinasi.dengan.tni.al>.
- Goldstein, Lyle. *Five Dragons Stirring up the Sea: Challenge and Opportunity in China’s Improving Maritime Enforcement Capabilities*. Newport: Naval War College Press, 2010.
- Hutton, Jeffrey. “This Indonesian Minister Will Blow Your Mind (and Maybe Your Boat).” *South China Morning Post*. 2017. Accessed October 21, 2018. <http://www.scmp.com/week-asia/personalities/article/2121483/tattooed-indonesian-fisheries-minister-will-blow-your-mind>.
- Laksmana, Evan A. “The Domestic Politics of Indonesia’s Approach to the Tribunal Ruling and the South China Sea.” *Contemporary Southeast Asia*; Singapore 38 (3): 382–88. 2016.
- Lee, John. “ASEAN Must Engage over Maritime Security.” *Nikkei Asian Review*. 2018. Accessed September 3, 2018. <https://asia.nikkei.com/Opinion/ASEAN-must-engage-over-maritime-security>.
- Martinson, Ryan D. “Panning For Gold: Assessing Chinese Maritime Strategy from Primary Sources.” *Naval War College Review*; Washington 69 (3): 23–44A. 2016.
- Morris, Lyle. “Taming the Five Dragons? China Consolidates Its Maritime Law Enforcement Agencies.” *Jamestown*. 2013. Accessed October 24, 2018. <https://jamestown.org/program/taming-the-five-dragons-china-consolidates-its-maritime-law-enforcement-agencies/>.
- Morris, Lyle J. “The Rise of Coast Guards in East and Southeast Asia.” *Naval War College Review*; Washington 70 (2): 75–112. 2017.
- Morris, Lyle J. “Assessing Recent Developments in Indonesian Maritime Security.” October 12, 2018. <https://www.rand.org/blog/2018/10/assessing-recent-developments-in-indonesian-maritime.html>.
- Morris, Lyle, and Giacomo Persi Paoli. *A Preliminary Assessment of Indonesia’s Maritime Security Threats and Capabilities*. RAND Corporation. 2018. <https://doi.org/10.7249/RR2469>.
- Neary, Adelle. “Jokowi Spells Out Vision for Indonesia’s ‘Global Maritime Nexus.’” CSIS Website (blog). 2014. Accessed October 24, 2018. <https://www.csis.org/analysis/jokowi-spells-out-vision-indonesia%E2%80%99s-%E2%80%9Cglobal-maritime-nexus%E2%80%9D>.
- Paleri, Prabhakaran. “Coast Guards and Maritime Partnerships: An Over-the-Horizon Perspective.” *Maritime Affairs: Journal of the National Maritime Foundation of India* 11 (2): 99–111. 2015. <https://doi.org/10.1080/09733159.2015.1105492>.
- Parameswaran, Prashanth. “Confronting Indonesia’s Maritime Coordination Challenge.” *The Diplomat*. 2017. Accessed August 31, 2018a. <https://thediplomat.com/2017/04/confronting-indonesias-maritime-coordination-challenge/>.
- Parameswaran, Prashanth. “The Truth About China’s Indonesia South China Sea Tantrum.” *The Diplomat*. 2017. Accessed September 3, 2018b. <https://thediplomat.com/2017/09/the-truth-about-chinas-indonesia-south-china-sea-tantrum/>.
- Parameswaran, Prashanth. “Why Did Indonesia Just Rename Its Part of the South China Sea?” *The Diplomat*. 2017. Accessed September 3, 2018c. <https://thediplomat.com/2017/07/why-did-indonesia-just-rename-its-part-of-the-south-china-sea/>.
- Parsons, Dan. “South China Sea Dispute Shaping Up as Coast Guard Showdown.” *National Defense*; Arlington 98 (727): 30–31. 2014.

- Perlez, Jane. "Beijing, With an Eye on the South China Sea, Adds Patrol Ships." *The New York Times*, December 21, 2017, sec. World. <https://www.nytimes.com/2015/04/11/world/asia/china-is-rapidly-adding-coast-guard-ships-us-navy-says.html>.
- Perlez, Jane. "Fisheries Industry Misses Targets for Three Consecutive Years." *The Jakarta Post*. 2018. Accessed August 31, 2018. <http://www.thejakartapost.com/news/2018/01/15/fisheries-industry-misses-targets-for-three-consecutive-years.html>.
- Raymond, Gregory Vincent. "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia; Singapore* 39 (1): 149–77. 2017. <http://dx.doi.org.usnwc.idm.oclc.org/10.1355/cs39-1e>.
- Saha, Premesha. "Indonesia's Potential as a Maritime Power." *Maritime Affairs: Journal of the National Maritime Foundation of India* 12 (2): 28–41. 2016. <https://doi.org/10.1080/09733159.2016.1232951>.
- Sebastian, Leonard C., and Iis Gindarsah. "Assessing Military Reform in Indonesia." *Defense & Security Analysis* 29 (4): 293–307. 2013. <https://doi.org/10.1080/14751798.2013.842709>.
- Sekretariat Kabinet Republik Indonesia Website. "President Jokowi at IMO Forum: I'm Committed to Making Indonesia Global Maritime Fulcrum." 2016. Accessed October 24, 2018. <http://setkab.go.id/en/president-jokowi-at-imo-forum-im-committed-to-making-indonesia-global-maritime-fulcrum/>.
- South China Morning Post. "US May Upset Beijing as It Backs Indonesian Claim in South China Sea." 2018. *South China Morning Post*. January 24, 2018. <https://www.scmp.com/news/asia/southeast-asia/article/2130258/us-may-upset-beijing-after-it-backs-indonesian-claim-south>.
- United Nations Website. "United Nations Treaty Collection." Accessed October 21, 2018. https://treaties.un.org/pages/ViewDetailsIII.aspx?src=TREATY&mtdsg_no=XXI-6&chapter=21&Temp=mtdsg3&clang=en.
- Yamaguchi, Shinji. "Strategies of China's Maritime Actors in the South China Sea." *China Perspectives; Wanchai*, no. 3: 23–31. 2016.

Nature and Terror in the Sulu-Sulawesi Sea: Stopping the Next Pandemic

Kenneth L. Meyer, US Department of State

Biological threats – whether naturally occurring, accidental, or deliberate in origin – are among the most serious threats facing the United States and the international community.

- The United States National Biodefense Strategy¹

Biological weapons could in theory wreak more havoc than the nuclear arsenal of any regional power, let alone any nuclear capability likely to be cobbled together by terrorists.

- Colin Gray²

Introduction

The recently released US National Biodefense Strategy asserts that “Pillar One of the 2018 *National Security Strategy* explicitly calls for protecting ‘the American people, the homeland, and the American way of life.’ One component of this goal is achieved by detecting and containing biothreats at their source, supporting and promoting the responsible conduct of biomedical innovation, and improving emergency response.”³ The strategy calls for coordinated action across US government (USG) and non-government organizations (NGOs), and between partner nations. Though strategy implementation is to be coordinated day-to-day by the Secretary of Health and Human Services, the Department of Defense (DOD) is expected to take a leading role. This paper addresses actions that should be taken by US Indo-Pacific Command (INDOPACOM) to support strategic goals and objectives to detect, control, and disrupt natural and deliberate biothreats in the Sulu-Sulawesi Sea, a next likely epicenter of a major pandemic.

The Sulu-Sulawesi Sea is a one million square-kilometer body of water that borders Malaysia, the Philippines, and the Republic of Indonesia (ROI). It directly supports the livelihoods of tens of millions of people and is critical for commercial transport, especially to and from East Asia and the Middle East.⁴ Natural resources, including coal and petroleum, are abundant in the area, and Kalimantan on Borneo is one of the largest exporters of coal in the world.⁵ The Sea is also considered by many experts to be the likely epicenter of the world’s next deadly pandemic.⁶ It is a hotbed of illegal activity and insufficient maritime enforcement and conservation efforts. From human trafficking to illegal fishing to refugee migration, the uncontrolled movement of people and animals and corresponding human encroachment into animal ecosystems has created increased opportunities for the next breakout pandemic.⁷ The fact that the area is prone to natural disasters exacerbates the situation, demonstrated by the recent earthquake and tsunami that originated in the Sulu-Sulawesi Sea.⁸ Added to this is the growing strength of terrorist groups in the area and the corresponding fear of an intentionally-introduced biological weapon. These combined factors demand increased involvement from INDOPACOM to assist the Government of Indonesia (GOI) minimize the threat of a pandemic.

There are several actions INDOPACOM should take to help prevent a pandemic. To strengthen programs to detect and control viruses that could lead to a pandemic, INDOPACOM should re-establish laboratory facilities in the region, support the laboratory efforts of outside organizations, and ensure information-sharing across appropriate entities. A critical component to successfully preventing a pandemic is public education, and INDOPACOM should work jointly with other USG agencies and the GOI to educate the population of the Sulu-Sulawesi Sea area on disease prevention and response. INDOPACOM should increase assistance to the GOI to improve international coordination and the capacity to deter and disrupt terrorist organizations from deliberately introducing a biological weapon. Finally, planning is essential to successful crisis response, and INDOPACOM should ensure that an up-to-date Operational Plan (OPLAN) exists to address a pandemic breakout in the Sulu-Sulawesi Sea. An ideal venue for INDOPACOM to begin serious joint planning efforts would be the upcoming Global Health Security Agenda (GHSA) Ministerial to be hosted by the ROI in November 2018.⁹

The Threat of Nature

Zoonotic Diseases

“The [Sulu-Sulawesi] Sea, with neighboring Indonesian Seas and the South China Sea, lies at the center of the world’s tropical biodiversity, and is surrounded by rapidly growing populations and rapidly deteriorating ecosystems.”¹⁰ The sea directly supports the livelihoods of approximately 33 million people, a number that is growing every year and is expected to double by 2035.¹¹ The high level of poverty in the area and accompanying poor infrastructure, especially for sewage and basic health services, are major vulnerabilities; this is especially due to the rampant illegal smuggling that takes place along the shores and the potential for contagions, especially zoonotic viruses (those that jump from animals to humans), to interact with this vulnerable population. Indeed, Indonesia has experienced several zoonotic pandemics in recent years. From 2003-2018, there were 200 confirmed cases of Avian Flu that resulted in 168 deaths.¹² Another example is the cholera pandemic called El Tor that started in the ROI in 1961 and spread to Africa, Italy, and other countries, eventually killing hundreds of thousands.¹³

The Sulu-Sulawesi Sea area is considered a potential point of origin for the next significant pandemic. One reason is the largely unregulated trade in animal meat, such as bats. “Of the roughly 400 emerging infectious diseases that have been identified since 1940, more than 60 percent have animal origins,” and “bats carry a higher proportion of yet-to-be-identified viruses risky to humans than any other mammals.”¹⁴ Ebola, SARS, and other potentially-deadly viruses are all carried by bats. There is a large bat population on islands across the Sulu-Sulawesi Sea, and hundreds of tons of these bats make their way north as food. The fact that bats are hunted and exported from the area in such large numbers, especially from Sulawesi Island, makes it a prime research target. Says Dr. Kevin Olival of the nonprofit EcoHealth Alliance, “Bush meat hunting, animal transport, direct contact... It’s a high-risk interface.”¹⁵

Nature and Terror in the Sulu-Sulawesi Sea: Stopping the Next Pandemic

Another high-risk interface is fish. One of the mainstays of the Sulu-Sulawesi Sea population is fishing, which is constantly threatened by a thriving illegal fishing industry that utilizes methods such as mass poisoning of fish and exploding of reef areas.¹⁶ This destructive and illegal fishing, and the pollution it causes, conceivably leads to a greater possibility of zoonotic diseases being transmitted.¹⁷ Indeed, fish contain several viruses that are known potential zoonoses, and the poorer population that lives along the coast of Borneo and other islands in the Sulu-Sulawesi Sea are more at risk due to malnutrition and resultant weaker immune systems.¹⁸ Large numbers of people crowded into unsanitary conditions “are petri dishes for the spread of virulent new strains of diseases that can go undetected until they spread to uncontrollable levels.”¹⁹

A recent example of animal-to-human disease transmission occurred in Uganda in September 2017. A man developed fever, bleeding, and other symptoms and subsequently died five days later. According to the World Health Organization (WHO), he frequently hunted in an area with a high number of bat-infested caves. The man’s sister and brother, who had cared for him, developed the same symptoms shortly thereafter and also died. Samples taken “confirmed the presence of Marburg virus, a microbe that can infect both animals and humans.” The Ugandan Ministry of Health declared a Marburg outbreak in the area, but not before the brother traveled to Kenya, potentially spreading the virus there. The situation is still being monitored, and though seemingly contained, it is an apt example of how zoonotic diseases could quickly spread.²⁰ Such an occurrence could easily occur in the Sulu-Sulawesi Sea area, with its large bat population, heavy consumption of bat meat,²¹ and the movement of people that occurs every day.

Tourists, business people, and Hajj pilgrims are all part of this movement, but probably the greatest contributor is labor migration. Several hundred thousand Indonesians migrate across the seas every year to find work.²² Some of these people stay permanently, but many of them stay only temporarily, and a significant number of them are undocumented. A vast movement of people takes place in the dark, and much of that is between the ROI and neighboring Malaysia.²³ There are thousands of Muslim Filipinos who have migrated, and continue to migrate, to Borneo to flee persecution and violence in the Philippines.²⁴ These people tend to live in poor, sewage-ridden villages, or *kampung*s, along the coast.²⁵ The ROI has become a major transit node for refugees seeking asylum in Australia, especially Muslims from the Middle East;²⁶ the Sulu-Sulawesi Sea is a major waterway for this movement. Robert Kaplan has written that this massive migration of people has created “a world of disease, piracy, and smuggling,”²⁷ and the result is an even greater risk that a pandemic could originate in this area and spread quickly.

Detect and Prevent

A primary goal of the National Biodefense Strategy is “to detect and identify biological threats and anticipate biological incidents.”²⁸ A critical component of this is conducting proactive research on viruses that could potentially infect humans and then working to develop vaccines. For all of the reasons listed above, a decisive area for US efforts is the Sulu-Sulawesi

Sea. One of the most capable entities to help with disease detection and containment is the US military; INDOPACOM should merge its current efforts, such as the Global Health Security Agenda (GHS),²⁹ with the new National Biodefense Strategy. A key component of INDOPACOM's global health security efforts has always been the Naval Medical Research Unit, No. 2 (NAMRU-2). Though NAMRU-2 was asked to leave Indonesia in 2009 due to a misunderstanding about its mission and resulting political maneuvering within the GOI, NAMRU-2 is currently working through a Memorandum of Agreement to reestablish itself in the country.³⁰ It is important that NAMRU-2 successfully establish operations along the Sulu-Sulawesi Sea to facilitate critical proactive research. NAMRU-2 has the capability – thanks to funding, expertise, and sheer capacity – to perform research on a much larger scale than smaller and oftentimes sparsely-funded organizations.³¹ It benefits from decades of experience and sister organizations, such as DOD's Center for Global Health Engagement (CGHE),³² from which to draw as it conducts its mission.

Understanding the sensitivities surrounding NAMRU-2 in the ROI, INDOPACOM should increase support to other organizations and projects as it works through the steps of reestablishing a military laboratory presence. One important partner is the US Agency for International Development's (USAID) Emerging Pandemic Threats (EPT-2) program, which focuses on detecting viruses and pathogens with pandemic potential and improving "laboratory capacity to support surveillance and diagnostics."³³ Another possible partner is the PREDICT project, based at the University of California, Davis, and funded by a consortium of partners including USAID and the Smithsonian Institution. PREDICT is doing on South Sulawesi Island exactly the kind of work that needs to be done: testing animals for viruses that could potentially infect humans and building organized data collections of the findings so that information can be shared quickly and effectively.³⁴

INDOPACOM could also play a vital role in screening and confirming infections among the population. Such rapid diagnostic testing would be critically important in controlling a pandemic. INDOPACOM should establish facilities at decisive points along the porous border areas of the Sulu-Sulawesi Sea, or provide major support in funding, equipment, and training to others who are working to ensure these capabilities are in place. USAID and other USG agencies have been working closely with the GOI to implement a plan to establish laboratories in each province to ensure early detection of possible pandemic outbreaks;³⁵ INDOPACOM should ensure it is an integral partner to this effort, especially in the Sulu-Sulawesi Sea area.

In addition to testing and screening, INDOPACOM should leverage its advantages in funding and expertise to build a comprehensive database to track results and maintain a history of facts on the ground. Such a database would be particularly useful in the event that a pandemic does occur and would support the new National Biodefense Strategy's goal to "compile and share biothreat and bioincident information to enable appropriate decision-making and response operations across all levels of government and with non-governmental, private sector, and

Nature and Terror in the Sulu-Sulawesi Sea: Stopping the Next Pandemic

international entities.”³⁶ When the United States attempted to respond to the Ebola outbreak in 2014, a debilitating weakness was the lack of data to guide decisions. As Ron Klain, President Obama’s “Ebola Czar,” said, “the data then available were not what we needed to guide decisions.”³⁷ It is well-known that the ROI’s current network of labs lacks proper coordination due to extreme decentralization and poorly integrated information-sharing.³⁸ INDOPACOM, with partners such as USAID and the Centers for Disease Control and Prevention (CDC), should ensure that needed information is available and organized when the next pandemic occurs.

A key component of prevention is education. A significant portion of the population of the Sulu-Sulawesi Sea area lives in poverty with poor supporting infrastructure, and the lifestyle of many of these people creates conditions in which a pandemic could flourish.³⁹ In addition to detection and control, INDOPACOM should support efforts to educate the public on lifestyle choices that could help prevent the spread of dangerous contagions and how to respond in the event that a pandemic occurs. USAID and CDC would be key partners in this regard, as would the Public Affairs section of the US Embassy in the ROI. INDOPACOM could partner with various NGOs who are already operating in the area to support their existing programs and implement new ones. An effective yet simple example of how the public could be educated is what Palang Merah Indonesia, part of the International Federation of Red Cross and Red Crescent Societies, did by distributing Epidemic Control for Volunteers (ECV) Toolkits to improve awareness and help prepare communities to respond in the event a pandemic occurs.⁴⁰ INDOPACOM could help overcome the challenges, such as inadequate funding and a lack of up-to-date disease information, that Palang Merah Indonesia and other organizations face in carrying out their education activities.

It is a common belief that the ROI is uneasy about joint US-Indonesia health research, because it is extremely sensitive about the potential transfer and misuse of samples. USG civilian agencies typically cite the case of NAMRU-2 being asked to leave the country in 2009. However, while the ROI might be uneasy about increased cooperation, especially on proactive research for detection and the associated collection of samples, the country’s leadership also understands its shortfall in resources, and some have privately requested increased collaboration.⁴¹ INDOPACOM needs to overcome its negative history in the country and re-establish cooperation with the GOI and NGOs on pandemic prevention and response. Non-military actors simply do not have the capacity to work quickly enough, or with the necessary level of coordination, considering the stakes involved.⁴²

The Threat of Terror

Bioweapons

The threat of a pandemic caused by a bioweapon is at the forefront of popular imagination, as evidenced by the recent Jack Ryan series on Amazon, where terrorists attempted to unleash a bioweapon in Washington, D.C. This scenario is not far-fetched, as bioweapons have been developed and used throughout history.⁴³ A respected scholar has written, “it is only

prudent, as well as reasonable, to assume that... biological weapons will be used in future warfare,”⁴⁴ and to keep in mind that “what distinguishes al Qaeda and similarly motivated terrorist organizations with regard to WMD is that they actually want to use them.”⁴⁵ According to another scholar, “compared to a natural disease outbreak, an attack with a biological weapon would likely occur with no warning, would infect more people more quickly, and [would] prove more lethal and terrifying than a natural epidemic.”⁴⁶

The danger of a bio-attack is underappreciated in the Sulu-Sulawesi Sea region, where several terrorist groups are present and where conditions are ripe for a pandemic. One group, Abu Sayyaf, is closely aligned with both Al Qaeda and ISIS and has proven its willingness to use mass violence to achieve its ends, one of which is a caliphate in the Southern Philippines.⁴⁷ In 2004, the group murdered 116 people by bombing passenger ferry *Superferry 14* in Manila, the world’s deadliest-ever terror attack at sea.⁴⁸ “In mid-September 2013, the Moro National Liberation Front attacks on Zamboanga City [in the Philippines] and clashes with the Philippines military in Joho Island [forced] 30,000 civilians to flee their homes, destabilizing order and security in the Sulu area.”⁴⁹ Other Islamic militant groups, including the Jamaah Islamiyah, use the Sulu-Sulawesi Sea as a route to reach training camps in the Philippines.⁵⁰ Considering the importance of the Sulu-Sulawesi Sea to these groups and that Abu Sayyaf’s main base is on islands stretching from the southern Philippines to Borneo, it is reasonable to conclude that a terror group could take advantage of the location and its relatively chaotic administration to launch another water-based terrorist attack.⁵¹

It is also reasonable to conclude that the attack could involve a bioweapon. Abu Sayyaf has close links to Al Qaeda and ISIS, and both of these groups have demonstrated a desire to develop and use bioweapons. In 2016, an ISIS member was caught in Brussels with a bag full of animal excrement, body parts, and explosives; his stated goal was to spread a bacterial infection via the explosion.⁵² One expert suggests that a fervent ISIS member could infect himself with a disease such as Ebola and then ride public transportation in an effort to spread a pandemic.⁵³ Some believe that ISIS already has these weapons.⁵⁴ Scientists and officials of the US Federal Bureau of Investigation have concerns that readily-available, synthetic DNA, that can be bought on the open market, could enable individuals to easily create deadly viruses such as Ebola or smallpox.⁵⁵ When one considers the chaotic movement of people through the Sulu-Sulawesi Sea, the Sea’s history of natural disasters, and the high levels of poverty and social disorder along its fringes, it is not hard to imagine a terrorist group taking advantage of the environment to unleash a bioweapon. The strongest defense against this threat is a strong and coordinated offense.

Deter and Disrupt

It is imperative that INDOPACOM work closely with the Indonesian military to improve its ability to detect and disrupt the possible terrorist use of a bioweapon. Because of the seriousness of the threat, it is essential that the United States leverage the joint efforts of all

Nature and Terror in the Sulu-Sulawesi Sea: Stopping the Next Pandemic

nations with interests in the Sulu-Sulawesi Sea. The ROI, Malaysia, and the Philippines, which all border the Sea, signed a standard-operating-procedures (SOP) document in August 2016 that outlined terms for trilateral maritime patrols.⁵⁶ In June 2017, the three countries conducted their first joint patrol.⁵⁷ The United States has conducted joint training exercises with all three nations, though mainly on a bilateral basis. More exercises are needed wherein all three nations and the United States work together. While there are cooperation agreements in place between the ROI, Malaysia, and the Philippines, a strong coordinating mechanism and an experienced partner are missing.⁵⁸

The same lack of coordination and experience applies to Indonesian President Jokowi's new Sea Policy, which he put in place to improve maritime law enforcement (MLE) and naval readiness. The Sea Policy has identified the Sulu-Sulawesi Sea as a critical area of effort; it has added responsibilities and authorities to the ROI's different MLE bodies, but it has not created an overarching entity with authority to direct joint action.⁵⁹ INDOPACOM could assist by helping the GOI establish the proper authorities to effectively coordinate across its MLE entities, and with its regional partners. Special attention should be paid to developing joint maritime domain awareness as greater sharing of intelligence and methods are critical to disrupting terror networks and preventing a group from obtaining a biological weapon.

US efforts would be complicated by the ROI's "nonaligned" status, negative history in US-Indonesian relations, and a need to ensure that the Association of Southeast Asian Nations (ASEAN), of which the country is a founding member, appears to be taking a leading role.⁶⁰ As is pointed out in the most recent State Department Integrated Country Strategy for Indonesia, "[Indonesia] will not be allied with the United States for the foreseeable future."⁶¹ However, by cooperating closely with the State Department and other USG entities who have direct relations with the GOI, INDOPACOM should work to overcome these hurdles and foster joint coordination. As noted previously, a key opportunity for INDOPACOM to address these concerns would be at the upcoming GHSA Ministerial being hosted by the ROI.⁶²

Another complicating factor is the ROI's growing military partnership with China, a rising sea power in the region. In early August, China and ASEAN kicked off joint maritime cooperation with a tabletop exercise in Singapore, and they will continue in the fall with joint maritime patrols.⁶³ Considering the growth of Chinese influence in the South China Sea and surrounding waters and its historical relationship with the ROI, one potentially effective way to ensure Indonesian participation in joint Sulu-Sulawesi Sea patrols would be to include China. Besides its strengthening military relationship with the country, China is the ROI's number one trading partner and has significant resource interests in the Sulu-Sulawesi Sea. It also has an obvious strategic interest in maintaining stability in areas bordering the South China Sea.⁶⁴ As China seeks to grow its navy and increase its naval presence, the United States and others could leverage this capacity to help patrol the Sulu-Sulawesi Sea, and through such cooperation gain greater insights into China's maritime force capabilities.⁶⁵

Robert Kaplan has stated his belief that China and the United States could work together to counter piracy and terrorism,⁶⁶ and even Chinese scholars believe this, so long as “the two sides respect each other’s core interests and security concerns and avoid touching each other’s strategic bottom lines.”⁶⁷ Preventing terrorism, and especially the use of a bioweapon in the Sulu-Sulawesi Sea, is one area where China, the United States, and other Southeast Asian nations can work jointly on a common interest and improve military relations in the process.

Planning for Failure

As noted earlier, the most effective approach to stopping the next pandemic is an offensive preventive one.⁶⁸ Part of that includes being prepared for failure of the preventive actions described above. Reflecting the expert opinion that a pandemic will likely occur in the Sulu-Sulawesi Sea area, INDOPACOM should develop an up-to-date Operational Plan (OPLAN) describing its response. Elements would include rapid screening of the population, maintenance of a database to help guide decisions, movement of forces and equipment to respond appropriately for evacuations and quarantines, protecting against malevolent actors who could seize upon the chaos to take aggressive actions, and all other essential elements of disaster response. A key component to the planning would be ensuring that joint communications and proposed actions (across USG agencies and partner governments) are well-considered and understood by all parties. The upcoming GHSIA Ministerial would be an ideal venue to begin serious discussions on how best to coordinate activities between various partners.⁶⁹

There is solid experience from which INDOPACOM could draw while planning, such as the US military response to the Ebola outbreak in West Africa in 2014 and previous efforts to contain Avian Flu in Indonesia and other Southeast Asian countries. In West Africa in particular, there are key lessons to be learned regarding proper initial diagnoses; many patients were misdiagnosed due to poor early-on capabilities, thus exacerbating the spread of the disease.⁷⁰ Having laboratory capabilities in place and functioning *prior to* an outbreak, rather than responding after the fact and suffering the consequences of a time lag, would go a long way toward containing a pandemic.

Conclusion

A pandemic has the potential to cause destruction on a scale that would exceed a nuclear confrontation. The new US National Biodefense Strategy rightly identifies preventing and responding to a pandemic as a key national priority, and INDOPACOM is a critical actor in this effort. The Sulu-Sulawesi Sea, an important area for world commerce and a region of extreme biodiversity, is a likely epicenter for the world’s next pandemic. INDOPACOM should take actions to prevent a pandemic in the Sulu-Sulawesi Sea through detection, prevention, and disruption. It should work closely across USG agencies, with the GOI, and through other countries with strategic interests in the Sulu-Sulawesi Sea, including China. INDOPACOM should also work to ensure that the Indonesian public has the education and understanding necessary to aid efforts to prevent and control a pandemic. It is essential that INDOPACOM

Nature and Terror in the Sulu-Sulawesi Sea: Stopping the Next Pandemic

take action now, and that it plan for the potential—many would say fact—that a pandemic will originate in the Sulu-Sulawesi Sea.

¹ The President of the United States, *National Biodefense Strategy* (Washington, DC, 2018), i, <https://www.whitehouse.gov/wp-content/uploads/2018/09/National-Biodefense-Strategy.pdf>.

² Colin S. Gray, *Another Bloody Century: Future Warfare* (London: Weidenfeld & Nicolson, 2005), 287.

³ U.S. President, *National Biodefense Strategy*, i.

⁴ It is an especially important transit route for larger ships that require deeper water. Senia Febrica, “Securing the Sulu-Sulawesi Seas,” *Perspectives on Terrorism* 8, no. 3 (2014): 64. “According to one recent estimate by the Indonesian foreign ministry, every year more than 100,000 ships pass through the Sulu-Sulawesi Seas carrying 55 million metric tons of cargo and 18 million passengers.” Prashanth Parameswaran, “Confronting Threats in the Sulu-Sulawesi Seas: Opportunities and Challenges,” *The Diplomat*, June 10, 2016, <https://thediplomat.com/2016/06/confronting-threats-in-the-sulu-sulawesi-seas-opportunities-and-challenges/>.

⁵ Daniel Workman, “Coal Exports by Country,” *World’s Top Exports*, August 24, 2018, <http://www.worldstopexports.com/coal-exports-country/>; Daniel Workman, “Petroleum Gas Exports by Country,” *World’s Top Exports*, June 11, 2018, <http://www.worldstopexports.com/petroleum-gas-exports-country/>; “Coal,” Indonesia-Investments, <https://www.indonesia-investments.com/business/commodities/coal/item236>; Rasoul Sorkhabi, PhD, “Borneo’s Petroleum Plays,” *GeoExPro* 9, no. 4 (2012), <https://www.geoexpro.com/articles/2012/12/borneo-s-petroleum-plays>.

⁶ Jim Morrison, “Can Virus Hunters Stop the next Pandemic Before It Happens?” *Smithsonian*, January 25, 2018, <https://www.smithsonianmag.com/science-nature/how-to-stop-next-animal-borne-pandemic-180967908/>.

⁷ H.V. Fineberg and M.E. Wilson, “Emerging Infectious Diseases Report,” Lausanne: International Risk Governance Council, accessed October 6, 2018, http://irgc.org/wp-content/uploads/2012/04/Emerging_Infectious_Diseases_Fineberg_and_Wilson-2.pdf.

⁸ Over a thousand people died in the disaster, and the follow-on chaos created conditions in which a disease could spread quickly. Ben Otto and John Lyons, “Aid Slowly Reaches Indonesia Tsunami Victims,” *The Wall Street Journal*, October 4, 2018, <https://www.wsj.com/articles/aid-slowly-reaches-indonesia-tsunami-victims-1538665446?mod=searchresults&page=1&pos=8>.

⁹ Global Health Security Agenda Consortium, accessed September 23, 2018, <http://www.ghsacngs.org/calendar/2018/11/6/ghsa-ministerial>. At the time of this writing, the GHSA Ministerial has not yet convened.

¹⁰ Lyndon DeVantier, Angel Alcalá, and Clive Wilkinson, “The Sulu-Sulawesi Sea: Environmental and Socioeconomic Status, Future Prognosis and Ameliorative Policy Options,” *Ambio* 33, no. 1-2 (2004), 96.

¹¹ *Ibid.*, 88.

¹² “Cumulative number of confirmed human cases for avian influenza A(H5N1) reported to WHO, 2003-2018,” World Health Organization, accessed September 16, 2018, http://www.who.int/influenza/human_animal_interface/2018_09_21_tableH5N1.pdf?ua=1.

¹³ J. N. Hays, *Epidemics and Pandemics: Their Impacts on Human History* (Santa Barbara: ABC-CLIO, Inc., 2005), 421.

¹⁴ Morrison, “Virus Hunters,” and “Understanding the Bushmeat Market: Why Do People Risk Infection from Bat Meat?” University of Cambridge, October 9, 2014, https://www.labmanager.com/news/2014/10/understanding-the-bushmeat-market-why-do-people-risk-infection-from-bat-meat-#.W6eIM_ZFw2w.

¹⁵ Morrison, “Virus Hunters.”

¹⁶ DeVantier, Alcalá, and Wilkinson, 91-92.

¹⁷ Sebastian Partogi, “The High Cost of Destructive Fishing Practices,” *The Jakarta Post*, May 2, 2017, <http://www.thejakartapost.com/life/2017/05/02/the-high-cost-of-destructive-fishing-practices.html>.

¹⁸ “Zoonoses Associated with Fish,” Washington State University, July 2016, <https://iacuc.wsu.edu/zoonoses-associated-with-fish/>.

¹⁹ Kenneth J. Menkhaus, “State Fragility as a Wicked Problem,” *PRISM* 1, no. 2 (March 2010): 95. Based on this author’s own travels, one only has to travel a short distance outside the cities of most Southeast Asian countries to quickly comprehend how vulnerable living conditions have made the populations. Even the most basic aspects of hygiene, such as soap and clean restrooms, are generally absent. Even when soap is present, people often do not use it. Lifestyle and life conditions come together to create a situation ripe for the spread of disease.

- ²⁰ Karl Gruber, “As emerging diseases spread from wildlife to humans, can we predict the next big pandemic?” *Earth Touch News Network*, December 11, 2017, <https://www.earthtouchnews.com/natural-world/how-it-works/as-emerging-diseases-spread-from-wildlife-to-humans-can-we-predict-the-next-big-pandemic/>.
- ²¹ Sheherazade and Susan M. Tsang, “Quantifying the Bat Bushmeat Trade in North Sulawesi, Indonesia, with Suggestions for Conservation Action,” *Global Ecology and Conservation* 3 (January 2015), <https://www.sciencedirect.com/science/article/pii/S2351989415000049>.
- ²² Susan Cassels, Sara R. Curran, and Randall Kramer, “Do Migrants Degrade Coastal Environments? Migration, Natural Resource Extraction and Poverty in North Sulawesi, Indonesia,” *Human ecology: an interdisciplinary journal* 33, no. 3 (2005), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4972097/>; “Labor migration flow from Indonesia from 2007 to 2016,” *Statista*, accessed September 20, 2018, <https://www.statista.com/statistics/880213/indonesia-labor-migration-flow/>. To get an idea of how large this labor-seeking population is, one only needs to consider the fact that in 2006 the annual monetary remittances back to one Indonesian province “was four times the budget of the entire provincial government.” And then consider that “official remittances probably represent less than half of the total, with large amounts being sent through unofficial channels and brought back in cash and gifts.” Graeme Hugo, “Indonesia’s Labor Looks Abroad,” *Migrationpolicy.org*, April 1, 2007, <https://www.migrationpolicy.org/article/indonesias-labor-looks-abroad>.
- ²³ Hugo, “Indonesia’s Labor Looks Abroad.” “Perhaps the world’s second-largest, long-term undocumented migration flow, overshadowed only by the traffic between Mexico and the United States, is that between Indonesia and Malaysia.”
- ²⁴ These people migrate to both Kalimantan in the south, which is part of Indonesia, and Sabah in the north, part of Malaysia. Kisah Manusia Perahu, “Jokowi Ingin Pulangkan Manusia Perahu dari Berau,” *Tribun Kaltim*, November 26, 2014, <https://web.archive.org/web/20170408174233/http://kaltim.tribunnews.com/2014/11/26/jokowi-pulangkan-manusia-perahu>.
- ²⁵ Robert D. Kaplan, *Asia’s Cauldron: The South China Sea and the End of a Stable Pacific* (New York: Random House, 2014), Loc 3046-89 of 3527, Kindle.
- ²⁶ Hugo, “Indonesia’s Labor Looks Abroad.”
- ²⁷ Kaplan, *Asia’s Cauldron*, Loc 3066 of 3527, Kindle.
- ²⁸ U.S. President, *National Biodefense Strategy*, 6.
- ²⁹ Global Health Security Agenda Consortium, accessed September 23, 2018, <http://www.ghsacngs.org/calendar/2018/11/6/ghsa-ministerial>.
- ³⁰ “Namru bisa masuk lagi manakala RI tak miliki payung hukum,” *Antaranews.com*, September 2, 2018, <https://www.antaranews.com/berita/744384/namru-bisa-masuk-lagi-manakala-ri-tak-miliki-payung-hukum>.
- ³¹ “Review of the DoD-GEIS Influenza Programs: Strengthening Global Surveillance and Response,” Committee for the Assessment of DoD-GEIS Influenza Surveillance and Response Programs, Board on Global Health, Institute of Medicine, and Committee for the Assessment of DoD-GEIS Influenza Surveillance and Response Programs, Washington, D.C: National Academies Press, 2007, http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXmwV1BT9swFH4qVJqYemDdEB1s8olbUJrYbj2JA4PCdtgBChvsUrmJC0hbOtEUJH497zm2m6KhicMuUWNFdvQ-N_Z7ft_3ANrJbhw9-SZQeONHenHSP7IUp42GPyxftP1XYLENoSWi7AvADZLiA_5GiPGKIOP1yf433Do17cA5oa3j4fQwOh58HeL_3RYdedBEAaDMq5I1-unwubgipQMbcHIqIPPbO0NVhzxr4LRkMA1YE3vkpiyNCcmI-0HIk0b-y6jP9hneJwQAphTBcKIeTuK4vLb1hCdhwtZTGb65NAAAbJt4dEkGs9rSPXPSIwlcRT-vC3788E8DMItJOKg-XTobWh9KNxWLBCmmEg88HqZC4DMsdEkr_jW9R7pkiOh-uQNPq-FAIVLf_tEtrkvaE7NtTe9evdCpMYZzX0EikbG9XVLCFNx2Fnj2zVJ-tQ9MOK-UNNEzRhlfeFG1oVXFXVInvLfys5gWbThjixTxCLCDEPA7sE1uaFazCgdURZlgg8wi-g-9Hg7ODL5GrnxFpkaAbGfV1Phb5RBrcqMhxTyXjnlBJJkkgKdZK6Yxzkcs4Rz-AJ13TNzyXmRCap5pznqUb0NJEtChKS8jMN4EplWUqNV3009Hy2IvoyzFUbhMu17TDmwvmW_0p1JNGZG0r_eIdWEdr1hrRn-0A87Yd2RQB15c8WuD7_t-PbMHaYpJtw2p5OzcoDmfFFZRzsnHghgXDT.
- ³² “CGHE Overview,” Uniformed Services University, accessed on September 25, 2018, <https://www.usuhs.edu/cghe/overview>.
- ³³ State Department cable 15 JAKARTA 1026 (Sensitive But Unclassified).
- ³⁴ “About PREDICT,” University of California, Davis, accessed on September 9, 2018, <https://www2.vetmed.ucdavis.edu/ohi/predict/index.cfm>. PREDICT has an ongoing project on South Sulawesi Island, where it is testing bats, so it has already built critical relationships in the Sulu-Sulawesi Sea area. Morrison, “Virus Hunters.”

- ³⁵ State Department cable, 15 JAKARTA 1028 (Sensitive But Unclassified).
- ³⁶ U.S. President, *National Biodefense Strategy*, 7.
- ³⁷ Tara O'Toole, M.D., MPH, "Building an Effective Defense Against Biological Threats: The Technology Advantage," *In-Q-Tel, Inc.*, 2017, https://www.iqt.org/wp-content/uploads/2017/03/Transition-paper_bio_FINAL.pdf.
- ³⁸ State Department cable 16 JAKARTA 968 (Sensitive But Unclassified).
- ³⁹ DeVantier, Alcala, and Wilkinson, 88.
- ⁴⁰ "Epidemic Preparedness in Indonesia," International Federation of Red Cross and Red Crescent Societies, 2015, <http://www.ifrc.org/Global/Publications/Health/ECV%20Case%20Study%20Indonesia.pdf>.
- ⁴¹ State Department cable 16 JAKARTA 1342 (Sensitive But Unclassified).
- ⁴² Anyone who has sat through a meeting with multinational partners, especially when both government and non-government actors are present, understands how unwieldy and cumbersome is the process of reaching agreement. In a crisis situation where the deadly impact would be fast moving, this type of consensus-building process would hinder rather than help achieve success. The need for international agreement and action is a key reason that preventive actions are needed on the front end, to try to prevent a crisis from occurring.
- ⁴³ Orlando Cenciarelli, Silvia Rea, Mariachiara Carestia, Fabrizio D'Amico, Andrea Malizia, Carlo Bellecci, Pasquale Gaudio, Antonio Gucciardino, and Roberto Fiorito, "Bioweapons and Bioterrorism: A Review of History and Biological Agents," *Defence S&T Technical Bulletin* 6, no. 2 (2013), 111-129, http://www.mastercbrn.com/uploads/various/201411111898129478_Paper_Bio.pdf.
- ⁴⁴ Gray, *Another Bloody Century*, 277.
- ⁴⁵ *Ibid.*, 287.
- ⁴⁶ O'Toole, "Building an Effective Defense."
- ⁴⁷ Kevin Duffy, "Swords of the Sulu Sea: Countering the World's Most Maritime Terrorist Group," *Modern War Institute*, March 30, 2017, <https://mwi.usma.edu/swords-sulu-sea-countering-worlds-maritime-terrorist-group/>.
- ⁴⁸ "Lives Destroyed: Attacks on Civilians in the Philippines," Human Rights Watch, accessed on September 19, 2018, https://www.hrw.org/reports/2007/philippines0707/background/2.htm#_Toc168986107.
- ⁴⁹ Senia Febrica, "Securing the Sulu-Sulawesi Seas from Maritime Terrorism: A Troublesome Cooperation?" *Perspectives on Terrorism* 8, no. 3 (2014): 65.
- ⁵⁰ *Ibid.*
- ⁵¹ Duffy, "Swords of the Sulu Sea." An attack would seem especially likely to occur in the turmoil following a natural disaster, where a terrorist group could take advantage of chaotic conditions and more easily operate without detection.
- ⁵² Siobhan McFadyen, "Animal testicle bombs are a dangerous step towards ISIS biological warfare, says expert," *Express*, May 6, 2016, <https://www.express.co.uk/news/world/667874/isis-daesh-biological-warfare-dirty-bomb-animal-testicles-brussels>.
- ⁵³ Bruce Dorminey, "EBOLA AS ISIS BIO-WEAPON?" *INFOWARS*, October 6, 2014, <https://www.infowars.com/ebola-as-isis-bio-weapon/>; Sandy Fitzgerald, "ISIS Could Turn Ebola Into Bioweapon, Security Expert Warns," *Newsmax*, October 10, 2014, <https://www.newsmax.com/Newsfront/Ebola-ISIS-terrorists-bioweapons/2014/10/10/id/599965/>.
- ⁵⁴ Tzvi Ben-Gedalyahu, "European Union: ISIS Has Chemical and Biological Weapons," *JewishPress.com*, December 7, 2015, <http://www.jewishpress.com/news/breaking-news/european-union-isis-has-chemical-and-biological-weapons/2015/12/07/>.
- ⁵⁵ Jeanne Whalen, "In Attics and Closets, 'Biohackers' Discover their Inner Frankenstein --- using Mail-Order DNA and Iguana Heaters, Hobbyists Brew New Life Forms; is it Risky?" *Wall Street Journal*, 2009, Eastern, http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXMwpV1LT8JAEJ6oXExMxFd8QeZgwoXFIIKk8UB4hkZFISTqiSxt0UZtkS0h_B1_qzsLJYQYPXhuMtnJTr_Z3flmPoD9fE5ja5hAzzuPxIOn1Hm2uitN-4vtjFFQqbMbOvQqfilTpy6Tq1Yqjz4ZyURROXWhmbEJCZmaruhPvDNvImWDH8dOrgKsAsXmLsQ0tYkIpk7Odz-Wzc9r0xj_s8gkJAmpRnzkjbEyD4Q92PCCA_ iyA6xENIgzeeBi7T0UXiSymKn64SsnQoXIYN0XDvE4sUc1A7RjiwuVlru84ZIWJjLGFUFLkBgZ7J6mdWK9XVFG7ZcJDzi2JKZLc1lshYPBTMaOwOrYm6JcGt76Qw-b8nAsrEWAeFy9cXbrHwIF81Gr9Zisc_9IHZE9JcuG0eww4mHH0SqX889BrQsx7EMT5fXuGJB17g8wBVdw3SHhWK-wDXjBFK_2jz94_sZbM_rOSbT8-ewFY0nXgoSah_TkKg22g_dtAqKb1-Fxes.

- ⁵⁶ B. A. Hamzah, “Mitigating Maritime Violence,” *The Eurasia Review*, December 15, 2016, <http://www.eurasiareview.com/15122016-mitigating-maritime-violence-in-sulu-sea-regional-cooperation-needed-analysis/>.
- ⁵⁷ Francis Chan and Wahyudi Soeriaatmadja, “Indonesia, Malaysia, Philippines launch joint operations in Sulu Sea to tackle terrorism, transnational crimes,” *The Straits Times*, June 19, 2017, <https://www.straitstimes.com/asia/indonesia-malaysia-and-philippines-launch-joint-operations-in-sulu-sea-to-tackle-terrorism>.
- ⁵⁸ Febrica, 18.
- ⁵⁹ Lyle J. Morris and Giacomo Persi Paoli, *A Preliminary Assessment of Indonesia’s Maritime Security Threats and Capabilities* (RAND Corporation, 2018), 21, 26, https://www.rand.org/content/dam/rand/pubs/research_reports/RR2400/RR2469/RAND_RR2469.pdf.
- ⁶⁰ Valencia, “Indonesia Unlikely to Join US-Led Coalition to Contain China,” *The Diplomat*, February 21, 2018. U.S. actions during Suharto’s regime that have recently come to light are negatively impacting Indonesian public opinion against the United States.
- ⁶¹ Department of State, *Indonesia Integrated Country Strategy* (August 16, 2018), 7, <https://www.state.gov/documents/organization/284990.pdf>.
- ⁶² Global Health Security Agenda Consortium, accessed September 23, 2018, <http://www.ghsacngs.org/calendar/2018/11/6/ghsa-ministerial>.
- ⁶³ “ASEAN, China launch maritime exercises in Singapore,” *Nikkei Asian Review*, August 3, 2018, <https://asia.nikkei.com/Politics/International-Relations/ASEAN-China-launch-maritime-exercises-in-Singapore>.
- ⁶⁴ In February 2018, Chinese Premier Li Keqiang publicly stated that China wants to cooperate closely with the ROI to better coordinate its strategically important Belt and Road Initiative. Goh Sui Noi, “China wants closer ties with Indonesia, says Premier Li Keqiang,” *The Straits Times*, February 9, 2018, <https://www.straitstimes.com/asia/se-asia/china-wants-closer-ties-with-indonesia-says-li>. China is the ROI’s number one trading partner, importing significant amounts of coal, rubber, and oil every year, much of which transits the Sulu-Sulawesi Sea. Daniel Workman, “Indonesia’s Top Trading Partners,” *World’s Top Exports*, September 30, 2018, <http://www.worldstopexports.com/indonesias-top-15-import-partners/>; Kaplan, *Monsoon*, 271-2. Global Business Guide, Indonesia, accessed October 2, 2018, http://www.gbgingonesia.com/en/main/useful_resources/information_by_province/information_by_province-kalimantan.php; Kementarian Perdagangan, Republik Indonesia, Kalimantan Timur, accessed October 2, 2018, <http://www.kemendag.go.id/en/economic-profile/indonesia-export-import/provincial-trade-balance?propinsi=64>. That China has a heavy interest in the resources of the area magnifies the fact that the Sulu-Sulawesi Sea is strategically located against the South China Sea.
- ⁶⁵ As a China expert pointed out in recent Congressional testimony, the United States could use such cooperation to draw “conclusions on [Chinese] capabilities in other areas” unrelated to joint patrolling. *Hearing before the U.S.-China Economic and Security Review Commission*, 115th Cong., 2nd sess., 2018 (Kevin McCauley, Modernization of PLA Logistics, Joint Logistic Support Force), 66.
- ⁶⁶ Kaplan, *Monsoon*, 291.
- ⁶⁷ Li Fanjie, “The Prospect of Sino-US Maritime Conflict and Cooperation,” *China Institute of International Studies*, January 20, 2014, http://www.ciis.org.cn/english/2014-01/20/content_6623542.htm. As one author has written, “given the broader context of Chinese territorial disputes in the Southeast Asian waters, their ability to work cooperatively with neighbors on a security effort such as [the Sulu-Sulawesi Sea] could be a pacifying, partnership-strengthening effort.” Duffy, “Swords of the Sulu Sea,” 4.
- ⁶⁸ This requires having capacity on the ground now and working to proactively identify contagions before they have a chance to take root and spread, dramatically improving the ability to respond quickly when a pandemic does occur. As USNORTHCOM’s pandemic response Concept Plan (CONPLAN 3591-09, August 2009) states, “Containing the spread of a... virus is not likely once an efficient human-to-human transmission has occurred and the outbreak has extended beyond a geographically circumscribed area.” USNORTHCOM CONPLAN 3591-09, “Response to Pandemic Influenza,” August 13, 2009, <https://nsarchive.files.wordpress.com/2010/10/pandemic.pdf>.
- ⁶⁹ Global Health Security Agenda Consortium, accessed September 23, 2018, <http://www.ghsacngs.org/calendar/2018/11/6/ghsa-ministerial>.
- ⁷⁰ LCDR Gabriel N. Defang, “USAFRICOM Joint Force Command – Operation United Assistance: A Disease Outbreak Response Model for COCOMs to Emulate” (Joint Military Operations Research Paper, Naval War College, Newport, RI, 2017), 11.

BIBLIOGRAPHY

- Ben-Gedalyahu, Tzvi. "European Union: ISIS Has Chemical and Biological Weapons." *JewishPress.com*, December 7, 2015. <http://www.jewishpress.com/news/breaking-news/european-union-isis-has-chemical-and-biological-weapons/2015/12/07/>.
- Cassels, Susan, Sara R. Curran, and Randall Kramer. "Do Migrants Degrade Coastal Environments? Migration, Natural Resource Extraction and Poverty in North Sulawesi, Indonesia." *Human ecology: an interdisciplinary journal* 33, no. 3 (2005): 329–363. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4972097/>.
- Cenciarelli, Orlando, Silvia Rea, Mariachiara Carestia, Fabrizio D'Amico, Andrea Malizia, Carlo Bellecci, Pasquale Gaudio, Antonio Gucciardino, and Roberto Fiorito. "Bioweapons and Bioterrorism: A Review of History and Biological Agents." *Defence S&T Technical Bulletin* 6, no. 2 (2013): 111-129. http://www.mastercbrn.com/uploads/various/201411111898129478_Paper_Bio.pdf.
- Committee for the Assessment of DoD-GEIS Influenza Surveillance and Response Programs, Board on Global Health, Institute of Medicine, and Committee for the Assessment of DoD-GEIS Influenza Surveillance and Response Programs. *Review of the DoD-GEIS Influenza Programs: Strengthening Global Surveillance and Response*. Washington, D.C: National Academies Press, 2007. http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHcXmwtV1BT9swFH4qVJqYemDdEB1s8olbUJrYbj2JA4PCdtgBChvsUrmJC0hbOteUJH497zm2m6KhicMuUWNFdvQ-N_Z7ft_3ANrJbhw9-SZQeONHenHSP7IU42GPyxftP1XYLENoSWi7AvADZ1iA_5GiPGKIOP1yf433Do17cA5oa3j4fQwOh58HeL_3RYdedBEAAdMq511-unwubgipQMbcHIqIPPbO0NVhzxr4LRKmA1YE3vkiyNCCmI-0HIk0b-y6jP9hneJwQaphTbcKieTuK4vLb1hCdhwtZTGb65NAAAbJt4dEkGs9rSPXPSIwlcRT-vC3788E8DMltJOKg-XTobwh9KNxWLBcmmEg88HqZC4DMsdEkr_jW9R7pkiOh-uONPq-FAIVLf_tEtzkvaE7NtTe9evdCpMYZzX0EikbG9XVLCFNx2Fnj2zVJ-tQ9MQK-UNNEzRhlfefG1oVFXVInvLfys5gWbThjixTxCLCDEPA7sE1uaFazCgdURZlgg8wi-g-9Hg7ODL5GrnxFpkaAbGfV1Phb5RBrcqMhxTyXjnlBJJkkgKdZK6Yxzkcs4Rz-AJ13TNzyXmRCap5pznqUb0NJEtChKS8jMN4EplWUqNV3009Hy2IvoyjzFUbhMul7TDMwvmW_0p1JNGZG0reIdWEdr1hrRn-0A87Yd2RQB15c8WuD7_t-PbMHaYpJtw2p5OzcfDmfFffZRzsNHgHgpXDT.
- Chan, Francis and Wahyudi Soeriaatmadja. "Indonesia, Malaysia, Philippines launch joint operations in Sulu Sea to tackle terrorism, transnational crimes." *The Straits Times*, June 19, 2017. <https://www.straitstimes.com/asia/indonesia-malaysia-and-philippines-launch-joint-operations-in-sulu-sea-to-tackle-terrorism>.
- Defang, LCDR Gabriel N. "USAFRICOM Joint Force Command – Operation United Assistance: A Disease Outbreak Response Model for COCOMs to Emulate." Joint Military Operations Research Paper, Naval War College, Newport, RI, 2017.
- Department of State. Indonesia Integrated Country Strategy, August 16, 2018. <https://www.state.gov/documents/organization/284990.pdf>.
- DeVantier, Lyndon, Angel Alcalá, and Clive Wilkinson. "The Sulu-Sulawesi Sea: Environmental and Socioeconomic Status, Future Prognosis and Ameliorative Policy Options." *Ambio* 33, no. 1-2 (2004): 88-97.
- Dorminey, Bruce. "EBOLA AS ISIS BIO-WEAPON?" *INFOWARS*, October 6, 2014. <https://www.infowars.com/ebola-as-isis-bio-weapon/>.
- Duffy, Kevin. "Swords of the Sulu Sea: Countering the World's Most Maritime Terrorist Group." *Modern War Institute*, March 30, 2017. <https://mwi.usma.edu/swords-sulu-sea-countering-worlds-maritime-terrorist-group/>.
- Febriana, Senia. "Securing the Sulu-Sulawesi Seas from Maritime Terrorism: A Troublesome Cooperation?" *Perspectives on Terrorism* 8, no. 3 (2014): 64-83.
- Fineberg, H.V. and M.E. Wilson. *Emerging Infectious Diseases Report*, Lausanne: International Risk Governance Council. Accessed October 6, 2018. <http://irgc.org/wp-content/uploads/2012/04/Emerging-Infectious-Diseases-Fineberg-and-Wilson-2.pdf>.
- Fitzgerald, Sandy. "ISIS Could Turn Ebola Into Bioweapon, Security Expert Warns." *Newsmax*, October 10, 2014. <https://www.newsmax.com/Newsfront/Ebola-ISIS-terrorists-bioweapons/2014/10/10/id/599965/>.
- Fossati, Diego. "From Periphery to Centre: Local Government and the Emergence of Universal Healthcare in Indonesia." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39, no. 1 (2017): 178-203.

- Global Health Security Agenda Consortium. Accessed September 23, 2018. <http://www.ghsacngs.org/calendar/2018/11/6/ghsa-ministerial>.
- Goh Sui Noi. "China wants closer ties with Indonesia, says Premier Li Keqiang." *The Straits Times*, February 9, 2018. <https://www.straitstimes.com/asia/se-asia/china-wants-closer-ties-with-indonesia-says-li>.
- Gray, Colin S. *Another Bloody Century: Future Warfare*. London: Weidenfeld & Nicolson, 2005.
- Gruber, Karl. "As emerging diseases spread from wildlife to humans, can we predict the next big pandemic?" *Earth Touch News Network*, December 11, 2017. <https://www.earthtouchnews.com/natural-world/how-it-works/as-emerging-diseases-spread-from-wildlife-to-humans-can-we-predict-the-next-big-pandemic/>.
- Hamzah, B. A. "Mitigating Maritime Violence in Sulu Sea: Regional Cooperation Needed – Analysis." *The Eurasia Review*, December 15, 2016. <http://www.eurasiareview.com/15122016-mitigating-maritime-violence-in-sulu-sea-regional-cooperation-needed-analysis/>.
- Harding, Brian and Andreyka Natalegawa. *Enhancing the U.S.-Indonesia Strategic Partnership*: Center for Strategic and International Studies, 2018. http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXMwY2AQNtIz0EUE0DDG-HGEYEWgZGWQdDFg6CtL9DohJWC4KI5JT8ZNC0o07JYDS05zCwNLc_uCQI3QPVGg-VTopRnMDKxGoNPyWBhYXQKc_cMwilJwccmwABbBVtanFeerJeZkgvf5ox27iJFzhFkYIM0mIUymFLzhBm4EDfliJAYueZlgA7PyEtXADbqFEL1gvV0PUF3daQWZyYqwE6hTVYIACaWPMjqZVEGDTfXEGcPXZhT4oGxDhrKT8xLzS8tjkc4xliMgTcRtBg-rwS8aS5FgkHB0jI52di41RDYIzIzMTRIBLaizFKMTVPSTMyMTBINjCUZFAmaK0WEGmkGLmAkWI BXr1rKMLCUFJWmyjKwgoNaDhoxAOo4obQ.
- Hays, J. N. *Epidemics and Pandemics: Their Impacts on Human History*. Santa Barbara: ABC CLIO, Inc., 2005.
- Hugo, Graeme. "Indonesia's Labor Looks Abroad." *Migrationpolicy.org*, April 1, 2007. <https://www.migrationpolicy.org/article/indonesias-labor-looks-abroad>.
- Human Rights Watch. "Lives Destroyed: Attacks on Civilians in the Philippines." Accessed on September 19, 2018. https://www.hrw.org/reports/2007/philippines0707/background/2.htm#_Toc168986107.
- International Federation of Red Cross and Red Crescent Societies. "Epidemic Preparedness in Indonesia." 2015. <http://www.ifrc.org/Global/Publications/Health/ECV%20Case%20Study%20Indonesia.pdf>.
- Joint Interagency Task Force West Public Affairs. "Sulu Sea Maritime Security Developments." *Indo-Pacific Defense Forum*, May 15, 2017. <http://apdf-magazine.com/sulu-sea-maritime-security-developments/>.
- Jung, Eunsook. "Campaigning for all Indonesians: The Politics of Healthcare in Indonesia." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 38, no. 3 (2016): 476-494.
- Kaplan, Robert D. *Monsoon: The Indian Ocean and the Future of American Power*. First ed. New York: Random House, 2010.
- _____. *Asia's Cauldron: The South China Sea and the End of a Stable Pacific*. New York: Random House, 2014. Kindle.
- Kisah Manusia Perahu, "Jokowi Ingin Pulangkan Manusia Perahu dari Berau." *Tribun Kaltim*, November 26, 2014. <https://web.archive.org/web/20170408174233/http://kaltim.tribunnews.com/2014/11/26/jokowi-pulangkan-manusia-perahu>.
- Li, Fanjie. "The Prospect of Sino-US Maritime Conflict and Cooperation." *China Institute of International Studies*, January 20, 2014. http://www.ciis.org.cn/english/2014-01/20/content_6623542.htm.
- Menkhaus, Kenneth J. "State Fragility as a Wicked Problem." *PRISM* 1, no. 2 (March 2010): 85-100.
- McFadyen, Siobhan. "Animal testicle bombs are a dangerous step towards ISIS biological warfare, says expert." *Express*, May 6, 2016. <https://www.express.co.uk/news/world/667874/isis-daesh-biological-warfare-dirty-bomb-animal-testicles-brussels>.
- Morris, Lyle J. and Giacomo Persi Paoli. *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*: RAND Corporation, 2018. http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXMwY2AQNtIz0EUE0DDG-HGEYEWgZGWQdDFg6CtL9DohJWC4KI5JT8ZNC0o07JYbG5subWJoYm9sXFOqC7okCzadCL81gZm A1Ap2Wx8LA6hIQ7B-GUZSCiz03AQbYKtjS4rzyZL3MIFz4Nme0cxcpc04AxukwSzEwJSaJ8zAhhgpV4QhyFEhoCg1B3xLV1GlgiP8yE2F_DQFT9CIHanFmYnqxQq-iaCDjHJTFYKhd9cphGSAmo7FC0l5KQrOwNoTvGAW2IUWZdBwclx9tCFOTUemCpAQ_2Jean5pcXxCMcaizHwJoIWyeVgDfVpUgwKFhaJidbGqcaAvtaZiaGBonAVpZZirFpSpqJmZfJooGxJIMiQXOliFAjzcAFjCQL00SL0YUMA0tJUWmqLAMrOCrkoBEHACVgrdc.

- Morrison, Jim. "Can Virus Hunters Stop the next Pandemic Before It Happens?" *Smithsonian.com*, January 25, 2018. <https://www.smithsonianmag.com/science-nature/how-to-stop-next-animal-borne-pandemic-180967908/>.
- O'Toole, Tara, M.D., MPH. "Building an Effective Defense Against Biological Threats: The Technology Advantage." *In-Q-Tel, Inc.*, 2017. https://www.iqt.org/wp-content/uploads/2017/03/Transition-paper_bio_FINAL.pdf.
- Otto, Ben and John Lyons, "Aid Slowly Reaches Indonesia Tsunami Victims." *The Wall Street Journal*, October 4, 2018. <https://www.wsj.com/articles/aid-slowly-reaches-indonesia-tsunami-victims-1538665446?mod=searchresults&page=1&pos=8>.
- Panel on Biological Issues, Committee on Science and Technology for Countering Terrorism, National Research Council, National Research Council (U.S.). Committee on Science and Technology for Countering Terrorism, National Research Council (U.S.). Panel on Biological Issues, Institute of Medicine, (U. S.), Institute of Medicine, National Research Council, Committee on Science and Technology for Countering Terrorism, and Panel on Biological Issues. *Countering Bioterrorism: The Role of Science and Technology*. Washington, D.C: National Academy Press, 2002. http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXMwdV1NT8JAEJ0YuWg4oKJWkPQPQLbdUtrTYknE6oRPW3WthoOLqa08vednW4hGLm1e2ink-3sfl4HcOmP2PCPTDpjSV_XUwXbyLZM5Nq9bNNRxsFUYr-PGbfEVTXjZM-7r0xtyC-u9auePYUJy9xghYZHRuzxx-XEZVo0ZEwJbSJHdxp7r1zaOMJUaivbPVpSDrwhNFqc-BttqN3jzb-Ma2zjvQys0kgWc5PoKbsz0eEnAge77ao1XxdrG_3WhP4-fo4chPUDadIysatn5NbSVaWLXJQ27ZbfgCpGmguceXkBh4DGF3k-Y8XH2EYR-oBh3oHcgrfyuESkk_pdMONBB2fdr-JLQAbf5EknVV9vyKeNZxA37LWMOdP8V8O7Ieg_OiBGF0hB9OC2LKr-3WhqgxqeTAen9F5FykwY.
- Parameswaran, Prashanth. "Malaysia Spotlights Expanded Sulu Sea Trilateral Patrols." *The Diplomat*, April 19, 2018. <https://thediplomat.com/2018/04/malaysia-spotlights-expanded-sulu-sea-trilateral-patrols/>.
- _____. "The Other Sea That Dominated the 2016 Shangri-La Dialogue." *The Diplomat*, June 9, 2016. <https://thediplomat.com/2016/06/the-other-sea-that-dominated-asias-security-summit-in-2016/>.
- _____. "Confronting Threats in the Sulu-Sulawesi Seas: Opportunities and Challenges." *The Diplomat*, June 10, 2016. <https://thediplomat.com/2016/06/confronting-threats-in-the-sulu-sulawesi-seas-opportunities-and-challenges/>.
- Partogi, Sebastian. "The High Cost of Destructive Fishing Practices." *The Jakarta Post*, May 2, 2017. <http://www.thejakartapost.com/life/2017/05/02/the-high-cost-of-destructive-fishing-practices.html>.
- The President of the United States. *National Biodefense Strategy*, 2018. <https://www.whitehouse.gov/wp-content/uploads/2018/09/National-Biodefense-Strategy.pdf>.
- Sheherazade and Susan M. Tsang. "Quantifying the Bat Bushmeat Trade in North Sulawesi, Indonesia, with Suggestions for Conservation Action." *Global Ecology and Conservation* 3 (January 2015): 324-330. <https://www.sciencedirect.com/science/article/pii/S2351989415000049>.
- University of California, Davis. "About PREDICT." Accessed on September 9, 2018. <https://www2.vetmed.ucdavis.edu/ohi/predict/index.cfm>.
- University of Cambridge. "Understanding the Bushmeat Market: Why Do People Risk Infection from Bat Meat?" October 9, 2014. https://www.labmanager.com/news/2014/10/understanding-the-bushmeat-market-why-do-people-risk-infection-from-bat-meat-#.W6eIM_ZFw2w.
- U.S. Congress. House of Representatives. China's Military Reforms and Modernization: Implications for the United States: Hearing before the U.S.-China Economic and Security Review Commission. 115th Cong., 2nd sess., 2018.
- Valencia, Mark J. "Indonesia Unlikely to Join US-Led Coalition to Contain China." *The Diplomat*, February 21, 2018. <https://thediplomat.com/2018/02/indonesia-unlikely-to-join-us-led-coalition-to-contain-china/>.
- Washington State University. "Zoonoses Associated with Fish." July 2016. <https://iacuc.wsu.edu/zoonoses-associated-with-fish/>.

-
- Whalen, Jeanne. "In Attics and Closets, 'Biohackers' Discover their Inner Frankenstein --- using Mail-Order DNA and Iguana Heaters, Hobbyists Brew New Life Forms; is it Risky?" *Wall Street Journal*, 2009, Eastern. http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXMwpV1LT8JAEJ6oXExMxFd8QeZgwoXFllKk8UB4hkZFISTqiSxt0UZtkS0h_Bl_qzsLJYQYPXhuMtnJTr_Z3flmPoD9fE5ja5hAzzuPxIOn1Hm2uitN-4vtjFFQQbMbOvQqfilTpy6Tq1Yqjz4ZyURROXWhmbEJCZmaruhPvDNvImWDH8dOrgKsAsXmLsQ0tYkIpk7Odz-Wzc9r0xj_s8gkJAmpRnzkjbEyD4Q92PCCA_iaA6xENIgZeeBi7T0UXiSymKn64SsnQoXIYN0XDvE4sUc1A7RJiwuVlru84ZIWJjLGUFELkBgZ7J6mdWK9XVFG7ZcJDzi2JKZLc1lshYPBTMaOwOrYm6JcGt76Qw-b8nAsrtEWaEfY9cXbrHwIF81Gr9Zisc_9IHZE9JcuG0eww4mHH0SqX889BrQsx7EMT5fXuGJB17g8wBVdw3SHhWK-wDXjBFK_2jz94_sZbM_rOSbT8-ewFY0nXgoSah_TkKg22g_dtAqKb1-Fxes.
- World Health Organization. "Cumulative number of confirmed human cases for avian influenza A(H5N1) reported to WHO, 2003-2018." Accessed September 16, 2018. http://www.who.int/influenza/human_animal_interface/2018_09_21_tableH5N1.pdf?ua=1.
- Workman, Daniel. "Indonesia's Top Trading Partners." *World's Top Exports*, September 30, 2018. <http://www.worldstopexports.com/indonesias-top-15-import-partners/>.
- Yong, Ed. *When the Next Plague Hits*. Vol. 322. Boston: Atlantic Media, Ltd, 2018. http://usnwc.summon.serialssolutions.com/2.0.0/link/0/eLvHCXMwpV1ZS8NAEB60fREK1Xq0HiX-gJQczSb7JFVSI0hoa0rrU0h2t0XQVJsG_747ObQoguDrHrDMDjPf3AAto6ep32QCujdm5nzsJB_ppEwexNKX8jsrKZiLZr5i6BVH34ftYL9L_er1TcU5URhPLYdm7ELdwCBbDerXrj-abEHefLqjtGokcnRwAvZvohYVvYLAJVZpslibvrPfEXz7roL81ZvzXe_ehWXWmVgYFTxzAjkha0Cj8c0pRdnQInZnn-krguYrvzgNldD-4nbqKdxc8HMF06AY3nlqOSVCXUndLC5BzpsUxFZw4IliYCG7YsY2d3zRixBaXa7pUO9yS8II6cWxKNU9FZNncIPCAmcfQiDCdPtncZXe8DQqljFFT6NIaI31diyQOI9y0-KJPjH6kmR3oIIVD7CCRYrKMSrSNBxYfSJBIE21DpyUBxarzTpi4dZOO995XrOfly4ryoaSyzF0ESVilaXhF21P_3DmDPYkczhFVu051DbrTFxApf_hbskwXWm_-8EHCLLFKQ.

Climate Change Impacts and Opportunities for Partnership

Christi S. Montgomery, Cmdr., US Navy

Introduction

Indonesia's unique geostrategic situation is shaped by its location in Southeast Asia as well as its vast archipelagic sprawl—it stretches east to west a greater distance than the United States. It encompasses an assortment of large and diverse straits and internal waterways, through which a quarter of all worldwide maritime trade flows.¹ As an island nation located at the equator, the Republic of Indonesia (ROI) faces unique challenges wrought by an equatorial climate and nearly 55,000 km of coastline.² It is at the proverbial 'ground zero' of the effects of climate change and is confronted by the delicate balance of a growing economy and a population significantly reliant on agriculture that is sensitive to changes in climate. This reality presents a challenge to a newly democratic nation, both in terms of sustaining the health of the population and economy and of thwarting the seeds of instability that might arise should Indonesians fail to adapt to a changing climate. The US Indo-Pacific Command (INDOPACOM) has long been a partner with the Government of Indonesia (GOI) and other international organizations operating in the region; it is working to understand the implications—regionally and locally—of climate change and to assist when and where possible in building mutual resiliency for a prosperous future. Admiral Sam Locklear, former Commander of US Pacific Command, summarized the situation eloquently:

“Today we find ourselves in a period of unprecedented global change – change that is offering many new opportunities, but also introducing significant emerging challenges to the global security environment. Foremost among these emerging challenges are the long-term security implications of climate change, particularly in the vast and vulnerable Asia-Pacific region, where the nexus of humanity and the effects of climate change are expected to be most profound.”³

There are multiple avenues for consideration of climate change impacts to any global subregion; the primary focus of this paper is the anticipated impacts of predicted sea level rise and predicted changes in rainfall patterns affecting the Indonesian archipelago. The intent is to identify potential impacts of increased sea level and modified precipitation patterns on agriculture and population distribution, followed by an assessment of the relative risk to food security, which is a contributing factor to socio-economic stability. There are broad national security implications if identified risks are not mitigated by the GOI through investment in agriculture, infrastructure, and economic resilience. Initial reviews of English-language research led to the perception that the GOI was ill-prepared to adapt to climate change, but further review of Indonesian-language material as well as consultation with an Indonesian colleague modified this perception. The GOI has devoted, and continues to devote, effort to improving the nation's resilience to climate change, particularly through emphasis on food security. Rather than approaching a partnership from a US-centric perspective, the US government and INDOPACOM would best be served by structuring a relationship with the ROI that allows the United States and

other regional partners to gain advantage from the experience and lessons Indonesia has learned while adapting to climate change, while encouraging GOI leadership on an issue impacting the broader region.

The Republic of Indonesia in the Cross-hairs

On September 25th, 2018, UN Secretary-General Antonio Guterres stated, “Our future is at stake. Nothing is immune – climate change affects everything, and everything can be undermined.”⁴ The ROI has and will continue to experience the impacts of climate change, but this research will concentrate on the threats associated with sea level rise and changes in the rainfall patterns across the archipelago. Sea level rise threatens to erase baseline territorial islands that establish the Exclusive Economic Zone (EEZ), exacerbates catastrophic flooding in large urban cities, and inundates critical coastal agricultural zones necessary for the production of domestic rice and corn. Changes in rainfall patterns will likely shorten or displace the onset of growing seasons, contribute to dry-season drought conditions, and increase the likelihood of damaging flooding during the rainy season. These changes place the lives, livelihoods and health of millions of Indonesian citizens at risk, which can contribute to political instability and threats to national security. Due to the overwhelming challenges to be faced, the GOI has devoted considerable effort and resources towards mitigation, commissioned additional studies to understand the forecasted impacts and risks of climate change, and established whole-of-government development goals to strive for domestic food security. Contrary to US-centric approaches, research suggests that the knowledge and experience sharing should flow from the ROI to the United States and other partner nations in the region. It is on the front line of climate change adaptation, and the experiences and lessons learned from policy, planning, and execution on this front would greatly benefit not only the United States but also other nations in the region.

Population at Risk – Population Density and Migration Profiles

To evaluate the potential impacts of climate change on the ROI’s citizens, population distribution and migration must be understood. As of July 2017, its population was 264 million people, making it the fourth-most populous nation in the world.^{5,6} Twenty percent (20%) of the population, some 51.8 million people, is concentrated in five major cities, including Jakarta, Surabaya, Bandung, Medan, and Semarang.⁷ Four of the five most populous cities are located directly on or within 12 miles of the coast; only Bandung is located inland in Central Java. As of 2007, 16% of the population, roughly 42 million people, was located within 10 meters of the average sea level.⁸ For comparison, the population of California was 39.5 million people in 2017. According to the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment report, “Due to projected sea level rise, a million or so people along the coasts of South and Southeast Asia will likely be at risk from flooding.”⁹

The spatial distribution of the ROI’s population is also important. Intra-national migration trends are likely to exacerbate socio-economic tensions in at-risk urban areas as

Climate Change Impacts and Opportunities for Partnership

population density increases in major coastal cities. An analysis by the World Bank indicates that Southeast Asia urbanization is rapidly growing. Specifically:

“Indonesia has the second-largest urban population in East Asia after China – 94 million people in 2010, an increase of 28 million since 2000. The country’s urban population density is among the highest in the region which increased sharply between 2000 and 2010, from 7,400 people per square kilometer to 9,400 – the largest increase in urban population density of any country in the region.”¹⁰

The trend of rural migration to large urban centers in the recent past¹¹ has placed a considerable burden on the socio-economic support structures in these areas, many of which are increasingly vulnerable to flooding from sea-level rise. Rural-to-urban migration is the primary form of migration in the country.¹² “There are indications that loss of urban land to rising sea levels has resulted in displaced populations and intra-urban migration. The populations that move in these instances are poor and end up living in underserved peri-urban areas.”¹³ Lack of habitable living space has forced impoverished members of the migratory population to establish temporary habitation in volatile environmental areas including river beds and banks that frequently flood.¹⁴

Over the past three decades, the net national migration rate for the ROI has been negative, meaning more of its citizens are leaving the country for opportunities abroad than are arriving annually.¹⁵ These Indonesians are immigrating to other countries for work, education, and additional economic opportunity. Low-skilled workers comprised the majority of immigrants to nations like Kuwait, Saudi Arabia, and Malaysia, whereas students and skilled workers comprised the majority of immigrants to Australia, Singapore, and the United States.¹⁶ Many low-skilled workers who are immigrating to urban centers and internationally are from rural, agricultural communities where the work is critical to the country’s food production but is labor-intensive and often low-paying. A study completed in 2009 found that the population of Indonesians employed in agriculture decreased by 30% from 1980 to 2009.¹⁷

The pressures of increasing urban population density and migration are often exacerbated by the natural threats of earthquakes, tsunamis, volcanos, and flooding that dominate the archipelago. These threats exist due to the geophysical features surrounding and within the archipelagic country and persist independent of any climate change-induced impacts. The country’s predominantly equatorial location spares it from direct landfall of tropical cyclones like those experienced in neighboring Philippines,¹⁸ but the impacts of secondary cyclone genesis and extreme rainfall from nearby tropical cyclones are serious threats, predominantly from December through April, with maximum intensity in February.¹⁹ The GOI, in collaboration with Australia and the World Meteorological Organization, established a Tropical Cyclone Warning Center, operating under Badan Meteorologi Klimatologi dan Geofisika (BMKG, or the Indonesian Agency for Meteorology, Climatology and Geophysics). The establishment and reputation of the Warning Center in the international community is in line with the development

goals of the GOI and is a positive example of international support for the development of infrastructure and governance that will enable climate resiliency.

Indonesian Agriculture and Food Security

The national disaster threats addressed above, added to the anticipated threats of climate change, present a significant challenge to the domestic agricultural industry and food security. Agricultural industry contributes roughly 14% to the nation's Gross Domestic Product (GDP), which was \$1 Trillion in 2017.²⁰ A critical component of the industry and food security is the sustained production of rice. The ROI is the world's third largest rice producer; recent agricultural and economic policies indicate that production goals remain centered around "self-sufficiency" and domestic consumption rather than export trade.²¹ Its production of rice falls shy of meeting domestic consumption demands and the need to maintain a reserve level between 1.5 and 2 million tons, requiring the GOI to import nearly one million tons of rice annually.²²

To supplement the consumption of domestic rice, the ROI imports agricultural commodities from a number of nations, including China, Australia, and the United States. According to US Department of Agriculture (USDA) Foreign Agriculture Service (FAS) estimates from 2013, "the United States is [was] the leading agricultural supplier to Indonesia, with a 17 percent market share."²³ US agricultural exports to Indonesia in 2017 totaled \$2.9 billion.²⁴ Consistent growth in the consumption of wheat, both for people and livestock, has led to a heavy reliance on imports since the ROI's climate is not conducive to wheat production. According to the USDA FAS Global Agriculture Information Network's 2018 report, the ROI is "fully reliant on wheat imports to fill demand."²⁵ Analysis of anticipated 2018 wheat import plans show that it is likely to overtake Egypt as the number one wheat importer in the world.²⁶ Given the identification of China and Russia as peer adversaries in the US National Defense Strategy,²⁷ China's engagement strategy as outlined in its Belt and Road Initiative,²⁸ and Russia's dominance as a wheat exporter,²⁹ it is important for the United States and Australia to ensure strong trade ties to ensure continued access to this important commodities market.

Susceptibility of the rice harvest to variations in rainfall and high grain and feed demand from persistent human and livestock population growth have increased the GOI Ministry of Agriculture's efforts to encourage corn crops across all islands in the archipelago, especially during the second growing season, typically from April through June. The production of corn, however, primarily supports animal feed, as human consumption of corn has fallen by a rate of 6.33% per year.³⁰

Climate Impacts

The majority of rice is grown in Java (50-60%), South Sumatra (20%) and South Sulawesi (12%).^{31,32} The success of the semi-annual rice harvest is highly dependent upon rainfall and groundwater-supplied irrigation. Variation in the start, duration, and intensity of the rainy season strongly influences the harvest capacity across all of the nation's regions. The

Climate Change Impacts and Opportunities for Partnership

IPCC Fifth Assessment Report indicates that climate change will be most evident in sea level rise and increased variation in the start, duration, and intensity of rainfall. Regarding rainfall variation, the report summarizes a future in which “extreme precipitation events over...wet tropical regions will very likely become more intense and more frequent.”³³ The ROI will experience an increase in the amount of annual rainfall, but that rain will occur over fewer days of the year, which will increase the risk of flooding when rain occurs and the likelihood of drought conditions during prolonged dry periods.³⁴ Additionally, changes to the global heat distribution in the ocean and atmosphere will cause significant changes to the onset and termination of the rainy season—most anomalous in regions and islands that dominate agricultural production³⁵—making it more difficult to estimate the best windows for planting and harvesting crops. Droughts strongly correlated to El Nino/Southern Oscillation (ENSO) events in the 1990s and 2000s resulted in significant loss of agriculture, averaging 48 thousand hectares of harvest failure per event.³⁶

Regarding sea level rise, the trend is troubling. Global mean sea-level rose 0.19m (0.62 ft) over the period of 1901-2010, and the projection by the IPCC Fifth Assessment Report is for an additional global sea-level rise of 1 meter (3.28 feet) by 2100 [baseline year = 2005].³⁷ The Fourth Assessment Report, completed in 2007, predicted sea-level rise from 2007 levels of 31 mm (1.2 inches) by 2017 (over period of 10 years, an average of 3.1mm per year).³⁸ Projections for localized sea-level rise for the seas surrounding the ROI are higher, as many coastal towns and cities have experienced significant subsidence accompanying sea-level rise.³⁹

“Sea level rise is projected to decrease total arable areas and thus food supply in many parts of Asia.”⁴⁰ This statement is particularly troublesome for the ROI, as the areas predominantly used for agricultural production—Java, South Sumatra, and South Suluwesi—are low-lying coastal areas particularly vulnerable to inundation. Malley’s analysis of impacts in the country in 2011 concluded that, “Rising sea levels alone threaten the habitability of major cities, the productivity of key rice-growing regions, and even the existence of islands on which its international borders depend.”⁴¹ Some rural districts in western Java could experience a loss of up to 95% of their rice production due to sea water intrusion,⁴² and the livelihoods of 26 million people (as of 2014) who earn their living as farmers, fishermen, and fish farmers are at risk.⁴³

The ROI is the largest island-formed nation in the world with a “coastline of more than 54,000 kilometers.”⁴⁴ A sea level rise of one meter could potentially submerge 2,000 of Indonesia’s 17,000 islands.⁴⁵ An International Institute for Economy and Development (IIED) study indicated that 8 of 92 small islands that serve as its territorial baseline were “very vulnerable” to rising sea levels.⁴⁶ If these eight islands are lost to sea level rise, the resultant change to the ROI’s baseline determination could mean a decrease in its EEZ and Territorial Waters, with consequential impacts to associated resources.

Evidence of Instability Associated with Climate Change

Mounting evidence indicates that instability borne of maladaptation to climate change is often a key factor influencing national security. Review of the Fragile States Index for 2018, produced by the Fund for Peace, finds that the ROI is categorized as “Elevated Warning.”⁴⁷ Highlighting the primary drivers of climate change-induced risk discussed thus far, the Council for Security Cooperation in the Asia Pacific distributed a memorandum in 2010 to its members stating that the “security issue of concern is an increased risk of significant social, economic or political instability in one or more countries in the region.”⁴⁸ In 2016, the United States passed the Global Food Security Act as Public Law 114-195.⁴⁹ The law quotes a January 2014 Worldwide Threat Assessment of the US Intelligence community that credits food insecurity as a destabilizing force in fragile states. “Food and nutrition insecurity in weakly governed countries might also provide opportunities for insurgent groups to capitalize on poor conditions, exploit international food aid, and discredit governments for their inability to address basic needs.”⁵⁰ The United States recognizes the importance of global food security to US National security and explicitly states that US foreign investment is “...in the national interest of the United States to promote global food security, resilience, and nutrition...”⁵¹

In 2007 the Center for Naval Analysis (CNA) found that, “Climate change acts as a threat multiplier for instability in some of the most volatile regions of the world.”⁵² At the time, there was little correlational evidence of a connection between climate change, societal stability, and conflict. However, recent interdisciplinary work by climate and social scientists has established a statistically significant correlation between climate-induced societal instability and conflict. Hsiang and Marshall found “consistent support for a causal association between climatological changes and various conflict outcomes, at spatial scales ranging from individual buildings to the entire globe and at temporal scales ranging from an anomalous hour to an anomalous millennium.”⁵³ Given the overwhelming scientific evidence of climate change and the more recent evidence that climate change can induce conflict, it is a wonder that climate change adaptation and mitigation are still debated in some countries as being not worth the investment.⁵⁴

Strategies for the Future

The GOI has taken encouraging steps to understand, plan for, and address the predicted environmental impacts wrought by climate change. Soon after President Widodo was elected in 2014, it released an extraordinarily comprehensive development plan that incorporated targets and strategies for achieving and maintaining domestic food security. The original plan, called the “Nawa Cita,” incorporated nine development goals, as outlined in **Table 1** below.⁵⁵ The follow-on plan, the Rencana Pembangunan Jangka Menengah Nasional (RPJMN, or National Medium-Term Development Plan) 2015-2019,⁵⁶ incorporates all nine development goals from the Nawa Cita and further provides expansive and detailed targets and strategies for the accomplishment of those goals. The RPJMN development goals pertain to all aspects of society. Pertinent to the subjects of climate change and food security, Nawa Cita development goal number seven, reflected in RPJMN Chapter 6.7, is “Promote economic independence by

Climate Change Impacts and Opportunities for Partnership

developing domestic strategic sectors.” In this chapter, the GOI set the vision and national priorities on realizing food security and building resilience to climate change. Chapter 10 of the RPJMN described the Field Development Manual for the Management of Natural Resources and the Environment and provided an assessment of the issues affecting food security and implemented resiliency adaptations to mitigate negative impacts of climate change. It also provided guidance to various regions and government ministries for use when establishing policies and budgets.

Nawa Cita Development Goals for Indonesia	
Goal 1	Returning the state to its task of protecting all citizens and providing a safe environment
Goal 2	Developing clean, effective, trusted and democratic governance
Goal 3	Development of peripheral areas
Goal 4	Reforming law enforcement agencies
Goal 5	Improve quality of life
Goal 6	Increasing productivity and competitiveness
Goal 7	Promoting economic independence by developing domestic strategic sectors
Goal 8	Overhauling the character of the nation
Goal 9	Strengthening the spirit of “unity in diversity” and social reform

Table 1. Nawa Cita Development Goals for Indonesia⁵⁷

At a Food Security Summit in February 2015, President Joko Widodo announced that his government was to embark on a three-year program to become food self-sufficient.⁵⁸ This program, called “Peran Tentara Nasional Indonesia Dalam Ketahanan Pangan” (“The Role of Indonesian National Military in Food Security”), established a Memorandum of Understanding between the Tentara Nasional Indonesia (TNI or Indonesian National Military) and the Ministry of Agriculture. Publications and statements from members of the TNI⁵⁹ and the Chief of TNI, Gatot Nurmantyo, indicate support for the initiative with the premise that food security supports national security and national sovereignty. Though the public media response has been generally positive, there have been internal concerns over the TNI’s role in managing agriculture. However, TNI leadership in concert with the GOI views the program as well within the its ability to conduct operations other than war and views food security as a national defense issue.

In addition to national initiatives, the GOI has increasingly engaged with regional and international partners that can assist the ROI in achieving its development vision. The importance of rice for human consumption across Southeast Asia led to the piloting and ratification of the ASEAN Plus Three Emergency Rice Reserve (APTERR). Agreed to in 2011 and ratified by all parties in 2012,⁶⁰ APTERR’s goal is to maintain an approximate 787,000 metric ton rice reserve to be distributed to ASEAN Plus Three countries in need of humanitarian assistance due to disasters and/or unaddressed poverty. Nations party to this agreement include the ASEAN member states and China, Japan and the Republic of Korea (South Korea).

Internationally, the GOI and its ministries are closely integrated with development organizations under the umbrella of the United Nations (UN). The UN Fund for South-South

Cooperation was established in December 1995 to encourage economic and technical cooperation of developing nations. In September 2015, China pledged \$3.1 billion to finance the South-South Cooperation Fund on Climate Change.⁶¹ The UN Food and Agriculture Organization (UN FAO) has been engaged in the ROI since 1978. Recently, in conjunction with the Indonesian Ministry of Agriculture, UN FAO released the Country Programming Framework 2016-2020.⁶² The number one priority is “Increased resilience of livelihoods to the effects of climate change, recurrent disasters and emerging pandemic threats,” with the sub-goal of “Community resilience to the effects of climate change.” The UN FAO and GOI expect funding requirements for this priority to cost \$55.93 million, of which the GOI will contribute 40%. A UN Development Program study completed in 2015 found a close tie between the RPJMN development goals and the global UNDP Sustainable Development Goals.⁶³ Both have been incorporated in the UN Partnership for Development Framework 2016 – 2020 (UNPDF) established between the United Nations and the GOI, which guides UN support to and investment in the country through 2020.⁶⁴

The United States continues to partner with the ROI, providing \$226.5 million in foreign aid in 2016, second only to the Philippines for foreign aid contributions in the East Asia and Oceania region for the year.⁶⁵ The US Agency for International Development (USAID) reports \$157 million dollars invested in fiscal year 2016 in 36 sectors of development across the country; the largest sector investment, \$38 million, was in General Environmental Protection. The same database identifies the US Department of Defense (DOD) as a top partner, contributing \$37 million in 2016, with the largest amount going to “Global Train & Equip Program - Communications for Maritime Counter Terrorism Operations,” and \$2.4 million for “DOD - International Military Education & Training (IMET) Program/Deliveries.”⁶⁶

Of special importance to assisting with the ROI’s food security and climate resilience is USAID’s Adapt Asia Pacific program. USAID’s website states that the “program helps countries gain access to international climate adaptation funding so they can enhance climate resiliency,”⁶⁷ but the site is sparsely populated with information on projects and engagement initiatives. While \$226.5 million may seem like an extraordinary amount of foreign aid for any country, it is important to note that this amount is less than each the past 20 years’ worth of fiscal year contributions with the exception of 2009. Top partners in US engagement are USAID and the DOD, with the US Department of State contributing less than \$11 million.

Conclusion and Recommendations

Climate change presents a threat to the citizens of the ROI. Sea level rise threatens to erase baseline territorial islands that establish its EEZ, exacerbates catastrophic flooding in large urban cities, and inundates critical coastal agricultural zones necessary for the production of domestic crops. Changes in rainfall patterns will likely shorten or displace the onset of growing seasons, contribute to dry-season drought conditions, and increase the likelihood of damaging flooding during raining seasons. These changes place the lives, livelihoods, and health of

Climate Change Impacts and Opportunities for Partnership

millions of Indonesian citizens at risk, which can contribute to political instability and threats to national security. Despite these challenges, the GOI has devoted considerable effort and resources towards mitigation, commissioned additional studies to understand the forecasted impacts and risks of climate change, and created a whole-of-government development goals for domestic food security and sufficiency. As food security is a contributing factor to socio-economic stability, there are broad security implications if identified risks are not mitigated by the GOI through investment in agriculture, infrastructure, and economic resilience. Though the ROI has a robust development plan, with climate change adaptation specifically covered in the Rancangan Aksi National – Perubahan Iklim (RAN-API, the National Action Plan on Climate Change), the organization Climate Scorecard recently commented that, “Indonesia is standing still on climate change adaptation.”⁶⁸ There remain issues with training and coordination between the national ministries and local/regional governments—issues that are well suited for international and US foreign assistance support. Rather than approaching a partnership with the country from a US-centric perspective, the US government and INDOPACOM would best be served by structuring a relationship with the ROI that allows the United States and other regional partners to gain advantage from its experience and the lessons it has learned while adapting to climate change.

USAID and DOD, due to long-standing relationships in the region, have a unique opportunity to support an Indonesian lead for spreading the message of climate change resilience in the region. By taking a supportive ‘back-seat’ and encouraging Indonesian leadership, the United States will strengthen its ties with the ROI. By providing it an opportunity to host, train, and lead the United States and other regional partners in demonstrations of successful climate change initiatives, the improved internal communication required will jump-start any stalls in the ROI’s forward momentum on climate change adaptation.

¹ John Roosa. "The Straits of Malacca: Gateway or Gauntlet?" University of Toronto Quarterly 74, no. 1 (2004): 528-530, accessed 25 Oct 2018, <https://muse.jhu.edu/>.

² U.S. CIA, “World Fact Book,” n.d., accessed 17 Oct 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

³ F. Femia and C.E. Werrell, “The U.S. Asia-Pacific Rebalance, National Security and Climate Change.” Center for Climate and Security, Washington, DC, November 2015, accessed 17 Oct 2018, https://climateandsecurity.files.wordpress.com/2015/11/ccs_us_asia_pacific-rebalance_national-security-and-climate-change.pdf.

⁴ Antonio Guterres, UN Secretary General (@antonioguterres), “Climate Change poses an existential threat; the wonders of new technologies may bring serious dangers. Today I spoke to world leaders about these two grave and urgent challenges,” Twitter, 25 Sept 2018, 1:41 p.m., bit.ly/2NDzI8s

⁵ U.S. CIA, “World Fact Book,” n.d., accessed 17 Oct 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

⁶ United Nations Development Program, “Human Development Indicators: Indonesia,” n.d., accessed 17 Oct 2018, <http://hdr.undp.org/en/countries/profiles/IDN#>.

⁷ World Atlas, “Biggest Cities in Indonesia,” n.d., accessed 28 Sept 2018, <https://www.worldatlas.com/articles/biggest-cities-in-indonesia.html>.

-
- ⁸ Gordon McGranahan, Deborah Balk and Bridget Anderson, “The rising tide: assessing the risks of climate change and human settlements in low elevation coastal zones,” *Journal of Environment and Urbanization* 19, no. 1, (April 2007), <http://journals.sagepub.com/doi/pdf/10.1177/0956247807076960>.
- ⁹ Intergovernmental Panel on Climate Change (IPCC), “5th Assessment Report: Climate Change 2014 Synthesis Report Summary for Policymakers,” 2014, accessed 25 Oct 2018, http://ar5-syr.ipcc.ch/topic_futurechanges.php.
- ¹⁰ World Bank, “Urban Expansion in East Asia – Indonesia,” n.d., accessed 28 Sep 2018, <http://www.worldbank.org/en/news/feature/2015/01/26/urban-expansion-in-east-asia-indonesia>.
- ¹¹ A. Ananta, and E.V. Arifin. “Emerging Patterns of Indonesia’s International Migration,” *Malaysian Journal of Economic Studies* 51, pp 29-41, 2015.
- ¹² United Nations Education, Scientific and Cultural Organization, “Overview of Internal Migration in Indonesia,” 2016, accessed 25 Oct 2018, <https://bangkok.unesco.org/sites/default/files/assets/article/Social%20and%20Human%20Sciences/publications/Brief%203%20-%20Country%20Brief%20-%20Indonesia.pdf>.
- ¹³ United Nations International Children’s Emergency Fund, “The impacts of climate change on nutrition and education affecting children in Indonesia,” UNICEF East Asia, Bangkok, 2011, p. 6.
- ¹⁴ Michael Kimmelman, “Jakarta is Sinking So Fast It Could End Up Underwater,” *New York Times*, 21 Dec 2017, accessed 25 Oct 2018, <https://www.nytimes.com/interactive/2017/12/21/world/asia/jakarta-sinking-climate.html>.
- ¹⁵ United Nations, Department of Economic and Social Affairs, “Migration Profile: Indonesia,” accessed 25 October 2018, <https://esa.un.org/migmprofiles/indicators/files/Indonesia.pdf>.
- ¹⁶ Ibid.
- ¹⁷ Dyah R. Panuju, Kei Mizuno, and Bambang H. Trisasongko. “The dynamics of rice production in Indonesia 1961-2009,” *Journal of the Saudi Society of Agricultural Sciences* 34, no. 12 (2013), <https://www.sciencedirect.com/science/article/pii/S1658077X12000136>.
- ¹⁸ Indonesian Tropical Cyclone Warning Center, “TCWC Jakarta,” 2017, accessed 28 Sept 2018, <http://meteo.bmkg.go.id/siklon/learn/06/en>.
- ¹⁹ Ibid.
- ²⁰ USDA FAS Report, “Indonesia’s long-term prospects for US agricultural exports,” Jan 2013, accessed 04 Oct 2018, <https://www.fas.usda.gov/data/indonesia-long-term-prospects-us-agricultural-exports>.
- ²¹ Ibid.
- ²² USDA FAS GAIN Report, “Indonesia Grain and Feed Annual Report 2018” Mar 2018, accessed 05 Oct 2018, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual%20Jakarta%20Indonesia%203-29-2018.pdf>.
- ²³ USDA FAS Report, “Indonesia’s long-term prospects for US agricultural exports,” Jan 2013, accessed 04 Oct 2018, <https://www.fas.usda.gov/data/indonesia-long-term-prospects-us-agricultural-exports>.
- ²⁴ USDA FAS, “Indonesia” n.d., accessed 25 Oct 2018, <https://www.fas.usda.gov/regions/indonesia>.
- ²⁵ USDA FAS GAIN Report, “Indonesia Grain and Feed Annual Report 2018,” Mar 2018, accessed 05 Oct 2018, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual%20Jakarta%20Indonesia%203-29-2018.pdf>.
- ²⁶ Financial Times, “Indonesia set to overtake Egypt as world’s largest wheat importer,” Apr 2018, accessed 25 October 2018, <https://www.ft.com/content/a6545786-0da8-11e8-8eb7-42f857ea9f09>.
- ²⁷ U.S. Department of Defense, “Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge,” 19 Jan 2018, accessed 25 Oct 2018, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.
- ²⁸ Shah Suraj Bharat, “China’s Belt and Road Initiative and Indonesia’s financial security,” 01 Oct 2018, accessed 24 Oct 2018, <http://www.thejakartapost.com/academia/2018/10/01/chinas-belt-and-road-initiative-and-indonesias-financial-security.html>.
- ²⁹ USDA FAS Report, “Grain: World Markets and Trade.” Oct 2018, accessed Oct 25, 2018, <https://apps.fas.usda.gov/psdonline/circulars/grain.pdf>.
- ³⁰ USDA FAS Report, “Indonesia Grain and Feed Annual Report 2015,” 01 Apr 2015, accessed 05 Oct 2018, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual%20Jakarta%20Indonesia%204-1-2015.pdf>.
- ³¹ Ibid.

- ³² Indonesia Investments, “Rice,” Jun 2017, accessed 05 Oct 2018, <https://www.indonesia-investments.com/business/commodities/rice/item183>.
- ³³ Intergovernmental Panel on Climate Change (IPCC), “5th Assessment Report: Climate Change 2014 Synthesis Report Summary for Policymakers,” 2014, accessed 25 Oct 2018, http://ar5-syr.ipcc.ch/topic_futurechanges.php.
- ³⁴ Pelangi Energi Abadi Citra Enviro (PEACE), “Indonesia and Climate Change: Current Status and Policies,” 2007, accessed 25 Oct 2018, https://siteresources.worldbank.org/INTINDONESIA/Resources/Environment/ClimateChange_Full_EN.pdf.
- ³⁵ Ibid.
- ³⁶ Ibid.
- ³⁷ IPCC, “5th Assessment Report: Climate Change 2014 Synthesis Report Summary for Policymakers,” 2014, accessed 25 Oct 2018, http://ar5-syr.ipcc.ch/topic_futurechanges.php.
- ³⁸ IPCC, “4th Assessment Report: Summary for Policy Makers,” 2007, accessed 25 Oct 2018, https://www.ipcc.ch/publications_and_data/ar4/wg1/en/spm.html.
- ³⁹ Michael Kimmelman, “Jakarta is Sinking So Fast It Could End Up Underwater,” New York Times, 21 Dec 2017, accessed 25 Oct 2018, <https://www.nytimes.com/interactive/2017/12/21/world/asia/jakarta-sinking-climate.html>.
- ⁴⁰ IPCC, “Climate Change 2014 Synthesis Report Summary for Policymakers,” 2014, accessed 25 Oct 2018, http://ar5-syr.ipcc.ch/topic_futurechanges.php.
- ⁴¹ Michael S. Malley, “Indonesia,” in *Climate Change and National Security* (Washington, DC: Georgetown University Press, 2011).
- ⁴² Pelangi Energi Abadi Citra Enviro (PEACE), “Indonesia and Climate Change: Current Status and Policies,” 2007, accessed 25 Oct 2018, https://siteresources.worldbank.org/INTINDONESIA/Resources/Environment/ClimateChange_Full_EN.pdf.
- ⁴³ Government of Indonesia, “RPJMN 2015-2019” (“Rencana Pembangunan Jangka Menengah Nasional 2015-2019”), 2014, Book II, Chapter 10, pg 10-1, accessed October 25, 2018, <https://www.bappenas.go.id/id/data-dan-informasi-utama/dokumen-perencanaan-dan-pelaksanaan/dokumen-rencana-pembangunan-nasional/rpjp-2005-2025/rpjm-2015-2019/>.
- ⁴⁴ Michael S. Malley, “Indonesia,” in *Climate Change and National Security* (Washington, DC: Georgetown University Press, 2011).
- ⁴⁵ Ibid.
- ⁴⁶ Gordon McGranahan, Deborah Balk and Bridget Anderson, “The rising tide: assessing the risks of climate change and human settlements in low elevation coastal zones,” *Journal of Environment and Urbanization* 19, no. 1, (April 2007), <http://journals.sagepub.com/doi/pdf/10.1177/0956247807076960>.
- ⁴⁷ Fund for Peace, “Fragile State Index 2018” (<http://fundforpeace.org/fsi/wp-content/uploads/2018/04/951181805-Fragile-States-Index-Annual-Report-2018.pdf>).
- ⁴⁸ The Council for Security Cooperation in the Asia Pacific, “The Security Implications of Climate Change,” June 2010, accessed 25 Oct 2018, <http://www.cscap.org/uploads/docs/Memorandums/CSCAP%20Memorandum%20No%2015%20-%20The%20security%20implications%20of%20climate%20change.pdf>.
- ⁴⁹ 114th Congress, “Public Law 114-195,” 20 Jul 2016, accessed 24 Oct 2018, <https://www.gpo.gov/fdsys/pkg/PLAW-114publ195/html/PLAW-114publ195.htm>.
- ⁵⁰ DNI, “Worldwide Threat Assessment of the US Intelligence Community,” Jan 2016, accessed 25 October 2018, pg. 10, https://www.dni.gov/files/documents/Intelligence%20Reports/2014%20WTA%20%20SFR_SSCI_29_Jan.pdf.
- ⁵¹ 114th Congress, “Public Law 114-195,” 20 Jul 2016, accessed 24 Oct 2018, <https://www.gpo.gov/fdsys/pkg/PLAW-114publ195/html/PLAW-114publ195.htm>.
- ⁵² CNA “National Security and the Threat of Climate Change”, 2007, accessed 24 Oct 2018, https://www.cna.org/cna_files/pdf/national%20security%20and%20the%20threat%20of%20climate%20change.pdf.
- ⁵³ Solomon M. Hsiang, Marshall Burke, “Climate, conflict, and social stability: What does the evidence say?” Jul 2013, accessed 24 Oct 2018, https://gspp.berkeley.edu/assets/uploads/research/pdf/Hsiang_and_Burke_2013.pdf.
- ⁵⁴ Michael E. Mann, *The Hockey Stick and the Climate Wars* (New York: Columbia University Press, 2012), pg. 23.
- ⁵⁵ United Nations Development Program, “Converging Development Agendas: ‘Nawa Cita,’ ‘RPJMN,’ and ‘SDGs,’” Nov 2015, accessed 24 Oct 2018, <http://www.id.undp.org/content/dam/indonesia/2015/doc/publication/ConvFinal-En.pdf>.

⁵⁶ Government of Indonesia, “RPJMN 2015-2019” (“Rencana Pembangunan Jangka Menengah Nasional 2015-2019”), 2014, accessed 25 Oct 2018, <https://www.bappenas.go.id/id/data-dan-informasi-utama/dokumen-perencanaan-dan-pelaksanaan/dokumen-rencana-pembangunan-nasional/rpjp-2005-2025/rpjm-2015-2019/>.

⁵⁷ This table was adapted from United Nations Development Program Indonesia Country Office. United Nations Development Program, “Converging Development Agendas: ‘Nawa Cita,’ ‘RPJMN,’ and SDGs,” Nov 2015, accessed 24 Oct 2018, <https://www.id.undp.org/content/dam/indonesia/2015/doc/publication/ConvFinal-En.pdf>.

⁵⁸ Emirza Adi Syailendra, “In the Name of Food Security.” *Inside Indonesia*, 9 Jan 2017, accessed 02 Oct 2018, <http://www.insideindonesia.org/in-the-name-of-food-security>.

⁵⁹ David Suardi, Maj., “Peran TNI Dalam Ketahanan Pangan,” Hazairin Media Center, 18 Jul, 2017, accessed 03 Oct 2018, <http://hazairinmc.com/2017/07/18/peran-tni-dalam-ketahanan-pangan/>.

⁶⁰ ASEAN Plus Three Emergency Rice Reserve, “What is APTERR,” n.d., accessed 05 Oct 2018, <https://www.apterr.org/>.

⁶¹ Hongqiao Liu, “China would facilitate south-south cooperation on climate change as third party, said former minister Xie Zhenhua,” 2015, accessed 25 Oct 2018, <https://earthjournalism.net/stories/china-would-facilitate-south-south-cooperation-on-climate-change-as-third-party-said-former-minister-xie-zhenhua>.

⁶² UN FAO, “UN FAO Country Programming Framework 2016-2020,” 2017, accessed 25 Oct 2018, <http://www.fao.org/3/I7907EN/i7907en.pdf>.

⁶³ UNDP, “Converging Development Agendas: ‘Nawa Cita,’ ‘RPJMN,’ and SDGs,” Nov 2015, Accessed 24 Oct 2018, <http://www.id.undp.org/content/dam/indonesia/2015/doc/publication/ConvFinal-En.pdf>.

⁶⁴ UNDP, “United Nations Partnership for Development Framework 2016-2020,” n.d., accessed 25 Oct 2018, <http://www.un.or.id/what-we-do/partnership-for-development-unpdf>.

⁶⁵ U.S. Agency for International Development, “Foreign Aid Explorer – Foreign Aid by Country,” n.d., accessed 25 Oct 2018, https://explorer.usaid.gov/cd/IDN?fiscal_year=2016&measure=Obligations.

⁶⁶ Ibid.

⁶⁷ USAID Adapt Asia Pacific: Accessing Adaptation Funds, 16 Mar 2017, accessed 02 Dec 2018, <https://www.usaid.gov/asia-regional/fact-sheets/adapt-asia-pacific-accessing-adaptation-funds>.

⁶⁸ Tristan Grupp, “Indonesia’s National Action Plan on Climate Change Adaptation,” Climate Scorecard, 08 Aug 2018, accessed 02 Dec 2018, <https://www.climatescorecard.org/2018/08/indonesias-national-action-plan-on-climate-change-adaptation/>.

BIBLIOGRAPHY

114th Congress. 2016. *Global Food Security Act of 2016*. Public Law 114-195, Washington DC: 114th Congress. Accessed October 24, 2018. <https://www.gpo.gov/fdsys/pkg/PLAW-114publ195/html/PLAW-114publ195.htm>.

Ananta, A., and Arifin, E.V. 2015. “Emerging Patterns of Indonesia's International Migration.” *Malaysian Journal of Economic Studies* 29-41.

Bharat, Shah Suraj. 2018. “China's Belt and Road Initiative and Indonesia's Financial Security.” *Jakarta Post*, October 01. Accessed October 24, 2018. <https://www.thejakartapost.com/academia/2018/10/01/chinas-belt-and-road-initiative-and-indonesias-financial-security.html>.

Center for Naval Analysis. 2007. “National Security and the Threat of Climate Change.” *CNA*. Accessed October 24, 2018. https://www.cna.org/cna_files/pdf/national%20security%20and%20the%20threat%20of%20climate%20change.pdf.

Clapper, James R., interview by Senate Select Committee on Intelligence. 2014. *Worldwide Threat Assessment of the US Intelligence Community* (January 29). Accessed October 24, 2018. https://www.dni.gov/files/documents/Intelligence%20Reports/2014%20WTA%20%20SFR_SSCI_29_Jan.pdf.

Council for Security Cooperation in the Asia Pacific. 2010. *The Security Implications of Climate Change*. Memorandum No. 15, Kuala Lumpur: CSCAP Secretariat. Accessed October 24, 2018. <http://www.cscap.org/uploads/docs/Memorandums/CSCAP%20Memorandum%20No%2015%20-%20The%20security%20implications%20of%20climate%20change.pdf>.

- FAO, UN. 2017. *FAO and Government of Indonesia Country Programming Framework 2016-2020*. Policy, Jakarta: United Nations Food and Agriculture Service. Accessed October 5, 2018. <http://www.fao.org/3/I7907EN/i7907en.pdf>.
- Financial Times. 2018. *Indonesia set to overtake Egypt as world's largest wheat importer*. New York, April. Accessed October 25, 2018. <https://www.ft.com/content/a6545789-0da8-11e8-8eb7-42f857ea9f09>.
- Fund for Peace. 2018. *Fragile State Index 2018*. Washington DC: Fund for Peace. Accessed October 25, 2018. <http://fundforpeace.org/fsi/wp-content/uploads/2018/04/951181805-Fragile-States-Index-Annual-Report-2018.pdf>.
- Government of Indonesia. 2014. *Rencana Pembangunan Jangka Menengah Nasional*. Jakarta: Government of Indonesia. Accessed October 25, 2018. <https://www.bappenas.go.id/id/data-dan-informasi-utama/dokumen-perencanaan-dan-pelaksanaan/dokumen-rencana-pembangunan-nasional/rpjp-2005-2025/rpjmn-2015-2019/>.
- Grupp, Tristan. 2018. *Indonesia's National Action Plan on Climate Change Adaptation*. Climate Scorecard. August 08. Accessed December 02, 2018, <https://www.climatecorecard.org/2018/08/indonesias-national-action-plan-on-climate-change-adaptation/>.
- Guterres, Antonio. 2018. "Secretary-General's Address to the General Assembly." New York: United Nations, September 25. Accessed September 25, 2018. <https://bit.ly/2NDzI8s>.
- Hijioka, Y., et. al., 2014: Asia. In: *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 1327-1370.
- Hsiang, Solomon, and Marshall Burke. 2013. "Climate, conflict, and social stability: what does the evidence say?" *Journal on Climate Change*, October 17. Accessed October 24, 2018. https://gspp.berkeley.edu/assets/uploads/research/pdf/Hsiang_and_Burke_2013.pdf.
- Indonesia Investments. 2017. *Rice*. June 28. Accessed October 24, 2018. <https://www.indonesia-investments.com/business/commodities/rice/item183?>
- Indonesian Tropical Cyclone Warning Center. 2017. *METEO BMKG*. Accessed September 28, 2018. <http://meteo.bmkg.go.id/siklon/learn/06/en>.
- Intergovernmental Panel on Climate Change, 2014: *Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change* [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp. Accessed 25 Oct 2018, http://ar5-syr.ipcc.ch/ipcc/ipcc/resources/pdf/IPCC_SynthesisReport.pdf.
- Intergovernmental Panel on Climate Change, 2007: *Summary for Policymakers. In: Climate Change 2007: The Physical Science Basis. Contribution of Working Group I to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* [Solomon, S., D. Qin, M. Manning, Z. Chen, M. Marquis, K.B. Averyt, M.Tignor and H.L. Miller (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA. Accessed 25 Oct 2018, http://www.ipcc.ch/publications_and_data/ar4/wg1/en/spm.html.
- Jiang, Hui. 2013. *Indonesia: Long-Term Prospects for U.S. Agricultural Exports*. January. Accessed October 05, 2018. <https://www.fas.usda.gov/data/indonesia-long-term-prospects-us-agricultural-exports>.
- Kimmelman, Michael. 2017. "Jakarta is Sinking So Fast It Could End Up Underwater." *New York Times*, December 21. Accessed October 25, 2018. <https://www.nytimes.com/interactive/2017/12/21/world/asia/jakarta-sinking-climate.html>.
- Liu, Hongqiao. 2015. "China would facilitate south-south cooperation on climate change as third party, said former minister Xie Zhenhua." *Earth Journalism Network*. Accessed October 24, 2018. <https://earthjournalism.net/stories/china-would-facilitate-south-south-cooperation-on-climate-change-as-third-party-said-former-minister-xie-zhenhua>.
- Loden, A.S., 2017. *Dampening effects of food importation on climate change-induced conflict in Africa*. Monterey, CA: Naval Postgraduate School.
- Malley, Michael S. 2011. "Indonesia." In *Climate Change and National Security*, by Daniel Moran, 59-72. Washington, DC: Georgetown University Press.
- Mann, Michael E. 2012. *The Hockey Stick and the Climate Wars*. New York: Columbia University Press.

- McGranahan, Gordon, Deborah Balk, and Bridget and Anderson. 2007. "The rising tide: assessing the risks of climate change and human settlements in low elevation coastal zones." *Journal of Environment and Urbanization* 17-37. <http://journals.sagepub.com/doi/pdf/10.1177/0956247807076960>.
- Panuju, Dyah, Kei Mizuno, and Bambang Trisasongko. 2013. "The dynamics of rice production in Indonesia 1961-2009." *Journal of the Saudi Society of Agricultural Sciences*. Accessed October 25, 2018. <https://www.sciencedirect.com/science/article/pii/S1658077X12000136>.
- PEACE: PT. Pelangi Energi Abadi Citra Enviro. 2007. *Indonesia and Climate Change: Current Status and Policies*. Desk Review, Jakarta: World Bank; Dept. for International Development (Indonesia).
- Roosa, John. 2004. "The Straits of Malacca: Gateway or Gauntlet?" *University of Toronto Quarterly* 528-530. <https://muse.jhu.edu/>.
- Secretariat, APTERR. n.d. *ASEAN Plus Three Emergency Rice Reserve*. Accessed October 5, 2018. <https://www.apterr.org/>.
- Slagle, J.T., 2014. *Climate change in Myanmar: Impacts and adaptation*. Monterey, CA: Naval Postgraduate School.
- Suardi, David Maj. 2017. "Peran TNI Dalam Ketahanan Pangan." *Hazairin Media Center*. Accessed October 03, 2018. <http://hazairinmc.com/2017/07/18/peran-tni-dalam-ketahanan-pangan/>.
- Syailendra, Emirza Adi. 2017. "In the Name of Food Security." *Inside Indonesia*. Accessed October 02, 2018. <http://www.insideindonesia.org/in-the-name-of-food-security>.
- U.S. Central Intelligence Agency. 2018. *CIA World Fact Book*. October. Accessed October 17, 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- U.S. Department of Defense. 2018. *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge*. Washington, January 19. Accessed October 25, 2018. <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.
- United Nations Department of Economic and Social Affairs. 2015. "Migration Profile: Indonesia." *UN ESA*. Accessed October 25, 2018. <https://esa.un.org/migmgprofiles/indicators/files/Indonesia.pdf>.
- United Nations Development Program & Govn. of Indonesia. 2017. "United Nations Partnership for Development Framework 2016-2020." *United Nations in Indonesia*. Accessed October 25, 2018. <http://www.un.or.id/what-we-do/partnership-for-development-un.pdf>.
- United Nations Development Program. 2015. "Converging Development Agendas: 'Nawa Cita,' 'RPJMN,' and SDGs." *UNDP Indonesia*. November. Accessed October 25, 2018. <http://www.id.undp.org/content/dam/indonesia/2015/doc/publication/ConvFinal-En.pdf>.
- _____. 2018. *United Nations Development Program - Human Development Indicators: Indonesia*. Accessed October 17, 2018. <http://hdr.undp.org/en/countries/profiles/IDN#>.
- United Nations Educational, Scientific and Cultural Organization. 2016. "Overview of Internal Migration in Indonesia." *UNESCO Bangkok*. Accessed October 25, 2018. <https://bangkok.unesco.org/sites/default/files/assets/article/Social%20and%20Human%20Sciences/publications/Brief%203%20-%20Country%20Brief%20-%20Indonesia.pdf>.
- United Nations International Children's Emergency Fund. 2011. *The impacts of climate change on nutrition and migration affecting children in Indonesia*. Bangkok: UNICEF East Asia and Pacific Regional Office.
- United Nations, Department of Economic and Social Affairs. 2015. "Migration Profiles: Indonesia." *United Nations*. Accessed October 25, 2018. <https://esa.un.org/migmgprofiles/indicators/files/Indonesia.pdf>.
- United State Census Bureau. 2018. *State Population Totals*. September 4. Accessed October 25, 2018. https://www.census.gov/data/tables/2017/demo/popest/state-total.html#par_textimage_1574439295.
- United States Agency for International Development. 2018. *USAID Foreign Aid Explorer*. Accessed October 25, 2018. https://explorer.usaid.gov/cd/IDN?fiscal_year=2016&implementing_agency_id=10&measure=Obligations.
- United States Department of Agriculture Foreign Agricultural Service. 2013. "Indonesia's long-term prospects for US agricultural exports." *USDA FAS*. January. Accessed October 04, 2018. <https://www.fas.usda.gov/data/indonesia-long-term-prospects-us-agricultural-exports>.
- United States Department of Agriculture Foreign Agricultural Service. 2018. "Grain: World Markets and Trade." *USDA FAS*. October. Accessed October 25, 2018. <https://apps.fas.usda.gov/psdonline/circulars/grain.pdf>.

- _____. 2018. "Indonesia Grain and Feed Annual Report 2018." *USDA FAS*. March 29. Accessed October 05, 2018.
https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Jakarta_Indonesia_3-29-2018.pdf.
- _____. n.d. *USDA FAS Indonesia*. Accessed October 25, 2018. <https://www.fas.usda.gov/regions/indonesia>.
- Werrell, C. E., Femia, F. 2015. *The U.S. Asia-Pacific Rebalance, National Security and Climate Change*. Washington, DC: Center for Climate and Security.
- Werrell C.E., Femia F., 2013. *The Arab Spring and Climate Change*. Washington, DC: Center for Climate and Security.
- World Atlas. 2017. *World Atlas: Biggest Cities in Indonesia*. May 1. Accessed Sept 28, 2018.
<https://www.worldatlas.com/articles/biggest-cities-in-indonesia.html>.
- World Bank. 2015. *Urban Expansion in East Asia - Indonesia*. January 26. Accessed September 28, 2018.
<http://www.worldbank.org/en/news/feature/2015/01/26/urban-expansion-in-east-asia-indonesia>.

The Islamic State and Its Challenge to Gain Support in the World's Most Populous Muslim Nation

Jarrod P. Moreland, LTC, US Army

Introduction

According to the US Department of State's (DoS) Bureau of Counterterrorism (CT) and Countering Violent Extremism (CVE), members and supporters of the Islamic State (IS) and all its global variants killed at least 27,788 people from 2013-2017.¹ Tens of thousands more were injured, kidnapped or displaced, and many scholars and human rights groups argue that the number of deaths is much higher than the numbers above. IS, or *al-Dawla al-Islamiyah* in Arabic, grew out of Al Qaeda in Iraq in 2004 when Abu Musab al-Zarqawi pledged allegiance to Osama bin Laden.² Though various factions of IS originated prior to 2014, it was in June 2014 that Abu Bakr al-Baghdadi reinforced "restoration of the caliphate" as the main goal for IS and proclaimed himself the Caliph of the Islamic State.³ By that time, large sections of Syria and Iraq were under IS control, and the Sunni Muslim jihad was growing more deadly every day. Thousands of devout Muslims from around the world traveled to Iraq and Syria to join the fight, and IS members and sympathizers conducted numerous terrorist attacks around the globe. It seemed that radical Islam was poised to permanently take over a large section of the Middle East, with its sights set on eliminating all nonbelievers.

Thankfully, most Muslims around the world denounced IS for its skewed view of their "religion of peace" and for the atrocities committed by "perverting what Islam is for their own political agenda."⁴ Today, following efforts across the globe, IS has lost much of the territory it gained from 2014-2017. In December 2017 Iraqi Prime Minister Haider al-Abadi declared "that Iraqi forces had driven the last remnants of Islamic State from the country, three years after the militant group captured about a third of Iraq's territory."⁵ This does not mean that IS is defeated. As of 2018, Abu Bakr al-Baghdadi is still alive, and terrorist attacks around the world continue to create fear and resentment toward Muslims and the religion of Islam. Interestingly, very little support for IS has come from the world's most populous Muslim nation, the Republic of Indonesia (ROI). As IS loses its foothold in Iraq and Syria, the group must look elsewhere to build support and establish new strongholds. In 2016, the Australian Attorney General declared that IS "had identified Indonesia as a location for a 'distant caliphate.'"⁶ Two years later, IS has not established a significant presence or gained much overt support in the ROI. Why is this the case?

This research paper will propose that IS will never gain a significant operating or recruiting presence in the ROI. There are two major reasons: 1) challenging Operational Environment (OE) factors (including Indonesian geography, cultural diversity, and the moderate Muslim stance); and 2) the formation of proactive, dedicated, and lethal Indonesian CT organizations. To discuss these challenges to IS domination and provide context to the current situation, this paper will provide background information about the nation, its people, and its

The Islamic State and Its Challenge to Gain Support in the World's Most Populous Muslim Nation

recent history. It will then discuss the history of terrorist groups in the country and their relevance to IS today. Next, it will describe in detail how OE factors and Indonesian government CT actions make it virtually impossible for IS to gain a significant presence. The paper will conclude by providing potential counterarguments about IS obtaining a future presence in the ROI.

Background

To effectively argue that IS will never gain significant traction in the ROI, it is necessary to provide historic context to the current situation.

National Independence and the First 50 Years

The ROI has only existed as an independent nation for 73 years. In 1945, after centuries of Dutch rule and a violent occupation by Japan during World War II, the nation, previously known as the “Dutch East Indies,” declared independence.⁷ From 1945 – 1998, it was led by only two Presidents: Sukarno and Suharto. Its first 50 years of independence were tumultuous at best. Political and economic instability, rampant corruption, and ethnic violence led to the rise of the military as the dominant power in the political, economic, and social sectors.⁸ The constant military abuse and misuse of power made it difficult for the majority of Indonesians to trust their government or military. The 1998 protests that removed Suharto from power led to further instability and threatened to push the nation into chaos. Each democratically elected president since Suharto has brought significant and lasting change, especially regarding Islam and its place in the nation. In just 10 years, the ROI transformed from a nation “headed for a cataclysm” to a nation about which in 2009 Secretary of State Hillary Clinton noted, “If you want to know whether Islam, democracy, modernity and women’s rights can coexist, go to Indonesia.”⁹

Islamic Extremism Since Independence

Since the earliest days of independence, Islamic extremism has been part of the national fabric. According to Julie Chernov Hwang, the ROI “has long had an Islamist extremist fringe, dating back to the Darul Islam rebellions of the independence era.”¹⁰ Solahudin notes in *The Roots of Terrorism in Indonesia: From Darul Islam to Jema’ah Islamiyah* that “radical movements in Indonesia going back to at least the 1950s held similar ideas,” the first of which was Darul Islam, which “emerged in the last year of Indonesia’s war of independence against the Dutch.”¹¹ It is important to discuss Islamic extremism in the context of Salafism to explain the Islamic terrorism that the ROI has faced since its independence. Salafism, often compared with Wahhabism, is known for its “strict, literal interpretation of Islam.”¹² This form of Islam, and the more militant form of Salafism known as Salafi Jihadism, is a “social movement” that has existed since the 1940’s with the goal of “establishing an Islamic state” where Sharia law is imposed.¹³ These are similar goals to those established by IS in Iraq and Syria. It is clear that there have long been groups of extremist Muslims around the world who desire a strict form of Islam and its adherence by all Muslims; it is also clear that these extremist views are in the

minority. The call for jihad by these extremists against non-Muslims runs contrary to the more moderate views of the average Muslim, both in the ROI and around the world.

Darul Islam

This Salafist form of Islam led to the ROI's first Muslim terrorist group, Darul Islam, formed in the 1940s by Kartosuwirjo to create an Islamic state. He espoused jihad against the Dutch in the period between the end of World War II and Dutch recognition of independence in 1949. As a Salafist, Kartosuwirjo saw this period leading up to independence as the opportunity he needed to bring about an Islamic state. Although Darul Islam was unsuccessful, Kartosuwirjo and his followers continued to fight for an Islamic state until his capture and execution in 1962.¹⁴ In the 13 years Kartosuwirjo led Darul Islam, the effects of their tactics were devastating in Java. According to Solahudin, "displacement had occurred on a massive scale, and infrastructure in the interior regions had been destroyed. 22,895 civilians had been killed, injured or kidnapped."¹⁵ Comparing the tactics and methods of Darul Islam with IS, it is disturbing to note the similarities between the two extremist movements. Kartosuwirjo's death in 1962, along with subsequent arrests and government purges, led to Darul Islam existing only as a shadow organization until the mid-1970's, when it began recruiting and conducting terror activities again. It was at this time that Abdullah Sungkar and Abu Bakar Ba'asyir, the eventual founders of Jemaah Islamiyah, joined Darul Islam.

Jemaah Islamiyah

In 1993, disenfranchised with Darul Islam, Sungkar and Ba'asyir founded Jemaah Islamiyah (JI). Both men spent much of the 1980's and 1990's in exile in Malaysia for their terrorist activities. During this time there was a shift in how many Darul Islam members perceived jihad and its application to their activities. During the 1980's, significant numbers of the group went to Afghanistan as mujahideen forces to conduct jihad against Russian forces and "free occupied Muslim lands."¹⁶ Many of these mujahideen returned to the ROI after the conflict and found that what they practiced in Afghanistan did not match the soft form of jihad Darul Islam employed in Indonesia. Sungkar and Ba'asyir created and built support for JI while still in Malaysia, returning to the ROI in 1998 only after Suharto was no longer president.

By 2001, JI had overtaken Darul Islam to become the primary Islamic terrorist organization in the ROI. The 12 October 2002 bombings in Bali, which killed 202 people and injured more than 300 more, cemented its spot as the successor to Darul Islam.¹⁷ Shortly after the deadly bombing in Bali, the US DoS officially designated JI as a Foreign Terrorist Organization (FTO) on 23 October 2002.¹⁸ It would go on to claim responsibility for a total of 11 terrorist attacks in the ROI and the Philippines between 2000 and 2010, killing over 360 people and injuring thousands.¹⁹ While JI has splintered since 2010 and maintained a lower profile, it is important to note that it "never renounced the use of violence to achieve its ends. In fact, JI has over the years managed to regroup, consolidate, and recruit."²⁰ It remains a dangerous breeding ground for Islamic extremists and potential source for IS recruits.

The Islamic State and Its Challenge to Gain Support in the World's Most Populous Muslim Nation

Jemaah Ansharut Daulah (JAD)

Not content with the status quo, Abu Bakar Ba'asyir left JI to form another, more violent version of the Islamic organization he felt had grown weak. In 2015, Ba'asyir and radical cleric Aman Abdurrahman created JAD and pledged to support IS ideology and leadership. As of June 2018, JAD had an active presence in 18 of 34 Provinces and has "emerged as the most active and lethal terrorist group in Indonesia today."²¹ On 10 January 2017, the US DoS named JAD a "Specially Designated Global Terrorist (SDGT) under Executive Order (E.O.) 13224."²²

Where Does This Leave Us?

Islamic extremism and terrorism in the ROI have been linked since 1949, and there have been only a few brief periods where terrorists did not inflict their will on others through fear and violence. The global reach of IS and support from organizations such as JAD seem to increase the potential for an IS foothold and activities in the ROI. Why then has there been so little IS activity and support over the past four years? The answers lie in the challenging Operational Environment (OE) that the nation presents and the outstanding efforts from recently-created, national CT organizations.

Factors that Impact IS Ability to Gain Access

Geography and Cultural Diversity

The ROI's geography is a significant reason IS has been unable to gain traction. Located in Southeast Asia between Australia and continental Asia, it is made up of 13,466 islands with a land mass of 1.9 million square kilometers, stretching over 5,000 kilometers from west to east.²³ For comparison, the ROI is about three times larger than Texas. Though the majority of the population lives on the islands of Java and Sumatra, there are permanent inhabitants on over 900 islands. The nation's sheer size and the distribution of people across this archipelago that straddles the Pacific and Indian Oceans make it difficult for any outside organization to influence large cross-sections of the population.

The difficulty increases when the various cultures and languages of the ROI are taken into account. According to the United Nations, its population in 2017 was 260.6 million people, which makes it the fourth most populous nation after China, India, and the United States.²⁴ Over 700 different languages are spoken across this island nation. The official language is Bahasa Indonesia; English, Javanese and Dutch are also widely spoken. 2010 estimates indicate that over 87 percent of the population practices Islam, ten percent practice forms of Christianity, and the remaining three percent practice Hinduism, Buddhism, Confucianism and other religions.²⁵ Assuming the percentage of Muslim Indonesians holds steady, in 2017 approximately 227 million Indonesians were Muslim. The Muslim population "is roughly equal to about 13 percent of the total number of Muslims in the world."²⁶ The sheer number of Muslims in the country should surely make it a probable location for IS to gain inroads. If even only one percent of the population was radicalized, that would give IS just over two million potential sympathizers from which to recruit. So what is different about Indonesian Muslims versus the rest of the world?

Muslim Society in the ROI

One key difference that explains why IS will have difficulty gaining recruits is the fact that “while its population has long been overwhelmingly Muslim, Islam has traditionally looked different there than it did closer to the Arabian heartland.”²⁷ Islam arrived in the thirteenth century but “was never imposed by the sword” and was instead slowly spread over hundreds of years across the islands “piecemeal from visiting Arab and Indian traders,” where the “slow process of accretion produced an extremely diverse set of practices and beliefs.”²⁸ The practice of Islam is markedly different across the ROI’s many islands. Noticeable boundaries separate the principles and practice of Islam “between interior and coastal peoples” due to the fact that “Islam was established in these areas during different time periods and with differing intensity.”²⁹ The Muslim population is not at all homogeneous, with differing views on the practice of Islam and “perceptions regarding the role that Islam should play within Indonesian politics and society.”³⁰

It is important to note that while the vast majority of its inhabitants are Muslim, “Indonesia is not an Islamic state ruled by Islamic law.”³¹ Islamic Law, known as “Sharia Law,” is what the Islamic State has imposed across the Middle East since they declared a caliphate in 2014. While there has been growing support for the application of Sharia Law,³² Jonathan Tepperman noted that the mostly-moderate Indonesian Muslims “shudder at the harsh way it’s enforced in places like Saudi Arabia.”³³ Since its independence, the ROI has been a secular democracy that embraced all religious and cultural differences. This desire was readily apparent in 1949. “Indonesia’s constitutional framers, including President Sukarno, believed that a pluralistic and secular state was the best way to create nation-hood among the diverse peoples of the former Dutch East Indies.”³⁴ Its incredible religious and cultural diversity helped create the ROI in the first place, as its people wrested control away from the Dutch. Sharia Law was initially considered, but “ultimately rejected,” as part of what is known as *Pancasila*, or Five Principles.³⁵ These principles serve as a framework for the various religions and cultures to coexist in harmony; they also form a national identity to rally around that defines what it meant to be Indonesian. *Pancasila* helped create a secular nation that would use human law, and not God’s, to govern its people.

Therefore, Muslims since the ROI’s independence have, by overwhelming majority, practiced an extremely moderate form of Islam, which is at direct odds with the strict interpretation of Islam that IS espouses. It is unlikely that IS propaganda will sway any but a small number of radical Muslims disillusioned with the country’s moderate interpretation of Islam. But the already radicalized Muslim jihadists in the ROI—said to “constitute a minority of a minority”³⁶—are still susceptible to IS recruitment. As the overwhelming majority of Muslims “reject terrorism as a form of *jihad* (Islamic struggle)” and refuse terrorism in any form, it is more difficult for extremists to foster dedicated opposition to current moderate practices and recruit like-minded Muslims.³⁷ The general population simply will not stand for terror. It is very difficult to harbor terrorists, even in the most remote Indonesian islands. In

The Islamic State and Its Challenge to Gain Support in the World's Most Populous Muslim Nation

2014, the government made it illegal for any citizen to support, endorse, or travel to foreign nations to train and fight with IS.³⁸ This alone makes it more difficult for IS to gain any form of real or legitimate support. Those very few Muslim extremists who do organize, plan, and execute terror activities as part of IS, JI, JAD, or other terrorist organizations can expect swift and deadly retribution from the nation's professional and capable CT forces.

The Republic of Indonesia's Counterterrorism Forces

The Bali bombings in October 2002 devastated the nation and proved the need for more experienced, organized, and lethal CT forces. Military and police organizations at the time did not have the experience, training, or firepower to deal with the growing extremist threat. It was said that the 2002 attack "was to Indonesia and Southeast Asia what 9/11 was to the United States and the West, awakening Southeast Asia to the threat of Islamist terrorism."³⁹ Mounting terrorism at home and abroad led the ROI in 2003 to join forces with the United States and Australia to create, fund, and train a professional CT force, with an overall mission to neutralize terrorists at home and prevent them from conducting terrorist activities elsewhere.

Densus 88

In June 2003, the ROI formed Densus 88 (Special Detachment 88), organized under the Indonesian National Police (Kepolisian Negara Republik Indonesia, POLRI) instead of the military (Tentara Nasional Indonesia, or TNI).⁴⁰ Historic mistrust of the military and its abuse of power were key reasons Densus 88 was placed under law enforcement control. The West Point Center for Combating Terrorism noted "the law enforcement-based Indonesian CT approach has been more effective than the military-based CT approach" of other nations such as the Philippines.⁴¹

As of August 2018, Densus 88 consisted of over 1,300 personnel.⁴² Special training, funded by the United States and Australia, includes surveillance, intelligence gathering and analysis, communications interceptions, explosive ordnance disposal, and breaching operations.⁴³ The United States provides trainers from the CIA, FBI, Secret Service, and various intelligence agencies, while Australia provides trainers from the Australia National Service and Australian Federal Police (AFP).⁴⁴ Since the members of Densus 88 are federal police, they are fully qualified as detectives and skilled in intelligence activities including detection, analysis and counterintelligence.⁴⁵ With significant resources and training, Densus 88 immediately became a powerful force to combat terrorism. By November 2005, the unit had tracked down and killed Dr. Azahari Husin, "the JI mastermind behind the 2002 and 2005 Bali bombings and the JW Marriott and Australian Embassy bombings."⁴⁶ Since 2003, Densus 88 has arrested more than 1200 terrorists and since 2010 foiled more than 80 terrorist plots.⁴⁷ In 2016, Densus 88 prevented at least 15 terror attacks and arrested more than 150 people who plotted attacks "ranging from suicide attacks in Jakarta to a rocket attack from Indonesia's Batam island targeting Singapore."⁴⁸

One measure of Densus 88's effectiveness is the drastic drop in terror attacks from 2002-2016. There were at least nine major attacks between 2002-2009, with almost 300 deaths, compared to only one major attack from 2010-2016, resulting in only eight deaths (including four attackers).⁴⁹ An Australian terrorism expert noted, "Densus 88 has become better than pretty well any other counterterrorism group in the world. They have had an incredible workload and they have become remarkably good at what they do."⁵⁰

National Agency for Combating Terrorism (BNPT)

Another element of CT apparatus is the National Agency for Combating Terrorism (Badan Nasional Penanggulangan Terorisme, or BNPT). This ministerial-level organization was established on 16 July 2011 "to control, to integrate, and to coordinate anti-terrorism efforts" across the government and with other nations.⁵¹ The BNPT's fundamental role is "to perform anti-terrorism and anti-radicalism efforts through building synergy between government and society by preventing, protecting, prosecuting, deradicalization and increasing national awareness and international cooperation to ensure national security."⁵² It coordinates CT activities between nations and was recently instrumental in the passage of a stronger amendment to existing CT legislation.⁵³

TNI Koopsusgab

As mentioned, the TNI was intentionally kept from participating in CT efforts due to abuse and control issues during the Suharto presidency. In June 2015, President Joko "Jokowi" Widodo authorized the creation of TNI Joint Special Operations Command, or Koopsusgab,⁵⁴ whose purpose is "to assist the National Police in antiterrorism operations under certain conditions...only when the National Police's capacity was deemed inadequate to respond to an emergency."⁵⁵ The Koopsusgab unit was decommissioned by the TNI commander in 2016, but in May 2018, after a rash of terrorist incidents, President Jokowi reinstated the unit and included updated language in the amended CT law that codified this military support to National Police CT operations.⁵⁶ Koopsusgab is a small unit, comprised of only 81 CT personnel from the Indonesian Naval Special Forces, the Air Force's Bravo 90 Special Forces unit, and the Army.⁵⁷ It has not yet been operationalized for CT activities, but future incidents may change how Densus 88 and Koopsusgab activities are coordinated to best defend against terror attacks.

CT Tactics

The tactics employed by Densus 88 have been critical to its success thus far. While intelligence gathering and interrogations yield information needed to capture, arrest, or kill terrorists, personnel also spend a significant amount of time and effort to "deradicalize" arrested terrorists so they can hopefully one day return to be productive members of society.⁵⁸ These efforts include conducting prayer with Muslim detainees to show "the police are not infidels, as they have been brainwashed to believe by radical clerics."⁵⁹ Additional efforts include providing job training to prisoners and money to families of imprisoned terrorists to minimize poverty and crime and provide skills and trades to replace terrorism. Well-known and respected Muslim

The Islamic State and Its Challenge to Gain Support in the World's Most Populous Muslim Nation

clerics are brought in from around the world to discuss Islam, the Koran, and to teach hardliners that Islam is the “religion of peace” and not terror. Densus 88 funds also pay school tuition for the children of inmates, and the government has even paid for the weddings of incarcerated terrorists to demonstrate its commitment to make them productive members of society.⁶⁰

Counterarguments

The most obvious counterargument is that IS support and recruitment *are* increasing. There have been at least four significant terrorist attacks attributed to or claimed by IS and its affiliate networks since 2016; attacks in May 2018 killed over 30 people (including terrorists), making them the deadliest organized attacks in over a decade.⁶¹ While there has been an increase in attacks, they were conducted by IS sympathizers, not members of IS. That does, however, pose a more difficult series of questions. What does it take to make someone a “member” of IS? Does simply believing IS’s cause and pledging allegiance to it allow terrorists to claim that IS conducted these activities (versus simply inspiring Indonesian Muslim extremists to conduct terror activities that IS in Raqqa had no hand in orchestrating)? As there is no official IS “school” to attend to gain an “official IS card,” it is difficult to discern if these attacks were carried out by actual members or those “inspired” by IS.

Another counterargument is that geography actually supports a future IS foothold. Over 50% of the population lives in Sumatra and Java, which leaves more than 14,000 other islands for members to establish a base, or multiple bases, of operation to conduct activities and recruit members. While this may be true, the general population is against terrorism and Islamic extremists. It would not take long before citizens shared information with the police about the increased movement of unfamiliar people or attempts to recruit or distribute IS propaganda. As the military becomes more involved in CT operations, there is less space to hide from various CT forces across the archipelago.

A third counterargument is that Indonesians who went to Syria or Iraq to fight with IS will soon return and expand the caliphate in Southeast Asia as it shrinks in the Middle East. While possible, this is not likely to have lasting impact. While there are no accurate numbers, estimates for the number of Indonesians who left to fight with IS in Iraq and Syria vary from 500 to 1800.⁶² Since 2016, more than fifty Indonesians returned from the Middle East fight with IS, “citing disillusionment with the extremist group” as the reason.⁶³ One study estimates just over one person per million left Indonesia to join IS.⁶⁴ Contrast that number with nations such as Australia (14 people per million), France (18 people per million) and Belgium (40 people per million); all three countries had significantly larger percentages of their populations leave to fight with IS in the Middle East.⁶⁵ It is not likely that enough Indonesians departed to fight with IS, will survive the fighting if they did arrive in Iraq or Syria, and then return to implement IS ideologies in a nation in which IS “has found sympathizers but few supporters who are willing to organize a real IS affiliate.”⁶⁶

Conclusions

While there always remains the possibility that IS could gain a small foothold for a base of operations, the combination of geographic, cultural, religious and CT forces in Indonesia make it extremely unlikely that IS will gain more than a few marginalized sympathizers. Indonesians have endured Islamic extremists and terrorists since independence more than 70 years ago, but efforts over the past 15 years by the government and National Police have eradicated all but the smallest of terror cells. Continued cooperation between the ROI and other nations, in addition to cooperation between its military and National Police, will erode IS abilities to win over the population to support its cause. As it continues to lose ground in the Middle East, IS will find that any attempt to make inroads to destroy the moderate Muslim way of life in the ROI will be aggressively countered by a determined people and their lethal CT forces.

¹ This number was found by reviewing the Annual Country Reports on Terrorism from 2013-2017 on the US Department of State's Bureau of Counterterrorism and Countering Violent Extremism Website, <https://www.state.gov/j/ct/> (accessed 21 October 2018). Each Annual Report has an Annex of Statistical Information that includes list of deaths, injuries and attacks by nation and by terrorist group.

² Office of the United Nations High Commissioner for Human Rights (OHCHR), "Report on the Protection of Civilians in Armed Conflict in Iraq: 6 July – 10 September 2014," *OHCHR.org*, accessed 21 October 2018, https://www.ohchr.org/Documents/Countries/IQ/UNAMI_OHCHR_POC_Report_FINAL_6July_10September2014.pdf.

³ Adam Withnall, "Iraq Crisis: ISIS Declares its Territories a New Islamic State with 'Restoration of Caliphate' in Middle East," *The Independent*, accessed 21 October 2018, <https://www.independent.co.uk/news/world/middle-east/isis-declares-new-islamic-state-in-middle-east-with-abu-bakr-al-baghdadi-as-emir-removing-iraq-and-9571374.html>.

⁴ Dean Obeidallah, "Muslims Hate ISIS Most of All," *The Daily Beast*, accessed 21 October 2018, <https://www.thedailybeast.com/muslims-hate-isis-most-of-all>.

⁵ Reuters, "Islamic State Completely 'Evicted' from Iraq, Iraqi PM Says," *The Age*, accessed 21 October 2018, <https://www.theage.com.au/world/islamic-state-completely-evicted-from-iraq-iraqi-pm-says-20171210-h01x2r.html>.

⁶ Prashanth Parameswaran, "Islamic State Eyes Asia Base in 2016 in Philippines, Indonesia: Expert," *The Diplomat*, accessed 21 October 2018, <https://thediplomat.com/2016/01/islamic-state-eyes-asia-base-in-2016-in-philippines-indonesia-expert/>.

⁷ CIA World Factbook, "Indonesia," *CIA World Factbook*, accessed 21 October 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

⁸ John Haseman and Angel Rabasa, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica, CA: Rand Corporation, 2002), 35-38.

⁹ Jonathan Tepperman, *The Fix: How Nations Survive and Thrive in a World in Decline* (New York: Tim Duggan Books, 2016), 68-70.

¹⁰ Julie Chernov Hwang, *Why Terrorists Quit: The Disengagement of Indonesian Jihadists* (Ithaca, NY: Cornell University Press, 2018), 14.

¹¹ Solahudin, *The Roots of Terrorism in Indonesia: From Darul Islam to Jema'ah Islamiyah* (Ithaca, NY: Cornell University Press, 2013), 23.

¹² *Ibid.*, 12.

¹³ Ian Chalmers, "Countering Violent Extremism in Indonesia: Bringing Back the Jihadists," *Asian Studies Review* 41, no. 3 (12 June 2017): 331.

¹⁴ Solahudin, *The Roots of Terrorism in Indonesia*, 40-45.

¹⁵ *Ibid.*, 43.

¹⁶ *Ibid.*, 140.

¹⁷ *Ibid.*, 189.

The Islamic State and Its Challenge to Gain Support in the World's Most Populous Muslim Nation

- ¹⁸ The current list of FTOs can be found on the Department of State's Bureau of Counterterrorism website at the following link (accessed 21 October 2018): <https://www.state.gov/j/ct/rls/other/des/123085.htm>.
- ¹⁹ Bard Wilkinson, "Terror Group JAD Linked to Indonesia Family Suicide Attacks," *CNN*, accessed 21 October 2018, <https://www.cnn.com/2018/05/14/asia/jad-indonesia-terror-intl/index.html>.
- ²⁰ Joseph Chinyong Liow, "ISIS in the Pacific: Assessing Terrorism in Southeast Asia and the Threat to the Homeland," *Congressional Testimony before the Subcommittee on Counterterrorism and Intelligence Committee on Homeland Security, United States House of Representatives* (27 April 2016), 6.
- ²¹ Counter Terrorist Trends and Analyses, "The Terrorist Threat in Indonesia: From Jemaah Islamiyah to 'Islamic State'," *Counter Terrorist Trends and Analyses* 10, no. 6 (June 2018): 1-2.
- ²² U.S. Department of State, "State Department Terrorist Designation of Jamaah Ansharut Daulah," *U.S. Department of State Website*, accessed 24 October 2018, <https://www.state.gov/j/ct/rls/other/des/266772.htm>.
- ²³ CIA World Factbook, "Indonesia."
- ²⁴ The Economist Intelligence Unit (EIU) "Indonesia," *The Economist Intelligence Unit (EIU)*, accessed 21 October 2018, <http://country.eiu.com/indonesia>.
- ²⁵ CIA World Factbook, "Indonesia."
- ²⁶ Indonesia Investments, "Radical Islam in Indonesia," *Indonesia Investments*, accessed 21 October 2018, <https://www.indonesia-investments.com/business/risks/radical-islam/item245>.
- ²⁷ Tepperman, *The Fix*, 70-71.
- ²⁸ *Ibid.*, 71.
- ²⁹ Anthony L. Smith, "The Politics of Negotiating the Terrorist Problem in Indonesia," *Studies in Conflict & Terrorism* 28, no. 1 (2005): 34.
- ³⁰ Indonesia Investments, "Radical Islam in Indonesia."
- ³¹ *Ibid.*
- ³² One poll of Muslims in Indonesia had 56.36 percent of respondents express support for Sharia Law implementation in their government. See Kamarulnizam Abdullah, Jamhari Ma'ruf, and Rizal Sukma, "The Attitude of Indonesian Muslims Towards Terrorism: An Important Factor in Counterterrorism?" *Journal of Human Security* 7, no. 1 (2011): 30.
- ³³ Tepperman, *The Fix*, 72.
- ³⁴ Smith, "The Politics of Negotiating the Terrorist Problem in Indonesia," 34.
- ³⁵ The Five Principles of *Pancasila* are 1) belief in one God (but it can be any God, the God and religion of your choosing); 2) humanitarianism; 3) social justice; 4) unity in diversity; and 5) democracy through deliberation and consensus. See Chernov Hwang, *Why Terrorists Quit*, 189.
- ³⁶ Chalmers, "Countering Violent Extremism in Indonesia," 332.
- ³⁷ Kamarulnizam Abdullah, Jamhari Ma'ruf, and Rizal Sukma, "The Attitude of Indonesian Muslims Towards Terrorism: An Important Factor in Counterterrorism?" *Journal of Human Security* 7, no. 1 (2011): 34.
- ³⁸ Ina Parlina and Yuliasri Perdani, "Government Bans Support, Endorsement of ISIL," *The Jakarta Post*, accessed 21 October 2018, <http://www.thejakartapost.com/news/2014/08/05/govt-bans-support-endorsement-isil.html>.
- ³⁹ Scott N. McKay and David A. Webb, "Comparing Counterterrorism in Indonesia and the Philippines," *Combating Terrorism Center at West Point CTC Sentinel* 8, no. 2 (February 2015): 18.
- ⁴⁰ Jarryd De Haan, "Indonesia: Fight Against Terror has Consequences and Failings," *Future Directions International*, accessed 21 October 2018, <http://www.futuredirections.org.au/publication/indonesia-fight-against-terror-has-consequences-and-failings-2/>.
- ⁴¹ McKay and Webb, "Comparing Counterterrorism in Indonesia and the Philippines," 18.
- ⁴² According to available information provided by the US State Department's Diplomatic Security Services, the United States has provided hundreds of millions of dollars, including \$130 million in initial startup funding in 2003, to Indonesia via the US Antiterrorism Assistance Program (ATA). See Jacob Zenn, "Indonesia's 'Ghost Birds' Tackle Islamist Terrorists: A Profile of Densus 88," *Terrorism Monitor* IX, no. 32 (12 August 2011): 5.
- ⁴³ De Haan, "Indonesia: Fight Against Terror has Consequences and Failings."
- ⁴⁴ Muradi, "The 88th Densus AT: The Role and the Problem of Coordination on Counter-Terrorism in Indonesia," *Canadian Center of Science and Education (CCSE) Journal of Politics and Law* 2, no. 3 (September 2009): 87.
- ⁴⁵ *Ibid.*, 88.
- ⁴⁶ Zenn, "Indonesia's 'Ghost Birds' Tackle Islamist Terrorists," 5.
- ⁴⁷ De Haan, "Indonesia: Fight Against Terror has Consequences and Failings."

- ⁴⁸ Tom Allard and Kanupriya Kapoor, "Fighting Back: How Indonesia's Elite Police Turned the Tide on Militants," *Reuters*, accessed 21 October 2018, <https://www.reuters.com/article/us-indonesia-security/fighting-back-how-indonesias-elite-police-turned-the-tide-on-militants-idUSKBN14C0X3>.
- ⁴⁹ Ibid.
- ⁵⁰ Ibid.
- ⁵¹ Rima Sari Inda Putri, "Anti-Terrorism Cooperation between the National Agency for Contra Terrorism and Civil Society: Study Case of Muhammadiyah Disengagement," *Journal of Defense Management* 2, no. 4 (2012): 4.
- ⁵² Ibid.
- ⁵³ Wahyudi Soeriaatmadia, "Indonesia Passes Stronger Anti-Terror Bill, Allows Longer Detention and Pre-Emptive Arrests," *The Straits Times*, accessed 21 October 2018, <https://www.straitstimes.com/asia/se-asia/indonesia-passes-stronger-anti-terror-law-allows-longer-detention-and-pre-emptive>.
- ⁵⁴ Jakarta Globe, "TNI Launches Counterterrorism Squad," *Jakarta Globe*, accessed 21 October 2018, <https://jakartaglobe.id/terrorism/armed-forces-start-counterterrorism-squad/>.
- ⁵⁵ Marguerite Afra Sapiie, "Jokowi Agrees to Revive Koopsusgab Special Forces," *The Jakarta Post*, accessed 21 October 2018, <http://www.thejakartapost.com/news/2018/05/18/jokowi-agrees-to-revive-koopsusgab-special-forces.html>.
- ⁵⁶ Soeriaatmadia, "Indonesia Passes Stronger Anti-Terror Bill."
- ⁵⁷ Prashanth Parameswaran, "The Trouble With Indonesia's New Counterterrorism Command," *The Diplomat*, accessed 21 October 2018, <https://thediplomat.com/2015/06/the-trouble-with-indonesias-new-counterterrorism-command/>.
- ⁵⁸ Uri Friedman, "How Indonesia Beat Back Terrorism – For Now," *The Atlantic*, accessed 21 October 2018, <https://www.theatlantic.com/international/archive/2016/09/indonesia-isis-islamic-terrorism/500951/>.
- ⁵⁹ Hannah Beech and Semarang, "What Indonesia Can Teach the World About Counterterrorism," *Time*, accessed 21 October 2018, <http://content.time.com/time/subscriber/article/0,33009,1992246,00.html>.
- ⁶⁰ Ibid.
- ⁶¹ Joseph Hincks, "Indonesia Suffers Its Worst Terrorist Attack in a Decade. Here's What to Know About the Latest Wave of Violence," *Time*, accessed 21 October 2018, <http://time.com/5275738/indonesia-suicide-bombings-isis-surabaya/>.
- ⁶² Arsla Jawaid, "Indonesia and the Islamic State Threat," *The Diplomat*, accessed 21 October 2018, <https://thediplomat.com/2017/03/indonesia-and-the-islamic-state-threat/>.
- ⁶³ Ibid.
- ⁶⁴ Joseph Chinyong Liow, "ISIS Reaches Indonesia: The Terrorist Group's Prospects in Southeast Asia," *Brookings Institute*, accessed 21 October 2018, <https://www.brookings.edu/opinions/isis-reaches-indonesia-the-terrorist-groups-prospects-in-southeast-asia/>.
- ⁶⁵ Ibid.
- ⁶⁶ Ibid.

BIBLIOGRAPHY

- Abdullah, Kamarulnizam, Jamhari Ma'ruf, and Rizal Sukma. "The Attitude of Indonesian Muslims Towards Terrorism: An Important Factor in Counterterrorism?" *Journal of Human Security* 7, no. 1 (2011): 21-36.
- Afra Sapiie, Marguerite. "Jokowi Agrees to Revive Koopsusgab Special Forces." *The Jakarta Post*. Last modified 18 May 2018. Accessed 10 October 2018. <http://www.thejakartapost.com/news/2018/05/18/jokowi-agrees-to-revive-koopsusgab-special-forces.html>.
- Afra Sapiie, Marguerite, and Nurul Fitri Ramadhani. "Indonesian Military Expected to Play Greater Role in Counterterrorism." *The Jakarta Post*. Last modified 17 May 2018. Accessed 10 October 2018. <http://www.thejakartapost.com/news/2018/05/17/indonesian-military-expected-to-play-greater-role-in-counterterrorism.html>.
- Al Hilal Ahmad, Alif, Muhammad Lukman Arifianto, Adib Aunillah Fasya, and Zainurrahmah. "The Dynamics of Relation Between the State and Local Religions of Indonesia: Between Idealism and Reality." *Al-Abab - Borneo Journal of Religious Studies (BJRS)* 4, no. 2 (December 2015): 251-260.

- Allard, Tom, and Kanupriya Kapoor. "Fighting Back: How Indonesia's Elite Police Turned the Tide on Militants." *Reuters*. Last modified 23 December 2016. Accessed 10 October 2018. <https://www.reuters.com/article/us-indonesia-security/fighting-back-how-indonesias-elite-police-turned-the-tide-on-militants-idUSKBN14C0X3>.
- Arianti, V. "Analysing Use of Sharp Weapons in Terrorist Attacks in Indonesia." *Counter Terrorist Trends and Analyses* 10, no. 4 (April 2018): 12-16.
- Arianti, V., and Muh Taufiqurrohman. "Indonesia." *Counter Terrorist Trends and Analyses* 9, no. 1 (January 2017): 13-17.
- Beech, Hannah, and Semarang. "What Indonesia Can Teach the World About Counterterrorism." *Time*. Last modified 7 June 2010. Accessed 10 October 2018. <http://content.time.com/time/subscriber/article/0,33009,1992246,00.html>.
- Bergmann, Kym. "Threats to Indonesia's Internal Security." *Defence Review Asia* (January-February 2016): 32.
- Chalmers, Ian. "Countering Violent Extremism in Indonesia: Bringing Back the Jihadists." *Asian Studies Review* 41, no. 3 (12 June 2017): 331-351.
- Chandler, Adam. "The Islamic State of Boko Haram?" *The Atlantic*. Last modified 9 March 2015. Accessed 10 October 2015. <https://www.theatlantic.com/international/archive/2015/03/boko-haram-pledges-allegiance-islamic-state/387235/>.
- _____. "Boko Haram Becomes the Latest Terror Group to Declare an Islamic Caliphate." *The Atlantic*. Last modified 25 August 2014. Accessed 10 October 2015. <https://www.theatlantic.com/international/archive/2014/08/boko-haram-becomes-the-latest-terror-group-to-establish-islamic-caliphate/379069/>.
- Chernov Hwang, Julie. "The Disengagement of Indonesian Jihadists: Understanding the Pathways." *Terrorism and Political Violence* 29, no. 2 (2017): 277-295.
- _____. *Why Terrorists Quit: The Disengagement of Indonesian Jihadists*. Ithaca, NY: Cornell University Press, 2018.
- CIA World Factbook. "Indonesia." *CIA World Factbook*. Accessed 10 October 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- Counter Terrorist Trends and Analyses. "Jamaah Ansharud Daulah and the Terrorist Threat in Indonesia." *Counter Terrorist Trends and Analyses* 10, no. 6 (June 2018): 3-6.
- _____. "The Terrorist Threat in Indonesia: From Jemaah Islamiyah to 'Islamic State'." *Counter Terrorist Trends and Analyses* 10, no. 6 (June 2018): 1-2.
- De Haan, Jarryd. "Governance and Political Challenges in Indonesia." *Future Directions International*. Last modified 17 November 2016. Accessed 10 October 2018. <http://www.futuredirections.org.au/publication/governance-political-challenges-indonesia-2/>.
- _____. "Indonesia: Fight Against Terror has Consequences and Failings." *Future Directions International*. Last modified 16 August 2018. Accessed 10 October 2018. <http://www.futuredirections.org.au/publication/indonesia-fight-against-terror-has-consequences-and-failings-2/>.
- _____. "Send in the Army: Indonesia Responds to Terrorist Attacks." *Future Directions International*. Last modified 23 May 2018. Accessed 10 October 2018. <http://www.futuredirections.org.au/publication/send-army-indonesia-responds-terrorist-attacks/>.
- The Economist Intelligence Unit (EIU). Indonesia. *The Economist Intelligence Unit (EIU)*. Accessed 10 October 2018. <http://country.eiu.com/indonesia>.
- Febriana, Senia. "Securitizing Terrorism in Southeast Asia: Accounting for the Varying Responses of Singapore and Indonesia." *Asian Survey* 50, no. 3 (May/June 2010): 569-590.
- Friedman, Uri. "How Indonesia Beat Back Terrorism – For Now." *The Atlantic*. Last modified 25 September 2016. Accessed 6 September 2018. <https://www.theatlantic.com/international/archive/2016/09/indonesia-isis-islamic-terrorism/500951/>.
- Haseman, John, and Angel Rabasa. *The Military and Democracy in Indonesia: Challenges, Politics, and Power*. Santa Monica, CA: Rand Corporation, 2002.
- Hincks, Joseph. "Indonesia Suffers Its Worst Terrorist Attack in a Decade. Here's What to Know About the Latest Wave of Violence." *Time*. Last modified 14 May 2018. Accessed 21 October 2018. <http://time.com/5275738/indonesia-suicide-bombings-isis-surabaya/>.

-
- Hughes, Lindsay. "Indonesian Foreign Policy: The US Factor." *Future Directions International*. Last modified 6 September 2018. Accessed 10 October 2018. <http://www.futuredirections.org.au/publication/indonesian-foreign-policy-the-us-factor/>.
- Inda Putri, Rima Sari. "Anti-Terrorism Cooperation between the National Agency for Contra Terrorism and Civil Society: Study Case of Muhammadiyah Disengagement." *Journal of Defense Management* 2, no. 4 (2012): 1-12.
- Indonesia Investments. "Radical Islam in Indonesia." *Indonesia Investments*. Last modified 16 May 2018. Accessed 10 October 2018. <https://www.indonesia-investments.com/business/risks/radical-islam/item245>.
- Indonesia at Melbourne. "Revoking Citizenship to Fight Terrorism is Misguided and Reckless." *Indonesia at Melbourne*. Last modified 10 February 2016. Accessed 10 October 2018. <http://indonesiatmelbourne.unimelb.edu.au/revoking-citizenship-to-fight-terrorism-is-misguided/>.
- _____. "Terrorism 'Zaman Now': Is Social Media Feeding Radicalisation?" *Indonesia at Melbourne*. Last modified 13 March 2018. Accessed 10 October 2018. <http://indonesiatmelbourne.unimelb.edu.au/terrorism-zaman-now-is-social-media-feeding-radicalisation/>.
- _____. "The May Attacks: Is Indonesia Facing a New Form of Terrorism?" *Indonesia at Melbourne*. Last modified 31 May 2018. Accessed 10 October 2018. <http://indonesiatmelbourne.unimelb.edu.au/the-may-attacks-is-indonesia-facing-a-new-form-of-terrorism/>.
- _____. "Why Strengthening Anti-Terror Laws is Not the Answer." *Indonesia at Melbourne*. Last modified 1 February 2016. Accessed 10 October 2018. <http://indonesiatmelbourne.unimelb.edu.au/why-strengthening-anti-terror-laws-not-the-answer/>.
- Institute for Policy Analysis of Conflict (IPAC). "The Evolution of ISIS in Indonesia." *Institute for Policy Analysis and Conflict (IPAC) Report No. 13* (24 September 2014). http://file.understandingconflict.org/file/2014/09/IPAC_13_Evolution_of_ISIS.pdf.
- Jakarta Globe. "TNI Launches Counterterrorism Squad." *Jakarta Globe*. Last modified 9 June 2015. Accessed 10 October 2018. <https://jakartaglobe.id/terrorism/armed-forces-start-counterterrorism-squad/>.
- Jane's. "Indonesia Executive Summary." *Jane's Online*. Last modified 10 September 2018. Accessed 10 October 2018. <https://janes.ihs.com/Janes/Display/1304998>.
- Jawaid, Arsla. "Indonesia and the Islamic State Threat." *The Diplomat*. Last modified 15 March 2017. Accessed 6 September 2018. <https://thediplomat.com/2017/03/indonesia-and-the-islamic-state-threat/>.
- John, Tara. "Indonesia's Long Battle with Islamic Extremism Could Be About to Get Tougher." *Time*. Last modified 15 January 2016. Accessed 10 October 2018. <http://time.com/4181557/jakarta-terrorist-attacks-indonesia-isis/>.
- Jones, Sidney. "Causes of Conflict in Indonesia." *Asia Society*. No Date Provided. Accessed 10 October 2018. <https://asiasociety.org/causes-conflict-indonesia>.
- _____. "How ISIS Has Changed Terrorism in Indonesia." *The New York Times*. Last modified 22 May 2018. Accessed 10 October 2018. <https://www.nytimes.com/2018/05/22/opinion/isis-terrorism-indonesia-women.html>.
- Kilcullen, David. "Globalisation and the Development of Indonesian Counterinsurgency Tactics." *Small Wars & Insurgencies* 17, no. 1 (March 2006): 44-64.
- Liow, Joseph Chinyong. "ISIS in the Pacific: Assessing Terrorism in Southeast Asia and the Threat to the Homeland." *Congressional Testimony before the Subcommittee on Counterterrorism and Intelligence Committee on Homeland Security, United States House of Representatives* (27 April 2016).
- _____. "ISIS Reaches Indonesia: The Terrorist Group's Prospects in Southeast Asia." *Brookings Institute*. Last modified 8 February 2016. Accessed 6 September 2018. <https://www.brookings.edu/opinions/isis-reaches-indonesia-the-terrorist-groups-prospects-in-southeast-asia/>.
- McKay, Scott N., and David A. Webb. "Comparing Counterterrorism in Indonesia and the Philippines." *Combating Terrorism Center at West Point CTC Sentinel* 8, no. 2 (February 2015): 18-21.
- Muradi. "The 88th Densus AT: The Role and the Problem of Coordination on Counter-Terrorism in Indonesia." *Canadian Center of Science and Education (CCSE) Journal of Politics and Law* 2, no. 3 (September 2009): 85-96.
- Obeidallah, Dean. "ISIS's Gruesome Muslim Death Toll." *The Daily Beast*. Last modified 7 October 2014. Accessed 16 October 2018. <https://www.thedailybeast.com/isiss-gruesome-muslim-death-toll>.

- _____. "Muslims Hate ISIS Most of All." *The Daily Beast*. Last modified 16 November 2015. Accessed 20 October 2018. <https://www.thedailybeast.com/muslims-hate-isis-most-of-all>.
- Office of the United Nations High Commissioner for Human Rights (OHCHR). "Report on the Protection of Civilians in Armed Conflict in Iraq: 6 July – 10 September 2014." *OHCHR.org*. Last modified 10 September 2014. Accessed 16 October 2018. https://www.ohchr.org/Documents/Countries/IQ/UNAMI_OHCHR_POC_Report_FINAL_6July_10September2014.pdf.
- Parameswaran, Prashanth. "Islamic State Eyes Asia Base in 2016 in Philippines, Indonesia: Expert." *The Diplomat*. Last modified 14 January 2016. Accessed 15 October 2018. <https://thediplomat.com/2016/01/islamic-state-eyes-asia-base-in-2016-in-philippines-indonesia-expert/>.
- _____. "The Trouble With Indonesia's New Counterterrorism Command." *The Diplomat*. Last modified 11 June 2015. Accessed 10 October 2018. <https://thediplomat.com/2015/06/the-trouble-with-indonesias-new-counterterrorism-command/>.
- Parlina, Ina, and Yuliasri Perdani. "Government Bans Support, Endorsement of ISIL." *The Jakarta Post*. Last modified 5 August 2014. Accessed 10 October 2018. <http://www.thejakartapost.com/news/2014/08/05/govt-bans-support-endorsement-isis.html>.
- Realuyo, Celina B. "Following the Terrorist Money Trail." *The Quarterly Journal* (Spring 2011): 105-123.
- Reuters. "Islamic State Completely 'Evicted' from Iraq, Iraqi PM Says." *The Age*. Last modified 10 December 2017. Accessed 20 October 2018. <https://www.theage.com.au/world/islamic-state-completely-evicted-from-iraq-iraqi-pm-says-20171210-h01x2r.html>.
- Reuters/AFP. "Indonesia's Aceh Province Enacts Enforcement of Islamic Sharia Criminal Code." *Australian Broadcasting Corporation (ABC) News*. Last modified 24 October 2015. Accessed 10 October 2018. <http://www.abc.net.au/news/2015-10-24/indonesian-aceh-province-enacts-islamic-sharia-criminal-code/6882346>.
- See, Sylvene. "Returning Foreign Terrorist Fighters: A Catalyst for Recidivism Among Disengaged Terrorists." *Counter Terrorist Trends and Analyses* 10, no. 6 (June 2018): 7-15.
- Shinkman, Paul D. "ISIS By the Numbers in 2017." *U.S. News and World Report*. Last modified 27 December 2017. Accessed 16 October 2018. <https://www.usnews.com/news/world/articles/2017-12-27/isis-by-the-numbers-in-2017>.
- Smith, Anthony L. "A Glass Half Full: Indonesia-U.S. Relations in the Age of Terror." *Contemporary Southeast Asia* 25, no. 3 (2003): 449-472.
- _____. "The Politics of Negotiating the Terrorist Problem in Indonesia." *Studies in Conflict & Terrorism* 28, no. 1 (2005): 33-44.
- Soeriaatmadia, Wahyudi. "Indonesia Passes Stronger Anti-Terror Bill, Allows Longer Detention and Pre-Emptive Arrests." *The Straits Times*. Last modified 25 May 2018. Accessed 21 October 2018. <https://www.straitstimes.com/asia/se-asia/indonesia-passes-stronger-anti-terror-law-allows-longer-detention-and-pre-emptive>.
- Solahudin. *The Roots of Terrorism in Indonesia: From Darul Islam to Jema'ah Islamiyah*. Ithaca, NY: Cornell University Press, 2013.
- Sukabdi, Zora A. "Terrorism in Indonesia: A Review on Rehabilitation and Deradicalization." *The Center for the Study of Terrorism and Political Violence Journal of Terrorism Research (JTR)* 6, no. 2 (May 2015): 36-56.
- Tepperman, Jonathan. *The Fix: How Nations Survive and Thrive in a World in Decline*. New York: Tim Duggan Books, 2016.
- The Economist. "After Jakarta." *The Economist*. Last modified 21 January 2016. Accessed 10 October 2018. <https://www.economist.com/asia/2016/01/21/after-jakarta>.
- Tumanggor, Robert Eryanto. "Indonesia's Counter-Terrorism Policy." *Research Unit on International Security and Cooperation (UNISCI) Discussion Papers* 15 (October 2007): 87-110.
- U.S. Department of State. "Country Reports on Terrorism 2016: Indonesia." *U.S. Department of State Website*. Accessed 10 October 2018. <https://www.state.gov/j/ct/rls/crt/2016/272230.htm#Indonesia>.
- _____. "Country Reports on Terrorism 2016: Annex of Statistical Information." *U.S. Department of State Website*. Last modified July 2017. Accessed 10 October 2018. <https://www.state.gov/documents/organization/272485.pdf>.

- _____. “Country Reports on Terrorism 2017: Indonesia.” *U.S. Department of State Website*. Accessed 10 October 2018. <https://www.state.gov/j/ct/rls/crt/2017/282842.htm#INDONESIA>.
- _____. “Country Reports on Terrorism 2017: Annex of Statistical Information.” *U.S. Department of State Website*. Last modified September 2018. Accessed 10 October 2018. <https://www.state.gov/documents/organization/283097.pdf>.
- _____. “State Department Terrorist Designation of Jamaah Ansharut Daulah.” *U.S. Department of State Website*. Last modified 10 January 2017. Accessed 24 October 2018. <https://www.state.gov/j/ct/rls/other/des/266772.htm>.
- Wilkinson, Bard. “Terror Group JAD Linked to Indonesia Family Suicide Attacks.” *CNN*. Last modified 14 May 2018. Accessed 20 October 2018. <https://www.cnn.com/2018/05/14/asia/jad-indonesia-terror-intl/index.html>.
- Withnall, Adam. “Iraq Crisis: ISIS Declares its Territories a New Islamic State with 'Restoration of Caliphate' in Middle East.” *The Independent*. Last modified 30 June 2014. Accessed 20 October 2018. <https://www.independent.co.uk/news/world/middle-east/isis-declares-new-islamic-state-in-middle-east-with-abu-bakr-al-baghdadi-as-emir-removing-iraq-and-9571374.html>.
- Woody, Christopher. “US Special Operations Command Chief Claims '60,000 to 70,000' ISIS Fighters Have Been Killed.” *Business Insider*. Last modified 24 July 2017. Accessed 16 October 2018. <https://www.businessinsider.com/gen-raymond-thomas-socom-60000-to-70000-isis-fighters-killed-2017-7>.
- Xialin, Maurice. “Densus 88 – Indonesia’s Heroes or Death Squad?” *The Global Enquirer*. Last modified 18 April 2016. Accessed 10 October 2018. <https://theglobalenquirer.news/2016/04/18/densus-88-indonesias-heroes-or-death-squad/>.
- Yusgiantoro, Purnomo. “Developing Indonesia’s Basic Defense Forces.” *The Korean Journal of Defense Analysis* 29, no. 4 (December 2017): 599-612.
- Zenn, Jacob. “Indonesia’s “Ghost Birds” Tackle Islamist Terrorists: A Profile of Densus 88.” *Terrorism Monitor* IX, no. 32 (12 August 2011): 5-7. <https://jamestown.org/program/indonesias-ghost-birds-tackle-islamist-terrorists-a-profile-of-densus-88/>.

The Indigenous Defense Industry: Opportunities for Partnership

Raghu R. Nair, Capt., Indian Navy

Introduction

Among numerous advances made by mankind in recent decades, possibly the greatest transformation has been the shrinking of the ‘global village’ and the consequent deep international dependencies that have grown, enabled by a ubiquitous network powered by information technology. Nowhere is this more evident than the world of finance and economics. A half percent swing at the New York Stock Exchange creates an almost immediate ripple effect thousands of miles across the world at the Tosho (Japan), Shanghai Stock Exchange/ Shenzhen, Mumbai Stock Exchange, or the Indonesia Stock Exchange. It is obvious that while, historically, economic activities and relationships have always played a role in the destiny of the world, their import has recently assumed monumental proportions. Accordingly, a nation would ignore the need to build economic partnerships at its own peril.

In the past few decades, there has been a noticeable surge in the importance of Asia in global affairs. This was a result of robust economic growth, accompanied by the concomitant expansion across a broad spectrum, including purchasing power, manufacturing, political clout, military capabilities, population, and aspirations of the region. The Republic of Indonesia (ROI), the world’s third largest democracy, is one of the drivers of this development. With an area of 1,904,569 km² spanning 13,466 islands, the ROI is the world’s 16th largest country and 4th most populous.¹ It has a Gross Domestic Product (GDP) (Purchase Power Parity) of \$ 3.24 trillion (2017) and has grown at an average of 5% in the last five years.² To guarantee the security of its people and territory, the ROI maintains a credible military and spent 0.84% of its GDP on defense in 2017.³ It has been the driving force behind the Association of South East Asian Nations (ASEAN), with a leading role in the organization. Further, the Indonesian archipelago enjoys tremendous geostrategic advantages, including straddling major maritime choke points. These aspects bestow the status of a major regional power and portend for it a critical role in regional and global affairs. It is essential for the United States to enhance engagement with the ROI for a multitude of reasons including economic, diplomatic and cultural, but above all to retain influence in this highly contested region.

US-Indonesia Relations

The strategic import of the ROI has been acknowledged by the United States over the past decade. Bilateral ties experienced an upswing as early as 2001, in the aftermath of the September 11 attacks, as a broader international consensus was sought against terror.⁴ The initiation of recent engagements can be traced to November 22, 2006, when the Bush Administration lifted the arms embargo against the ROI, instituted in 1991 following the East Timor crisis.⁵ This was also viewed as a means to counter criticism regarding the war on terror being anti-Islam.⁶ Subsequently, the ‘Rebalance to Asia and the Pacific’ during the Obama administration included “deepened partnerships with Indonesia” as one of its achievements.⁷ The

Trump administration has also emphasized its commitment to strengthening the partnership.⁸ These intentions must be translated to action.

In pursuit of deeper engagements, numerous sectors of economic cooperation exist, including fisheries, manufacturing, information technology, etc. While these need to be pursued in parallel, the defense economy provides a significant opportunity. In particular, the United States could engage in a mutually-beneficial manner with the ROI to develop the indigenous ship building industry, towards engendering a long-term partnership and continued US influence in the region. The United States should pursue such a partnership through technological, materiel, and training assistance to ongoing and planned warship programs in the ROI.

The Indonesian Vision

The ROI has emphasized development of its indigenous defense industry. Through a policy framed by former President Yudhoyono's government, it has been following a development plan titled 'Minimum Essential Force (MEF)' for the Indonesian Military (Tentara Nasional Indonesia, TNI), which includes a vision and describes the 'needs' for the TNI to meet the nation's security challenges. While the MEF did not clearly outline numbers or strength levels, it defined the concept as "a force level that can guarantee attainment of immediate strategic interests."⁹ A focus on self-reliance in the defense industry was promoted as part of the 'Law on Defense Industry' in 2012, which included the possibility of overseas arms procurement.¹⁰ President Joko "Jokowi" Widodo has also emphasized the need for indigenous industry through his vision for a "Global Maritime Fulcrum."¹¹ These issues were reiterated in the Defense White Paper by the Indonesian Ministry of Defense in 2015.¹² It is evident from actions taken by successive governments that policy makers are focusing on the development of indigenous capabilities, including warship construction. It stands to reason that assisting the development of such capabilities could be key to fostering deeper engagement.

An archipelagic nation, the ROI has identified its maritime geostrategic advantage as a driver for development. President Jokowi's 'Indonesian Sea Policy' announced on March 1, 2017, is "designed to facilitate the acceleration of his Global Maritime Fulcrum doctrine, launched at the East Asia Summit in 2014."¹³ The doctrine envisions the nation becoming pivotal in maritime activities in the region through its geostrategic position. It is increasingly keen to expand its maritime capabilities, including commercial, fishing, and other activities.¹⁴ This would need to be supported by naval capability to guarantee security. Towards this end, the Indonesian Navy envisages three fleets covering the nation's east, west, and central regions.¹⁵ This would entail major expansion of the navy and coast guard forces and might provide an avenue for the United States to make inroads into the warship-building industry.

Enabling Factors

The Indonesian economy is robust enough to support greater investment in the defense industry.¹⁶ Following the global financial crisis in 2008, the ROI was one of only three G20

The Indigenous Defense Industry: Opportunities for Partnership

countries that posted economic growth and by 2017 had a healthy foreign exchange reserve of \$ 401.4 billion. Further, whilst it had a budget deficit of 4.3% in 2017, its public debt was relatively low at 28.9% of GDP, leading rating agencies to upgrade its sovereign credit rating to investment grade.¹⁷ The current financial indicators bode well for the economy in the short to medium term. This could afford the government a modicum of flexibility in allocation of funds for various programs, including arms procurement and warship building.

The defense budget is likely to reach 1.5% of GDP, as promised by President Jokowi, both prior and after the 2014 elections. However, it is unlikely to witness any immediate, drastic increase given the need for expenditures towards alleviation of poverty, subsidizing agriculture, and infrastructure development. The defense budget experienced steady growth during 2014 – 2016 but was reduced marginally in 2017, to 0.84% of GDP,¹⁸ or approximately \$8.178 billion.¹⁹ Based on predicted economic growth, coupled with other positive parameters (low unemployment, etc.), it is likely that the Government of Indonesian (GOI) will attain its goal of the defense budget being 1.5% of GDP over the next five to seven years, boding well for naval shipbuilding. This could expand opportunities for mutually-beneficial. strategic partnerships with international actors in the defense sector.

The military has gained immensely through strategic partnerships with Russia and China and, in the absence of better alternatives, these partnerships are likely to evolve further. The Indonesian Defence White Paper of 2015 elaborated on the strategic partnership with China stating, “Both countries have developed cooperation in the defence industry related to military procurement . . . production of military equipment, development and marketing of military equipment.”²⁰ It also stated, “Russia is an important partner in procurement of main defence equipment of weapon systems, logistics, and technical assistance under the MoU signed in 2003 and ratified in 2012.”²¹ The document discussed the strategic partnership with the United States, which is limited to the “development of institutional capacity, operational capability, professionalism of human resources and weapon system modernization.”²² It is noteworthy that there is no mention of defense procurement from the United States. During the period 2012-2016, almost 25% of Indonesian defense imports were sourced from Russia and China, while the United States accounted for barely 15%.²³ Russian military exports to the ROI were estimated to be over \$2.5 billion from 1992 to 2018.²⁴ Jakarta has also signed a \$1.14 billion deal with Russia for Sukhoi aircraft.²⁵ Conversely, the ROI is not among the top twenty beneficiaries of US arms transfers in 2017, with Singapore and Taiwan being the only two Southeast Asian countries in the list.²⁶ US support in terms of military hardware has witnessed a marginal increase with a batch of F-16 aircraft having been delivered in February 2018.²⁷ However, whilst the United States is supporting the ROI through limited hardware exports and various training courses, the core aspects of military platforms and weapon procurement have developed a noticeable bias towards China and Russia.

Engaging in the field of military procurement is critical for the United States in order to strengthen the mutual partnership and to counter the influence of China and Russia. Secretary of Defense James Mattis conducted three bilateral meetings with his Indonesian counterpart in the last year, indicative of the importance accorded to engagement. However, the outcomes of these meetings were largely limited to the United States providing assistance in training, maritime domain awareness, anti-terrorism, etc. The readout of a meeting of January 23, 2018 emphasized the importance of the partnership; however, any mention of defense procurement is glaringly absent.²⁸ It stands to reason that a country would be grateful for assistance in the form of training, as provided by the United States at present. However, it can be argued that the same country would certainly be heavily dependent on and influenced by nations providing actual war fighting hardware. Hence, the influence that the United States wields in the ROI probably falls short of that wielded by China and Russia. The US National Defense Strategy, promulgated by Secretary Mattis, elucidated the objectives for the US Department of Defense (DOD) and stated, “Long term strategic competitions with China and Russia are the principal priorities for the Department, and require both increased and sustained investment, because of the magnitude of the threats they pose to U.S. Security.”²⁹ In pursuance of the objective laid down for the DOD and given the strategic importance of the ROI in the region, there is a critical need to tilt the scales of influence in the United States’ favor through engagement beyond capacity building and personnel aspects, to include a greater role as providers of hardware.

Indigenous Defense Industry

The GOI has initiated numerous measures to nurture its defense industry, in keeping with its vision of self-reliance. Its state-owned ship builder PT-PAL recently launched the fourth indigenously-built KCR-60M Fast Attack Craft.³⁰ Sixteen additional ships of this class are planned. These vessels are equipped with the Chinese C-705 Surface to Surface missiles with a range of 140 kilometers. The ROI is reportedly in discussions with China for licensed manufacturing of these missiles for domestic production.³¹ The shipyard has also built two Strategic Sealift Vessels for the Philippines and is reported to be engaging with other countries to export small ships. Similarly, the state-owned aircraft manufacturer, PT- Dirgantara has exported indigenously built aircraft to ten countries around the world, including Thailand, Brunei, South Korea, Burkina Faso, Senegal and Venezuela.³²

The Indonesian emphasis on self-reliance over the past decade has borne results. Fortuitously for the United States, while some headway has been achieved in the indigenous defense industry, much still needs to be done. Indonesian ship builders, tasked with the construction of missile vessels and larger ships, face a range of challenges, including limited availability of suitable state-of-the-art technology.³³ This provides a window of opportunity for the United States to develop a closer relationship with the ROI, by harnessing the significant technological advantage that American industry enjoys over the rest of the world. This relationship could also be strengthened indirectly through allies such as Japan and South Korea, who are also world leaders in ship building.

The Indigenous Defense Industry: Opportunities for Partnership

The ROI is open to bilateral partnerships in developing its indigenous defense industry. In 2016, the Coordinating Minister for Maritime Affairs, Rizal Ramli extended an invitation to ASEAN countries to encourage investment in the defense industry.³⁴ In 2017, the ROI and Brazil entered into a defense co-operation agreement, aimed at enhancing in-country maintenance aspects of the Embraer Corporation's aircraft.³⁵ Similarly, on May 30, 2018, it signed a Defense Cooperation Agreement with India for cooperation in defense industry and technology.³⁶ These actions demonstrate the importance the GOI places on developing its indigenous capabilities in the defense sector, including through foreign partnerships. Its willingness to accept foreign partnerships provides the United States an opportunity to expand its footprint in the defense industry. However, an obstacle in this regard could be the relatively high cost of American equipment and technology. There exists a need to 'sweeten the deal' and offer better terms, or at least better 'accompanying benefits' in order to compete with cheaper options offered by other countries. These benefits may include enhanced military training, subsidized trade, positioning of training teams in the ROI, trade agreements, education opportunities in the United States, agriculture technology, poverty alleviation support, medical technology, provision of Humanitarian Assistance and Disaster Relief technology, etc. While pursuing the defense sector specifically, a 'whole of government' approach is required to enable and facilitate a strong partnership.

Warship Building Industry - Opportunities

While the GOI endeavors to develop all facets of its defense economy, the shipbuilding industry has received the greatest impetus and provides the best opportunities.³⁷ PT-PAL has engaged in extensive military projects, including in partnership with foreign firms, indicative of a willingness accept foreign assistance. The first *Martadinata* Class guided missile frigate, built in collaboration with the Dutch shipbuilder Damen, was commissioned in April 2017.³⁸ PT-PAL is building KCR-60M missile vessels for the Indonesian Navy while also pursuing larger warships—frigates, amphibious ships, etc. However, these projects presently face multiple challenges in terms of shipyard technology and worker skills, which provide an opportunity for the United States to offer assistance, both technological and training, given the technical superiority it enjoys in the defense sector. This pre-eminence should be harnessed to expand American partnerships globally, in general and with the ROI in particular. There is also the need to suitably project technical and technological capabilities that the United States may offer, in keeping with the idiom 'seeing is believing.' This can be achieved through the practical display of capabilities to senior Indonesian political and military leadership onboard US warships.

Design and construction of larger ships is being undertaken by the ROI through foreign cooperation, and most weapon and sensor systems for these ships are imported. A related issue is the Indonesian policy of 'technology transfer' in this cooperation.³⁹ To monitor technology transfer, the GOI has instituted a 'Defense Industry Policy Committee' (KKIP), responsible to oversee foreign collaboration.⁴⁰ At the same time, various legal restrictions in the United States may not permit across-the-board technology transfer. It is essential to balance the legal aspects of

technology transfer in the United States with the Indonesian desire to obtain technology. This can be achieved through a multi-sector approach, wherein technology transfer for ship building (design and construction) is considered, along with sale of weapons and sensors, albeit with technological and maintenance support rather than technology transfer.

Multiple facets of the indigenous warship building projects offer opportunity for partnership and need to be optimally utilized in the immediate and short term. These include opportunities in providing weapons, sensors, ship building technology, and research and development. The TNI Chief, General Moeldoko, has indicated that the ROI still requires foreign-made weapons.⁴¹ Navy Chief Admiral Ade Supandi stated in 2018 that a need existed for 20 more KCR-60M Fast Attack Craft by 2024 to meet MEF targets.⁴² The limited investment in military research and development in Indonesia is also a significant factor.⁴³ The ROI has reportedly removed missile launchers from the lead ship of the KCR-60M vessels (*KRI Sampari*) to replace them with advanced missiles, possibly of Chinese origin.⁴⁴ This indicates the need for suitable partners to build and equip high-quality platforms. News reports imply that the ROI may be leaning towards China to meet these needs. Therefore, to increase American engagement with the ROI, the current window of opportunity must be swiftly utilized, lest other actors gain greater influence in the Indonesian political and military space.

Why Not?

It could be argued that, given substantial US engagement with other regional powers such as Japan, South Korea, Philippines, the present levels of engagement with the ROI may be adequate. However, such a view is self-defeating. Engagement cannot be viewed solely through the prism of gaining bases or support for additional forces in the region. Multiple facets (including some abstract) related to economics, politics, and regional influence also need to be considered. Furthermore, the need for such engagement in the region is a stated objective for the DoD.⁴⁵

It could also be argued that providing technology and ‘know-how’ to a country would eliminate its need for further support. This view may be counter-intuitive, given the fact that if a country cannot find what it is seeking with one partner, it will logically move on to another. The ROI’s ‘needs’ will continue to exist, regardless of whether the United States attends to them or not. In the event the United States is unwilling to provide what the ROI requires, alternative sources (China, Russia, and other countries) will always remain. Based on the present day reality of increasing engagement between the ROI and other countries, it is not inconceivable to assume that it would proceed along the path deemed most advantageous, in this instance leaning further towards China and Russia. This would accentuate China and Russia’s influence in the region at the expense of America

Legal restrictions on transferring American technology could be quoted as a reason not to provide weapon and sensor technology. In the past, opposition has been based on sanctions

The Indigenous Defense Industry: Opportunities for Partnership

against Indonesian Special Forces due to human rights abuses that may, once again, serve as an argument against extensive collaboration.⁴⁶ However, the US Government has authorization and an obligation under the FY16 National Defense Authorization Act (NDAA) to conduct partner capacity building in the South China Sea.⁴⁷ The United States has supplied equipment to the ROI in the past, including F-16 A/C/B/D and C-130B aircraft. However, the last major transfer was in 2005.⁴⁸ A market assessment by the US Department of Commerce has identified the country as a suitable market for US Defense products.⁴⁹ Precedence exists and must be accentuated through focused initiatives.

Why?

The advantages of investing in Indonesian warship construction projects for a long term strategic partnership are many. It has the largest Muslim population in the world and is a democracy,⁵⁰ which offers a unique opportunity to counter the widely held perception of the United States being anti-Muslim, a perception not suffered by either China or Russia in comparative measure. Vice President Michael Pence, during his visit to the ROI stated, “As the largest majority Muslim country, Indonesia’s tradition of moderate Islam, frankly, is an inspiration to the world.”⁵¹ A deeper partnership will also promote democracy. This was also emphasized by Vice President Pence where he stated, “As the second and third largest democracies in the world, our two countries share many common values – including freedom, the rule of law...”⁵² There is likely to be broader common ground between the two democracies compared to authoritarian regimes such as China and Russia. This common ground should be used to enhance the partnership and could serve as a bridge to increased defense trade.

A vast amount of international maritime traffic transits through the Malacca, Sunda, and Lombok straits, with the Malacca accounting for over 70,000 ships annually (one third of the world’s traded goods). This includes a large proportion of China’s energy and commercial traffic.⁵³ Moreover, these straits remain the primary routes for warships navigating to and from the Indian Ocean and the South China Sea. The ROI’s geo-strategic position straddling these maritime choke points can be transformed into a critical capability for mutual benefit through a strategic partnership. Such capability would include the means to monitor adversary movements to and from the Pacific and Indian Oceans, while preventing similar monitoring against the United States, affording a significant military advantage. Enhancing engagement with the ROI in its indigenous warship building industry offers a means of gaining mutual trust, which could further assist joint development of the above capability for mutual gain.

The ROI has immense potential as a market for American goods, including defense trade. Unless the United States expeditiously engages Indonesia, a large part of this market may swing towards China. In 2016, China’s share of Indonesian imports stood at 22.71%, while the United States accounted for only 5.4%.⁵⁴ This does not bode well for America, particularly in light of ongoing tariff wars with China. The predicted increase in the ROI’s defense budget over the next few years will result in a market of nearly \$20 billion, with a significant portion allocated to

warship construction. This offers the opportunity for the United States to increase its overall market share. However, unless American companies are proactive in positioning themselves to tap this market, China and Russia will garner the lion's share. It is prudent to encourage and facilitate the involvement of American companies in Indonesian warship construction. The ROI is primarily focused on its own national, economic, security, and social interests. The current bias towards China and Russia can only be countered by activities aiding Indonesian interests. In this regard, the warship construction industry is the proverbial 'low hanging fruit,' assistance in this sector is likely to be welcomed.

Conclusion

While the United States remains the world's sole superpower, recent years have seen the emergence of challengers in all spheres of competition. In an increasingly multi-polar world, it is essential for America to proactively retain its position of pre-eminence and influence. The ROI offers a valuable prospect in this regard, given the shared values of democracy and freedom and common understanding. Within the broader canvas of bilateral engagements, an opportunity exists to increase American engagement in the Indonesian defense industry, specifically warship construction. To improve this strategic partnership, the United States should become an indispensable partner. This will require a 'whole-of-government' approach, as the United States may not be able to match offers from other countries in purely monetary terms. The Indonesian warship construction industry, with its current challenges and Indonesian aspirations, offers an invaluable opportunity. While assistance in warship construction, technology transfer, and training support to the ROI are vital to this effort, they need to be accompanied by suitable trade, financial, and cultural offers.

Recommendations

Various initiatives should be considered towards engendering a mutually-beneficial, long-term, strategic partnership between the United States and the ROI. Through US Indo-Pacific Command (INDOPACOM), the United States should consider invitations to GOI representatives to showcase weapon and sensor capabilities at sea. These should be directed specifically at systems to be sold or provided to the ROI. The Harpoon missile, which has already been provided to various allies, is one option.⁵⁵

The DoD should explore legal options regarding the 'realm of the feasible' for technology and weapons sale or transfer, in conjunction with the Department of State. Both Foreign Military Sales (FMS) and Direct Commercial Sale (DCS) options seem to be prima facie viable. Aspects that should be examined include ship design/construction technology, surface to surface missile systems (Harpoon), sensors and navigation systems, and engineering equipment and support. The opportunity for sale or transfer of future upgrades in each system should be included to allow for possible continued engagement. The United States should also offer a training framework under INDOPACOM for these systems.

The Indigenous Defense Industry: Opportunities for Partnership

American companies, through suitable incentives, should be encouraged to invest in the ROI and establish partnerships with PT-PAL. This should include capacity building at PT-PAL shipyards and design and construction assistance. Since PT-PAL is also engaged in export, a viable and profitable model for investment by American companies already exists. This needs to be augmented with trade offers and financial assistance such as long term loans, infrastructure development, and education opportunities.

Increased interaction between American and Indonesian officials, specifically a monthly bilateral meeting between INDOPACOM and TNI, should be instituted. This will enable strategic messaging regarding the advantages to warship construction for the ROI. Increased port calls should also be undertaken in the country, particularly by ships equipped with weapons or sensors being considered for sale or transfer.

The ROI's role in the region is poised to grow exponentially over the next decade, making a closer relationship with the country a strategic imperative for the United States. Concomitantly, there is a need to counter increasing Chinese and Russian influence, which may pose a threat to US interests in the coming years. Towards this end, US investment and support to the indigenous warship construction industry offers an invaluable opportunity that will be mutually beneficial to both nations and needs to be pursued assiduously.

¹ The CIA World Fact Book, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>, Accessed: 2018-09-13.

² Ibid.

³ Ibid.

⁴ The White House, Office of the Press Secretary, Press Release on *Joint Statement between United States of America and the Republic of Indonesia*, Sep 19, 2001, <https://georgewbush-whitehouse.archives.gov/news/releases/2001/09/20010919-5.html>, Accessed: 2018-09-20.

⁵ Scott Morrissey, "U.S. Lifts Indonesia Arms Embargo" Arms Control Today, Arms Control Association, January 1, 2006, https://www.armscontrol.org/act/2006_01-02/JANFEB-Indonesia, Accessed: 2018-09-14.

⁶ Frida Berrigan, *Indonesia at the Crossroads: U.S. Weapons Sales and Military Training*, October 2001, Arms Trade Resource Center, New York.

⁷ White House, Office of the Press Secretary, Statement on "FACT SHEET: Advancing the Rebalance to Asia and the Pacific" November 16, 2015.

⁸ The White House, Office of the Press Secretary, Statement on "Readout of President Donald. J. Trump's Meeting with President Joko Widodo of Indonesia" July 8, 2017.

⁹ ALRI – Navy of the Republic of Indonesia – Modernization, Mar. 6, 2016, <https://www.globalsecurity.org/military/world/indonesia/alri-modernization.html>, Accessed: 2018-09-14.

¹⁰ Ministry of Defence, Republic of Indonesia, Defence White Paper 2015, p. 75.

¹¹ Prashanth Parameswaran, "An Indonesian Defense Revolution Under Jokowi?" The Diplomat, January 30, 2015 <https://thediplomat.com/2015/01/an-indonesian-defense-revolution-under-jokowi/>, Accessed: 2018-09-23.

¹² Ministry of Defence, Republic of Indonesia, Defence White Paper 2015.

¹³ Evan Laksmana, "Indonesian Sea Policy: Accelerating Jokowi's Global Maritime Fulcrum?" Mar. 23, 2017, Asia Maritime Transparency Initiative Brief, Centre for Strategic and International Studies <https://amti.csis.org/indonesian-sea-policy-accelerating/>, Accessed: 2018-09-23.

¹⁴ Ibid.

-
- ¹⁵ Japan Times, “Indonesia Using U.S. Pacific Fleet as Blueprint for Naval Buildup”, , Mar. 19, 2015 <https://www.japantimes.co.jp/news/2015/03/19/asia-pacific/indonesia-using-u-s-pacific-fleet-as-blueprint-for-naval-buildup/>, Accessed:2018-09-23.
- ¹⁶ CIA Fact Book
- ¹⁷ Ibid.
- ¹⁸ Ibid.
- ¹⁹ SIPRI databases, *Military Expenditure by Country (1988-2017)*, <https://www.sipri.org/databases/milex>, Accessed: 2018-09-26.
- ²⁰ Ministry of Defence, Republic of Indonesia, Defence White Paper 2015, p. 83.
- ²¹ Ibid, p.90.
- ²² Ibid.
- ²³ SIPRI Databases, *The State of Major Arms Transfers*, <https://www.sipri.org/commentary/blog/2017/state-major-arms-transfer-8-graphics>, Accessed: 2018-09-26.
- ²⁴ TASS News Agency, *Russia’s Arms Export to Indonesia top \$2.5 Billion* (February 21, 2018) <https://www.google.com/amp/tass.com/defense/991061/amp>, Accessed: 2018-10-12.
- ²⁵ Reuters in South China Morning Post, *India, Indonesia and Vietnam Among Asia Allies Caught in Crossfire of Russian Arms Sanctions*,(April 24, 2018).<https://www.scmp.com/news/asis/diplomacy/article/2143058/india-indonesia-and-vietnam-among-asia-allies-caught>, Accessed: 2018-10-12.
- ²⁶ William Hartung, *Trends in Major U.S. Arms Sales in 2017*, Trend Report, March 2018, Security Assistance Monitor, Center for International Policy, Washington D.C.
- ²⁷ Evan Laksmana, *Are Military Assistance Programs Important for US-Indonesia Ties*, East Asia Forum, April 18,2018, www.eastasiaforum.org/2018/04/18/are-militar-assistance-programs-important-for-us-indonesia-ties/, Accessed: 2018-10-12.
- ²⁸ U.S. Department of Defense, *Readout of Secretary Mattis’ Meeting with Indonesian Minister of Defense*, Department of Defense, January 23, 2018.
- ²⁹ James Mattis, *Summary of the 2018 National Defense Strategy of the USA, Dept. of Defense Objectives*, p4. Dept. of Defense, Washington D.C.
- ³⁰ Prashanth Parameswaran, “Indonesia’s Naval Modernization Continues with New Fast Attack Craft Launch” The Diplomat, Mar. 01, 2018, <https://thediplomat.com/2018/03/>, Accessed: 2018-09-14.
- ³¹ GlobalSecurity.org,*KCR-60M Kapal Cepat Rudal (KCR-Fast Missile Boat)*, <https://www.globalsecurity.org/military/world/indonesia/kcr-60.html>, Accessed: 2018 – 09 – 18. Note: A total of 44 of these ships are planned/envisaged to be inducted by 2024. However, the program is proceeding well behind schedule.
- ³² Tangguh Chairil, “A Self-reliant Defence Industry: A Mission Impossible for Indonesia?” The Conversation, Jul. 3, 2018, <https://theconversation.com/a-self-reliant-defence-industry-a-mission-impossible-for-indonesia-98934>, Accessed: 2018-09-23.
- ³³ Prashanth Parameswaran, “What’s Next for Indonesia’s Shipbuilding Ambitions in 2018?” The Diplomat, January 25, 2018.
- ³⁴ Jon Grevatt, Market Intelligence, Jane’s Defense Industry, Feb. 10, 2016, <https://janes.com/market/intelligence>, Accessed: 2018-09-14.
- ³⁵ Jon Grevatt, Market Intelligence, Jane’s Defense Industry, Apr. 10, 2017, <https://janes.com/market/intelligence>, Accessed: 2018-09-14.
- ³⁶ Jon Grevatt, Jane’s Defense Industry, May 31, 2018, <https://janes.com/article/80477/indonesia-and-india-to-boost-defence-industrial-collaboration>, Accessed: 2018-09-23.
- ³⁷ Hamid Sellak, “Indonesian President Implements Changes to Revolutionize National Defense Industry,” Indo-Pacific Defense Forum, Sep.17, 2017.
- ³⁸ DefenseWorld.net, “Frigate with Anti-ship, Anti-sub Capabilities Joins Indonesian Navy” Apr. 10, 2017, www.defenseworld.net/news/18969Frigate_with_Anti_ship_Anti_sub_combat_capabilities_joins_indonesian_navy, Accessed: 2018-09-14.
- ³⁹ Ministry of Defence, Republic of Indonesia, Defence White Paper, 2015.
- ⁴⁰ Muhamad Haripin, *Rearming the Indonesian State: The Role of Defence Industry Policy Committee*,” Indonesian Institute of Sciences,Jakarta, 2016.

The Indigenous Defense Industry: Opportunities for Partnership

- ⁴¹ Prashanth Parameswaran, "An Indonesian Defense Revolution Under Jokowi?" *The Diplomat*, January 30, 2015 <https://thediplomat.com/2015/01/an-indonesian-defense-revolution-under-jokowi/>, Accessed: 2018-09-23.
- ⁴² Ibid.
- ⁴³ Tangguh Chairil, "A Self-reliant Defence Industry: A Mission Impossible for Indonesia?" *The Conversation*, Jul. 3, 2018, <https://theconversation.com/a-self-reliant-defence-industry-a-mission-impossible-for-indonesia-98934>, Accessed: 2018-09-23.
- ⁴⁴ Ridzwan Rahmat, "Indonesia's Lead KCR-60M craft loses missile attack capabilities" *Jane's Navy International*, Jane's 360, Jan. 09, 2018, <https://janes.com/article/76931/indonesia-s-lead-kcr-60m-craft-loses-missile-attack-capabilities>, Accessed: 2018-09-18. Note: Sixteen additional ships of this class are planned, which will also require a suitable weapon fit. At present, the Indonesian authorities are exploring the feasibility of an advanced Chinese missile system.
- ⁴⁵ James Mattis, *Summary of the 2018 National Defense Strategy of the USA*.
- ⁴⁶ Frida Berrigan, *Indonesia at the Crossroads: U.S. Weapons Sales and Military Training*, October 2001, Arms Trade Resource Center, New York.
- ⁴⁷ National Defense Authorization Act, Section 1263 South China Sea Maritime Security Initiative, Department of Defense, Defense Security Cooperation Agency (DSCA), www.dsca.mil/programs/section-1263-south-china-sea-scs-maritime-security-initiative-msi, Accessed: 2018-09-24. Note: This Section authorizes the US Government to take actions, as considered suitable, to counter China's influence in the region, while retaining American influence, and specifically includes Indonesia among five countries for such initiatives. The authorization is valid until September 30, 2020.
- ⁴⁸ U.S. Department of Commerce, *2016 Defense Markets Report*, June 2016, p. 25.
- ⁴⁹ Ibid, 26. Note: There has, however, been a recent transfer of a few F-16 aircraft in February 2018.
- ⁵⁰ CIA Fact Book.
- ⁵¹ The White House, Office of the Press Secretary, *Remarks by the Vice President and Indonesian President Widodo to the Press*, Apr. 20, 2017.
- ⁵² Ibid.
- ⁵³ Xiabobo Qu and Qiang Meng, *The Economic Importance of the Straits of Malacca and Singapore*, Department of Civil and Environmental Engineering, National University of Singapore.
- ⁵⁴ World Bank Report, *Indonesia Trade at a Glance* (2016). <https://wits.worldbank.org/CountrySnapshot/en/IDN>. Accessed on October 12, 2018.
- ⁵⁵ United States Navy, Fact File, March 2017, https://www.navy.mil/NAVYDATA/fact_display.asp?cid=2200&tid=200&ct=2, Accessed: 2018-10-12. Note: The U.S. Navy website indicates that the Harpoon missile, apart from being used in the U.S. Navy and Air Force, has also been provided to 27 other nations.

BIBLIOGRAPHY

- ALRI. "ALRI - Navy of the Republic of Indonesia - Modernization." *Globalsecurity.org*. March 6, 2016. <https://www.globalsecurity.org/military/world/indonesia/alri-modernization.html> (accessed September 14, 2018).
- Anwar, Dewi Fortuna. "The Emergence of Indonesia's Ocean Policy." *RSIS Publications*. February 21, 2018. <https://www.rsis.edu.sg/rsis-publication> (accessed September 26, 2018).
- Aris Sarjito, Andy Fefta Wijaya, Hermawan. "Policy Effectiveness Evaluation of Minimum Essential Force (MEF) Main Component Indonesian Navy." *International Journal of Management and Administrative Sciences* (Pakistan Society of Business and Management Research) 4, No. 04 (13-21).
- Berrigan, Frida. *Indonesia at the Crossroads: U.S. Weapons Sales and Military Training*. Special Report, New York: Arms Trade Resource Center, October 2001.
- Bitzinger, Richard A. "Southeast Asia's Naval Shipbuilding Industry: Challenges Ahead." *RSIS Commentary*. February 14, 2017. <https://www.rsis.edu.sg> (accessed September 23, 2018).
- Chairil, Tangguh. *The Conversation*. July 3, 2018. <https://www.google.com/amp/s/theconversation.com/amp/a-self-reliant-defence-industry-a-mission-impossible-for-indonesia-98934> (accessed September 23, 2018).
- Chia, Win-Son. "The Possible Trajectories for Indonesia's Defence Industry in the TNI's Minimum Essential Force Strategy: The Tortoise or the Hare?" *RSIS - DR NTU*. 2013. <https://repository.ntu.edu.sg/handle/10356/55272> (accessed September 14, 2018).

- CIA. *The CIA World Fact Book*. 2017. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html> (accessed September 13, 2018).
- Dangan Waluyo, Budisantoso Wirjodirdjo, Supartono. "Policy Scenarios to Achieve Minimum Essential Force/MEF Target: Case Study of Indonesia Navy." *Seminar Nasional Pascasarjana Sttal*. Jakarta: Direktorat Pascasarjana Sekolah Teknologi Angkatan Laut, 2016.
- Defense Security Cooperation Agency. *South China Sea Maritime Security Initiatives, National Defense Authorization Act, 2016, Section 1263*. 2016. www.dsca.mil/programs/section-1263-south-china-sea-scs-maritime-security-initiative-msi (accessed September 24, 2018).
- Defenseworld.net. *Frigate with Anti-ship, Anti-sub Combat Capabilities Joins Indonesian Navy*. April 10, 2017. www.defenseworld.net/news/18969Frigate_With_Anti_ship_Anti_sub_combat_capabilities_joins_indonesian_navy (accessed September 14, 2018).
- Globalsecurity.org. *KCR-60M Kapal Cepat Rudal (KCR - Fast Missile Boat)*. May 2013. <https://www.globalsecurity.org/military/world/indonesia/kcr-60.html> (accessed September 18, 2018).
- Grevatt, Jon. "Indonesia and India to Boost Defence Industrial Collaboration." *Jane's 360*. May 31, 2018. <https://www.janes.com/article/80477/indonesia-and-india-to-boost-defence-industrial-collaboration> (accessed September 23, 2018).
- _____. "Indonesia to Seek Defence Industry Investment from Regional Neighbours." *Jane's 360*. February 10, 2016. <https://janes.com/market/intelligence> (accessed September 14, 2018).
- _____. "Indonesia, Brazil Sign Deal to Boost Defence Industry Collaboration." *Jane's 360*. April 10, 2017. <https://janes.com/market/intelligence> (accessed September 14, 2018).
- _____. "Indonesia's White Paper calls for an Independent Defence Industry." *Jane's*. June 2, 2016. <https://janes.com/market/intelligence> (accessed September 14, 2018).
- Haripin, Muhamad. "Rearming the Indonesian State: The Role of Defence Industry Policy Committee." Jakarta: Centre for Political Studies - Indonesian Institute of Sciences, 12 2016.
- Hartung, William. *Trends in Major U.S. Arms Sales in 2017*. Trend Report, Washington D.C.: Security Assistance Monitor, Center for International Policy, 2018.
- International Trade Administration. *2016 Defense Markets Report, Defense Products*. Market Assessment Tool for U.S. Exporters, Washington: U.S. Department of Commerce, June 2016.
- Japan Times*. March 19, 2015. <https://www.japantimes.co.jp/news/2015/03/19/asis-pacific/indonesia-using-u-s-pacific-fleet-as-blueprint-for-naval-buildup> (accessed September 23, 2018).
- Lakshmana, Evan. "Indonesia Sea Policy: Accelerating Jokowi's Gobar Maritime Fulcrum." *csis.org*. March 23, 2017. <https://amti.csis.org/indonesian-sea-policy-accelerating> (accessed September 23, 2018).
- Laksmana, Evan. "Are Military Assistance Programs Important for U.S.- Indonesia Ties." *East Asia Forum*. April 18, 2018. www.eastasiaforum.org/2018/04/18/are-military-assistance-programs-important-for-us-indonesia-ties/ (accessed October 12, 2018).
- _____. "Reinforcing Indonesia-Australia Defence Relations: The Case for Maritime Recalibration." *Lowy Institute*. October 2, 2018. <https://www.lowyinstitute.org/publications/reinforcing-indonesia-australia-defence-relations-case-maritime-recalibration> (accessed October 7, 2018).
- Leonard C. Sebastian, Meta Silvyani Suwandi. "Transforming the Indonesia Armed Forces: Prospects and Challenges." *Conference Report*. Singapore: S Rajaratnam School of International Studies, Nanyang Technological University, 2011.
- Ministry of Defence, Republic of Indonesia. "Defence White Paper 2015." *Defence White Paper 2015*. Jakarta: Ministry of Defence, Republic of Indonesia, November 20, 2015.
- Morrissey, Scott. "U.S. Lifts Indonesia Arms Embargo." *Arms Control Today*, January 2006.
- _____. "U.S. Lifts Indonesia Arms Embargo." *Arms Control Association*. January 1, 2006. https://www.armscontrol.org/act/2006_01-02/JANFEB-Indonesia (accessed September 14, 2018).
- News Desk. "Indonesian Shipbuilder Aims to Build 7 Missile Vessels This Year." *The Jakarta Post*, January 23, 2018.
- Parameshwaran, Prashanth. "An Indonesian Defense Revolution Under Jokowi?" *The Diplomat*. January 30, 2015. <https://thediplomat.com/2015/01/an-indonesia-defense-revolution-under-jokowi> (accessed September 23, 2018).
- _____. *Indonesia's Naval Modernization Continues with New Fast Attack Craft Launch*. March 1, 2018. <https://thediplomat.com/2018/03> (accessed September 14, 2018).

The Indigenous Defense Industry: Opportunities for Partnership

- _____. "Indonesia, Brazil Ink New Defence Pact." *The Diplomat*, April 11, 2017.
- _____. "What's Next for Indonesia's Shipbuilding Ambitions in 2018." *The Diplomat*, January 25, 2018.
- Rahmat, Ridzwan. "Indonesia's Lead KCR-60M Craft Loses Missile Attack Capabilities." *Jane's 360*. January 9, 2018. <https://janes.com/article/76931/indonesia-s-lead-kcr-60m-craft-loses-missile-attack-capabilities> (accessed September 18, 2018).
- Reuters. "India, Indonesia and Vietnam among Asian Allies Caught in Crossfire of Russian Arms Sanctions." *South China Morning Post*. April 24, 2018. <https://www.scmp.com/news/asis/diplomacy/article/2143058/india-indonesia-and-vietnam-among-asia-allies-caught> (accessed October 12, 2018).
- S Rajaratnam School of International Studies. *Revitalizing Indonesia's Defence Industrial Base: Agenda for Future Action*. Policy Report, Singapore: S Rajaratnam School of International Studies, 2013.
- Schreer, Benjamin. *Strategy, Moving Beyond Ambitions? Indonesia's Military Modernisation*. Policy Report, Barton ACT, Australia: Australian Strategic Policy Institute, 2013.
- Scimia, Emanuele. "Indonesia Boosts its Air and Sea Denial Capabilities." *Asia Times*, November 20, 2017.
- Sellak, Hamid. "Indonesian President Implements Changes to Revolutionize National Defense Industry." *Indo-Pacific Defense Forum*, September 6, 2017.
- SIPRI. "Military Expenditure by Country (1988-2017)." *SIPRI Databases*. 2018. <https://www.sipri.org/databases/milex> (accessed September 26, 2018).
- _____. "The State of Major Arms Transfers." *SIPRI Databases*. 2017. <https://www.sipri.org/commentary/blog/2017/state-major-arms-transfer-8-graphics> (accessed September 26, 2018).
- Supriyanto, Ristian Atriandi. "Indonesia's FastAttack Craft Acquisition: Towards a "Balanced" Fleet." *S Rajaratnam School of International Studies/IDSS/Commentaries/Maritime Security/Southeast Asia and ASEAN*. April 02, 2012. <https://www.rsis.edu.sg/rsis-publication/idss/1718-indonesia-fast-attack-craf> (accessed September 26, 2018).
- Suryadanita, Leo. *Trends in Southeast Asia: The Growing Strategic Partnership Between Indonesia and China faces Difficult Challenges*. Policy Report, Singapore: ISEAS, Yusof Ishak Institute, 2017.
- TASS News Agency. *Russia's Arms Export to Indonesia top \$2.5 Billion*. February 21, 2018. <https://www.google.com/amp/tass.com/defense/991061/amp> (accessed October 12, 2018).
- The Royal Institution of Naval Architects, London. *Indonesia Navy Ramps up PC-40 Patrol Boat Programme*. London, March 2018.
- The White House. "Remarks by the Vice President and Indonesian President Widodo to the Press." *The White House*. April 20, 2017. <https://whitehouse.gov/briefings-statement/remarks> (accessed September 26, 2018).
- U.S. Department of Defense. "Readout of Secretary Mattis' Meeting with Indonesian Minister of Defense." *DoD News Release No: NR-019-18*. Washington: U.S. Department of Defense, January 23, 2018.
- U.S. Department of State. "U.S. Relations with Indonesia." *U.S. Department of State*. August 14, 2018. <https://www.state.gov/r/pa/ei/bgn/2748.html> (accessed September 14, 2018).
- U.S. Navy. *United States Navy - Fact File*. March 10, 2017. https://www.navy.mil/NAVYDATA/fact_display.asp?cid=2200&tid=200&ct=2 (accessed October 12, 2018).
- White House. "Readout of President Donald J.Trump's Meeting with President Joko Widodo of Indonesia." *The White House*. July 8, 2017. <https://whitehouse.gov/briefings-statements/readout-president-donald-j-trumps-meeting-president-joko-widodo-indonesia> (accessed September 26, 2018).
- White House, Office of the Press Secretary. *FACT SHEET: Advancing the Rebalance to Asia and the Pacific*. Fact Sheet, White House, Washington: Office of the Press Secretary, White House, 2015.
- _____. "Joint Statement between United States of America and the Republic of Indonesia." *The White House, President George Bush*. September 19, 2001. <https://georgebush-whitehouse.archives.gov/news/releases/2001/09/20010919-5.html> (accessed September 20, 2018).
- _____. "Readout of President Donald.J.Trump's Meeting with President Joko Widodo of Indonesia." Washington: White House, Office of the Press Secretary, July 8, 2017.
- World Bank. "World Bank Report - Indonesia Trade at a Glance." *WITS - World Bank*. 2016. <https://wits.worldbak.org/CountrySnapshot/en/IDN> (accessed October 12, 2018).
- Xiaobo Qu, Qiang Meng. *The Economic Importance of the Straits of Malacca and Singapore*. Scenario Analysis, Singapore: Department of Civil and Environmental Engineering, National University of Singapore.

Cruising to a New Reality? The Republic of Indonesia's Desire to Become a Global Maritime Fulcrum and the Challenges It Faces

Richard J. Nowinski, LTC, US Army

Introduction

Recent years have seen China synchronize its Diplomatic, Information, Military, and Economic (DIME) instruments of national power to gain influence throughout the world. Beijing's coordinated efforts across the DIME result in significant challenges for the United States and its IndoPacific partners. Consequently, regional powers and the United States are at risk of losing unfettered access to free and open seas in the region. Tough choices lay ahead, and the United States must find innovative solutions to the problems it faces.¹ To sustain a competitive advantage in the maritime domain, the United States requires a reliable partner in the IndoPacific with similar values and objectives. Simply put, the United States cannot do it alone.

The Republic of Indonesia (ROI) has emerged as a key player within the IndoPacific and offers great potential because of shared democratic principles with the United States such as human rights and self-determination. Additionally, Jakarta's goals of maintaining strategic balance in the region closely aligns with US efforts to preserve a free and open IndoPacific. The ROI is actively pursuing ways to strengthen its navy to protect its interests and ensure the free flow of trade and commerce throughout the region. Moreover, it has stated a vision and plan of action to become a Global Maritime Fulcrum (GMF) to increase its national prowess both regionally and globally. The ROI's GMF is an aspirational concept designed to focus its maritime transformation efforts. Moreover, GMF is aimed at bolstering ROI's regional influence within the IndoPacific, while enhancing its international status as a geostrategic player in the global commons.

The ROI can positively influence the region and act as an effective counterbalance to China, but it is at a strategic crossroads. It seeks a reliable partner and its aspirations to become a GMF may provide an opportunity that is mutually beneficial for the United States and the ROI. If the ROI is to become a global leader and achieve its GMF ambitions, then it will need to consider a strategic partnership with the United States. The two nations can maintain balance in the IndoPacific by working together to understand the strategic landscape, address GMF challenges, and develop a strategic partnership. Not only can the United States help the ROI achieve its goals, but once accomplished, the two nations can engage in a relationship that supports regional maritime stability.

Strategic Landscape

Maritime Ambitions

The ROI's maritime ambitions reflect its readiness to play a more significant role on the world stage. President Widodo made the archipelagic state's aspirations clear during his 2015 visit to the White House, when he and President Obama issued a joint statement introducing the

Cruising to a New Reality? The Republic of Indonesia's Desire to Become a Global Maritime Fulcrum and the Challenges It Faces

GMF concept that outlined the ROI's desire to project influence beyond its domestic borders.² At the heart of GMF are modernization efforts aimed at transforming the ROI's navy into a credible global force capable of advancing diplomatic efforts at home and abroad.³ In the Obama-Widodo statement, both countries recognized the ROI's aim to "become a Global Maritime Fulcrum" and affirmed "Indonesia's leadership in regional and global fora in concert with US policies to promote peace, prosperity, stability, and security in the Asia-Pacific Region [IndoPacific]."⁴ President Widodo's historic visit signaled the ROI's willingness to chart a new path and advance a relationship with the United States to support its future maritime vision.

The ROI's GMF statement was an expression of its past culture and future ambitions. GMF is a strategic concept that recognizes the ROI's maritime traditions and charts a course to establish itself as an internationally-relevant maritime force.⁵ Collin Koh outlines five pillars of President Widodo's GMF: rebuilding maritime culture, managing marine resources, developing maritime infrastructure, projecting maritime diplomacy, and building maritime defense.⁶ By declaring GMF aspirations, President Widodo reinforced a fundamental naval concept that an overarching strategy must be applied to a political endstate.⁷ The tying of naval actions to political objectives is a crucial step in achieving Jakarta's maritime goals, and provides an opportunity for the two nations to work together to achieve GMF's maritime diplomacy and defense components.

The China Challenge

The ROI has enjoyed relative insulation from Beijing's political and military expansion, but now finds itself increasingly impacted by China's actions. China seeks to intensify presence beyond its borders by influencing nations on its periphery.⁸ The ROI has traditionally been on the margins, but as China expands its power through military and economic reach, its encroachment is becoming more evident.⁹ China's fishing fleets continue to push further south from its mainland, violating the ROI's Exclusive Economic Zone (EEZ) near Natuna Island, and leading the ROI's navy to clash with Chinese fishing trawlers and Coast Guard vessels.¹⁰ Once solely concerned with domestic maritime issues, the ROI finds itself in a position where its navy may need to confront a modern People's Liberation Army-Navy (PLA-N) to defend its sovereignty in a resource-rich EEZ.

China's expansionist goals have become more apparent, partly through a significant increase in PLA-N resources and capabilities. China has transformed the PLA-N into a force capable of power projection and has demonstrated a willingness to use that force in conjunction with other instruments of national power to gain concessions from IndoPacific countries.¹¹ Beijing has "in recent years...adopted a coercive approach to deal with several disputes that continue over maritime features and ownership of potentially rich offshore oil and gas deposits."¹² The PLA-N currently has a robust force capable of conducting domestic defense and global power projection.¹³ The ROI's modernization efforts under the GMF are timely and offer a strategic opportunity for US partnership to counterbalance increasing PLA-N capabilities.

Global Maritime Fulcrum

Reconciliations: Key Challenges Facing the GMF

The ROI requires a credible naval force to protect and secure the significant maritime resources it possesses. Just as important to the archipelagic nation are the capabilities of its naval force when coupled with maritime traditions and responsibilities to protect its EEZ.¹⁴ The ROI's maritime resources, including fisheries and underwater gas reserves, contribute to its wealth and are key to current and future prosperity. These resources are the primary reason that the ROI has a strong navy, and its economic and military strength are important factors in establishing regional influence.¹⁵ Conversely, the naval forces required to protect the ROI's resources also hinder its ability to look outward. The ROI needs to strike the right balance between maintaining resources, developing forces to maintain regional influence, and projecting seapower to enhance its global status.

The Indonesian Navy, Tentara Nasional Indonesia-Angkatan Laut (TNI-AL), faces challenges and opportunities as it seeks to fulfill domestic defense requirements while simultaneously developing capabilities to project force to gain diplomatic influence. TNI-AL's core missions are to protect maritime resources, combat piracy, and prevent the illegal exploitation of the ROI's maritime environment.¹⁶ Additionally, TNI-AL is responsible for managing Transit Zones in the Straits of Malacca, Sunda, Lombok, and Makassar, where over half of the world's merchant tonnage transits annually.¹⁷ The brunt and increasingly contentious component of TNI-AL's mission is its responsibility for managing and enforcing the resources within the ROI's EEZ while acting as a buffer against encroaching neighbors.¹⁸ TNI-AL's missions, coupled with President Widodo's vision of a GMF, require it to reconcile responsibilities with aspirations and fully commit to GMF solutions to realize its ambitions of transforming into a modern naval force capable of projecting power.

TNI-AL requires strategic thinking to resolve historical "greenwater" responsibilities with its aspirations to develop "bluewater" capabilities. A greenwater navy is "able to carry out drug enforcement, fisheries, and domestic defense within territorial waters," while a bluewater navy is "capable of conducting and sustaining long-term operations outside of territorial waters in defense of a sovereign's international policies."¹⁹ Focusing on the latter gets to the crux of accomplishing the projection aspect of GMF and provides the United States with an opportunity to share 240 years of bluewater naval experience.

To fully realize its potential and operationalize GMF, TNI-AL must reconcile greenwater responsibilities with bluewater ambitions to project power. As Koh points out, "The aspirations are twofold...with the primary purposes...to ensure the security of its EEZ and...contribute on the world stage by projecting power," albeit for limited durations, to support international operations that align with national objectives.²⁰ The ROI's ability to project power is not without precedent, and its maritime contributions to United Nations peacekeeping missions in Lebanon, operations against Somali pirates, and involvement in multi-lateral maritime exercises illustrate

Cruising to a New Reality? The Republic of Indonesia's Desire to Become a Global Maritime Fulcrum and the Challenges It Faces

TNI-AL's ability to operate beyond its borders.²¹ The dilemma for the ROI is balancing global aspirations against more practical concerns such as illegal fishing, which costs the ROI billions of dollars each year.²² The TNI-AL must reconcile current capabilities and requirements with the political pressure to expand its force structure and missions to play a more global role. More specifically, the ROI should consider adjusting foreign policy goals and focus on developing strategic partnerships to overcome the obstacles that prevent fulfilling its GMF ambitions.

Fully Commit: GMF Solutions and Way Ahead

The ROI must be uncompromising in its efforts to enhance bluewater capabilities in support of power projection, defined by the US Secretary of the Navy as “the ability of a nation to apply all or some of its elements of national power—diplomatic, informational, military, or economic—to respond to crises, contribute to deterrence, and enhance regional stability.”²³ Additionally, employing naval forces to influence geopolitical events is an essential prerequisite to gaining influence throughout the world.²⁴ The ROI has already proven that it is willing to project power to protect domestic interests, but one issue of power projection is whether the government is willing to respond to crises and enhance regional stability in concert with other nations, especially in the face of China's objections. The ROI's willingness to push against China's encroachment in Natuna was a crucial indicator that it is indeed ready to become a global player, but TNI-AL requires investment, strategic leadership, and reprioritization of resources to fully achieve its maritime goals.

The ROI's navy requires significant investment and the United States can provide resources and experience to help guide manning, training, and equipping. Koh points out that the TNI-AL has immense responsibilities while simultaneously being asked to undertake revolutionary change.²⁵ The question is whether the navy will be able to rise to the challenge and if politicians and the public will support shifting economic resources to achieve national maritime aspirations.²⁶ China's encroachment may open the door for US partnership and provide the impetus for Jakarta to increase investment so that TNI-AL can address China's increasingly confrontational approach.

Strategic communication is an important component of GMF success. TNI-AL must explain the importance of the ROI's maritime culture and articulate risks to political leadership and the public when competing against other military services for funding. Historically, the Indonesian army has been the dominant service and a key influencer within the government and amongst the populace.²⁷ The ROI must balance its maritime ambitions and satisfy the requirements imposed by the army, despite an uneasy tension between the two.²⁸ With strong political and military leadership, a top-down message emphasizing GMF importance may allow Jakarta to shift inter-service resources to achieve its maritime ambitions.

The challenge to TNI-AL achieving GMF is immense but not insurmountable. From securing the ROI's EEZ to defending against internal and external threats, the TNI-AL has

struggled to carry out its maritime obligations while modernizing its equipment and tactics.²⁹ Its internal commitments are vast, with a host of missions such as commerce and fisheries enforcement spread over 93,000 square kilometers.³⁰ The ROI's array of maritime responsibilities proves problematic, but TNI-AL may be able to work with other parts of the government. As Vego asserts, "Navies... can be employed in routine activities in peacetime, operations short of war, low-intensity conflict, and high-intensity conventional war... However, a navy, no matter how strong, cannot carry out all the tasks alone."³¹ The ROI can mitigate these challenges by developing greater maritime domain awareness to focus the TNI-AL's limited resources on potential threats or violations within the EEZ. Domestic requirements need not be a mission solely for the navy, and Jakarta should redistribute tasks to the Coast Guard and even local law enforcement. Although not insignificant, the TNI-AL is more than capable of patrolling its area of responsibility, meeting domestic maritime commitments, and incrementally modernizing its maritime force.

Future Opportunities: Strategic US - ROI Partnership

Regional stability in the IndoPacific may hinge on the ROI successfully achieving GMF, and its efforts provide the United States with opportunities to engage a like-minded partner. US support of the ROI's modernization efforts can be seen as an economy of force for both nations, because it would be far less costly than building a separate fleet of ships to counterbalance China's efforts in the region. As Till describes, investing and maintaining a navy requires significant resources and capital investments.³² Though often described in the context of a decisive battle, Till's concepts reinforce the age-old maxim of a weaker power blunting a larger and more capable force.³³ TNI-AL is capable of moderating China's expansion, but operationalizing a nation's maritime vision requires significant resources, and Jakarta should consider US partnership to align international priorities and offset the costs associated with becoming a global maritime power.

The ROI is capable of overcoming shortfalls in equipment and technology so long as the geo-strategic environment is permissive. This means aligning diplomatic objectives and having the political will to frame a strategic environment that is advantageous to nations willing to challenge the status quo against China.³⁴ A country's maritime strategy is evolutionary and, some could argue, iterative as well.³⁵ The time it will take for the ROI to develop its capabilities makes it even more crucial that the United States and partners within the region set the conditions for Jakarta's success.

It is imperative the United States work with like-minded partners such as the ROI to challenge potential military adversaries. The US Chairman of the Joint Chiefs of Staff emphasizes that there is little room for error, recently stating "in past conflicts there were opportunities to absorb costs and recover if something went wrong. Today, that cannot be assumed, and our strategic decision-making processes must adapt to keep pace."³⁶ While certainly looking toward the application of the US joint force, Chairman Dunford's assertions are

Cruising to a New Reality? The Republic of Indonesia's Desire to Become a Global Maritime Fulcrum and the Challenges It Faces

equally important toward leveraging all instruments of national power and ensuring partners and allies can, if called upon, quickly integrate into a multinational force.

The GMF initiative illustrates that the ROI government recognizes that its nation is at a strategic crossroad, and the United States may be a key partner for improving regional stability. The challenge is how to support the ROI's GMF, in concert with US policies, while maintaining regional balance. The US Secretary of the Navy, Ray Maybus, acknowledged that the United States must leverage the shared interests of partners and strengthen cooperation to capitalize on areas that serve mutually beneficial ends.³⁷ GMF provides the United States with an ideal opportunity to assist the ROI's desire to project power, and the resulting partnership may promote regional stability.

Counter-Arguments

Some may argue that the ROI faces too many obstacles, making it incapable of achieving GMF and acting as an effective counterbalance to China. Defense spending is a key indicator of the ROI's ability to meet current military requirements while modernizing; it is currently less than 1% of Gross Domestic Product (GDP), approximately \$8 billion.³⁸ By comparison, China's current military spending as a percentage of its GDP is approximately 2% at over \$200 billion, and the United States' is at 3.6%, or \$869 billion.³⁹ Koh posits that 1.5% of Indonesian GDP is required to achieve TNI-AL modernization and meet existing requirements.⁴⁰ Given current and projected military expenditures, the ROI may not have the political and economic wherewithal to support modernization efforts aimed at global power projection. These shortfalls make it even more crucial that it consider developing a strategic partnership with the United States to help overcome GMF obstacles.

Justifying budget expenditures on expeditionary capabilities is especially difficult given the ROI's geo-political position, not only within the maritime domain, but also because of its approach to great power competition. Koh states that the ROI understands its dependence on others and is wary of co-option by great powers.⁴¹ Its sensitivity to being used as a proxy has led Jakarta to adopt a non-aligned status, potentially hindering outside assistance to achieve GMF.⁴² China's incursions into the ROI's EEZ may provide Jakarta the impetus to push beyond its current posture of political restraint and make it easier to justify increased partnership with the United States to counter potential threats.

Conclusions and Recommendations

Recent years have seen China coordinate efforts to limit the maritime influence of the United States and regional powers in the IndoPacific. Several nations in the IndoPacific have the capabilities and desire to exercise maritime power, but they must balance these aspirations within a strategic environment increasingly defined by China's influence across the spectrum of national power. The United States requires partnerships to counter an increasingly belligerent China, and the ROI offers great potential because of shared values and objectives. It is

imperative that the United States work with like-minded partners such as the ROI to challenge potential military adversaries. The ROI's nautical traditions and reliance on the sea require it to project power and confront any nation that threatens its resources. By prioritizing GMF and seeking assistance, the ROI has an opportunity to forge a much stronger partnership with the United States that could contribute to its efforts to ensure self-determination in the face of China's coercive grand strategy.

The ROI seeks to gain relevance within the region and across the globe by achieving a GMF that allows it to project power and confront any nation that poses a threat. The ROI is setting an example for others in the region by standing firm against China's expansionist tendencies.⁴³ The ROI has consistently demonstrated the capability to conduct maritime security operations in its waters while showing determination to challenge China's belligerence.⁴⁴ Jakarta's resolve is no accident and illustrates its willingness to follow through on President Widodo's pledge to increase influence in the region. Its ability to carry out domestic missions and challenge China regionally are important indicators of Jakarta's determination to become a Global Maritime Fulcrum.

The ROI can become a positive influence in the region. Its ability to develop into a capable partner and global leader may ultimately prove aspirational unless the United States and the ROI are willing to work together to help fully realize GMF ambitions. The ROI needs a reliable partner and its desire to become a GMF may prove mutually beneficial to both countries. The archipelagic nation's incremental steps to achieve GMF is significant and provides the United States with an opportunity to partner with TNI-AL to help both nations achieve their goals. The ROI's geostrategic position and actions will allow it to shape a positive narrative within the IndoPacific, and Jakarta's movement towards GMF will act as an effective counterbalance to China and open new possibilities for US strategic partnership.

¹ Ray Maybus, *A Cooperative Strategy*, Washington, DC: Office of the Secretary of the Navy, March 2015, 24.

² The White House Office of the Press Secretary, "Joint Statement by the United States of America and the Republic of Indonesia," accessed Aug 28, 2018. <https://obamawhitehouse.archives.gov/the-press-office/2015/10/26/joint-statement-united-states-america-and-republic-indonesia>.

³ Dhiana Puspitawati, "Urgent Need for National Maritime Security Arrangement in Indonesia: Towards Global Maritime Fulcrum," *Indonesia Journal of International Law* 14, no.3 (2017): 321.

⁴ White House, "Joint Statement."

⁵ Puspitawati, "Urgent Need," 321.

⁶ Collin Koh, "What Next for the Indonesian Navy? Challenges and Prospects for Attaining the Minimum Essential Force by 2024," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37, no. 3 (2015): 433.

⁷ Geoffrey Till, *Seapower: A Guide for the Twenty-First Century*, (London: Frank Cass, 2004), 25.

⁸ US Office of the Secretary of Defense, "Military and Security Developments Involving the People's Republic of China, 2017," Washington, DC: Department of Defense, May 15, 2017. II.

⁹ Ibid.

¹⁰ "Annoyed in Natuna; Indonesia and the South China Sea," *The Economist* 420, no. 8996 (2016): 35, <https://www.economist.com/asia/2016/07/02/annoyed-in-natuna>.

Cruising to a New Reality? The Republic of Indonesia's Desire to Become a Global Maritime Fulcrum and the Challenges It Faces

- ¹¹ OSD, "Military and Security Developments," 24.
- ¹² Ibid.
- ¹³ Ibid.
- ¹⁴ Koh, "What's Next," 434.
- ¹⁵ Ibid.
- ¹⁶ Sean Quirk and John Bradford, "Maritime Fulcrum: A New US Opportunity to Engage Indonesia," *Center for Strategic and International Studies, Pacific Forum*, 15, no.9 (2015), 5-6.
- ¹⁷ Ibid, 5.
- ¹⁸ Puspitawati, "Urgent Need," 327.
- ¹⁹ Koh, "What's Next," 435.
- ²⁰ Ibid.
- ²¹ Quirk and Bradford, "Maritime Fulcrum," 6.
- ²² Douglas Johnson, "Drawn into the Fray: Indonesia's Natuna Islands Meet China's Long Gaze South," *Asian Affairs, an American Review* 24, no. 3 (Fall, 1997): 155.
- ²³ Maybus, *Cooperative Strategy*, 24.
- ²⁴ Till, *Seapower*, 25.
- ²⁵ Koh, "What's Next," 434.
- ²⁶ Ibid.
- ²⁷ Ibid., 452.
- ²⁸ Gregory Raymond, "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia* 39, no. 1 (04, 2017): 157, <http://dx.doi.org.usnwc.idm.oclc.org/10.1355/cs39-1e>.
- ²⁹ Quirk and Bradford, "Maritime Fulcrum," 6.
- ³⁰ Johnson, "Drawn into the Fray," 153.
- ³¹ Milan Vego, "On Naval Power," *Joint Force Quarterly* 59, (3rd Quarter, 2008): 9.
- ³² Till, *Seapower*, 26.
- ³³ Ibid., 25.
- ³⁴ Ibid., 150.
- ³⁵ Ibid., 26.
- ³⁶ Joseph Dunford, "The Character of War and Strategic Landscape Have Changed," *Joint Force Quarterly* 89, (2nd Quarter, April 2018), 24.
- ³⁷ Maybus, *A Cooperative Strategy*, 13.
- ³⁸ The World Bank, "Indonesia Defense Spending," Stockholm International Peace Research Institute, Armaments and Military Expenditures, accessed Oct 14, 2018. <https://data.worldbank.org/indicator/MS.MIL.XPND.CD?locations=ID>.
- ³⁹ The World Bank, "US and China Defense Spending," Stockholm International Peace Research Institute, Armaments and Military Expenditures, accessed Sep 15, 2018. <https://data.worldbank.org/indicator/ms.mil.xpnd.gd.zs>.
- ⁴⁰ Koh, "What's Next," 451.
- ⁴¹ Ibid., 435.
- ⁴² Quirk and Bradford, "Maritime Fulcrum," 3.
- ⁴³ Raul Pedroza, "The Bull in the China Shop and Rising Tensions in the Asia Pacific Region," Newport, RI: Naval War College, International Law Studies, 90 INT'L L, STUD 66, 2014, 98.
- ⁴⁴ Quirk and Bradford, "Maritime Fulcrum," 5-8.

BIBLIOGRAPHY

- "Annoyed in Natuna; Indonesia and the South China Sea." *The Economist* 420, no. 8996 (2016): 1. <https://www.economist.com/asia/2016/07/02/annoyed-in-natuna>.
- "Indonesia's Detention of Chinese Fishermen in the Natuna Islands Signifies More Assertive South China Sea Policy." *Jane's Country Risk Daily Report* 23, no. 61 (2016): <https://janes-ihs-com.usnwc.idm.oclc.org>.
- Agastia, Dharma. "3 Years Later, Where is Indonesia's Global Maritime Fulcrum?" *The Diplomat*. November 22, 2017.

- Dunford, Joseph F. Jr. "The Character of War and Strategic Landscape Have Changed." *Joint Force Quarterly* 89, (2nd Quarter, April 2018): 1-2.
- Gvosdev, Nikolas. "Keystone States: A New Category of Power." *Horizons*. (Autumn 2015).
<http://www.cirsd.org/en/horizons/horizons-autumn-2015--issue-no5/keystone-states---a-new-category-of-power>.
- Johnson, Douglas. "Drawn into the Fray: Indonesia's Natuna Islands Meet China's Long Gaze South." *Asian Affairs, an American Review* 24, no. 3 (Fall, 1997): 153-161. <https://search-proquest-com.usnwc.idm.oclc.org/docview/97426813?accountid=322>.
- Koh, Collin. "What Next for the Indonesian Navy? Challenges and Prospects for Attaining the Minimum Essential Force by 2024." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37, no. 3 (2015): 432-462.
- Luke, Ivan T. "Legitimacy in the Use of Seapower." Newport, RI: Naval War College. Joint Military Operations Department. July 2015. 1-7.
- Maybus, Ray. "A Cooperative Strategy for 21st Century Seapower." Washington, DC: Office of the Secretary of the Navy, March 2015. 1-40.
- Pedrozo, Raul. "The Bull in the China Shop and Rising Tensions in the Asia Pacific Region." Newport, RI: Naval War College. International Law Studies. 90 INT'L L, STUD 66. 2014. 1-36
- Puspitawati, Dhiana. "Urgent Need for National Maritime Security Arrangement in Indonesia: Towards Global Maritime Fulcrum." *Indonesia Journal of International Law* 14, no. 3 (2017): 321-347.
- Quirk, Sean and Bradford, John. "Maritime Fulcrum: A New US Opportunity to Engage Indonesia." *Center for Strategic and International Studies, Pacific Forum* 15, no.9 (2015): 1-11.
- Raymond, Gregory Vincent. "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia* 39, no. 1 (2017): 149-177.
<http://dx.doi.org.usnwc.idm.oclc.org/10.1355/cs39-1e>.
- Richardson, John M. "A Design for Maintaining Maritime Superiority." Washington, DC: Office of the Chief of Naval Operations. Version 1.0. January 2016. 1-10.
- Sanders, Robert A. "The South China Sea Arbitration Dispute Background & Arbitration Case." Newport, RI: Naval War College. Joint Military Operations Department. February 2018. 1-44.
- The White House Office of the Press Secretary. "Joint Statement by the United States of America and the Republic of Indonesia." Accessed Aug 28, 2018, <https://obamawhitehouse.archives.gov/the-press-office/2015/10/26/joint-statement-united-states-america-and-republic-indonesia>.
- The World Bank. "US Defense Spending as Percentage of GDP," Stockholm International Peace Research Institute, Armaments and Military Expenditures. Accessed Sep 15, 2018.
<https://data.worldbank.org/indicator/ms.mil.xpnd.gd.zs>.
- The World Bank. "China Defense Spending," Stockholm International Peace Research Institute, Armaments and Military Expenditures. Accessed Sep 15, 2018. <https://data.worldbank.org/indicator/ms.mil.xpnd.gd.zs>.
- The World Bank. "Indonesia Defense Spending," Stockholm International Peace Research Institute, Armaments and Military Expenditures. Accessed Oct 14, 2018.
<https://data.worldbank.org/indicator/MS.MIL.XPND.CD?locations=ID>.
- Till, Geoffrey. *Seapower: A Guide for the Twenty-First Century*. London: Frank Cass, 2004.
- US Office of the Secretary of Defense. "Military and Security Developments Involving the People's Republic of China, 2017." Washington, DC: Department of Defense, May 15, 2017. 1-84.
- Vego, Milan. "On Naval Power." *Joint Force Quarterly* 59, (3rd Quarter, 2008): 1-17.

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

Nicholas C. Nuzzo, LtCol, US Marine Corps

Key Aspects of the Operational Environment

The Republic of Indonesia (ROI) and China do not share claims of any land mass in the South China Sea (SCS). The ROI does not even consider China as one of its neighbors.¹ However, this has not prevented border-like tensions between the two nations. The tension stems from the overlap between China's so-called Nine-Dash Line claim and the ROI's internationally recognized Exclusive Economic Zone (EEZ).² This area, around the ROI's Natuna Islands, has the added significance of being rich in resources, especially natural gas.³ Although the ROI's initial approach was to ignore China's assertion because of its inability to project power to the area,⁴ the dynamics have changed in the past decade. The ROI detained eight Chinese vessels and over 70 Chinese citizens fishing off the Natunas in 2009.⁵ On two occasions in 2010, Chinese patrol vessels forced Indonesian patrol boats under gunpoint to release similarly detained Chinese fishing vessels.⁶ In 2013, a Chinese patrol vessel jammed the radios of an Indonesian counterpart to prevent it from calling additional responders and ultimately to free detained Chinese fishermen.⁷ Additional incidents occurred in 2016 that included Chinese patrol boats ramming a Chinese vessel to free it⁸ and the Indonesian Navy firing warning shots.⁹ Immediately after the 2016 warning shots incident, the Chinese government stipulated that their claim in the vicinity included "traditional fishing grounds."¹⁰ A year later, the Government of Indonesia (GOI) renamed the water around the Natuna Islands as the North Natuna Sea.¹¹

A central aspect of the ROI's foreign policy presents a significant challenge to how the United States should approach the country. A review of some of the labels Indonesian leaders and experts use to describe their policy is revealing: "non-alignment,"¹² "moderate position between major powers,"¹³ "free and active,"¹⁴ "a million friends and zero enemies,"¹⁵ "dynamic equilibrium,"¹⁶ "strategic autonomy,"¹⁷ and "pragmatic equidistance."¹⁸ Although non-alignment is not neutrality, the ROI will not pursue a formal alliance with either the United States or China.¹⁹ It has, however, established formal strategic partnerships with both nations^{20,21} as it attempts to maintain a positive relationship with each, despite China's encroachments into the Natuna Islands area. Beyond the ROI's geographic proximity, the fact that China is its largest trading partner²² is relevant to the dynamics of the relationship. This entire context perhaps explains why there is dissonance within the GOI regarding its response to China's encroachments. For example, immediately after one of the 2016 skirmishes, the Indonesian Foreign Minister stipulated there were no border problems with China, while the Cabinet Secretary indicated a desire to resolve the border problems peacefully.²³

The challenge for US Indo-Pacific Command (INDOPACOM) in its approach to the ROI is reconciling the tension between China's encroachments and the ROI non-alignment foreign

policy. On one hand, one objective of a geographic combatant command is to assist a strategic partner with responding to a growing superpower encroaching on its EEZ. On the other, until China crosses some undetermined threshold of aggression toward the ROI, the latter is attempting to maintain a strategic balance between China and the United States. INDOPACOM should take an indirect approach in supporting the ROI Armed Forces (Tentara Nasional Indonesia, TNI) to address China's maritime claims by focusing its actions, activities, and investment in three key areas: maritime domain awareness (MDA), joint and interagency coordination (JIAC), and regional, multilateral cooperation.

With the context and thesis of this paper established, this paper will review applicable highlights from US national and theater guidance and further explain the meaning of an indirect approach. It then presents each of the three key areas—MDA, JIAC, and regional, multilateral cooperation—in the same manner. For each, this paper introduces the area and elaborates its role in an indirect approach, describes the associated gaps and challenges, and then provides a framework to be used by INDOPACOM to address those gaps and challenges. The paper then presents the benefits resulting from the mutual support of all three key areas before ending with conclusions and recommendations.

US Strategic Guidance and the Indirect Approach in this Context

A review of US strategic and theater guidance reinforces the need for INDOPACOM action. One of the four pillars upon which the *US National Defense Strategy* rests is “preserve peace through strength.”²⁴ The strategy calls for “strengthen[ing] alliances and attract[ing] new partners” as one element of the strategic approach to obtain “mutually beneficial... partnerships [that will achieve] asymmetric advantage” over competitors.²⁵ It emphasizes the requirement to “reinvigorate and focus our approach to... partnerships” that will build capable networks through the use of multiple elements, such as “expanding regional consultative mechanisms and collaborative planning.”²⁶ At the theater level, the INDOPACOM mission is “protect[ing] its allies... maintain[ing] access and freedom of movement across all domains... and deter[ing] aggression.”²⁷ According to the combatant command's *Theater Campaign Plan*, one of the effects it seeks is that “partner nations have maritime security response capability within their territorial seas and respective economic exclusion zones.”²⁸ INDOPACOM actions are certainly warranted based on national and theater guidance. Planners should fully understand the indirect approach before execution of any action.

An explanation of the “indirect approach” is necessary before proceeding. One of the elements of operational design that joint military planners consider is whether to use a direct or indirect approach.²⁹ The distinction is where one attacks an enemy's center of gravity. Applying power on an enemy's vulnerabilities as opposed to directly on its center of gravity is the indirect approach.³⁰ Since the United States and the ROI are partners, however, this traditional definition of the indirect approach does not apply. The relationship continuum framework of “cooperation, competition below armed conflict, and armed conflict”³¹ from the 2018 *Joint Concept for*

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

Integrated Campaigning provides context. The relationship between the United States and the ROI is one of cooperation. The relationships between the United States and China, and the ROI and China, include both competition below armed conflict and cooperation. With the ROI's non-alignment policy in mind, any US engagement must be one that precludes an alliance, or even the perception of an alliance, meant to directly engage China. The indirect approach in this context is a limitation on the type of engagement the United States employs with the ROI. This is a significant consideration as we transition to examining each of the key focus areas.

Maritime Domain Awareness

One area INDOPACOM should focus its operations, activities, and investments with the ROI is Maritime Domain Awareness (MDA). The Joint Publication on *Command and Control of Joint Maritime Operations* describes MDA as “effective understanding” of the domain and further elaborates that it is a “key enabler of an active and layered maritime defense in depth and facilitates more expeditious and precise actions.”³² Indonesian President Joko “Jokowi” Widodo has a maritime-focused vision for his nation. Maritime defense is a main pillar in both his published 2014 Global Maritime Fulcrum doctrine and 2017 Indonesian Sea Policy.³³ Improving the ROI's MDA is aligned with Jokowi's vision and US strategic and theater guidance. This supports an indirect approach, since MDA is focused on gathering information in the ROI's vast maritime domain and not necessarily only targeted at China. Identifying the ROI's gaps in MDA would serve as a starting point for INDOPACOM planners.

The ROI has a need to improve its MDA capacity and capability. The Indonesian Navy's acquisition of 20 maritime patrol aircraft in the 1990s³⁴ and the inclusion of “new surveillance and reconnaissance” capabilities along with major platforms to its Minimum Essential Force list³⁵ indicate it understands the importance of MDA. In early 2018, the US Office of Security Cooperation in Jakarta assessed the ROI's MDA capability as “nascent,” with their surveillance systems “degraded,” and the capabilities of their maritime patrol aircraft “limited.”³⁶ An International Institute for Security Studies report on the ROI's maritime power argues that developing MDA would allow its Navy to allocate resources more efficiently and effectively, thereby improving its ability to deter.³⁷ In other words, if INDOPACOM helps TNI to improve their MDA capability, the ROI will be able to identify and target Chinese maritime encroachments in the Natuna area EEZ more effectively. This, in turn, could give the ROI an advantage in responding to future encroachments.

INDOPACOM could use the *Navy Maritime Domain Awareness Concept* as a framework applied through security cooperation and assistance efforts towards the ROI. The document recognizes that achieving MDA requires a multiagency and multilateral approach. It provides concepts and requirements for MDA at all levels of command, which can serve as potential ways and means of assisting the ROI. At the strategic level, INDOPACOM could facilitate the establishment of a regional maritime situational awareness (RMSA) network, provide technical assistance, assist in the acquisition of equipment and training, and develop data-sharing

agreements.³⁸ At the operational level, INDOPACOM forces can collaborate with their Indonesian Navy and government agency counterparts to establish a tight network among themselves and other regional partners and develop a common operating picture. At the tactical level, INDOPACOM can facilitate opportunities for US vessels and aircraft demonstrations of MDA techniques, tactics, and procedures. INDOPACOM should facilitate addressing the ROI's MDA gaps and challenges across its military forces and agencies, through all levels of command.

Joint and Interagency Coordination

The second key focus area for INDOPACOM's engagement with the ROI is joint and interagency coordination (JIAC). Improving the "jointness" of TNI and, more broadly, the way all GOI departments and agencies work together has a direct correlation with the country's ability to address China's encroachments. Furthermore, improving ROI MDA will have a positive effect on JIAC. However, the intent with improving JIAC is broader than merely focusing on that aspect. The indirect approach applies to this effort as the focus is on the relationships internal to the GOI. The ROI has challenges with JIAC, but INDOPACOM can take potential actions to assist.

Indonesian military and government officials, US officials that work with the ROI, and scholars who study the country all agree that the ROI has significant interagency challenges that detract from its maritime security. The Minister for Maritime Affairs and Fisheries and the Navy Chief have expressed frustration with the overlap and conflicts in maritime laws and security forces tasked to execute them, respectively.³⁹ It appears that the creation and restructuring of a Maritime Security Coordination Board meant to resolve these issues were unsuccessful⁴⁰. An International Institute for Security Studies report characterizes Indonesian maritime cooperation as "inconsistent" and ad hoc in nature."⁴¹ Additional context for the lack of unity of effort in maritime security comes from a scholar stipulating the lack of a "single authoritative agency."⁴² A recent RAND assessment on ROI maritime security indicates that there are at least eleven responsible government agencies.⁴³ This brief survey of the literature illustrates the ROI's need to improve its JIAC and indicates that internal measures taken thus far have not resolved the issue. There is an opportunity for external assistance that INDOPACOM can provide.

TNI would benefit from developing unity of effort among its military services and the other government agencies responsible for maritime security. This calls for unity of effort when unity of command may not be possible; the goal is to take a whole-of-government approach to maritime security. INDOPACOM can play a key role in this endeavor with the way it executes the joint guidance on interorganizational cooperation. The joint publication on *Interorganizational Cooperation* indicates that one can "improve reach back and expedite decision making" by forming interagency teams.⁴⁴ INDOPACOM can use its own Joint Interagency Coordination Group as a template in its engagements with the ROI. Additionally, it can use a Joint Interagency Task Force (JIATF). For instance, for a maritime security-focused exercise, INDOPACOM could build a "JIATF Maritime Security" where Indonesian military

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

and agency representatives interface with US counterparts. This could build on recommendations from the MDA key focus area, specifically for the benefit of the joint and interagency coordination focus area more broadly. The result would be a more effective response to maritime threats as the various agencies understand each other's capabilities, limitations, culture, and capacity. The ROI's non-alignment policy would limit the United States from conducting robust engagements of this type with the ROI around the Natunas. However, the next focus area provides an indirect approach INDOPACOM could use to mitigate this limitation.

Regional, Multilateral Cooperation

The final focus area that supports an indirect approach with the ROI is leveraging and facilitating regional, multilateral cooperation. The US Security Cooperation Office Chief recently reported a lack of optimism for bilateral "cooperation activities" in the Natuna Island area,⁴⁵ which is in line with the ROI's non-alignment policy. However, recognizing that the ROI's non-alignment foreign policy does not apply to its neighbors presents opportunities. These nations have similar issues with China, and many are strong partners or allies with the United States, such as Australia. The essence of this focus area is to shift the focus away from a bilateral, US-led approach to a regional, multilateral approach with the United States in a supporting role.

Although US-Indonesian bilateral security cooperation activities are robust, there are currently very few, if any, multilateral activities involving both nations that are joint, regional, and focused on maritime security. The United States and the ROI conducted "over 200... Operations, Activities, and Actions" last year with only one report of US participation in an Indonesian multilateral exercise.⁴⁶ In May 2018, the Center for Strategic and International Studies hosted a strategic dialogue on US-ROI relations and reported that the ROI and other regional partners felt "alienated" that they were excluded from the Quadrilateral Security Dialogue (Quad), which only includes the United States, India, Japan, and Australia. Shifting to a regional, multilateral approach may be a paradigm shift for the United States. However, it addresses the alienation concern, allows for more cost-sharing among partners with common goals, and fulfills the indirect approach.

There are examples of successful regional, multilateral cooperation efforts in other areas that INDOPACOM can use as a model. The authors of "The Future of American Power in a MultiPolar World" label one example as the "Malacca Model," which included the cooperation of the ROI, Malaysia, and Singapore. In a combined effort beginning in 2004, these countries successfully dealt with an increase of piracy in the Malacca Straits. The United States, Japan, and Australia provided indirect support for this effort.⁴⁷ More recently, during a September 2018 meeting with his US counterpart, the Indonesian Minister of Defense discussed a multilateral counterterrorism effort involving the ROI, Malaysia, and the Philippines in the Sulu Sea.⁴⁸ The ROI and its regional partners have tackled problems of piracy and terrorism multilaterally.

INDOPACOM could facilitate multilateral cooperation with a focus on maritime security that addresses China encroachments, a theme common for the ROI's regional partners. A strong ally in the region to support the United States in this endeavor would be desirable.

INDOPACOM should leverage its strong ties with Australia to assist in facilitating regional, multilateral cooperation. The August 2018 meeting between the heads of state of the ROI and Australia demonstrated that the relationship is strong and growing stronger. The leaders elevated their bilateral relationship to a Comprehensive Strategic Partnership with three of the five pillars directly supporting this key focus area and the overall theme of this paper: "... [1] securing our and the region's shared interests; ... [2] maritime cooperation; and ... [3] contributing to Indo-Pacific stability and prosperity."⁴⁹ The literature abounds with recommendations from Southeast Asian scholars and experts on recommendations for Australian-supported, bilateral cooperation with the ROI that could easily be expanded to multilateral efforts. Examples include "confidence-building and regional conflict prevention,"⁵⁰ "maritime infrastructure development,"⁵¹ "cooperation in maritime security,"⁵² "combined or tri-service TNI [Indonesian Armed Forces] –ADF [Australian Defense Force] exercises built around maritime challenges,"⁵³ and "offer to help establish Indonesia's National Maritime Security Information Centre [NMSIC]."⁵⁴ The other two focus areas are MDA and JIAC; it is noteworthy that the purpose of the NMSIC includes improving both. There is momentum and desire to rely on Australia to take on a significant role in facilitating regional, multilateral coordination and cooperation.

Mutual Support of the Focus Areas

Having explored the three focus areas, it becomes apparent that each one builds from and supports the other two. Improvements in MDA, JIAC, and regional, multilateral cooperation strengthen the ROI's maritime security apparatus, the cooperation of all Indonesian government elements, and regional partnerships. In other words, the focus areas mutually support each other and create a synergy among the communities they connect. Key elements from the *Joint Concept for Integrated Campaigning* apply. This paper calls for INDOPACOM to "advance" the cooperation between the United States and the ROI, in addition to mutual partners, as it promotes "expand[ing] cooperative activities" to achieve mutual interests.⁵⁵ Concurrently, from a "competition below armed conflict" perspective, INDOPACOM should apply the "strengthen" competition mechanism which calls for broader and deeper partnerships.⁵⁶ These partnerships, in turn, will assist the competition with China by countering its excessive maritime claims in the region. The indirect approach provides a model for countering China's maritime grey zone operations that Naval War College's Professor Peter Dutton presented at a recent China Maritime Studies Institute conference, while concurrently addressing the ROI's non-alignment policy. A US military response to non-military Chinese actions is escalatory⁵⁷ and disturbs the equilibrium the ROI seeks. A holistic and coordinated response from the TNI and GOI, along with regional partners and indirectly supported by the United States, does not cross either

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

threshold. China loses its advantage of coercing each nation individually when the relatively powerless nations act together proactively, strengthened by interoperability with US support.

An entirely alternative approach, one could argue, is for INDOPACOM to establish a more transactional relationship with the ROI. This would be the “engage selectively” form of cooperation in the *Joint Concept for Integrated Campaigning*.⁵⁸ In a resource constrained environment, one may ask, why would a combatant command desire to maintain or expand cooperation with a nation that does not want to be a US ally? The United States might instead offer support only if the ROI conducts a combined joint operation with the United States in the Natunas. One response to this counterargument lies in the nuance of the non-alignment policy. The ROI is not seeking complete neutrality. Instead, it does not want to be obligated to the United States by allowing it to directly enmesh itself in the issue. Additionally, a transactional approach would likely cause the opposite of the desired effect—the ROI leaning towards China vice the United States. A transactional approach is short-sighted; the United States must enter the long game with China. Being fully engaged in an indirect approach might allow for an easier transition to a direct approach later, should the ROI’s non-alignment policy buckle under repeated and more coercive Chinese actions. Lastly, an indirect approach does not have to increase the burden on the United States. It might actually reduce the burden as it calls for the United States to step back from taking the lead role and calls for the cooperation of regional partners who will bring their own resources motivated by mutual benefit.

Conclusions and Recommendations

China’s excessive maritime claims in the SCS are cause for concern not only for the nations in the region, but also for US interest in keeping the global commons and its partners and allies in the region secure. INDOPACOM’s support to each nation should be tailored to its circumstances. In the case of the ROI, INDOPACOM should take an indirect approach based on the limitations associated with the ROI’s non-alignment foreign policy. It should focus its efforts in three key areas. First, it should assist with improving the ROI’s MDA systems at the strategic, operational, and tactical levels. This will establish a common operating picture for TNI and other maritime security agencies, resulting in their ability to effectively deal with Chinese encroachments into the ROI’s EEZ. Second, INDOPACOM should support improvements in the ROI’s joint and interagency coordination. The intent is to use known organizational structures, such as the JIACG or the JIATF, to improve the ROI’s unity of effort across its many responsible agencies and forces. Third, INDOPACOM should leverage and support regional, multilateral cooperation in maritime security. It should employ proven frameworks in the region in conjunction with leveraging Australia to fill important gaps and address common concerns about China’s excessive maritime claims. Collectively, these three areas are mutually supportive and create a synergy that is mutually beneficial for all regional players and the United States. This is a holistic approach to address China. From the *Joint Concept for Integrated Campaigning*, this approach applies the “advance” sub-element of cooperation. The approach also applies the “strengthen” competition mechanism. Finally, it recognizes that the United States, the ROI, and

the other nations in the region will concurrently execute competition below armed conflict and cooperation with China.

Recommendations for INDOPACOM engagement with the ROI begin with creating a line of effort for each of the three key areas: maritime domain awareness, joint and interagency coordination, and, regional, multilateral cooperation. INDOPACOM should prioritize these three efforts in all the operations, activities, and investments that impact the ROI, potentially resulting in funding and other support shifting to these efforts if budgets remain constrained to current levels or decrease. For MDA, INDOPACOM should prioritize the application of foreign military financing for vessels, aircraft, surveillance systems, common operational picture systems, and appropriate technical training and assistance. At the theater strategic, operational, and tactical levels, INDOPACOM should engage with exercises, mobile training teams, and embeds. For joint and interagency coordination, INDOPACOM should establish, at minimum, an annual JIATF-Maritime Security exercise, where representatives from the TNI and appropriate maritime security agencies interface to address scenarios based on previous actual events. Similar exercises could occur in the Natuna region when the United States is not directly involved. Finally, for the regional, multilateral line of effort, INDOPACOM should facilitate expanding the “Quad” to add the ROI, Malaysia, Singapore, and potentially other regional partners, with a corresponding organizational name change. It should engage and support Australia with being prepared to take the lead in some regional actions in and around the Natunas and with establishing the ROI’s National Maritime Security Information Centre.

The timing for reinvigorating the US-Indonesian relationship, and the regional relationships at-large, is now. If tensions with China remain high, the ROI will likely look to maintain a strong relationship with the United States and Australia. 2019 brings the 70-year anniversary of the US-Indonesian diplomatic relationship and Indonesian national elections, when leaders tend to take a stronger stance on external issues. It is time to execute what the US Vice President recently described during his remarks on the US policy towards China – to build “stronger bonds with nations that share our values, across the region.”⁵⁹

¹ I Made Andi Arsana and Clive Schofield, “Indonesia’s ‘Invisible’ Border with China,” in *Beijing’s Power and China’s Borders: Twenty Neighbors in Asia*, ed. Bruce A. Elleman et al. (Armonk, N.Y: M.E. Sharpe, 2013), 61.

² Ristian Atriandi Supriyanto, “Developing Indonesia’s Maritime Strategy under President Jokowi,” Special Forum, The Asan Forum, 22 February 2016, accessed 12 October 2018. <http://www.theasanforum.org/developing-indonesias-maritime-strategy-under-president-jokowi-1/>.

³ Arsana, “Indonesia’s ‘Invisible’,” 61.

⁴ Felix K. Chang, “Even Indonesia: Concerns Over China’s Reach in the South China Sea,” *Foreign Policy Research Institute*, October 18, 2014, accessed 24 Sep 2018, <https://www.fpri.org/article/2014/10/even-indonesia-concerns-over-chinas-reach-in-the-south-china-sea/>.

⁵ Arsana, “Indonesia’s ‘Invisible’,” 69-70.

⁶ Ibid.

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

- ⁷ Tim Huxley and William Choong, eds., "Indonesia: An Emerging Maritime Power.," in *Asia-Pacific Regional Security Assessment 2015*, (London: IISS, May 2015), 14, accessed 23 September 2018, <https://www.iiss.org/publications/strategic-dossiers/asiapacific-regional-security-assessment-2015/rsa15-11-chapter-9>.
- ⁸ Robert Sutter and Chin-hao Huang, "China-Southeast Asia Relations: South China Sea, More Tension and Challenges," in *Comparative Connections* 18, no. 1 (2016): 55, 59.
- ⁹ Donald E. Weatherbee, "Indonesia's Foreign Policy in 2016: Garuda Hovering," in *Southeast Asian Affairs 2017*, edited by Daljit Singh and Malcolm Cook, (Singapore: ISEAS Publishing, 2017), 169.
- ¹⁰ Joe Cochrane, "Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims," *New York Times*, 10 September 2017, accessed 15 October 2018, <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- ¹¹ Prashanth Parameswaran, "Why Did Indonesia Just Rename Its Part of the South China Sea?" (*The Diplomat*, 17 July 2017), accessed 5 October 2018, <https://thediplomat.com/2017/07/why-did-indonesia-just-rename-its-part-of-the-south-china-sea/>.
- ¹² James Goldrick and Jack McCaffrie, *Navies of South-East Asia: A Comparative Study*, Vol. 50, (New York, NY: Routledge, 2013), 63.
- ¹³ Koh Swee Lean Collin, "What Next for the Indonesian Navy? Challenges and Prospects for Attaining the Minimum Essential Force by 2024," in *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37, no.3, (ISEAS–Yusof Ishak Institute, December 2015), 435.
- ¹⁴ Evelyn Goh, "Indonesia's new strategic policy under Jokowi: change, continuity, and challenges," in *A Strategy Towards Indonesia* ed. Andrew Carr, (Australian National University Strategic and Defence Studies Centre, May 2015), 6.
- ¹⁵ Ibid.
- ¹⁶ Ibid.
- ¹⁷ Evan A. Laksmana, "Indonesia–US Relations: Sweating the Small Stuff," *The Interpreter*, Lowy Institute, 29 January 2018, accessed 11 October 2018, <https://www.lowyinstitute.org/the-interpreter/indonesia-us-relations-sweating-small-stuff>.
- ¹⁸ Ibid.
- ¹⁹ Supriyanto, "Developing Indonesia's Maritime Strategy."
- ²⁰ U.S. Department of State, "U.S. Bilateral Relations Fact Sheet: U.S. Relations With Indonesia," Washington, DC: Bureau of East Asian and Pacific Affairs, August 14, 2018, accessed 4 September 2018, <https://www.state.gov/r/pa/ei/bgn/2748.htm>.
- ²¹ Weatherbee, "Indonesia's Foreign Policy," 166.
- ²² Ibid.
- ²³ Ibid., 169.
- ²⁴ U. S. Department of Defense, *2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge* (U) (Washington, DC: DoD, 2018), iii (Secret). Information extracted is unclassified.
- ²⁵ Ibid., 14.
- ²⁶ Ibid., 15.
- ²⁷ U.S. Pacific Command, *United States Pacific Command Theater Campaign Plan 5000-22* (U) (Camp H.M. Smith, HI, 2016), 9. (Secret). Information extracted is unclassified.
- ²⁸ Ibid., 5-8.
- ²⁹ Chairman, U.S. Joint Chiefs of Staff, *Joint Planning*, Joint Publication (JP) 5-0 (Washington, DC: CJCS, 16 June 2017), IV-19.
- ³⁰ Milan Vego, *Joint Operational Warfare: Theory and Practice* (2007; repr., Newport, RI: U.S. Naval War College, 2009), X-49.
- ³¹ Chairman, U.S. Joint Chiefs of Staff, *Joint Concept for Integrated Campaigning* (Washington, DC: CJCS, 16 March 2018), 8.
- ³² Chairman, U.S. Joint Chiefs of Staff. *Command and Control of Joint Maritime Operations*, Joint Publication (JP) 3-32 (Washington, DC: CJCS, 8 June 2018), III-8.
- ³³ Evan A. Laksmana, "Indonesian Sea Policy: Accelerating Jokowi's Global Maritime Fulcrum?" *Asia Maritime Transparency Initiative*, 23 March 2017, accessed 5 September 2017, <https://amti.csis.org/indonesian-sea-policy-accelerating/>.
- ³⁴ Goldrick, *Navies of South-East Asia*, 80.

- ³⁵ Laksmana, "Indonesia–US Relations."
- ³⁶ U.S. Security Cooperation Office Jakarta, U.S. Indo-Pacific Command, *Country Security Cooperation Plan: Indonesia* (U), U.S. Embassy Jakarta, Indonesia, March 9, 2018, 8 (Unclassified / FOUO / REL TO USA, FVEY), Information extracted is releasable.
- ³⁷ International Institute for Security Studies, "Indonesia," 17.
- ³⁸ Chief of Naval Operations, *Navy Maritime Domain Awareness Concept* (Washington, DC: Department of the Navy, Chief of Naval Operations, 29 May 2007).
- ³⁹ Goldrick, *Navies of South-East Asia*, 85.
- ⁴⁰ Ibid.
- ⁴¹ International Institute for Security Studies, "Indonesia," 12.
- ⁴² Laksmana, "Indonesian Sea Policy."
- ⁴³ Lyle J. Morris and Giacomo Persi Paoli, *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*: (RAND Corporation, 2018), 21-22.
- ⁴⁴ Chairman, U.S. Joint Chiefs of Staff, *Interorganizational Cooperation*. Joint Publication (JP) 3-08 (Washington, DC: CJCS, 18 October 2017), I-13.
- ⁴⁵ U.S. Security Cooperation Office Jakarta, *Country Security Cooperation Plan*, 13.
- ⁴⁶ Ibid., 1, 13.
- ⁴⁷ Abraham M. Denmark and James Mulvenon, "The Future of American Power in a MultiPolar World," in *Contested Commons: The Future of American Power in a Multipolar World* (Washington, DC: Center for a New American Security, 25 January 2010), 36.
- ⁴⁸ Prashanth Parameswaran, "The Future of US-Indonesia Defense Ties Under Trump," *The Diplomat*, 5 September 2018.
- ⁴⁹ Evan A. Laksmana, *Reinforcing Indonesia–Australia defence relations: The case for maritime recalibration*, (Sydney, Australia: Lowy Institute, October 2018), 2.
- ⁵⁰ Evelyn Goh, "Indonesia's new strategic policy under Jokowi: change, continuity, and challenges," in *A Strategy towards Indonesia* ed, Andrew Carr, (Australian National University Strategic and Defence Studies Centre, May 2015), 8.
- ⁵¹ Ibid., 9.
- ⁵² Ibid.
- ⁵³ Laksmana, *Reinforcing Indonesia–Australia*, 17.
- ⁵⁴ Ristian Atriandi Supriyanto, "From shipmates to mateship: Improving maritime security cooperation with Indonesia," in *A Strategy towards Indonesia* ed. Andrew Carr, (Australian National University Strategic and Defence Studies Centre, May 2015), 17.
- ⁵⁵ Chairman, U.S. Joint Chiefs of Staff, *Joint Concept for Integrated Campaigning*, 9.
- ⁵⁶ Ibid., 15.
- ⁵⁷ Peter A. Dutton, "Conceptualizing China's Maritime Gray Zone Operations," Unpublished paper presented at the CMSI Conference on "China's Maritime Gray Zone Operations," 2-3 May 2017, Newport, RI, 5.
- ⁵⁸ Chairman, U.S. Joint Chiefs of Staff, *Joint Concept for Integrated Campaigning*, 9.
- ⁵⁹ Michael Pence, "Vice President Mike Pence's Remarks on the Administration's Policy Towards China," (Hudson Institute, 4 October 2018), accessed 9 October 2018. <https://www.hudson.org/events/1610-vice-president-mike-pence-s-remarks-on-the-administration-s-policy-towards-china102018>.

BIBLIOGRAPHY

- Arsana, I Made Andi and Clive Schofield. "Indonesia's 'Invisible' Border with China." In *Beijing's Power and China's Borders: Twenty Neighbors in Asia*, edited by Bruce A. Elleman et al. Armonk, N.Y: M.E. Sharpe, 2013.
- Arsyad, Rosihan. "Indonesia's Maritime and Security Interests in the New Era." In *The Indonesian Journey: A Nation's Quest for Democracy, Stability, and Prosperity*, edited by Thang D. Nguyen. New York: Nova Science Publishers, 2010.

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

- Chang, Felix K. "Even Indonesia: Concerns Over China's Reach in the South China Sea." *Foreign Policy Research Institute*, October 18, 2014. Accessed 24 Sep 2018. <https://www.fpri.org/article/2014/10/even-indonesia-concerns-over-chinas-reach-in-the-south-china-sea/>.
- Cochrane, Joe. "Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims." *New York Times*, 10 September 2017. Accessed 15 October 2018. <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- Collin, Koh Swee Lean. "What Next for the Indonesian Navy?: Challenges and Prospects for Attaining the Minimum Essential Force by 2024." In *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 37, no.3, ISEAS–Yusof Ishak Institute, December 2015.
- Denmark, Abraham M. and James Mulvenon. "The Future of American Power in a MultiPolar World," in *Contested Commons: The Future of American Power in a Multipolar World*. Washington, DC: Center for a New American Security, 25 January 2010.
- Dutton, Peter A. "Conceptualizing China's Maritime Gray Zone Operations." Unpublished paper presented at the CMSI Conference on "China's Maritime Gray Zone Operations," 2-3 May 2017, Newport, RI.
- Economist Intelligence Unit. "Military Exercises Will Not Fray Ties with China." 18 October 2016. Accessed 18 September 2018. <http://country.eiu.com.usnwc.idm.oclc.org/article.aspx?articleid=1354717719>.
- Forbes, Vivian Louis. *Indonesia's Delimited Maritime Boundaries*. Berlin: Springer, 2014.
- Goh, Evelyn. "Indonesia's new strategic policy under Jokowi: change, continuity, and challenges." In *A Strategy towards Indonesia* edited by Andrew Carr. Australian National University Strategic and Defence Studies Centre, May 2015.
- Goldrick, James and Jack McCaffrie. *Navies of South-East Asia: A Comparative Study*. Vol. 50. New York, NY; Routledge, 2013.
- Harris, Harry, "The United States-Indonesia Bilateral Security Partnership." U.S. Indo-Pacific Command. 8 August 2017, accessed 17 August 2018. <http://www.pacom.mil/Media/Speeches-Testimony/Article/1272444/the-united-states-indonesia-bilateral-security-partnership/>.
- Harding, Brian and Andreyka Natalegawa. *Enhancing the U.S.-Indonesia Strategic Partnership*: Center for Strategic and International Studies, July 2018.
- Hiebert, Murray, Ted Osius, and Gregory B. Poling. *A U.S.-Indonesia Partnership for 2020: Recommendations for Forging a 21st Century Relationship*: Center for Strategic and International Studies, 2013.
- Hoffman, Francis G. "The Evolution of Hybrid Warfare and Key Challenges." Statement before the House Armed Services Committee, 22 March 2017.
- International Institute for Security Studies. "Indonesia: An Emerging Maritime Power." In *Asia-Pacific Regional Security Assessment 2015*, May 2015. Accessed 23 September 2018. <https://www.iiss.org/publications/strategic-dossiers/asiapacific-regional-security-assessment-2015/rsa15-11-chapter-9>.
- Janes by HIS Market. "Indonesia Executive Summary." Accessed 5 September 2018. <https://janes-ihs.com.usnwc.idm.oclc.org/Janes/Display/indos010-sea>.
- Keymer, Eleanor. *Jane's World Navies*, Issue 20, HIS Markit, 2017.
- Kurlantzick, Joshua. *Keeping the U.S.-Indonesia Relationship Moving Forward*. Council on Foreign Relations, February 2018.
- Laksmana, Evan A. "Indonesian Sea Policy: Accelerating Jokowi's Global Maritime Fulcrum?" Asia Maritime Transparency Initiative. 23 March 2017. Accessed 5 September 2017. <https://amti.csis.org/indonesian-sea-policy-accelerating/>.
- _____. "Indonesia–US Relations: Sweating the Small Stuff." *The Interpreter*, Lowy Institute, 29 January 2018. Accessed 11 October 2018. <https://www.lowyinstitute.org/the-interpreter/indonesia-us-relations-sweating-small-stuff>.
- _____. "Rebalancing Indonesia's naval force: Trends, nature, and drivers." In *Naval Modernisation in South-East Asia: Nature, Causes and Consequences*, edited by Geoffrey Till and Jane Chan. New York: Routledge, 2014.
- _____. *Reinforcing Indonesia–Australia defence relations: The case for maritime recalibration*. Sydney, Australia: Lowy Institute, October 2018.
- Moeldoko. "China's Dismaying New Claims in the South China Sea." *Wall Street Journal*, 24 April 2014. Accessed 24 Sep 2018. <https://www.wsj.com/articles/moeldoko-chinas-dismaying-new-claims-in-the-south-china-sea-1398382003>.

- Morris, Lyle J. and Giacomo Persi Paoli. *A Preliminary Assessment of Indonesia's Maritime Security Threats and Capabilities*: RAND Corporation, 2018.
- Parameswaran, Prashanth. "Confronting Indonesia's Maritime Coordination Challenge." *The Diplomat*. 27 April 2017, accessed 5 October 2018. <https://thediplomat.com/2017/04/confronting-indonesias-maritime-coordination-challenge/>.
- _____. "The Future of US-Indonesia Defense Ties Under Trump." *The Diplomat*, 5 September 2018.
- _____. "What's Next for US-Indonesia Defense Relations Under Trump?" *The Diplomat*, 2018.
- _____. "Why Did Indonesia Just Rename Its Part of the South China Sea?" *The Diplomat*. 17 July 2017, accessed 5 October 2018. <https://thediplomat.com/2017/07/why-did-indonesia-just-rename-its-part-of-the-south-china-sea/>.
- Pence, Michael. "Vice President Mike Pence's Remarks on the Administration's Policy Towards China." Hudson Institute. 4 October 2018, accessed 9 October 2018. <https://www.hudson.org/events/1610-vice-president-mike-pence-s-remarks-on-the-administration-s-policy-towards-china102018>.
- Pompeo, Michael R. "Interview with Interview With Kania Sutisnawinata of Metro TV." Interview by Kania Sutisnawinata. 14 August 2018, accessed 5 September 2018. <https://www.state.gov/secretary/remarks/2018/08/284944.htm>.
- Sebastian, Leonard C. and Iis Gindarsah. "Assessing Military Reform in Indonesia." *Defense & Security Analysis* 29, no. 4 (2013): 293-307.
- Supriyanto, Ristian Atriandi. "Developing Indonesia's Maritime Strategy under President Jokowi." Special Forum, The Asan Forum, 22 February 2016. Accessed 12 October 2018. <http://www.theasanforum.org/developing-indonesias-maritime-strategy-under-president-jokowi-1/>.
- _____. "From shipmates to mateship: Improving maritime security cooperation with Indonesia." In *A Strategy towards Indonesia* edited by Andrew Carr. Australian National University Strategic and Defence Studies Centre, May 2015.
- Sutter, Robert and Chin- Huang. "China-Southeast Asia Relations: South China Sea, More Tension and Challenges." In *Comparative Connections* 18, no. 1 (2016): 55.
- Tomsa, Dirk. "Indonesia in 2016: Jokowi Consolidates Power." In *Southeast Asian Affairs 2017*, edited by Daljit Singh and Malcolm Cook. Singapore: ISEAS Publishing, 2017.
- U.S. Central Intelligence Agency. "The World Factbook: Indonesia." Accessed 4 September 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- U.S. Department of Defense. *2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge* (U). Washington, DC: DoD, 2018. (Secret) Information extracted is unclassified.
- U.S. Department of State. "U.S. Bilateral Relations Fact Sheet: U.S. Relations With Indonesia." Washington, DC: Bureau of East Asian and Pacific Affairs, August 14, 2018. Accessed 4 September 2018. <https://www.state.gov/r/pa/ei/bgn/2748.htm>.
- U.S. Embassy Jakarta. "FACT SHEET: Advancing a Free and Open Indo-Pacific." 31 July 2018, accessed 5 September 2018. <https://id.usembassy.gov/fact-sheet-advancing-a-free-and-open-indo-pacific/>.
- U.S. Naval War College, Joint Military Operations Department. JMO ONI Indonesia Overview Brief. Newport, RI: July 2018.
- U.S. Office of Defense Cooperation Jakarta. "Country Team Perspective, ODC Jakarta, Indonesia, ~2012." Accessed 4 September 2018. <https://studylib.net/doc/9776385/jakarta-odc-country-team-perspective>.
- U.S. Office of the Chairman of the Joint Chiefs of Staff. *Command and Control of Joint Maritime Operations*. Joint Publication (JP) 3-32. Washington, DC: CJCS, 8 June 2018
- _____. *Interorganizational Cooperation*. Joint Publication (JP) 3-08. Washington, DC: CJCS, 18 October 2017.
- _____. *Joint Concept for Integrated Campaigning*. Washington, DC: CJCS, 16 March 2018.
- _____. *Joint Planning*. Joint Publication (JP) 5-0. Washington, DC: CJCS, 16 June 2017.
- U.S. Navy. Office of the Chief of Naval Operations. *Navy Maritime Domain Awareness Concept*. Washington, DC: CNO, 29 May 2007.
- U.S. Pacific Command. *United States Pacific Command Theater Campaign Plan 5000-22* (U). Camp H.M. Smith, HI, 2016. (Secret) Information extracted is unclassified.

South China Sea versus North Natuna Sea: An Indirect Approach to Assist the Republic of Indonesia with Standing its Ground

- U.S. President and Indonesia President. *Joint Statement by the United States of America and the Republic of Indonesia*. Washington, DC: White House, October 26, 2015. Accessed 5 September 2018.
<https://obamawhitehouse.archives.gov/the-press-office/2015/10/26/joint-statement-united-states-america-and-republic-indonesia>.
- U.S. Security Cooperation Office Jakarta, U.S. Indo-Pacific Command. *Country Security Cooperation Plan: Indonesia* (U). U.S. Embassy Jakarta, Indonesia, March 9, 2018. Unclassified / FOUO / REL TO USA, FVEY. Information extracted is releasable.
- Vego, Milan. *Joint Operational Warfare; Theory and Practice*. 2007. Reprint, Newport, RI: U.S. Naval War College, 2009.
- Weatherbee, Donald E. "Indonesia's Foreign Policy in 2016: Garuda Hovering." In *Southeast Asian Affairs 2017*, edited by Daljit Singh and Malcolm Cook. Singapore: ISEAS Publishing, 2017.

Intellectual Property Protection: Key to Accelerating Economic Growth

Kristin Paulson

Introduction

“The relationship between the United States and Indonesia has long underperformed its potential,” wrote Joshua Kurlantzick, senior fellow for Southeast Asia at the Council on Foreign Relations.¹ This statement is exemplified in the economic realm. As Vice President Pence said during his visit to the Republic of Indonesia (ROI) in April 2017, “We still have room for significant progress” to assist the ROI’s continued economic development.”² It is facing a period of stagnant economic growth and is underperforming its potential due to protectionist trade policies, a poor business climate, and underdeveloped infrastructure. These issues are all affected by the country’s poor record for intellectual property protection (IPP). In 2018, the Global Innovation Policy Center (GIPC) ranked it 41st out of 50 countries studied regarding IPP.³ The state of its IPP laws disqualifies the country from key regional economic trade agreements and disincentivizes US businesses from operating there. Improving IPP would likely increase foreign investment into the country and would lay the groundwork for the ROI to transition to an advanced, knowledge-based economy—one that relies more on technological and scientific advancement than physical industries. Bringing its IPP laws and regulations in line with the standards of advanced economies would accelerate its economic growth.

US interest in the ROI’s economic prosperity should not only focus on fostering opportunities for US businesses. Policy actions taken by the United States should be part of a larger geoeconomic strategy to counterbalance China’s economic influence in the region. China seeks to become a regional hegemon. One means of doing so is by rapidly growing its economy and manipulating its neighbors into dependency. To thwart Beijing’s plans, the United States will need strong economic allies in the region who are less vulnerable to China’s aggressive economic strategies. As the third largest democracy in the world and the largest economy in Southeast Asia, the ROI is an excellent candidate to be an economic check against China.⁴ To enable the ROI to improve its economic growth and realize its potential as a balance against China, Washington has the opportunity to work with Jakarta to improve its IPP to foster increased Indonesian trade, improve its infrastructure, and contribute to its ability to transition to a knowledge-based economy.

The Republic of Indonesia’s Economic Potential to Counter China

The ROI has a robust and resource-rich economy. Whereas other countries in the region are becoming increasingly dependent on China for economic prosperity, it has many strengths that make it less susceptible to influence. With a gross domestic product (GDP) just over a trillion dollars, it currently possesses the 16th largest economy in the world and the largest economy in Southeast Asia.⁵ It is the world’s leading supplier of palm oil, second leading supplier of coal, and second leading producer of cocoa and tin, providing the nation with rich export potential to fuel growth.⁶ One of the ROI’s major sources of economic strength is the size

Intellectual Property Protection: Key to Accelerating Economic Growth

of its demand market. In 2012, McKinsey Global Institute reported that there were 45 million members of the consuming class and that number could grow to 135 million by 2030.⁷ The country is not reliant on Chinese demand for its products to foster growth, thus diminishing the impact of a key economic lever that China could use against Jakarta. For example, if China instituted trade barriers to force capitulation on a key political or military issue, the ROI has enough domestic demand for its products that the impact of those barriers would be less than for other countries in the region.

Other factors that limit Beijing's influence over the ROI and create opportunities for Jakarta to challenge China's dominance are competition for manufacturing contracts, relatively low debt, and steady growth. The two countries are both primarily labor-based economies and therefore compete for manufacturing contracts that require cheap labor. While China's population is aging and its birth rate is declining, the ROI's population is relatively young and is growing.⁸ In 2012, it had 55 million skilled workers; that number is expected to grow to 113 million by 2030.⁹ Thus, it will be a more favorable destination for large manufacturing contracts. Competition with China in this area will create friction between the two and possibly limit China's influence. In addition, China employs "Debt Diplomacy" to gain influence in the region: issuing credit to countries who cannot obtain a loan from any other source. According to the study by the McKinsey Global Institute, the ROI's "government debt as a share of GDP has fallen by 70 percent ... lower than in the vast majority of advanced economies."¹⁰ So, it is not as vulnerable to China's attempts to use debt to gain influence.

Economists predict that by 2030, the ROI could become the 7th largest economy in the world, which would make it the third largest economic power in the region, second only to China and Japan.¹¹ Although China is and always will be a stronger economic powerhouse, the ROI's economic strength in the region could serve as a check against China's dominance. Countries that rely on China as a consumer of their exports can turn to its growing consumer demand as an alternative. Moreover, if it built strong economic alliances with US allies such as Japan and Australia, it would create a strong economic coalition that could balance the strength of China.

Factors Inhibiting Economic Growth

Despite its potential, the ROI's economic growth has slowed because of its trade protectionist policies, poor business climate, and underdeveloped infrastructure, all of which are influenced, in part, by the level of IPP. During the past five years, it failed to meet its goals for economic growth. The government seeks to achieve 7 to 8 percent growth per year to achieve its goal of becoming one of the ten largest economies in the world. Since 2014, however, its GDP growth has rested near five percent.¹² GDP is made up of government spending, consumption, investment, and trade. Approximately 65% of the ROI's GDP was domestic, so its economy is largely driven by consumption as opposed to trade. It has established a number of trade barriers that both limit imports and restrict exports.¹³ In 2015, it was ranked fourth in terms of imposing measures that harm foreign commercial interests.¹⁴ This reliance on consumption provides

stability but limits economic growth; consequently, it has been unable to hit its growth target. To increase growth, the ROI will need to increase other components of its GDP. Increasing trade offers the potential to increase economic growth without increasing debt. This paper will discuss how improving IPP laws will pave the way for the ROI to join a key trade agreement to help accelerate its economic growth.

Other factors slowing the ROI's economic growth are its poor business climate and infrastructure. It has a less favorable climate than many other countries in the region, and that climate is a deterrent to trade. In 2017, the country ranked 72 out of 190 in the World Bank's Ease of Doing Business Survey.¹⁵ One aspect of its poor business climate is its limited protections against intellectual property theft; in 2018, it was one of 12 countries listed on the US Trade Representative Priority Watchlist for insufficient intellectual property rights protections.¹⁶ Its poor record in this area serves as a trade barrier for companies that rely on IPP to uphold their patents and copyrights.

Another factor inhibiting the ROI's economic growth is its infrastructure. After he took office in 2014, President Widodo launched an ambitious plan to improve his country's infrastructure that included 222 projects to build railways, roads, and bridges.¹⁷ The goal of this plan was to stimulate economic growth. The ROI has an approximate infrastructure gap of \$1.5 trillion compared to other emerging economies.¹⁸ Its poor infrastructure creates logistical hurdles that increase the cost of doing business, providing a disincentive for businesses to operate in the country. Widodo still needs an additional \$150 billion to complete his plan,¹⁹ most of which is privately financed. To continue this infrastructure improvement, the ROI needs increased foreign direct investment (FDI).²⁰ Studies have shown a positive link between IPP and increased investments in both research and development and FDI, suggesting that one way to improve Indonesian infrastructure is to improve its IPP laws.²¹ William Lesser, an economist at Cornell University, showed that a 10 percent increase in IPP resulted in a \$1.5 billion increase in FDI.²²

Intellectual Property Protection

The ROI's IPP is substandard and far below that required to foster new industries to bring higher income jobs. The US Chamber of Commerce's Global Innovation Policy Center (GIPC) has ranked Indonesia 43 out of 50 countries studied in IPP.²³ Developing countries often have poor IPP records, because counterfeit goods cost less, and consumers either cannot or do not want to pay for higher-priced, brand-name goods. One reason for the ROI's low ranking is its minimal participation in international intellectual protection treaties. One of the most-cited criticisms of its IPP is a 2016 patent law that requires all patented technologies to be manufactured in country and all technology processes to be used there as well.²⁴ Companies wanting to do business in the country would have to agree to manufacture their products there to be granted patents, which serves as a strong disincentive to operate there. The GIPC also highlights that it is more difficult for pharmaceutical companies to obtain patents, because it places more stringent requirements than other countries to demonstrate drug effectiveness. There

Intellectual Property Protection: Key to Accelerating Economic Growth

exists a high rate of piracy due to the difficult copyright environment.²⁵ The International Intellectual Property Alliance assessed that the ROI has 18 million instances of pirated movies, music, and software available to its markets in an average month.²⁶ Consequently, the country's stringent patent requirements, erroneous requirements for technology transfer, and high rates of piracy discourage knowledge-based industries, such as pharmaceuticals, the arts, and emerging technologies from participating in the economy, despite the benefits that come with a large workforce and strong consumer base.

Benefits of Improved IPP

If Jakarta were to overcome deficiencies in its IPP laws, it would facilitate increased trade within the region and with the United States, augment foreign direct investment, and help it avoid the Middle-Income Trap.

Increase Regional Trade

One benefit the ROI would receive from improving its IPP is the ability to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In April, the Finance Ministry announced that it was investigating the possibility of joining the CPTPP—formerly referred to as the Trans-Pacific Partnership (TPP).²⁷ It had decided not to pursue membership because the United States had left the agreement, and Jakarta saw free-trade with the United States as the biggest incentive to join, according to Vice President Jusuf Kalla.²⁸ The ROI now sees joining the CPTPP as a way to compete more effectively in key manufacturing sectors, enabling it to reach its goal of becoming one of the top ten economies in the world.

The CPTPP sets high standards for IPP that the ROI will need to address before joining, but the agreement is not as restrictive as the TPP and may be easier to implement. The Center for Strategic and International Studies (CSIS) contends that the CPTPP “offers the most advanced and detailed standards on intellectual property in a trade agreement to date.”²⁹ To join, the ROI would have to make changes to its laws to make procedures for obtaining patents, trademarks, and copyrights more transparent and in line with international standards and sign onto several treaties regarding IPP, including the Budapest Treaty, the Singapore Treaty, and the International Convention for the Protection of New Varieties of Plants.³⁰ Although signing on to the CPTPP will require it to make systemic changes to its IPP, those changes would be less invasive than the original TPP's provisions and may be more palatable. Vice President Kalla stated that the government was investigating the costs and benefits of joining the CPTPP and expects to reach a decision sometime in 2019.³¹

Despite the costs, joining the CPTPP could increase the ROI's relative power in the region. The Lowy Institute created an analytic tool to measure relative geopolitical power in Asia, called the Asia Power Index. It examines how Asian states perform in 114 indicators of state power in relation to others. According to this study, the ROI ranks 10th out of 25 Asian states in terms of geopolitical power. However, the Lowy Institute dubs it an “underachiever” in

overall power, because “the country wields less influence in Asia than would be expected from its resources.”³² One reason for this disparity is its low ranking in economic relationships.³³ Joining the CPTPP would enable it to form stronger economic relationships, increase its relative power ranking, and wield more influence in the region. Not only would it enjoy an uptick in economic growth through the increase of trade, it could also enjoy a greater prominence in the region. In this way, the United States would benefit from the ROI joining the CPTPP, even without joining the agreement itself, because it would tie Indonesia economically to US allies in the region. Australia, Canada, Japan, and New Zealand are all signatories and strong US allies.³⁴ Moreover, as China’s economic competitor in the region, improvements to its relative power could pull influence away from China.

Improving the ROI’s IPP would also establish a more favorable business environment for US companies. In 2017, Vice President Pence stated that improving economic ties is a top priority, and the US Embassy in Jakarta made facilitating increased market access for US businesses its number one objective.³⁵ The reason for this emphasis is that the United States faced a \$13.3 billion trade deficit with the ROI in 2017 as a result of its protectionist policies.³⁶ By June 2018, trade representatives from the two nations had “agreed to work together to address outstanding issues.”³⁷ However, even if Jakarta removed all tariffs and export taxes that impede trade with the United States, its poor IPP record would still serve as a disincentive for US companies. As stated previously, it is on the US watchlist for countries with poor IPP. At the June trade meeting, the ROI agreed to a formal roadmap to address US concerns.³⁸ It is unclear to what extent the ROI will hold to this agreement in light of increased trade tensions in the region and its 2019 Presidential election. It is, however, a step in the right direction.

Augment Foreign Direct Investment

Another benefit to the ROI improving its IPP is the fostering of additional foreign direct investment (FDI). Economists Lee Branstetter and Kamal Saggi conducted a study to model the impact of strengthening intellectual property rights (IPR) on foreign direct investment in southern countries that tend to be less developed than their northern counterparts. They conclude that “strengthening of IPR protection in the South fosters innovation... increases FDI to a degree that the Southern production base actually expands.”³⁹ Their analysis suggests that protections against intellectual property theft would create an environment that would grow the ROI’s industrial base, thus improving its economy.⁴⁰ As discussed earlier, Lesser showed that even a 10 percent increase in IPP can increase FDI by about \$1.5 billion.⁴¹ He also demonstrated that although there are other factors that affect FDI—trade protectionist policies, access to global markets, and a strong business climate—holding all those constant, there remains a positive and statistically significant relationship between IPP and FDI.⁴² Increasing FDI would increase the country’s GDP, because it is counted as investment, one of the four contributors to GDP. In addition, FDI is often used to improve infrastructure, which is badly needed in the country.

Intellectual Property Protection: Key to Accelerating Economic Growth

Singapore provides a real-world example of the link between IPP and FDI. It ranks fourth in the world in favorable IPP and is ranked seventh in the world for the amount of FDI in its economy.⁴³ If the ROI seeks to increase its foreign investment, particularly in infrastructure, Singapore's experience would suggest that increased IPP could provide a strong motivator for foreign investors. In addition, since China and it are economic competitors, IPP improvement could attract investors that would have otherwise invested in China, a country with weak IPP.⁴⁴

Escape the Middle-Income Trap

In the 1990s, several low-income countries, who could offer cheap labor, relied upon labor-intensive industries to rapidly grow their economies. Once they achieved middle income status, however, their economic development waned, because their developing middle class prevented them from offering the same low wages as low-income countries. Middle-income countries failed to maintain their upward trajectory to achieve high-income status and began to stagnate. The phenomenon became known as the "Middle-Income Trap."⁴⁵ The ROI achieved middle income status in 2003.⁴⁶ In 2012, it experienced 6.5 percent growth, but this growth has slowed since 2014. Growth has now steadied at around five percent, suggesting the country is beginning to experience the Middle-Income Trap and will need to take measures to accelerate its growth if it wants to become a high-income country.⁴⁷

For the time being, the ROI can still offer cheap labor for labor-intensive industries. As its growth accelerates and more of its population enters the middle class, it will need to transition to a knowledge-based economy to achieve the high-income status it desires. Updating IPP will significantly contribute to this transition. Geoffrey Garrett, a political science professor, wrote in Yale Global that middle-income countries have to "tech up" in order to escape the Middle-Income Trap. He argues that in today's economy, middle income countries are trapped, because they either have to dumb-down their economies to compete in labor markets or they have to compete against high-income countries in the knowledge market. The only way to do this is to promote technological innovation.⁴⁸ Strong IPP is key to fostering technological innovation; it provides guarantees that creators will reap the benefit of their ideas, whereas poor IPP creates disincentives for technological innovation, because creators are less likely to realize the full benefits from their ideas. Tech companies also bring high paying jobs. Countries with strong IPP have an income per capita that is thirteen times higher than countries with poor IPP.⁴⁹ If the ROI is going to compete effectively against knowledge-based economies, it needs to improve its IPP.

Counterarguments

Some argue that increasing IPP harms developing countries while shielding developed countries. Essentially, improving IPP raises the prices of goods, so domestic consumption decreases. (The ROI relies heavily on domestic consumption for its economic growth.) However, this argument fails to consider the fact that improving IPP could increase trade, an underachieving contributor to the ROI's GDP. In addition, increasing free trade with its neighbors will lower prices of imported goods, which could ameliorate the impact of

strengthened IPP on the price of goods that are prone to counterfeit. Finally, creating the conditions for the ROI to transition to a knowledge-based economy will more than compensate for a short-term increase in prices.

Other critics of US engagement argue that the ROI is unlikely to align itself with the West to counter China as it is a founding member of the Non-Aligned Movement. Mark Valencia, Senior Fellow at the East West Center, argues in a February 2018 article in *The Diplomat* that it is unlikely to ally politically and militarily with the United States, because of its shift from regional issues to domestic issues, past US support for former Indonesian dictator Suharto, and US criticisms of some of its maritime claims.⁵⁰ Valencia astutely challenges the extent to which the two nations have common political or military interests; however, he does not take into account economic interests. President Widodo said in 2016 that “economic integration is the current global trend. And economic integration must bring benefit and prosperity for the people.”⁵¹ The ROI’s economic interests will drive it towards cooperation with allies in the region, even if Jakarta remains neutral politically and militarily.

Recommendations

President Widodo is up for reelection in 2019, creating a window of opportunity in which he may be more inclined to change policy to secure economic deals to improve the economy and secure his reelection. Given his reelection campaign, he is more likely to be responsive to the carrot rather than the stick. He needs to be seen bringing economic prosperity to his country as opposed to being weakened by foreign threats of tariffs. Therefore, the US Trade Representative and Department of State should offer economic incentives, such as reduced trade barriers or foreign direct investment, to induce the ROI to improve its intellectual property laws. Moreover, the US State Department should encourage economic NGOs and US allies in the region, particularly Singapore, to engage with it regarding IPP and how to make reforms. Finally, US companies wanting to expand in the ROI should be encouraged to initiate public awareness campaigns to educate the local populace of the importance of protecting intellectual property with the aim of curbing the rate of piracy in the country. These efforts to improve IPP, if successful, will not only foster opportunities for US businesses but will also enable accelerated economic growth in the country by improving trade, increasing foreign investment, and paving the way for it to transition to a knowledge-based economy.

Conclusion

The ROI is at a critical point in its economic development. It is in the interest of the United States for the country to achieve its economic potential. Not only will US businesses benefit from increased trade, but Indonesian democratic society and economic strength could serve as an economic check on China’s growing prominence in the region. However, its poor record for IPP will continue to hamper economic growth. It is imperative that the ROI adjusts its intellectual property laws to be more in line with those of knowledge-based economies, which

Intellectual Property Protection: Key to Accelerating Economic Growth

will facilitate increased trade, avoid a prolonged economic slowdown, and lay the groundwork to enable it to become a high-income economy.

-
- ¹ Kurlantzick, Joshua. "Keeping the U.S.-Indonesia Relationship Moving Forward." Accessed October 12, 2018. <https://www.cfr.org/report/keeping-us-indonesia-relationship-moving-forward>.
- ² "Remarks by the Vice President and Indonesian President Widodo to the Press," The White House, accessed October 12, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-indonesian-president-widodo-press/>.
- ³ "The Global Intellectual Property Center," Home, accessed October 12, 2018, <https://www.theglobalipcenter.com/ipindex2018-details/?country=id>.
- ⁴ "The World Factbook: INDONESIA." Central Intelligence Agency. October 17, 2018. Accessed October 24, 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- ⁵ Indonesia, accessed October 12, 2018, <https://tradingeconomics.com/indonesia>; "Report for Selected Countries and Subjects." International Monetary Fund. June 2018. Accessed October 24, 2018. <https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/download.aspx>; "The World Factbook: INDONESIA." Central Intelligence Agency. September 26, 2018. Accessed October 12, 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- ⁶ Raoul Oberman et al., "The Archipelago Economy: Unleashing Indonesia's Potential," McKinsey Global Institute, September 2012, vi-vii.
- ⁷ Ibid., vi-vii.
- ⁸ Minnie Chan and Zhuang Pinghui, "China's Aging Population Problem Worsens as Birth and Marriage Rates Fall," South China Morning Post, July 16, 2018, accessed October 12, 2018, <https://www.scmp.com/news/china/policies-politics/article/2155366/chinas-aging-population-problem-worsens-birth-and-marriage-rates-fall>; Oberman et al., "The Archipelago Economy: Unleashing Indonesia's Potential," 5.
- ⁹ Oberman et al., "The Archipelago Economy: Unleashing Indonesia's Potential," vi-vii.
- ¹⁰ Ibid., 1-2.
- ¹¹ Ibid., 15.
- ¹² Roland Rajah, "Indonesia's Economy: Between Growth and Stability," Lowy Institute, August 2018, accessed October 12, 2018, 2.
- ¹³ Oberman et al., "The Archipelago Economy: Unleashing Indonesia's Potential," 15.
- ¹⁴ Simon Evenett and Johannes Fritz, "The Tide Turns? Trade, Protectionism, and Slowing Global Growth," Global Trade Alert 18 (2015): accessed October 12, 2018, 19.
- ¹⁵ Roland Rajah, "Indonesia's Economy: Between Growth and Stability," 6.
- ¹⁶ "USTR Releases 2018 Special 301 Report on Intellectual Property Rights," April 2018, accessed October 12, 2018, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/april/ustr-releases-2018-special-301-report>.
- ¹⁷ Makassar and Medan, "Indonesia's Leader, Jokowi, Is Splurging on Infrastructure," The Economists, May 5, 2018.
- ¹⁸ "Closing the Gap," The World Bank, October 2017, accessed October 12, 2018, <http://pubdocs.worldbank.org/en/677741506935868706/IEQ-Oct-2017-ENG.pdf>.
- ¹⁹ "Jokowi Chasing \$196b to Fund 5-year Infrastructure Plan," The Straits Times, January 27, 2018, accessed October 12, 2018, <https://www.straitstimes.com/asia/se-asia/jokowi-chasing-196b-to-fund-5-year-infrastructure-plan>.
- ²⁰ Karlis Salna, "Indonesia Needs \$157 Billion for Infrastructure Plan," Bloomberg, January 25, 2018, accessed October 12, 2018, <https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan>.
- ²¹ Branstetter, Lee, and Kamal Saggi. "Intellectual Property Rights, Foreign Direct Investment, and Industrial Development." October 2009.
- ²² Lesser, William. "The Effects of TRIPS-Mandated Intellectual Property Rights on Economic Activities in Developing Countries." Report. Cornell University. April 17, 2001. Accessed October 20, 2018. http://www.wipo.int/export/sites/www/about-ip/en/studies/pdf/ssa_lesser_trips.pdf.
- ²³ "The Global Intellectual Property Center," Home, accessed October 12, 2018, <https://www.theglobalipcenter.com/ipindex2018-details/?country=id>.
- ²⁴ Ibid.

- ²⁵ Ibid.
- ²⁶ "Indonesia - 5-Protection of Property Rights Indonesia - IPR," Indonesia - 5-Protection of Property Rights, August 2, 2017, accessed October 12, 2018, <https://www.export.gov/article?id=Indonesia-protection-of-property-rights>.
- ²⁷ Reid, David. "Indonesia Is on Path to Joining the Trans-Pacific Partnership, Finance Minister Says." CNBC. April 18, 2018. Accessed October 12, 2018. <https://www.cnbc.com/2018/04/18/indonesia-is-on-path-to-joining-the-trans-pacific-partnership-finance-minister-says.html>.
- ²⁸ Tani, Shotaro. "Indonesia Making Preparations to Join TPP." Nikkei Asian Review. June 12, 2018. Accessed October 12, 2018. <https://asia.nikkei.com/Spotlight/The-Future-of-Asia-2018/Indonesia-making-preparations-to-join-TPP>.
- ²⁹ Goodman, Matthew. "From TPP to CPTPP." Center for Strategic and International Studies. March 08, 2018. Accessed October 12, 2018. <https://www.csis.org/analysis/tpp-cptpp>.
- ³⁰ "Checklist Indicating The Membership Of International IP Treaties." Association of Southeast Asian Nations. Accessed October 12, 2018. <https://www.asean.org/uploads/archive/17438.pdf>; "TPP Final Text: Intellectual Property." United States Trade Representative. Accessed October 12, 2018. <https://ustr.gov/sites/default/files/TPP-Final-Text-Intellectual-Property.pdf>.
- ³¹ Tani, Shotaro. "Indonesia Making Preparations to Join TPP."
- ³² "Asia Power Index: Indonesia." 2018. Accessed October 12, 2018. <https://power.lowyinstitute.org/countries?profile=106>.
- ³³ Ibid.
- ³⁴ Reid, David. "Indonesia Is on Path to Joining the Trans-Pacific Partnership, Finance Minister Says."
- ³⁵ Suryadinata, Leo, and Siwage Dharma Negara. "US Vice-President Mike Pence's Visit to Indonesia: A US "Return" to Southeast Asia?" ISEAS, 32nd ser., no. 2017 (May 19, 2017). Accessed October 12, 2018; United States Department of State. November 1, 2017. U.S. Mission-Indonesia ICS Goals & Framework FY 2018
- ³⁶ "United States and Indonesia Agree to Step Up Work to Expand Trade." United States Trade Representative. June 2017. Accessed October 13, 2018. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/june/united-states-and-indonesia-agree-step>.
- ³⁷ Ibid.
- ³⁸ Ibid.
- ³⁹ Branstetter, Lee, and Kamal Saggi. "Intellectual Property Rights, Foreign Direct Investment, and Industrial Development," 34.
- ⁴⁰ Ibid.
- ⁴¹ Lesser. "The Effects of TRIPS-Mandated Intellectual Property Rights on Economic Activities in Developing Countries," 21.
- ⁴² Ibid; Maskus, Keith. "The Role of Intellectual Property Rights in Encouraging Foreign Direct Investment and Technology Transfer." Paper presented at the "Public-Private Initiatives After TRIPS: Designing a Global Agenda," 16-19 July 1997, Brussels, Belgium., 1-6.
- ⁴³ Sanz De Acedo, Etienne. "How Safeguarding Intellectual Property Benefits Singapore's Economy." TODAYonline. November 08, 2017. Accessed October 13, 2018. <https://www.todayonline.com/commentary/how-safeguarding-intellectual-property-benefits-singapores-economy>; McPhillips, Deidre. "10 Countries That Receive the Most Foreign Direct Investment." U.S. News & World Report. October 25, 2017. Accessed October 13, 2018. <https://www.usnews.com/news/best-countries/slideshows/10-countries-that-receive-the-most-foreign-direct-investment?slide=5>.
- ⁴⁴ New, William. "After 15 Years In WTO, China Still Weak On Many IP Rights Rules, US Says." Intellectual Property Watch. January 10, 2017. Accessed October 24, 2018. <http://www.ip-watch.org/2017/01/10/15-years-wto-china-still-weak-many-ip-rights-rules-us-says/>.
- ⁴⁵ Gill, Indermit S., and Homi Kharas. "The Middle-Income Trap Turns Ten." Policy Research Working Papers, 2015.
- ⁴⁶ Rhee, Changyong. "Indonesia Risks Falling Into the Middle-Income Trap." Jakarta Globe, March 27, 2012. Accessed October 12, 2018. <http://www.adb.org/news/op-ed/indonesia-risks-falling-middle-income-trap>.
- ⁴⁷ Roland Rajah, "Indonesia's Economy: Between Growth and Stability," 2.
- ⁴⁸ Garrett, Geoffrey. "Globalization's Missing Middle." Yale Global Online. November 05, 2004. Accessed October 12, 2018. <https://yaleglobal.yale.edu/content/globalizations-missing-middle>.

⁴⁹ Montanari, Lorenzo. "Will Singapore Be the next Intellectual Property Hub?" *Forbes*. September 19, 2017. Accessed October 20, 2018. <https://www.forbes.com/sites/lorenzomontanari/2017/09/19/will-singapore-be-the-next-intellectual-property-hub/>.

⁵⁰ Valencia, Mark J. "Indonesia Unlikely to Join US-Led-Coalition to Contain China." *The Diplomat*. February 21, 2018. Accessed October 12, 2018. <https://thediplomat.com/2018/02/indonesia-unlikely-to-join-us-led-coalition-to-contain-china/>.

⁵¹ Widodo, Joko. "Widodo Determined to Make Indonesia 'more Open and Competitive'." *Nikkei Asian Review*. June 09, 2016. Accessed October 12, 2018. <https://asia.nikkei.com/Economy/Widodo-determined-to-make-Indonesia-more-open-and-competitive>.

BIBLIOGRAPHY

"Asia Power Index : Indonesia." 2018. Accessed October 12, 2018.

<https://power.lowyinstitute.org/countries?profile=106>.

Branstetter, Lee, and Kamal Saggi. "Intellectual Property Rights, Foreign Direct Investment, and Industrial Development."

Chan, Minnie, and Zhuang Pinghui. "China's Aging Population Problem Worsens as Birth and Marriage Rates Fall." *South China Morning Post*, July 16, 2018. Accessed October 12, 2018.

<https://www.scmp.com/news/china/policies-politics/article/2155366/chinas-aging-population-problem-worsens-birth-and-marriage-rates-fall>.

"Checklist Indicating The Membership Of International IP Treaties." Association of Southeast Asian Nations. Accessed October 12, 2018. <https://www.asean.org/uploads/archive/17438.pdf>.

"Closing the Gap." The World Bank. October 2017. Accessed October 12, 2018.

<http://pubdocs.worldbank.org/en/677741506935868706/IEQ-Oct-2017-ENG.pdf>.

Evenett, Simon, and Johannes Fritz. "The Tide Turns? Trade, Protectionism, and Slowing Global Growth." *Global Trade Alert* 18 (2015). Accessed October 12, 2018.

Garrett, Geoffrey. "Globalization's Missing Middle." *YaleGlobal Online*. November 05, 2004. Accessed October 12, 2018. <https://yaleglobal.yale.edu/content/globalizations-missing-middle>.

Gill, Indermit S., and Homi Kharas. "The Middle-Income Trap Turns Ten." *Policy Research Working Papers*, 2015. doi:10.1596/1813-9450-7403.

Goodman, Matthew. "From TPP to CPTPP." Center for Strategic and International Studies. March 08, 2018. Accessed October 12, 2018. <https://www.csis.org/analysis/tpp-cptpp>.

Indonesia. Accessed October 12, 2018. <https://tradingeconomics.com/indonesia>.

"Indonesia - 5-Protection of Property Rights Indonesia - IPR." Indonesia - 5-Protection of Property Rights. August 2, 2017. Accessed October 12, 2018. <https://www.export.gov/article?id=Indonesia-protection-of-property-rights>.

"Jokowi Chasing \$196b to Fund 5-year Infrastructure Plan." *The Straits Times*. January 27, 2018. Accessed October 12, 2018. <https://www.straitstimes.com/asia/se-asia/jokowi-chasing-196b-to-fund-5-year-infrastructure-plan>.

Kurlantzick, Joshua. "Keeping the U.S.-Indonesia Relationship Moving Forward." Accessed October 12, 2018. <https://www.cfr.org/report/keeping-us-indonesia-relationship-moving-forward>.

Lesser, William. "The Effects of TRIPS-Mandated Intellectual Property Rights on Economic Activities in Developing Countries." Report. Cornell University. April 17, 2001. Accessed October 20, 2018.

Makassar, and Medan. "Indonesia's Leader, Jokowi, Is Splurging on Infrastructure." *The Economists*, May 5, 2018.

Maskus, Keith. "The Role of Intellectual Property Rights in Encouraging Foreign Direct Investment and Technology Transfer." Paper presented at the "Public-Private Initiatives After TRIPS: Designing a Global Agenda," 16-19 July 1997, Brussels, Belgium., 1-6.

McPhillips, Deidre. "10 Countries That Receive the Most Foreign Direct Investment." *U.S. News & World Report*. October 25, 2017. Accessed October 13, 2018. <https://www.usnews.com/news/best-countries/slideshows/10-countries-that-receive-the-most-foreign-direct-investment?slide=5>.

Montanari, Lorenzo. "Will Singapore Be the next Intellectual Property Hub?" *Forbes*. September 19, 2017. Accessed October 20, 2018. <https://www.forbes.com/sites/lorenzomontanari/2017/09/19/will-singapore-be-the-next-intellectual-property-hub/>.

-
- New, William. "After 15 Years In WTO, China Still Weak On Many IP Rights Rules, US Says." Intellectual Property Watch. January 10, 2017. Accessed October 24, 2018. <http://www.ip-watch.org/2017/01/10/15-years-wto-china-still-weak-many-ip-rights-rules-us-says/>.
- Oberman, Raoul, Richard Dobbs, Arief Budiman, Fraser Thompson, and Morten Rosse. "The Archipelago Economy: Unleashing Indonesia's Potential." *McKinsey Global Institute*, September 2012.
- Rajah, Roland. "Indonesia's Economy: Between Growth and Stability." *Lowy Institute*, August 2018. Accessed October 12, 2018.
- Reid, David. "Indonesia Is on Path to Joining the Trans-Pacific Partnership, Finance Minister Says." CNBC. April 18, 2018. Accessed October 12, 2018. <https://www.cnbc.com/2018/04/18/indonesia-is-on-path-to-joining-the-trans-pacific-partnership-finance-minister-says.html>.
- "Remarks by the Vice President and Indonesian President Widodo to the Press." The White House. Accessed October 12, 2018. <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-indonesian-president-widodo-press/>.
- "Report for Selected Countries and Subjects." International Monetary Fund. June 2018. Accessed October 24, 2018. <https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/download.aspx>.
- Rhee, Changyong. "Indonesia Risks Falling Into the Middle-Income Trap." *Jakarta Globe*, March 27, 2012. Accessed October 12, 2018. <http://www.adb.org/news/op-ed/indonesia-risks-falling-middle-income-trap>.
- Salna, Karlis. "Indonesia Needs \$157 Billion for Infrastructure Plan." *Bloomberg*. January 25, 2018. Accessed October 12, 2018. <https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan>.
- Sanz De Acedo, Etienne. "How Safeguarding Intellectual Property Benefits Singapore's Economy." *TODAYonline*. November 08, 2017. Accessed October 13, 2018. <https://www.todayonline.com/commentary/how-safeguarding-intellectual-property-benefits-singapores-economy>.
- Suryadinata, Leo, and Siwage Dharma Negara. "US Vice-President Mike Pence's Visit to Indonesia: A US "Return" to Southeast Asia?" *ISEAS*, 32nd ser., no. 2017 (May 19, 2017). Accessed October 12, 2018.
- Tani, Shotaro. "Indonesia Making Preparations to Join TPP." *Nikkei Asian Review*. June 12, 2018. Accessed October 12, 2018. <https://asia.nikkei.com/Spotlight/The-Future-of-Asia-2018/Indonesia-making-preparations-to-join-TPP>.
- "The Global Intellectual Property Center." Home. Accessed October 12, 2018. <https://www.theglobalipcenter.com/ipindex2018-details/?country=id>.
- "The World Factbook: INDONESIA." Central Intelligence Agency. September 26, 2018. Accessed October 12, 2018. <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- "TPP Final Text: Intellectual Property." United States Trade Representative. Accessed October 12, 2018. <https://ustr.gov/sites/default/files/TPP-Final-Text-Intellectual-Property.pdf>.
- "United States and Indonesia Agree to Step Up Work to Expand Trade." United States Trade Representative. June 2017. Accessed October 13, 2018. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/june/united-states-and-indonesia-agree-step>.
- United States Department of State. November 1, 2017. U.S. Mission-Indonesia ICS Goals & Framework FY 2018
- "USTR Releases 2018 Special 301 Report on Intellectual Property Rights." April 2018. Accessed October 12, 2018. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/april/ustr-releases-2018-special-301-report>.
- Valencia, Mark J. "Indonesia Unlikely to Join US-Led-Coalition to Contain China." *The Diplomat*. February 21, 2018. Accessed October 12, 2018. <https://thediplomat.com/2018/02/indonesia-unlikely-to-join-us-led-coalition-to-contain-china/>.
- "What Is Intellectual Property?" World Intellectual Property Organization. Accessed October 12, 2018. http://www.wipo.int/edocs/pubdocs/en/intproperty/450/wipo_pub_450.pdf.
- Widodo, Joko. "Widodo Determined to Make Indonesia 'more Open and Competitive'." *Nikkei Asian Review*. June 09, 2016. Accessed October 12, 2018. <https://asia.nikkei.com/Economy/Widodo-determined-to-make-Indonesia-more-open-and-competitive>.

Pusat Maritim: Gaining Long-Term Influence and Presence in Eastern Indonesia

Andrew Rhodes

Introduction

China is conducting a sustained and coherent geo-economic campaign to advance its global interests, gain international influence, and undermine the US-led international order.¹ Grygiel and Mitchell argue in *The Unquiet Frontier* that rising, revisionist powers such as China are probing for weakness among America's allies and partners and will test US commitment to the status quo not where the United States is strongest, but on the periphery, at the outer limits of its influence.² The Republic of Indonesia (ROI) is one place where China is testing US influence. The ROI is not a treaty ally of the United States and pursues a carefully independent foreign policy, but as a populous, dynamic, and democratic power in the region, the United States has a clear interest in demonstrating that the country is not a weak point in American influence open to exploitation.

US Indo-Pacific Command (INDOPACOM) is ideally suited to lead innovative interagency efforts that complement current programs and build new strong points in America's regional position. Efforts to improve livelihoods in strategically-vital but under-developed communities in Eastern Indonesia would uphold the ideals of a "free and open Indo-Pacific," while creating a defense-in-depth against expanding Chinese presence and influence in the region.³ Unifying and expanding existing development and security efforts would support the ROI's interests without forcing Jakarta into direct conflict with China.

One option for INDOPACOM to strengthen the US position in the region would be the establishment of new bilateral, interagency facilities in Eastern Indonesia, notionally called "Pusat Maritim Indonesia-Amerika" (PMIA, Indonesian-American Maritime Centers). PMIAs would provide a physical presence to demonstrate American commitment to the region, drive economic growth, and unify mutually-reinforcing bilateral ties. PMIAs would be only one component of what must be a broader national effort to compete with Chinese influence, presence, and strategic narratives. Over the long-term, the PMIAs would facilitate new access for DOD elements, increase the perceived risk to adversaries considering operations in the area, and create conditions for broader regional efforts in peacetime or conflict.

China's Growing Influence and the ROI's Ambivalent Response

Current and previous administration policies, such as the "Pivot to Asia," the "Rebalance to Asia," and the "free and open Indo-Pacific," have articulated a commitment to supporting the economic vitality of Southeast Asia while advancing US interests in the face of a more assertive China. The ROI should be at the center of any regional strategy due to its large population, dynamic economy, vibrant democracy, and position within the Association of Southeast Asian Nations (ASEAN).⁴ The US-Indonesia relationship is a clear example of the partnerships that

the 2018 National Defense Strategy calls for strengthening.⁵ Although Indonesian President Joko “Jokowi” Widodo has taken a harder line on China on some issues, he and other leaders are wary of choosing sides in a US-China competition and value a policy of what Evan Laksamana calls “pragmatic equidistance.”⁶ Michael Green, a leading Asia scholar, points out in his new history of US policy in Asia that the ROI’s refusal to “lean to one side” has endured from the 1955 Bandung meeting of nonaligned nations through the “one thousand friends and zero enemies” policy to today.⁷

Indonesians view both China and the United States warily and have complex, evolving opinions on the competition between the two. The Pew Global Attitudes Survey indicated that in 2017, 55% of Indonesians held a favorable opinion of China, and 47% had a favorable view of the United States.⁸ The favorability of both countries has declined in recent years. China earned a more favorable opinion than the United States in every year of the survey, except for a marginally more favorable view of the United States in 2009-2010.⁹ (See **Appendix 1**.) According to Indonesian political scientist Evi Fitriani, the ROI’s elites have diverse views of both countries and are stakeholders in an array of political, economic and security relationships with both.¹⁰ Another scholar highlights how attitudes towards China bias policymaking towards a status quo approach that resists pressure to choose sides decisively or engage in direct conflict with China.¹¹ Jakarta’s ambivalence towards China’s rise suggests an indirect and long-term approach to enhancing US influence in the ROI should complement more direct diplomatic and military efforts. Eastern Indonesia presents an opportunity to establish a second-echelon defense, developing influence and access at the sub-national level in key geography outside the “first island chain.” It is vital terrain for long-term investment in the theater, as it marks the southern terminus of the “second island chain” (see map at **Appendix 2**).¹²

The Chinese government has already committed resources to compete for influence in the ROI, especially in the maritime sector. In recent years, China has increasingly linked small-scale efforts in the country to its global strategy to boost its stature through the “Belt and Road Initiative” (BRI). China has directly engaged the Indonesian maritime sector under the banner of the Indonesia-China Center for the Ocean and the Climate (ICCO).¹³ Established in 2009, the ICCOC was the focus of \$152 million Chinese investment in 2012 and in 2017 was mentioned as part of Beijing’s approach to the “Maritime Silk Road.”¹⁴ China established six Confucius Institutes in the ROI from 2007-2011, and Chinese scholars in 2017 described a direct supporting role for Confucius Institutes in the BRI.¹⁵ A recent analysis of regional survey data indicated that Confucius Institutes improved Indonesian attitudes towards China, in contrast to the adverse effect of Chinese popular culture.¹⁶

Enduring poverty in maritime communities in Eastern Indonesia has worsened because of illegal, unregulated and unreported (IUU) fishing by state-subsidized Chinese fishing vessels operating in the ROI’s exclusive economic zone (EEZ).¹⁷ However, this issue has received less attention than disputes near the Natuna Islands in the South China Sea.¹⁸ China’s ambitions for

Pusat Maritim: Gaining Long-Term Influence and Presence in Eastern Indonesia

maritime power, outlined in 2018 by Liza Tobin, suggest its activity in recent years inside the First Island Chain and in the Philippine Sea will extend in coming years to the strategic waterways of Eastern Indonesia, including the Makassar Strait, the Celebes Sea, and the Caroline Basin.¹⁹ Chinese military scholars have characterized the BRI as supporting a concept of “grand border defense.”²⁰ Chinese fishing vessels are already a global presence, and China’s rapidly-growing maritime militia and maritime law enforcement fleets are deploying more widely in regional waters.²¹ The Chinese navy has increased its transits of the Makassar Strait, probably to reduce reliance on the Strait of Malacca when moving between the Indian Ocean and Western Pacific.²² Chinese investment and naval diplomacy in the South Pacific in recent years have raised questions about Beijing’s ambitions in Papua New Guinea, Vanuatu, and Fiji, prompting new US diplomacy, such as the recent Oceania trip by the Under Secretary of the Navy.²³ Eastern Indonesia lies along China’s lines of communication to these areas.

Conceptual Overview: Pusat Maritim Indonesia-Amerika

If established in selected maritime communities, each physical PMIA building would create a visible and practical hub of US commitment to Eastern Indonesia. Each PMIA would include office space for PMIA staff, a museum and library focused on US-Indonesia ties, and a conference center for community events. PMIAs would be active daily with staff executing programs in support of the lines of effort (LOE) outlined below and regular community events. Other than a small number of American personnel and temporary US Government visitors, PMIAs should prioritize hiring local employees, including an Indonesian co-director, to maximize job creation and community ties. The United States Government would fund initial building construction with an emphasis on benefiting local communities by using Indonesian architects and construction firms. Funds authorized under the Indo-Pacific Maritime Security Initiative (MSI) could cover the renovation of an existing structure; an entirely new building might be preferable for creating a modern and iconic hub and might generate more local jobs but might also require a special appropriation.²⁴ MSI funds, INDOPACOM Theater Security Cooperation funds, and participating agency base budgets should cover ongoing maintenance and personnel costs.

PMIAs could create centers for closely-linked and mutually-supporting programming across two lines of effort (LOE): supporting maritime communities and deepening commercial and cultural ties. These LOEs align with President Jokowi’s “maritime fulcrum” concept, which has five “pillars”: “revitalizing maritime culture,” “improving the management of oceans and fisheries,” “developing the maritime economy,” “strengthening maritime diplomacy,” and “reinforcing maritime defence capacity.”²⁵ Further, the two proposed PMIA LOEs are directly consistent with the 2015 US-Indonesia Memorandum of Understanding (MOU) on Maritime Cooperation.²⁶ Notional PMIAs would integrate US-Indonesia bilateral activity across government, commercial, and nongovernmental lines. PMIA routine operations, hosted events, and programming promoted through PMIAs would all contribute directly and indirectly to economic development through job creation, technical assistance, and promotion of bilateral

private sector relationships. Economic benefits driven by US private sector investment in the ROI play a massive role in the bilateral relationship. As the US Ambassador pointed out during the 2018 US-Indonesia Investment Summit, Nike employs 171,000 Indonesians; Chevron generates a major share of Indonesian government revenue by pumping 136,000 barrels and 163 million cubic feet of natural gas every day.²⁷ The impact of these multinational corporations will outweigh any contribution of PMIAs to the national economy, but the direct impact to individual communities could be significant. Further, the public diplomacy benefits would outweigh the tangible economic benefits. Political scientists have confirmed that this public diplomacy can bring about substantial strategic benefit, although evaluating their effectiveness and measuring “soft power” can be difficult.²⁸

To maximize their impact, PMIAs should pursue a policy of deliberate, “big tent” co-branding of various organizations and institutions from both countries. PMIA programming across LOEs should prioritize expansion and linking current programs, rather than seeking to establish wholly new initiatives. The Department of State (DoS), US Agency for International Development (USAID), Department of Defense, and the National Oceanic and Atmospheric Administration (NOAA) have conducted relevant programs in Eastern Indonesia, albeit on a small scale and with insufficient coordination. The primary partner from the Indonesian government would be the Ministry of Marine Affairs and Fisheries, whose budget has doubled in recent years, but other essential partners would include the Indonesian military (Tentara Nasional Indonesia or TNI) and the ministries of Education, Tourism, and Foreign Affairs.

LOE 1: Supporting Communities and Empowering Fishermen

The first LOE for interagency PMIA programming would support Indonesian livelihoods and counter Chinese aggression through sustained assistance to fishermen, including better fisheries management and enhanced safety of fishermen. It should also prioritize the documentation and publication of Chinese IUU fishing. IUU fishing has already had a damaging impact on Indonesian fishermen—the government claims losses of some \$20 billion annually—and a combination of state-sponsored aggressive behavior and official subsidies to the Chinese distant seas fishing fleet suggest this problem will worsen.²⁹ It is increasingly standing up to foreign exploitation of its fisheries, as seen in the 2016 *Kway Fey* incident near Natuna. Minister of Fisheries Susi Pudjiastuti has overseen aggressive prosecution and destruction (with explosives) of foreign vessels caught illegally fishing.³⁰ These measures prompted regional concern but are popular with domestic audiences and suggest that Minister Pudjiastuti is a critical individual for INDOPACOM Key Leader Engagements (KLE) in support of PMIA establishment.³¹ The primary US Government effort in this sector has been the USAID Sustainable Ecosystems Advanced project, which promotes planning and protection of fisheries, including participation of the NOAA Office of Law Enforcement. It is a \$32 million, five-year program with a small American and Indonesian staff in Jakarta and is active in some areas in Eastern Indonesia. It could provide a nucleus of technical expertise and established relationships for a broader commitment under a PMIA banner.

Scaling up the fisheries effort would bring permanent staff to each PMIA with a steady annual budget for programming. Fisheries programming could expand programs with local law enforcement but should also prioritize efforts to directly empower fishermen to collect data on Chinese IUU fishing with recording equipment and recognition guides. PMIA staff could compile data collected by local fishermen to research key trends and publish finished analysis of Chinese IUU activity with regular media engagements to highlight PMIA programs. INDOPACOM Public Affairs staff could help PMIAs feature these issues in media outside the ROI, potentially by engaging regional and international journalists to publish stories on fisheries challenges and sponsoring academics to conduct research at the PMIAs. Documentation of IUU activity would add enriching content to other efforts at maritime domain awareness, such as the Integrated Maritime Surveillance System (IMSS), a \$55 million program DOD handed over to the Indonesian Navy in 2011.³² PMIA output would provide richer detail on specific activities and allow messaging on the character of Chinese maritime behavior beyond ship tracking.

Outside of US Government programs, PMIAs should partner with a broad set of foreign and non-governmental organizations, possibly as host and coordinator for meetings of the Maritime Donors Group (MDG) and the Indonesia Marine Funders Collaboration (IMFC).³³ The MDG is a venue for USAID to coordinate with international development partners such as the World Bank and the Japanese International Cooperation Agency, while the IMFC aids collaboration among several large US philanthropic foundations that contribute nearly \$20 million per year to the protection of Indonesian marine resources.³⁴ Coastal communities are vulnerable to natural disasters, as highlighted by the devastating September 2018 earthquake and tsunami in Palu, which was one of the locations considered for a PMIA site in a preliminary analysis (see **Appendix 3**). An explicit aspect of PMIA investment in local communications, discussed below, should be the dissemination of weather alerts to fishermen, emergency warnings, and the provision of redundant disaster communications. PMIA liaisons to USAID/OFDA (Office of Foreign Disaster Assistance) could establish routine working relationships with regional representatives of the ROI's National Disaster Management Agency to facilitate preparedness efforts and coordinate disaster response.³⁵

LOE 2: Brokering Bilateral Ties through Culture, Education, and Commerce

Private sector, educational, and cultural programming would anchor the PMIA role in the broader community. The DOS sponsors a range of public diplomacy outreach platforms around the world, including in the ROI, but there is little to no US presence in maritime communities in Eastern Indonesia. The second line of effort at the PMIAs would replicate, expand, and focus established efforts to improve ties and enhance US influence in the region. The PMIAs should seek committed partnerships with non-government partners, including the American Chamber of Commerce (AmCham) in Indonesia, the US-Indonesia Society (USINDO), regional universities, and journalists as sponsors or participants in PMIA activities. PMIA participation in the AmCham annual US-Indonesia Investment Summit would raise the profile of PMIA activity, attract supporters for cultural programs, and forge ties to the US private sector in PMIA

communities.³⁶ They could also provide a venue for brokering new financial relationships, catalyzing investments, and providing technical assistance through the newly-created US International Development Finance Corporation, with its focus on public-private partnerships overseas.³⁷

Depending on the facilities and resources available, PMIAs could implement or adapt one of several models for public diplomacy outreach platforms, such as new Embassy-sponsored American Centers, Binational Centers, or American Corners.³⁸ The smaller size and ease of establishment probably make American Corners the better model for inclusion in a notional PMIA: the Government Accountability Office estimates a cost of \$50,000 to establish a new American Corner and \$10,000 annually to operate it.³⁹ There are currently seven American Corners at Universities in the ROI, but only one in the east (in Ambon).⁴⁰ In addition to a library and computer lab, these PMIA-based American Corners would host English classes and fairs to highlight educational opportunities, such as testing services for study in the United States. PMIAs would draw upon, and expand, proven fellowship and scholarship programs managed by USINDO, USAID's "Prioritizing Reform, Innovation and Opportunities for Reaching Indonesia's Teachers, Administrators, and Students" (PRIORITAS) program, and the US Embassy's Regional English Language Office.⁴¹

PMIAs should establish a substantial presence in the information space, in addition to their physical presence in communities. They should be the topical focal point and a direct promoter of an information campaign highlighting American commitment to the ROI and the regional maritime domain. At a basic level, PMIAs can generate content for distribution through existing media outlets on the topic of empowering fishermen. INDOPACOM should also advocate for the expansion of Voice of America (VOA) to distribute Bahasa language content to PMIA communities and the surrounding region. VOA currently broadcasts to Eastern Indonesia primarily through satellite television (AsiaSat7), but the PMIA concept should attempt to expand the audience reached by outlets like VOA through terrestrial broadcast or new media. The ROI is the fastest-growing country in the world for internet use; PMIAs should include public internet cafés, which surveys indicate are visited by most Indonesians who use the internet.⁴² More than 95% of Indonesians in 2012 reported getting their news through television, suggesting INDOPACOM public affairs capacity should help develop, produce, and distribute high-quality television content in support of PMIA programs.⁴³ Establishing a new local TV station and broadcasting from the roof of a PMIA is worth exploring, although the costs and licensing challenges of this would require further research.

How INDOPACOM Can Lead and Benefit in Eastern Indonesia

Much of the PMIA concept has discussed diplomatic, informational, and economic dimensions, and this proposal explicitly favors a focus on these areas, recognizing the military instrument of national power should only play a narrow, coordinating role. INDOPACOM is uniquely positioned for this role. This initiative would be primarily non-military and should not

replace INDOPACOM security cooperation efforts, but it could serve as a complement to broader national strategies to support a “free and open Indo-Pacific.” The centrality of maritime security and regional influence in INDOPACOM’s AOR give it the mandate and ability to generate unity of effort among US programs. PMIA establishment could create access and opportunities to expand US participation in bilateral and multilateral exercises in new areas. This concept could also create conditions for broader efforts in the ROI, with other partners, or new geographic or multilateral architectures such as a “Caroline Basin Initiative” to link US efforts in the Caroline Islands, Eastern Indonesia, and the Southern Philippines.

The nature of Indonesian politics makes the TNI a vital partner and one that INDOPACOM is best positioned to engage. Further, emerging TNI discontent with China presents INDOPACOM an opportunity to create and deepen a TNI preference for partnering with the United States. Demonstrating sustained commitment and delivering on promises through long-term efforts such as PMIAs would exploit the perception in parts of the TNI that China lacks “follow-through.” Fitriani notes that general TNI perceptions of China are growing more negative because of disappointment in Chinese support to the ROI’s defense industry and the Natuna Islands dispute.⁴⁴

President Jokowi has called TNI “the glue that holds the nation together,” underscoring the importance of INDOPACOM KLE in creating unity of effort within the ROI. Gaining support for new bilateral initiatives that cross organizational lines will require support from a senior leader such as Coordinating Maritime Affairs Minister Luhut Pandjaitan. Sustained KLE by the INDOPACOM commander with an influential and respected former general like Luhut could augment efforts led by the US Embassy in Jakarta. Near-term engagement with TNI on Eastern Indonesia would be timely given TNI plans under consideration in 2018 to establish a third major Air Force command (Koops III) and a third Naval fleet focused on operations in the east.⁴⁵ INDOPACOM should seek an overlap between new TNI efforts, ongoing cooperative efforts, and PMIAs. The city of Manado in northern Sulawesi is a strong candidate for a PMIA location (see **Appendix 3**); it hosted the COPE WEST exercise with Pacific Air Forces in 2016 and 2018 and is the potential location for the Koops III.⁴⁶ Manado also highlights the possibility for further expansion of the PMIA concept to multilateral programs, as it is the regional hub for combined Indonesia-Philippines naval patrols in the Celebes Sea.⁴⁷

Although too small to be a separate LOE, activities linking PMIAs to historical US military operations, if resourced and properly implemented, could forge direct ties for INDOPACOM in the region. Morotai, for example, has a small museum focused on Macarthur’s 1944 campaign, and there are historical markers and relics of the war in Jayapura, Biak, and other locations (see **Appendix 3**).⁴⁸ A small museum in each PMIA facility with sophisticated exhibits would become a self-sustaining tourist attraction, promote local development, highlight long-standing US ties, and raise the profile of its mission.⁴⁹ PMIAs could partner with the Ministry of Tourism as part of the “Wonderful Indonesia” campaign, and INDOPACOM could

broker public-private sponsorship to fund exhibits and museum operations through veterans and historical groups.⁵⁰

PMIA sponsorship of scholars-in-residence and study tours could bring a steady stream of DOD entities, such as the Asia-Pacific Center for Strategic Studies, the Army Center for Military History, and the war colleges to Eastern Indonesia. These events would complement the INDOPACOM calendar of military engagements to sustain a regular presence of innocuous DOD activities in the area. The Marine Corps' School of Advanced Warfare annual Pacific Staff Ride provides an ideal example to expand or emulate with a PMIA focus.⁵¹ Use of military aircraft for study tours, perhaps to efficiently visit all PMIAs in a single trip, could also support Pacific Air Forces airfield surveys. Participating in PMIA-sponsored historical commemorations could bring US ships, aircraft, and even submarines to Eastern Indonesia.

An enhanced US military presence, even at low levels, can forestall growing Chinese presence and influence in the diplomatic, economic, and information space and demonstrate that Eastern Indonesia is not a permissive environment for Chinese operations. The primary benefit of assisting Indonesian fishermen is stronger and more stable maritime communities; however, a secondary benefit could be a general perception that fishermen are effective at self-policing Indonesian waters and sharing their information with the United States. This narrative could cause Chinese fishermen and naval commanders to perceive higher costs and risks to operating in Eastern Indonesian waters.

Counterarguments and Challenges

For strategists seeking large-scale, direct, and near-term counters to Chinese maritime aggression, the PMIA concept may appear insufficiently ambitious. However, the generational challenge of a rising China does not lend itself to near-term solutions: the United States should pursue multiple efforts such as PMIAs to grow in the long term. Further, the ROI's foreign policy preferences and its long-standing position of neutrality make it averse to direct challenges to China. Some PMIA concepts parallel Chinese efforts such as the Confucius Institutes and ICCOC, because China is already actively advancing its interests in the region with a full set of diplomatic, informational, military, and economic tools. The US Government need not emulate Chinese efforts, but it does require presence and programming to compete in the same space, with occasionally similar means.

The PMIA concept is narrow in scope, delivers real benefits to the Indonesian people, and can be carried out within existing authorities and appropriations, making it a worthy investment with minimal risk. A challenge for INDOPACOM would be establishing a framework to monitor and evaluate PMIA effectiveness over the long-term. A 2010 study sponsored by the US Advisory Commission on Public Diplomacy developed a tool called PD-MAP to expand upon and improve DOS tools to assess these efforts.⁵² Potential measures of effectiveness might include polling on opinions towards the United States and China,

participation rates in PMIA programs, and incidence of IUU fishing. If effective, the effort can scale up and expand to new locations and other countries.

The decentralized nature of Indonesian politics entails a risk that PMIAs could fall victim to competing priorities among national and local politicians and requires INDOPACOM and the interagency to synchronize engagement at all levels. High-level diplomacy alone cannot build effective PMIAs, which must forge relationships with local governments even if they hold different priorities than Jakarta. Despite the challenge of navigating politics, long-term investment in local ties could prove valuable to INDOPACOM during future disaster response or combat contingencies that require US forces to operate in Eastern Indonesia.

Conclusion

The Republic of Indonesia is one of the most significant prizes in the contest for influence in Asia, and Eastern Indonesia is key geography where the United States should strengthen its position. The PMIA concept would require long-term commitment but offers a workable way to build progress toward the strategic objectives of presence, influence, and access for INDOPACOM. There is little in the PMIA concept that is wholly original: it emphasizes focusing, synchronizing, and expanding established US programs. These near-term investments, unified and promoted under the PMIA concept, offer a manageable means for the United States to strengthen its relationship with the ROI, enhance the livelihoods of Indonesians, and expand defensive depth for the US position in Asia.

APPENDIX 1: Indonesian Public Opinion on China and the United States

Surveys of public opinion show complex, ambivalent, and evolving attitudes towards China, the United States, and their roles in Asia. The following tables are selections from the Pew Research Center's Global Attitudes and Trends surveys taken in the ROI in the stated years. Pew's database, which provides the data for the below tables, does not yet include the results of a 2017 survey cited in the text of this paper. There was no survey in 2016. Details on survey methodology and results on other questions are available through the online database at: <http://www.pewglobal.org/question-search/>.

Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable opinion of...the United States

Survey	Very favorable	Somewhat favorable	Somewhat unfavorable	Very unfavorable
Spring 2015	22	40	19	7
Spring 2014	12	47	27	6
Spring 2013	22	39	22	9
Spring 2011	13	41	30	10
Spring 2010	8	51	28	7
Spring 2009	13	50	26	4
Spring 2008	7	30	37	16
Spring 2007	4	25	41	25
Spring 2006	7	23	42	25
Spring 2005	6	32	40	17

How worried are you, if at all, that the US could become a military threat to our country someday? Are you very worried, somewhat worried, not too worried, or not at all worried?

Survey	Very worried	Somewhat worried	Not too worried	Not at all worried
Spring 2011	40	31	16	9
Spring 2010	42	34	17	5
Spring 2009	42	35	16	3
Spring 2007	53	31	11	3
Spring 2005	38	42	15	4

The United States has announced plans to commit more military resources to Asia. Which statement comes closer to your own views, even if neither is exactly right?...This is a good thing because it could help maintain peace in the region, OR this is a bad thing because it could lead to conflict with China?

Survey	Good thing because it could help maintain peace in the region	Bad thing because it could lead to conflict with China
Spring 2015	41	24

Pusat Maritim: Gaining Long-Term Influence and Presence in Eastern Indonesia

Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable opinion of...China

Survey	Very favorable	Somewhat favorable	Somewhat unfavorable	Very unfavorable
Spring 2015	18	45	18	4
Spring 2014	14	52	23	2
Spring 2013	17	53	20	4
Spring 2011	11	56	23	5
Spring 2010	5	53	33	4
Spring 2009	8	51	30	4
Spring 2008	6	53	28	6
Spring 2007	4	60	26	4
Spring 2006	11	51	28	3
Spring 2005	16	57	23	2

Which comes closer to describing your view? China will eventually replace the US as the world's leading superpower; China has already replaced the US as the world's leading superpower; or China will never replace the US as the world's leading superpower?

Survey	Will eventually replace US	Has already replaced US	Will never replace US
Spring 2015	27	5	40
Spring 2014	27	15	35
Spring 2013	29	10	41
Spring 2011	25	8	46
Spring 2009	24	7	51
Spring 2008	22	5	55

Overall do you think it would be a good thing or a bad thing if China were to become as powerful militarily as the US?

Survey	Good	Bad
Spring 2011	47	31
Spring 2005	60	28

And overall do you think that China's growing military power is a good thing or a bad thing for our country?

Survey	Good	Bad
Spring 2013	36	39
Spring 2011	44	36
Spring 2010	41	39
Spring 2008	27	42
Spring 2007	37	43

Turning to China, overall do you think that China's growing economy is a good thing or a bad thing for our country?

Survey	Good	Bad
Spring 2014	55	28
Spring 2011	62	25
Spring 2010	61	28
Spring 2008	57	31
Spring 2007	66	27
Spring 2005	70	23

Thinking about our relations with China, in your view, which is more important - being tough with China on territorial disputes between China and our country OR having a strong economic relationship with China?

Survey	Being tough with China	Having a strong relationship with China
Spring 2015	38	36

I'd like to ask your opinion about some international issues. Please tell me how concerned you are, if at all, about each of them - are you very concerned, somewhat concerned, not too concerned or not at all concerned? About territorial disputes between China and neighboring countries

Survey	Very	Somewhat	Not too	Not at all
Spring 2015	11	30	25	11

Is it more important for (survey country) to have strong economic ties with China or with the United States?

Survey	China	United States	Both (VOL)	Both equally (VOL)	Neither (VOL)
Spring 2015	22	30	29	0	6
Spring 2013	16	16	0	52	9

APPENDIX 2: Eastern Indonesia in the Context of the First and Second Island Chain



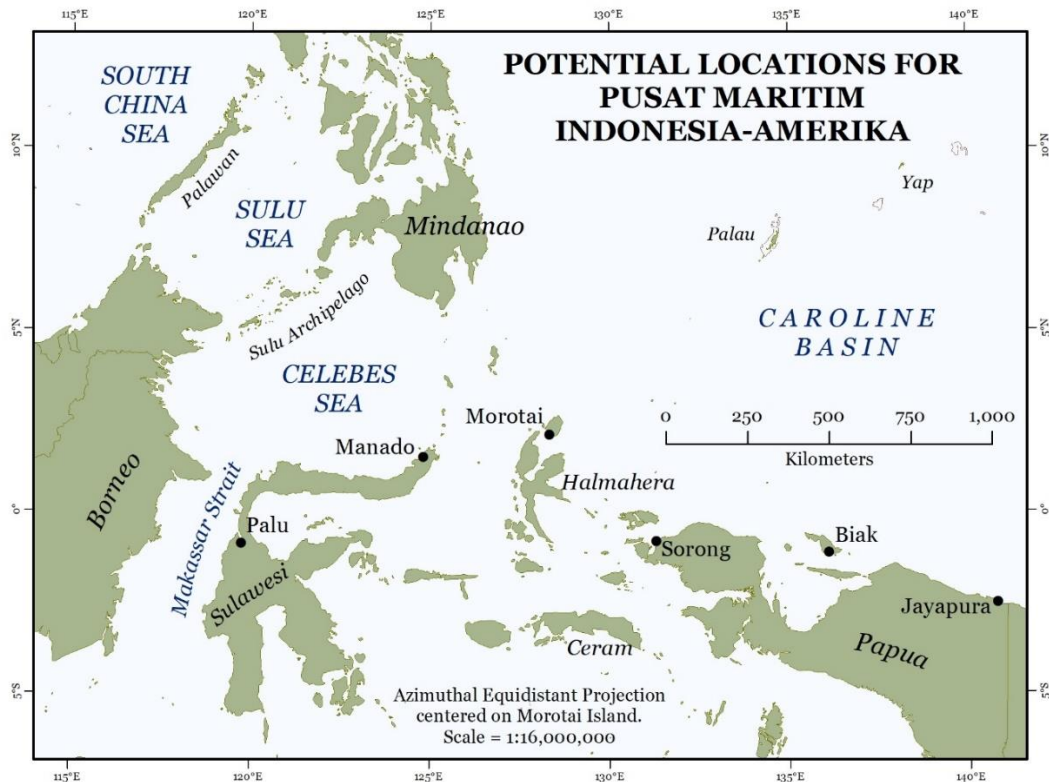
Map created by author, October 2018

APPENDIX 3: Potential Communities for hosting Pusat Maritim Indonesia-Amerika

Selection of PMIA locations will require a detailed analysis during deliberate planning, but chief characteristics of potential communities probably include: proximity to strategic waterways, a substantial fishing economy, an information hub for nearby communities, and historical links to the United States. Preliminary analysis suggests that appropriate sites to host PMIAs might include Jayapura, Biak, Morotai, Manado, Sorong, and Palu.

Name	Strategic Location	Global Fisheries Rank ⁵³	Historical tie to US Military Operations	Other Notes
Jayapura (Papua)	Proximity to Caroline Basin, and potential PRC interests in PNG	#45	Formerly known as Hollandia, Jayapura was the site of a major US amphibious campaign in 1944. And became a primary staging base for MacArthur's Philippines campaign.	Jayapura is the home port of a new TNI patrol craft commissioned in 2018. ⁵⁴ A Huawei Marine fiber-optic cable network for Papua New Guinea and offshore islands comes ashore at Jayapura. ⁵⁵
Biak	Caroline Basin	Unknown	Biak was the site of a 1944 battle with 3,000 US casualties and a major staging base in the ensuing Philippines Campaign. ⁵⁶	Biak is a small community and popular tourist destination. TNI upgraded the Air Force base in Biak in 2017 to host a fighter squadron. ⁵⁷
Morotai (North Maluku)	Caroline Basin	Unknown	Morotai was a vital intermediate objective and staging base in the 1944 Leyte Campaign. ⁵⁸ Morotai's current airport was built by the allies in 1944.	The recently-designated a Morotai Special Economic Zone seeks greater foreign investment and tourism, potentially streamlining PMIA establishment.
Manado (North Sulawesi)	Celebes Sea	#55	No direct tie to US operations, though there is a memorial to the WWII dead. Manado was occupied by the Japanese and heavily bombed during the war.	Site of COPE WEST bilateral exercise in 2016 and 2018. Regional hub for Indonesia-Philippines combined naval patrols. ⁵⁹ Tourism accounts for 28% of the local economy. ⁶⁰
Sorong (West Papua)	Caroline Basin	Unknown	Near the site of US landings at Sansapor in August 1944.	Potential headquarters for new Indonesian navy Eastern Fleet
Palu (Central Sulawesi)	Makassar Strait	#96	No direct US role in WWII: allied operations in the area were carried out by Australian forces. Museum exhibits could focus on US naval operations in the Makassar Strait, such as the submarine USS Puffer. ⁶¹	Site of devastating earthquake and tsunami in October 2018. PMIA establishment could tie directly to long-term reconstruction efforts.

Pusat Maritim: Gaining Long-Term Influence and Presence in Eastern Indonesia



Map created by author, October 2018

¹ Chris Johnson, *President Xi Jinping's Belt and Road Initiative: A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence*, (Washington, DC: The Center for Strategic and International Studies, 2016), www.csis.org; Ely Ratner, "Geostrategic and Military Drivers and Implications of the Belt and Road Initiative," prepared statement for the U.S.-China Economic and Security Review Commission posted on website of Council on Foreign Relations, www.cfr.org; Hal Brands, "Democracy Vs Authoritarianism: How Ideology Shapes Great-Power Conflict." *Survival* 60, no. 5 (2018): 61.

² J. Grygiel, and A.Wess Mitchell, *The Unquiet Frontier: Rising Rivals, Vulnerable Allies, and the Crisis of American Power* (Princeton, NJ: Princeton University Press, 2017).

³ US Department of State, "Advancing a Free and Open Indo-Pacific," news release, July 30, 2018, <https://www.state.gov/r/pa/prs/ps/2018/07/284829.htm>.

⁴ Andres H. Caceres-Solari, "Between Democracy and Chaos: Indonesia at a Crossroads," *Joint Forces Quarterly* 65 (Second Quarter, 2012): 27.

⁵ Office of the Secretary of Defense, *Summary of the 2018 National Defense Strategy of the United States of America* (Washington, DC: Office of the Secretary of Defense, January 2018), 9.

⁶ Evan Laksmana, "Indonesia-US Relations: Sweating the Small Stuff." *The Lowy Institute Interpreter*, 29 January 2018, accessed 9 September 2018, <https://www.lowyinstitute.org/the-interpreter/indonesia-us-relations-sweating-small-stuff>; Evan Laksmana, "Pragmatic Equidistance: How Indonesia Manages its Great Power Relations," in *China, the United States, and the Future of Southeast Asia*, David Denoon, ed. (New York: New York University Press, 2017).

⁷ Michael Green, *By More than Providence: Grand Strategy and American Power in the Asia Pacific since 1783* (New York: Columbia University Press, 2018), 292-293.

- ⁸ Pew Research Center, "Global Indicators Database," accessed 15 October 2018, <http://www.pewglobal.org/database/indicator/2/country/101/>.
- ⁹ Ibid.
- ¹⁰ Evi Fitriani, "Indonesian Perceptions of the Rise of China: Dare You, Dare You Not," *The Pacific Review* 31, no. 3 (2018): 398-399.
- ¹¹ Emirza Adi Syailendra, "Indonesia's elite divided on China," *East Asia Forum*, 20 April 2018, accessed 23 September 2018, <http://www.eastasiaforum.org/2018/04/20/indonesias-elite-divided-on-china/>.
- ¹² Andrew S. Erickson and Joel Wuthnow, "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific "Island Chains,"" *The China Quarterly* 225, no. 3 (2016): 1-22. In Chinese depictions highlighted by Erickson and Wuthnow, the Second Island Chain terminates near Morotai and Halmahera, which will be discussed below.
- ¹³ James Hardy, "China Offers to Build Coastal Surveillance System for Indonesia," *Jane's Navy International* 117, no. 5 (2012).
- ¹⁴ "China, Indonesia Enhance Marine Science Cooperation." *Xinhua News Agency*, 13 May 2009; "China invests US\$152m in Indonesia's maritime sector," *The Jakarta Post*, 27 March 2012; "Vision for Maritime Cooperation under the Belt and Road Initiative" *Xinhua News Agency*, 20 June 2017.
- ¹⁵ Lai Lin Dong, "The Development and Innovation of Confucius Institutes in ASEAN under the Background of 'One Belt One Road,'" *Southeast Asian Affairs / 南洋问题研究 (Xiamen, China)* no. 3 (2017), 39. Chinese language journal in the library of the China Maritime Studies Institute, Naval War College, Newport, RI.
- ¹⁶ Joseph R. Johnson, "The Effects of Cultural Diplomacy on Public Perception in Asia," Master's thesis, Utah State University, 2018, accessed 15 October 2018, <https://digitalcommons.usu.edu/etd/7257>.
- ¹⁷ Tabitha Grace Mallory, "Fisheries Subsidies in China: Quantitative and Qualitative Assessment of Policy Coherence and Effectiveness," *Marine Policy* 68, (2016): 74-82; Tabitha Grace Mallory. "China's Distant Water Fishing Industry: Evolving Policies and Implications." *Marine Policy* 38, (2013): 99-108.
- ¹⁸ Peter Dutton, "Three Disputes and Three Objectives: China and the South China Sea." *Naval War College Review* 64, no. 4 (2011): 42-67; Ridzwan Rahmat, "Indonesia Discloses Further Details of Ramming Incident with China Coast Guard Vessel," *Jane's Defence Weekly*, 22 March 2016. ProQuest.
- ¹⁹ Liza Tobin. "Underway: Beijing's Strategy to Build China into a Maritime Great Power." *Naval War College Review* 71, no. 2 (2018): 16.
- ²⁰ 侯昂好[Hou Anghao], "一带一路"与大边防["One Belt, One Road" and Grand Border Defense], 国防[National Defense] 4, 2016, pp. 20-24. Unpublished translation provided by China Maritime Studies Institute, Naval War College, Newport, RI.
- ²¹ Rahmat ; Enric Sala, Juan Mayorga, Christopher Costello, David Kroodsma, Maria L. D. Palomares, Daniel Pauly, U. Rashid Sumaila, and Dirk Zeller, "The Economics of Fishing the High Seas," *Science Advances* 4, no. 6 (2018): eaat2504.
- ²² Patrick M. Cronin, Mira Rapp-Hooper, Harry Krejsa, Alexander Sullivan and Rush Doshi. *Beyond the San Hai: The Challenge of China's Blue Water Navy* (Washington: The Center for New American Security, 2017), <https://www.cnas.org/publications/reports/beyond-the-san-hai>; "China's Navy Complete First Formal Blue Water Training in 2014" *Renmin Ribao* (People's Daily), 19 February 2014; "Chinese warships return after high sea drill," *Xinhua News Agency*, 7 March 2017
- ²³ Jim Garamone, "US Could Help Pacific Allies Build Capabilities, Navy Undersecretary Says," Defense Media Activity news release, 4 October 2018, <https://dod.defense.gov/News>; Wallace Kiala, "Chinese navy to visit Papua New Guinea 17-20 Aug," *The National* (Papua New Guinea), 11 August 2010; Lee Jeong-Ho, "China and the West vie for influence in Pacific islands" *South China Morning Post*, 10 September 2018, 3; Bernard Lagan, "Australia and US move to counter China in Pacific," *The Times* (London), 21 September 2018, 34.
- ²⁴ John S. McCain National Defense Authorization Act for Fiscal Year 2019. Pub. L. No. 115-232 (2018). <https://www.congress.gov/bill/115th-congress/house-bill/5515>.
- ²⁵ Siwage Dharma Negara, "Indonesia's Infrastructure Development Under the Jokowi Administration." *Southeast Asian Affairs* (2016), 151.
- ²⁶ The White House, "Joint Statement by the United States of America and the Republic of Indonesia," news release, 26 October 2015.

- ²⁷ US Embassy Jakarta, "Remarks of Ambassador Donovan at the Opening Session of the U.S.-Indonesia Investment Summit 2018," news release, 27 September 2018, <https://id.usembassy.gov/remarks-of-ambassador-donovan-at-the-opening-session-of-the-u-s-indonesia-investment-summit-2018>; The Chevron Corporation, *2017 Supplement to the Annual Report*, accessed 2 October 2018, <https://www.chevron.com/-/media/shared-media/documents/annual-report-supplement-2017.pdf>.
- ²⁸ Nicholas J. Cull, "Public Diplomacy: Taxonomies and Histories," *The Annals of the American Academy of Political and Social Science* 616 (2008): 31-54; Sarah Ellen Graham, "US Public Diplomacy in the Asia Pacific: Opportunities and Challenges in a Time of Transition," *Place Branding and Public Diplomacy* 4, no. 4 (2008): 336-356.
- ²⁹ United States Agency for International Development, "US Government Supports Indonesia's Efforts to Stop IUU Fishing," news release, 16 January 2018, www.sea-indonesia.org.
- ³⁰ Sara Schonhardt and I. Made Sentana, "Indonesia Takes Explosive Approach to Illegal Fishing," *Wall Street Journal*, 15 April 2016.
- ³¹ Robin Bush, "Indonesia in 2015," *Southeast Asian Affairs* (2016), 138.
- ³² US Department of State, "Fact Sheet: DoD-funded Integrated Maritime Surveillance System," <https://id.usembassy.gov/our-relationship/policy-history/embassy-fact-sheets/fact-sheet-dod-funded-integrated-maritime-surveillance-system/>.
- ³³ The David and Lucile Packard Foundation, "Indonesia Marine Strategy 2014-2019," June 2018, <https://www.packard.org/what-we-fund/ocean/what-were-doing/country-strategies/indonesia/>.
- ³⁴ California Environmental Associates, "Indonesia Fisheries: 2015 Review," accessed 25 September 2018, <http://fundingtheocean.org/reports/indonesia-fisheries-2015-review/>.
- ³⁵ United States Agency for International Development, "Indonesia – Earthquakes and Tsunami: Fact Sheet #1 Fiscal Year 2019," 5 October 2018, https://www.usaid.gov/sites/default/files/documents/1866/indonesia_eq_fs01_10-05-2018.pdf.
- ³⁶ The American Chamber of Commerce in Indonesia, "2017 Annual Report," www.amcham.or.id; The American Chamber of Commerce in Indonesia, "Indonesia's Journey 2014-2019," September 2018, www.amcham.or.id.
- ³⁷ George Ingram, "Building a Robust US Development Finance Institution," The Brookings Institution, 29 March 2018, accessed 28 September 2018, <https://www.brookings.edu/blog/future-development/2018/03/29/building-a-robust-us-development-finance-institution/>.
- ³⁸ Government Accountability Office, "Engaging Foreign Audiences: Assessment of Public Diplomacy Platforms Could Help Improve State Department Plans to Expand Engagement (GAO-10-767)," July 2010, 5-11. This report provides details on these and other public diplomacy platforms operated by the State Department around the world. American Centers tend to be large facilities in capital cities; BNCs, which are currently operational only in the Western Hemisphere, sustain themselves through charging fees for English language training.
- ³⁹ *Ibid.*, 10.
- ⁴⁰ US Embassy Jakarta, "American Corners Indonesia," accessed 20 September 2018, <https://id.usembassy.gov/education-culture/american-corners-indonesia/>.
- ⁴¹ United States Agency for International Development, "Prioritizing Reform, Innovation and Opportunities for Reaching Indonesia's Teachers, Administrators, and Students (PRIORITAS)," program summary from Foreign Aid Explorer at <https://explorer.usaid.gov>; US Embassy Jakarta, "Regional English Language Office," <https://id.usembassy.gov/education-culture/regional-english-language-office>.
- ⁴² Broadcasting Board of Governors, "Media Use in Indonesia 2012," <https://www.bbg.gov/wp-content/media/2012/10/gallup-indonesia-brief.pdf>.
- ⁴³ *Ibid.*
- ⁴⁴ Fitriani, 397-398.
- ⁴⁵ "Indonesian Military Sets Up Infrastructure for Operation in Eastern Indonesia," *Kompas* (Jakarta), 27 January 2018, 4.
- ⁴⁶ "Indonesia, US hold joint military drills," *The Jakarta Post*, 1 November 2016; Richard Ebensberger, "U.S., Indonesian Air Forces Conclude Exercise Cope West 2018," Department of Defense new release, 29 March 2018.
- ⁴⁷ "Philippines, Indonesia kick off joint sea patrols," *Philippine Daily Inquirer*, 10 April 2018.
- ⁴⁸ The General Douglas MacArthur Foundation operates a museum in Norfolk, VA and has given unspecified support to the small WWII museum in Morotai. See www.morotai-indonesia-tourism.com/world_war_museum.html and www.macarthurmemorial.org/.

- ⁴⁹ There is a rich literature on the economic impact of tourism in different settings, for example: Liu Wei, Christine A. Vogt, Junyan Luo, He Guangming, Kenneth A. Frank, and Liu Jianguo. "Drivers and Socioeconomic Impacts of Tourism Participation in Protected Areas." *PLoS One* 7, no. 4 (04, 2012); Cull, 31-54. Cull's article includes several case studies in successful public diplomacy, including the use of museum exhibits.
- ⁵⁰ Republic of Indonesia Ministry of Tourism, "The Official Website of Indonesia Tourism," www.indonesia.travel/gb/en/home.
- ⁵¹ "The SAW Experience," *Marine Corps Gazette* 99, no. 6 (June 2015), <https://www.mca-marines.org/gazette/2015/06/saw-experience>. I am grateful to LtCol Nicholas Nuzzo, USMC, for this example.
- ⁵² The United States Advisory Commission on Public Diplomacy, "Assessing US Public Diplomacy: A Notional Model," 28 September 2010, <https://www.state.gov/documents/organization/149966.pdf>.
- ⁵³ Tim Huntington, Fiona Nimmo, and Graeme Macfadyen, "Fish Landings at the World's Commercial Fishing Ports," *Journal of Ocean and Coastal Economics* 2:1, October 2015.
- ⁵⁴ Prashanth Parameswaran, "New PC-40 Vessel Spotlights Indonesia's Navy Modernization." *The Diplomat* (Jul 11, 2018).
- ⁵⁵ Alan Burkitt-Gray. "Huawei to Build Fibre Net for Papua New Guinea." *Global Telecoms Business*, 13 October 2016.
- ⁵⁶ M. Hamlin Cannon, *Leyte: The Return to the Philippines. United States Army in World War II. The War in the Pacific* (Washington, DC: Office of the Chief of Military History, Department of the Army, 1953).
- ⁵⁷ "Indonesian Air Force to Deploy Squadron of Fighter Jets in Biak," *Asia News Monitor*, 2 November 2017.
- ⁵⁸ Ibid.
- ⁵⁹ "Philippines, Indonesia kick off joint sea patrols," *Philippine Daily Inquirer*, 10 April 2018.
- ⁶⁰ United States Agency for International Development, "Manado Climate Change Vulnerability Assessment," September 2014.
- ⁶¹ Craig R. McDonald. *The USS Puffer in World War II: A History of the Submarine and its Wartime Crew* (Jefferson, N.C: McFarland, 2008).

BIBLIOGRAPHY

- American Chamber of Commerce in Indonesia. "2017 Annual Report." <http://www.amcham.or.id>.
- _____. "Indonesia's Journey 2014-2019," September 2018, <http://www.amcham.or.id>.
- Asia News Monitor*. "Indonesian Air Force to Deploy Squadron of Fighter Jets in Biak." 2 November 2017. Accessed 1 October 2018. ProQuest.
- Brands, Hal. "Democracy vs Authoritarianism: How Ideology Shapes Great-Power Conflict." *Survival* 60, no. 5 (2018).
- Broadcasting Board of Governors. "Media Use in Indonesia 2012." <https://www.bbg.gov/wp-content/media/2012/10/gallup-indonesia-brief.pdf>.
- Burkitt-Gray, Alan. "Huawei to Build Fibre Net for Papua New Guinea." *Global Telecoms Business*, 13 October 2016.
- Bush, Robin. "Indonesia in 2015." *Southeast Asian Affairs* (2016).
- Caceres-Solari, Andres H. "Between Democracy and Chaos: Indonesia at a Crossroads." *Joint Forces Quarterly* 65 (Second Quarter, 2012): 27-31.
- California Environmental Associates. "Indonesia Fisheries: 2015 Review." Accessed 25 September 2018. <http://fundingtheocean.org/reports/indonesia-fisheries-2015-review/>.
- Cannon, M. Hamlin. *Leyte: The Return to the Philippines*. Washington, DC: Office of the Chief of Military History, Department of the Army, 1953.
- Chevron. "2017 Supplement to the Annual Report." Chevron Shared Media Documents. Accessed 2 October 2018. <https://www.chevron.com/-/media/shared-media/documents/annual-report-supplement-2017.pdf>.
- Cronin, Patrick M., Mira Rapp-Hooper, Harry Krejsa, Alexander Sullivan, and Rush Doshi. *Beyond the San Hai: The Challenge of China's Blue Water Navy*. Washington: The Center for New American Security, 2017. Accessed 3 October 2018. <https://www.cnas.org/publications/reports/beyond-the-san-hai>.
- Cull, Nicholas J. "Public Diplomacy: Taxonomies and Histories." *The Annals of the American Academy of Political and Social Science* 616 (2008): 31-54.

- David and Lucile Packard Foundation. "Indonesia Marine Strategy 2014-2019," June 2018, <https://www.packard.org/what-we-fund/ocean/what-were-doing/country-strategies/indonesia>.
- Dutton, Peter. "Three Disputes and Three Objectives: China and the South China Sea." *Naval War College Review* 64, no. 4 (2011): 42-67.
- Ebensberger, Richard. "U.S., Indonesian Air Forces Conclude Exercise Cope West 2018," Department of Defense news release, 29 March 2018.
- Erickson, Andrew S. and Wuthnow, Joel. "Barriers, Springboards and Benchmarks: China Conceptualizes the Pacific "Island Chains." *The China Quarterly* 225, no. 3 (2016): 1-22.
- Fitriani, Evi. "Indonesian Perceptions of the Rise of China: Dare You, Dare You Not." *The Pacific Review* 31, no. 3 (2018): 391-405.
- Garamone, Jim. "US Could Help Pacific Allies Build Capabilities, Navy Undersecretary Says." Defense Media Activity news release, 4 October 2018, <https://dod.defense.gov/News>.
- Graham, Sarah Ellen. "US Public Diplomacy in the Asia Pacific: Opportunities and Challenges in a Time of Transition." *Place Branding and Public Diplomacy* 4, no. 4 (2008): 336-356.
- Green Michael. *By More than Providence: Grand Strategy and American Power in the Asia Pacific since 1783*. New York: Columbia University Press, 2018.
- Grygiel, Jakub J., and A. Wess Mitchell. *The Unquiet Frontier: Rising Rivals, Vulnerable Allies, and the Crisis of American Power*. Princeton: Princeton University Press, 2017.
- Hardy, James. "China Offers to Build Coastal Surveillance System for Indonesia." *Jane's Navy International* 117, no. 5 (2012).
- Hou Anghao (侯昂好). "One Belt, One Road and Grand Border Defense (一带一路与大边防)." *National Defense (国防)* 4, 2016: 20-24. Unpublished translation provided by China Maritime Studies Institute, Naval War College, Newport, RI.
- Huntington, Tim, Fiona Nimmo, and Graeme Macfadyen. "Fish Landings at the World's Commercial Fishing Ports." *Journal of Ocean and Coastal Economics* 2:1, October 2015.
- Ingram, George. "Building a Robust US Development Finance Institution." The Brookings Institution, 29 March 2018. Accessed 28 September 2018. <https://www.brookings.edu/blog/future-development/2018/03/29/building-a-robust-us-development-finance-institution/>.
- The Jakarta Post*. "China invests US\$152m in Indonesia's maritime sector." 27 March 2012.
- _____. "Indonesia, US hold joint military drills." 1 November 2016.
- John S. McCain National Defense Authorization Act for Fiscal Year 2019. Public Law 115-232 (2018). <https://www.congress.gov/bill/115th-congress/house-bill/5515>.
- Johnson, Chris. *President Xi Jinping's Belt and Road Initiative: A Practical Assessment of the Chinese Communist Party's Roadmap for China's Global Resurgence*. Washington, DC: The Center for Strategic and International Studies, 2016. <http://www.csis.org>.
- Johnson, Joseph R. "The Effects of Cultural Diplomacy on Public Perception in Asia." Master's thesis, Utah State University, 2018, <https://digitalcommons.usu.edu/etd/7257>.
- Kiala, Wallace. "Chinese navy to visit Papua New Guinea 17-20 Aug," *The National* (Papua New Guinea), 11 August 2010.
- Kompas* (Jakarta). "Indonesian Military Sets Up Infrastructure for Operation in Eastern Indonesia." 27 January 2018.
- Lagan, Bernard. "Australia and US move to counter China in Pacific." *The Times* (London), 21 September 2018.
- Lai Lin Dong. "The Development and Innovation of Confucius Institutes in ASEAN under the Background of 'One Belt One Road'." *Southeast Asian Affairs / 南洋问题研究* (Xiamen, China) no. 3 (2017). Chinese language journal in the library of the China Maritime Studies Institute, Naval War College, Newport, RI.
- Laksmana, Evan. "Indonesia-US Relations: Sweating the Small Stuff." *The Lowy Institute Interpreter*, 29 January 2018, <https://www.loyyinstitute.org/the-interpreter/indonesia-us-relations-sweating-small-stuff>.
- _____. "Pragmatic Equidistance: How Indonesia Manages its Great Power Relations." in *China, the United States, and the Future of Southeast Asia*, edited by David Denoon. New York: New York University Press, 2017.

- Lee, Jeong-Ho. "China and the West vie for influence in Pacific islands." *South China Morning Post*. 10 September 2018.
- Liu Wei, Christine A. Vogt, Junyan Luo, He Guangming, Kenneth A. Frank, and Liu Jianguo. "Drivers and Socioeconomic Impacts of Tourism Participation in Protected Areas." *PLoS One* 7, no. 4 (2012).
- Mallory, Tabitha Grace. "China's Distant Water Fishing Industry: Evolving Policies and Implications." *Marine Policy* 38, (2013): 99-108.
- _____. "Fisheries Subsidies in China: Quantitative and Qualitative Assessment of Policy Coherence and Effectiveness." *Marine Policy* 68, (2016): 74-82;
- McDonald, Craig R. *The USS Puffer in World War II: A History of the Submarine and its Wartime Crew*. Jefferson, N.C: McFarland, 2008.
- Negara, Siwage Dharma. "Indonesia's Infrastructure Development Under the Jokowi Administration." *Southeast Asian Affairs* (2016).
- Office of the Secretary of Defense. *Summary of the 2018 National Defense Strategy of the United States of America*. Washington: Office of the Secretary of Defense, January 2018.
- Parameswaran, Prashanth. "New PC-40 Vessel Spotlights Indonesia's Navy Modernization." *The Diplomat*. 11 July 2018.
- Pew Research Center. "Global Indicators Database." Results for Indonesia accessed at <http://www.pewglobal.org/database/indicator/2/country/101>.
- Philippine Daily Inquirer*. "Philippines, Indonesia kick off joint sea patrols." 10 April 2018.
- Rahmat, Ridzwan. "Indonesia Discloses Further Details of Ramming Incident with China Coast Guard Vessel." *Jane's Defence Weekly*, 22 March 2016.
- Ratner, Ely. "Geostrategic and Military Drivers and Implications of the Belt and Road Initiative." prepared statement for the U.S.-China Economic and Security Review Commission posted on website of Council on Foreign Relations, www.cfr.org.
- Renmin Ribao* (People's Daily). "China's Navy Complete First Formal Blue Water Training in 2014." 19 February 2014.
- Republic of Indonesia Ministry of Tourism. "The Official Website of Indonesia Tourism," www.indonesia.travel/gb/en/home.
- Sala, Enric, Juan Mayorga, Christopher Costello, David Kroodsma, Maria L. D. Palomares, Daniel Pauly, U. Rashid Sumaila, and Dirk Zeller. "The Economics of Fishing the High Seas." *Science Advances* 4, no. 6 (2018).
- "The SAW Experience." *Marine Corps Gazette* 99, no. 6 (June 2015), <https://www.mca-marines.org/gazette/2015/06/saw-experience>.
- Schonhardt, Sara, and I. Made Sentana. "Indonesia Takes Explosive Approach to Illegal Fishing." *Wall Street Journal*, 15 April 2016.
- Syailendra, Emirza Adi. "Indonesia's elite divided on China." *East Asia Forum*, 20 April 2018. <http://www.eastasiaforum.org/2018/04/20/indonesias-elite-divided-on-china/>.
- The United States Advisory Commission on Public Diplomacy. "Assessing US Public Diplomacy: A Notional Model." 28 September 2010. <https://www.state.gov/documents/organization/149966.pdf>.
- Tobin, Liza. "Underway: Beijing's Strategy to Build China into a Maritime Great Power." *Naval War College Review* 71, no. 2 (2018).
- US Agency for International Development. "Indonesia – Earthquakes and Tsunami: Fact Sheet #1 Fiscal Year 2019." 5 October 2018. https://www.usaid.gov/sites/default/files/documents/1866/indonesia_eq_fs01_10-05-2018.pdf.
- _____. "Manado Climate Change Vulnerability Assessment." September 2014. http://www.kotakita.org/publications-docs/140915_Manado%20CCVA_ENG.pdf.
- _____. "Prioritizing Reform, Innovation and Opportunities for Reaching Indonesia's Teachers, Administrators, and Students (PRIORITAS)." Program summary from Foreign Aid Explorer at <https://explorer.usaid.gov>. Accessed 10 October 2018.
- _____. "US Government Supports Indonesia's Efforts to Stop IUU Fishing." News release, 16 January 2018, www.sea-indonesia.org.

- US Department of State. "Advancing a Free and Open Indo-Pacific." News release, 30 July 2018, <https://www.state.gov/r/pa/prs/ps/2018/07/284829.htm>.
- US Embassy Jakarta. "American Corners Indonesia." Accessed 20 September 2018. <https://id.usembassy.gov/education-culture/american-corners-indonesia/>.
- _____. "Fact Sheet: DoD-funded Integrated Maritime Surveillance System." <https://id.usembassy.gov/our-relationship/policy-history/embassy-fact-sheets/fact-sheet-dod-funded-integrated-maritime-surveillance-system/>.
- _____. "Remarks of Ambassador Donovan at the Opening Session of the U.S.-Indonesia Investment Summit 2018." News release, 27 September 2018. <https://id.usembassy.gov/remarks-of-ambassador-donovan-at-the-opening-session-of-the-u-s-indonesia-investment-summit-2018>.
- _____. "Regional English Language Office." Accessed 20 September 2018. <https://id.usembassy.gov/education-culture/regional-english-language-office>.
- US Government Accountability Office. *Engaging Foreign Audiences: Assessment of Public Diplomacy Platforms Could Help Improve State Department Plans to Expand Engagement: Report to the Chairman, Committee on Foreign Affairs, House of Representatives (GAO-10-767)*. Washington, DC: GAO, July 2010.
- The White House. "Joint Statement by the United States of America and the Republic of Indonesia." News release, 26 October 2015.
- Xinhua News Agency*. "Vision for Maritime Cooperation under the Belt and Road Initiative." 20 June 2017.
- _____. "China, Indonesia Enhance Marine Science Cooperation." 13 May 2009.
- _____. "Chinese warships return after high sea drill." 7 March 2017.

One Partnership, Two Indonesias: Income Inequality as a Vulnerability in the INDOPACOM Partnership

Megan Rhodes, US Agency for International Development

Introduction

As US Indo-Pacific Command (INDOPACOM) seeks to strengthen partnerships throughout its theater in support of the National Defense Strategy, the Republic of Indonesia (ROI) emerges as a country ripe for deeper partnership.¹ Over the past two decades, sustained economic growth as it has transitioned into a stable democracy has increased the ROI's influence in the region and the world. As the world's fourth most populous nation, third-largest democracy, and most populous Muslim country, the ROI's symbolism as a moderate, Muslim democracy make it an attractive partner in INDOPACOM's efforts to counter violent extremist organizations (VEOs) in support of the National Defense Strategy.² Furthermore, the ROI can counter Chinese influence in the region given its geostrategic position, its central role within the Association of Southeast Asian Nations (ASEAN), and its commitment to the international, rules-based order.³ As then-PACOM Commander Admiral Harris stated in 2017, "working together makes sense to me. Our opportunities here in the Indo-Asia-Pacific are abundant."⁴

While opportunities to counter both VEOs and Chinese influence make the underpinnings for a strong, multidimensional partnership between the ROI and INDOPACOM, there are vulnerabilities to the nation's otherwise positive trajectory. The narrative of a rising democracy with a dynamic economy masks the troubling growth of income inequality at the subnational level that is creating what some have termed "two Indonesias."⁵ Rising inequality, in a country that continues to have large absolute numbers of poor or vulnerable citizens and is characterized in part by ethnic divisions and geographic isolation, is a critical vulnerability to the ability to grow influence in a manner that is supportive of US interests. The vulnerability of "two Indonesias" is a common thread that may weaken its ability to counter VEOs, mitigate Chinese influence, and maintain an external focus on key issues of interest to INDOPACOM. Growing inequality is not INDOPACOM's problem to solve, yet it is a factor that should be understood and should inform approaches at the operational level of partnership planning. By considering the implications of income inequality, INDOPACOM improves its ability to work effectively with other US government (USG) organizations to mitigate the challenges presented by this vulnerability and put the ROI on a stronger footing to advance mutual interests.

The First Indonesia: A Rising Economic and Democratic Power

The convergence of many factors make the ROI an attractive partner for the United States. Over the past twenty years, it has supported many of the institutions, norms, and values central to US national interests. Since the end of President Suharto's 32-year regime in 1998, the ROI has emerged as a stable democracy through four successive multiparty presidential elections, with the next elections scheduled for 2019. Strong economic growth and improving demographic trends at the national level have bolstered the transition from authoritarian rule to

One Partnership, Two Indonesias: Income Inequality as a Vulnerability in the INDOPACOM Partnership

democracy. The ten-year average economic growth rate in Indonesia from 2007-2017 was above 5%, outpacing the regional average.⁶ It is now the largest economy in Southeast Asia and the tenth largest in the world by purchasing power parity.⁷ Women's literacy rates improved from 86.4% in 2002 to 92.6% in 2012, achieving parity with male literacy.⁸ Under-five mortality has decreased significantly to 40 deaths per 1,000 live births, down from 58 in the late 1990s.⁹ Life expectancy has risen steadily—by almost four years since 1998.¹⁰ Scholars characterize the most recent period as a time when “Indonesia’s economy took off, middle classes expanded dramatically, and political accountability improved, demonstrating the compatibility of democracy and development.”¹¹ When former President Yudhoyono gave his final address in 2014, he confidently asserted that the country is “more prosperous, democratic, and unified than at any time in history.”¹²

These positive trends have also afforded the ROI the strength and legitimacy to begin exerting influence within Southeast Asia and the broader world. INDOPACOM should support this turn from inward nationalism to outward influence as a strong democracy and economy that can reinforce shared values and approaches in the region. For example, the ROI founded ASEAN’s Bali Democracy Forum, the first intergovernmental forum on democracy in Asia, demonstrating its willingness to start taking “concrete steps to build up regional institutions and mechanisms to gently prod other governments in the region in a democratic direction.”¹³ Indonesia’s central role in ASEAN is an opportunity to amplify norms and values within the region that the United States supports. Beyond Southeast Asia, its membership in the G20 provides many of these same opportunities on a global level.

These trends provide a strong foundation for a stable partnership where the ROI can be “a shining example to the world that Islam, democracy, and modernity can actually be compatible and exist in harmony.”¹⁴ Shoring up the country as a “shining example” is critical to INDOPACOM’s efforts to counter VEOs such as ISIS, which has been extending its influence in the region in recent years.¹⁵ A strong ROI can also counter Chinese influence by working with other ASEAN partners to minimize dependence on Chinese investment and by promoting a rules-based order to address competing economic interests. It “perceives the rise of China to be both an opportunity and a threat.”¹⁶ The perceived threat of Chinese overreach into the economy, including disputes over the ROI’s Exclusive Economic Zone (EEZ) near the Natuna Islands, is an opportunity upon which INDOPACOM should build.¹⁷

The Second Indonesia: Growing Inequality, Growing Risk

Despite the ROI’s national trajectory as a strong democracy and economy, a second Indonesia is emerging at the subnational level, characterized by festering inequality. While some level of inequality is not problematic, as it can “reward those who work hard, innovate, and take risks,” inequality that grows unchecked can drag on economic growth and increase conflict.¹⁸ Its trajectory points to such concerns, creating vulnerabilities for this nascent democracy and for the INDOPACOM partnership. With growing inequality, the country risks losing legitimacy at

home and influence at the regional and global levels. With “two Indonesias,” INDOPACOM risks relying on an increasingly fragile partner at a moment when it needs strong partners with shared values throughout the region.

While the percentage of Indonesians living in extreme poverty—less than \$1.90 a day—has decreased from 66% in 1998 to only 6% of the population in 2017, over 150 million people, or 60% of its population, continue to live on less than less than \$5.50 a day, a fraction that is nearly 25 percentage points above the regional average.¹⁹ While the nation counts about 45 million people in its top wealth quintile as stable in their economic status, the remaining 205 million Indonesians in the bottom four quintiles are considered poor or vulnerable to poverty.²⁰ These Indonesians are generally not resilient enough to endure and recover from the economic shock of an illness, a loss of employment, or damage from a natural disaster without the risk of sliding into poverty. Changes in the Gini coefficient—a measure of income distribution designed to illustrate the level of income inequality across an economy—over time reflect widening inequality, rising sharply from 30 percent in 2000 to 41 percent in 2014.²¹ Much of the ROI’s recent economic success has been enjoyed by relatively few. Today, only 10% of Indonesians own 77% of the country’s wealth.²²

Demographic indicators also illustrate challenges with growing inequality. A child born in the lowest wealth quintile has more than three times the chance of dying before its fifth birthday as a child born into the highest wealth quintile.²³ Nearly 20% of women in the lowest wealth quintile have no formal education compared with 3.7% of women in the highest quintile, a more than five-fold difference.²⁴ Indonesia has leapt forward economically but is only inching forward on the United Nations Human Development Index, with one of the world’s largest economies ranking a mere 116th among nations in terms of human development.²⁵

Inequality also takes on distinct geographic characteristics, with much of the country’s wealth in the western islands of Sumatra and Java and significantly greater poverty in the archipelago’s eastern islands. In addition to a distinct concentration of urban wealth and rural poverty, poverty grows from west to east, with increasing concentrations of the population counted in the lowest quintile in Nusa Tenggara, Kalimantan, Sulawesi, Maluku, and Papua.²⁶ On the far eastern end of the archipelago, nearly 70% of the population of Papua is counted in the lowest wealth quintile.²⁷ While 92% of schools in the ROI have electricity, only 61% of schools in Maluku/Papua do.²⁸ The current US Agency for International Development (USAID) five-year country strategy asserts that “despite impressive progress in other areas, Indonesia will be a less compelling example of successful nation-building and democracy unless human development indicators in Eastern Indonesia improve significantly.”²⁹

Why Inequality Matters to INDOPACOM

Although addressing economic inequality is not a function of US military engagement with other countries, understanding its role helps to create a picture of the operational

One Partnership, Two Indonesias: Income Inequality as a Vulnerability in the INDOPACOM Partnership

environment. A recent review of combatant campaign activities confirmed that “combatant commanders and their staffs integrate economic considerations into plans, preparation training, and missions to influence adversarial behavior, maintain order, prepare for relief, or attempt to mitigate issues impacting local and regional stability, such as poverty and unemployment.”³⁰ For INDOPACOM, the utility of economic analysis in campaign planning is particularly critical in the case of the ROI for three reasons: 1) growing economic inequality can destabilize the social fabric and create breeding grounds for VEOs; 2) economic inequality may provide the Chinese with additional leverage to exploit in their relationship; and 3) instability bred by economic inequality may force the ROI to turn inward rather than expend resources in fora such as ASEAN where it can reinforce US interests.

First, growing income inequality can create conditions of relative deprivation and resentment that provide fertile ground for extremist ideology and recruitment. The ROI—in substance and symbol—is a critical partner to counter transnational VEOs. In substance, Indonesia has endured multiple terrorist attacks since the early 2000s and has taken a predominantly law enforcement-led approach to counter VEOs.³¹ These law enforcement efforts remain critical today, especially with organizations such as ISIS active in the region. INDOPACOM aims to work with the ROI to build beyond domestically-focused law enforcement to additional military cooperation operations to address VEOs within the region.³² In symbol, the ROI is a key partner in countering VEOs, as the United States seeks to support, as described by Admiral Harris, “a political system that provides proof that your culture, your history and your religion have also contributed to a nation with strong democratic norms and values.”³³ The partnership of the world’s largest Muslim population in the fight against VEOs adds credibility to US-led efforts.

Despite the ROI’s importance, growing income inequality risks undermining its effectiveness and legitimacy to counter VEOs. While the fall of Suharto in 1998 gave way to a rising democracy, it “provided political space and opportunities for hardline Islamists to organize, recruit and mobilize followers.”³⁴ Only one of many drivers of extremism, growing income inequality and factors such as a youth unemployment rate above 20% can create the conditions of “frustrated expectations and relative deprivation.”³⁵ This deprivation can result in grievances against the government by those who feel left behind and powerless. These grievances are seized upon by VEOs who use the “symbolic power associated with global Islam” to attract frustrated and often-unemployed Indonesian youth.³⁶ Less than 1% of workers under 24 have been trained in engineering and information technology.³⁷ As the economy diverges into two labor markets where skilled workers gain higher wages and low wage earners have few opportunities to develop career-enhancing skills, the conditions for grievances driven by a sense of relative deprivation intensify.

This growing sense of relative deprivation creates two problems for INDOPACOM. First, additional law enforcement needs at home will constrain the country’s capacity to commit

the necessary financial, political, and human capital to regional military counterterror efforts. The ROI will likely focus limited resources on the domestic threat of VEOs, and the opportunity cost of additional regional engagement may be too high. Second, its credibility as a legitimate and effective partner in combatting VEOs comes into question by others if it is not perceived as having a handle on this issue at home.³⁸ INDOPACOM may desire a partner that is a "shining example" of moderate Muslim democracy, but without proper attention to the vulnerabilities presented by income inequality, the very grievances that VEOs feed upon to build their ranks may stifle effective partnership.

Growing income inequality may also inhibit the ROI's capacity to effectively counter China's influence in the region. The two countries have become closer since relations were normalized in 1990.³⁹ China's trade relationship with the ROI is twice the size as that of the United States. China is its second largest trading partner after the ASEAN block of countries; the United States lags behind in fifth place.⁴⁰ Indonesian President Joko Widodo has prioritized infrastructure development within his administration, and China is an eager partner to engage in infrastructure programs.⁴¹ The ROI's dependence on Chinese trade and investment make it an unlikely partner to take a strong position against China within the region.

By paying attention to the problems created by growing income inequality, the United States can exploit seams and points of contention in the Indonesia-China relationship. As mentioned earlier, the ROI is ambivalent concerning China's rise, perceiving both threats and opportunities, and has concerns about their economic ties.⁴² The Indonesia-China economic relationship is characterized in part by ethnic Chinese doing business in the country for decades, playing a powerful role in the economy and politics.⁴³ Some Indonesians perceive that the ethnically Chinese in the Indonesian business sector benefitted Beijing more than the ROI. While INDOPACOM should not fan ethnic resentment, the perception that ethnic Chinese in the country are "excessively wealthy and greedy"⁴⁴ is important to understand. Crucially, the importation of Chinese laborers that has often accompanied Chinese business deals is a highly contentious issue in the Indonesia-China relationship.⁴⁵ In an economy where upwardly mobile jobs are scarce for most, resentment of workers linked to Chinese business in the economy is a source of growing tension. The opportunity for other trading partners and investors to employ Indonesian labor is a critical alternative to pursue given the resentment of the Indonesian electorate and the "fears that China may leverage its economic asymmetry to influence Indonesia's foreign and domestic policies."⁴⁶

The ROI's recent action against illegal Chinese fishing practices in the EEZ around the Natuna Islands⁴⁷ should also be considered from the perspective of economic inequality. While the EEZ dispute is strategically characterized as a maritime boundary question pertinent to international law, it was illegal Chinese fishing practices that led the ROI to assert its rights within its EEZ. There are over six million Indonesians employed by the fishing industry.⁴⁸ Ninety-five percent of fish production comes from artisanal fisherman, generally from the lower

One Partnership, Two Indonesias: Income Inequality as a Vulnerability in the INDOPACOM Partnership

wealth quintiles.⁴⁹ As INDOPACOM supports the ROI's willingness to more actively protect its EEZ, this is also an opportunity to message that this issue affects all Indonesians. By highlighting the importance of Indonesian fishermen and their way of life, INDOPACOM can offer an alternative to Chinese business practices, show respect for Indonesian economic sovereignty, and help the ROI emphasize to its people that standing up for its EEZ is standing up for Indonesian fishermen.

Growing income inequality has the potential to weaken the ROI as a regional and global influence. While INDOPACOM should be encouraged by its economic growth, high inequality often slows growth over time, and the ROI's increasing Gini coefficient is a warning sign against continued growth.⁵⁰ If growth slows and discontent over inequality grows, the country will face pressure to focus inward on domestic challenges and instability. While the US State Department's current strategy praises Indonesia for making "significant efforts to transform its national defense force into a modern, professional, and externally-focused entity," this external turn is nascent and fragile.⁵¹ INDOPACOM may want the Indonesian military to focus on regional and maritime issues, but upheaval and discontent driven by inequality run the risk of keeping military activity focused inward, limiting its ability to engage in areas vital to INDOPACOM's interests. If the ROI cannot curb the growth of home-grown extremists created in a vacuum of economic opportunity, how can it be counted on as an effective partner to defeat VEOs in the region? If it must turn to China to finance its infrastructure ambitions, is it in a position to serve as a counterweight to growing Chinese influence? Growing inequality risks the nation drawing inward at just the moment when INDOPACOM is encouraging its efforts to influence and strengthen fora such as ASEAN and the G20 with its example of democracy, moderation, economic growth, and respect for the rules-based international order.

Recommendations to Address Growing Income Inequality

Growing income inequality is not INDOPACOM's problem to solve. It is first and foremost a challenge for the ROI itself to face, assisted by the United States and other partners as needed to advance mutual interests. However, INDOPACOM can address inequality in the operational planning process and develop approaches that, at minimum, do not exacerbate this vulnerability; in concert with the remainder of the USG, its efforts might help mitigate this challenge. These recommendations are meant to help INDOPACOM "create secure operational areas where economic activity can thrive and adversarial behavior can be influenced to be more in harmony with local population needs and U.S. vital interests."⁵²

Include the interagency in joint planning from design through operational planning to leverage the USG's programs that address inequality in the ROI. The United States invested over \$220 million in Indonesia in fiscal year 2016, of which only \$37 million came from the Department of Defense.⁵³ USAID and the Department of State have investments totaling nearly \$170 million that are potential points of leverage and coordination.⁵⁴ USAID's current five-year strategy calls for a specific focus on economically vulnerable districts in Eastern Indonesia, and

both State Department and USAID strategic documents present the case for inclusive economic growth as a factor in strengthening the US-ROI relationship.⁵⁵ In practical terms, there exist US expertise on economic issues in the ROI for INDOPACOM to leverage, development programs in place to build upon, and opportunities to coordinate strategic messaging across the USG to message US concern for the well-being of all Indonesians. Health programs that target poor and vulnerable populations, local governance programs that aim to increase trust between the government and citizens through quality service delivery and accountability, environmental programs that focus on fisheries and conservancy, and even local grants programs designed to counter the roots of violent extremism are all in place. By including the interagency in operational planning, INDOPACOM can align with and leverage programs that address inequality and understand geographic and social aspects of the operating environment that might exacerbate this sensitive issue.

Incorporate the needs of economically disadvantaged areas or populations into regular exercises such as the Pacific Partnership. INDOPACOM engages the Tentara Nasional Indonesia (TNI) in several annual bilateral and regional exercises. Within these military-to-military engagements, INDOPACOM has opportunities to influence aspects of inequality. Pacific Partnership is its best opportunity to focus on income inequality in its partnership with the ROI; it is an “annual multilateral, multi-service mission featured partner nation counterparts working together in eight Indo-Pacific nations to improve disaster response preparedness and enhance relationships across the region.”⁵⁶ Pacific Partnership is INDOPACOM’s largest instrument of soft power and reaches tens of thousands of local citizens across the region every year, engaging non-government organizations (NGOs) and conducting outreach to schools and communities as it works with the TNI to build capacity on disaster preparedness and health care.⁵⁷ There are multiple opportunities to mitigate the challenges of income inequality within the planning for Pacific Partnership. The Humanitarian Assistance and Disaster Response (HADR) capacity building component itself could be based on an inclusive theme, perhaps “safety for all islands and all Indonesians.” INDOPACOM could focus HADR exercises and capacity building on the hardest-to-reach and most economically disadvantaged areas of the country. It can ensure that disaster plans comprehensively address needs and contingencies that could arise across the archipelago. Pacific Partnership can also link to USAID development projects that are in place in the “Second Indonesia” and conduct community outreach in areas where a USAID platform can amplify its message and provide longer-term support. By planning for Pacific Partnership exercises to include those who have been left behind in the “Second Indonesia,” INDOPACOM can build goodwill for the US military and reiterate to Indonesians that their government is working to address their needs.

Planning exercises with income inequality in mind have opportunities beyond Pacific Partnership. While Cooperation Afloat Readiness and Training (CARAT) and the Southeast Asia Cooperation and Training (SEACAT) have a hard-power focus on maritime domain awareness at a bilateral and regional level, respectively, even these exercises could benefit from

strategic messaging related to income inequality.⁵⁸ Public affairs components of CARAT and SEACAT can emphasize strategic messaging that maritime domain awareness protects the economic rights of Indonesians, preserving a way of life for those involved in fishing and other maritime industries.

Coordinate with the US Mission to ASEAN to promote dialogue within ASEAN on the risks of growing income inequality, including sharing of best practices among member states. A strong ASEAN can be a powerful force in the region to effectively counter Chinese influence, promote international cooperation to defeat VEOs, and support the international rules-based order. ASEAN can also influence its member states regarding issues that may be of importance to the United States, but where the United States may not be the ideal messenger. ASEAN's charter maps out a common interest in regional peace, prosperity, and security, and commits to "alleviate poverty and narrow the development gap within ASEAN."⁵⁹ It is a forum for member states to compare perspectives and share best practices on a number of economic, security, and other regional issues, which makes it an appropriate venue for sensitive discussions about the challenges of growing inequality. While the ROI isn't the only country in the region grappling with inequality, other countries such as Malaysia, Thailand, and Vietnam have managed to maintain economic growth without large increases in economic inequality.⁶⁰ While the United States is not a member, it does have a voice within ASEAN. The United States was the first non-ASEAN member to create a Mission to ASEAN and has been active in ASEAN dialogue since 2008.⁶¹ Coordination between INDOPACOM and the US Mission to ASEAN could yield interesting opportunities to seed ASEAN fora with dialogue on the risks of growing income inequality. ASEAN needs a strong Indonesia in order to be effective as a regional institution; the US Mission to ASEAN provides opportunities to indirectly influence the ASEAN dialogue and agenda.

Conclusion

One could argue that growing income inequality in the ROI is not central to INDOPACOM's mission and is simply too large and complex an issue to tackle. It is a challenge in many countries where US combatant commands maintain effective partnerships. However, the sharp rise in inequality in the context of the ROI's nascent democracy is an undercurrent likely to influence INDOPACOM's primary objectives. An economically-strong, democratic ROI can be a powerful partner in a region of vital interest to the United States. Growing income inequality risks weakening the internal strength that will propel the country forward in ways helpful to US interests. INDOPACOM has many opportunities to work within its structures as well as with other US agencies in the ROI and the region to mitigate this challenge and help ensure that it continues to be an effective partner.

-
- ¹ United States, *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge*, U.S. Secretary of Defense (Washington, DC, 2018), 9.
- ² United States, *Summary of the 2018 National Defense Strategy*, 4.
- ³ U.S. Department of State, *U.S. Mission-Indonesia Integrated Country Strategy*, (Washington, DC, August 2018), 2.
- ⁴ Admiral Harry Harris, Commander, U.S. Pacific Command. "The United States Indonesia Bilateral Security Partnership," Remarks, U.S. Indonesia Society & American Chamber of Commerce (Jakarta, Indonesia August 7, 2017).
- ⁵ US Agency for International Development, *USAID Strategy for Indonesia, 2014-2018* (Washington DC, October 2013), 9.
- ⁶ The World Bank Group, "World Development Indicators Databank: Indonesia GDP growth (annual %), 2000-2017," *World Bank DataBank*, <https://databank.worldbank.org>; World Bank, "WDI Databank: Indonesia GDP growth (annual %) and East Asia & Pacific Region GDP growth (annual %)," World Bank DataBank, <https://databank.worldbank.org>.
- ⁷ World Bank "The World Bank in Indonesia: Overview," *World Bank/Where We Work/Indonesia*, <http://www.worldbank.org/en/country/indonesia/overview>.
- ⁸ Badan Pusat Statistik-Statistics Indonesia (BPS) and ORC Macro, *Indonesia Demographic and Health Survey 2002-2003* (Calverton, Maryland, USA: BPS and ORC Macro, 2003), 24; Badan Pusat Statistik (BPS)—Statistics Indonesia, National Population and Family Planning Board (BKKBN), and Kementerian Kesehatan (Kemenkes—MOH), and ICF International, *Indonesia Demographic and Health Survey 2012* (Jakarta, Indonesia: BPS, BKKBN, Kemenkes, and ICF International, 2013), 25-26.
- ⁹ BPS and ICF International, *Indonesia DHS 2012*, 101-2; BPS and ORC Macro, *Indonesia DHS 2002-2003*, 109.
- ¹⁰ World Bank, "WDI Databank: Indonesia & Life Expectancy," <https://databank.worldbank.org>.
- ¹¹ TJ Piccone, *Five rising democracies: And the fate of the international liberal order* (Washington, D.C.: Brookings Institution Press; 2016), 10.
- ¹² Anne Boothe, *Economic Change in Modern Indonesia: Colonial and Post-Colonial Comparisons* (Cambridge: Cambridge University Press, 2016), 109.
- ¹³ Piccone, *Five rising democracies*, 65.
- ¹⁴ USAID, *Democracy, Human Rights, and Governance Assessment of Indonesia*, iv.
- ¹⁵ Harris, "The United States Indonesia Bilateral Security Partnership," As Delivered.
- ¹⁶ Evi Fitriani, "Indonesian Perceptions of the Rise of China: Dare You, Dare You Not," *Pacific Review* 31, no. 3 (2018), 393;
- ¹⁷ Joe Cochrane, "Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims," *New York Times*, September 10, 2017.
- ¹⁸ The World Bank Group and Australian AID, *Indonesia's Rising Divide: Why Inequality is Rising, Why it Matters, and What Can be Done* (Washington DC, 2016), 2.
- ¹⁹ World Bank, "WDI Databank: Indonesia poverty headcount ratio at \$1.90 per day, 1998-2017," World Bank DataBank, <https://data.worldbank.org>; World Bank, "WDI Databank: Indonesia poverty headcount ratio at \$5.50 per day, 1998-2017," World Bank DataBank, <https://data.worldbank.org> World Bank, "WDI Databank: Indonesia poverty headcount ratio at \$5.50 per day, 1998-2017," World Bank DataBank, <https://data.worldbank.org>
- ²⁰ The World Bank Group and Australian AID, *Indonesia's Rising Divide*, 7.
- ²¹ World Bank and Australian AID, *Indonesia's Rising Divide*, 8.
- ²² *Ibid.*, 18.
- ²³ BPS and ICF International, *Indonesia Demographic and Health Survey 2012*, 104.
- ²⁴ *Ibid.*, 21.
- ²⁵ United Nations Development Programme, "Human Development Indices and Indicators: 2018 Statistical Update," *Human Development Reports*, 2018, 23.
- ²⁶ BPS and ICF International, *Indonesia Demographic and Health Survey 2012*, 16.
- ²⁷ *Ibid.*
- ²⁸ World Bank and Australian AID, *Indonesia's Rising Divide*, 13.
- ²⁹ USAID, *USAID Strategy for Indonesia*, 20.
- ³⁰ George E Katsos, "The U.S. Government's Approach to Economic Security: Focus on Campaign Activities," *Joint Forces Quarterly*, Issue 9 (3rd Quarter, 2018), 105.
- ³¹ Zachary Abuza, *Political Islam and Violence in Indonesia* (New York: Routledge, 2007), 85.

- ³² US Department of State, *U.S. Mission-Indonesia Integrated Country Strategy*, 2.
- ³³ Harris, “The United States Indonesia Bilateral Security Partnership,” As Delivered.
- ³⁴ US Agency for International Development, *Violent Extremism and Insurgency in Indonesia: A Risk Assessment*. Prepared by David Timberman (Management Systems International, Washington DC, January 2013), 3.
- ³⁵ USAID, *Violent Extremism and Insurgency in Indonesia*, 4.
- ³⁶ Noorhaidi Hasan, *Transnational Islam in Indonesia*, The National Bureau of Asian Research, (Washington DC, 2008), 135.
- ³⁷ World Bank and Australian AID, *Indonesia’s Rising Divide*, 15.
- ³⁸ USAID, *Violent Extremism and Insurgency in Indonesia*, 14.
- ³⁹ Fitriani, “Indonesian Perceptions of the Rise of China,” 393.
- ⁴⁰ United States Government Accountability Office, “Trends in U.S. and Chinese Economic Engagement in Indonesia and Vietnam,” Report to Congressional Requesters, Number GAO-16-186, (Washington DC, October 2015), 8.
- ⁴¹ Gatra Priyandita, “Chinese Investment & Workers in Indonesia’s Upcoming Elections,” East-West Center, (Washington DC, 2018), www.eastwestcenter.org.
- ⁴² Fitriani, “Indonesian Perceptions of the Rise of China,” 393.
- ⁴³ *Ibid.*, 398.
- ⁴⁴ Priyandita, “Chinese Investment & Workers in Indonesia’s Upcoming Elections,” 1.
- ⁴⁵ *Ibid.*
- ⁴⁶ *Ibid.*
- ⁴⁷ Cochrane, “Indonesia, Long on Sidelines,” *New York Times*, September 10, 2017.
- ⁴⁸ United Nations Food and Agriculture Organization, “Fishery and Aquaculture Country Profiles. Indonesia (2011),” *Country Profile Fact Sheets: FAO Fisheries and Aquaculture Department*, (Rome. 2011) <http://www.fao.org/fishery/>.
- ⁴⁹ FAO, “Fishery and Aquaculture Country Profiles. Indonesia (2011),” <http://www.fao.org/fishery/>.
- ⁵⁰ World Bank and Australian AID, *Indonesia’s Rising Divide*, 42.
- ⁵¹ US Department of State, *U.S. Mission-Indonesia Integrated Country Strategy*, 2.
- ⁵² Katsos, “The U.S. Government’s Approach to Economic Security,” 105.
- ⁵³ USAID, “U.S. Foreign aid by country: Indonesia,” *Foreign Aid Explorer*. https://explorer.usaid.gov/cd/IDN?fiscal_year=2016&measure=Obligations.
- ⁵⁴ USAID, “U.S. Foreign aid by country: Indonesia,” *Foreign Aid Explorer*.
- ⁵⁵ USAID, *USAID Strategy for Indonesia, 2014-2018*, 20-21; US Department of State, *U.S. Mission-Indonesia ICS Goals & Framework FY 2018*, 11.
- ⁵⁶ Kelsey Adams “Pacific Partnership 2018 Concludes,” US Indo-Pacific Command, Pacific Partnership Public Affairs, June 21, 2018. <http://www.pacom.mil/Media/News>.
- ⁵⁷ Kelsey Adams. “Pacific Partnership 2018 Concludes,” <http://www.pacom.mil/Media/News/>.
- ⁵⁸ Tristin Barth. US Navy, “Rushmore Arrives in Jakarta, Kicks off 24th CARAT Indonesia Exercise.” US Department of the Navy Public Affairs, Story Number: NNS180810-09. August 10, 2018. <https://www.navy.mil>; Commander, Logistics Group Western Pacific, “17th Southeast Asia Cooperation and Training Exercise Kicks-Off with 9 Nations.” U.S. Indo-Pacific Command: <http://www.pacom.mil/Media/News>.
- ⁵⁹ Association of Southeast Asian Nations, *The ASEAN Charter*, (Jakarta, ASEAN Secretariat, January 2008), 1-4.
- ⁶⁰ World Bank and Australian AID, *Indonesia’s Rising Divide*, 38.
- ⁶¹ U.S. Department of State, “U.S. Mission to ASEAN.” *U.S. Mission to ASEAN*, Accessed on 22 October, 2018: <https://asean.usmission.gov/mission/missionasean/>.

BIBLIOGRAPHY

- Abuza, Zachary. *Political Islam and Violence in Indonesia*. New York: Routledge, 2007.
- Adams, Kelsey. “Pacific Partnership 2018 Concludes.” US Indo-Pacific Command, Pacific Partnership Public Affairs. 21 June 2018. <http://www.pacom.mil/Media/News>.
- Association of Southeast Asian Nations. *The ASEAN Charter*. ASEAN Secretariat. Jakarta, Indonesia. January 2008.
- Badan Pusat Statistik-Statistics Indonesia (BPS) and ORC Macro. *Indonesia Demographic and Health Survey 2002-2003*. Calverton, Maryland, USA. 2003.

- Badan Pusat Statistik (BPS)—Statistics Indonesia, National Population and Family Planning Board (BKKBN), and Kementerian Kesehatan (Kemenkes—MOH), and ICF International. *Indonesia Demographic and Health Survey 2012*. Jakarta, Indonesia. 2013.
- Barth, Tristan. US. Navy. “Rushmore Arrives in Jakarta, Kicks off 24th CARAT Indonesia Exercise.” U.S. Department of the Navy Public Affairs, Story Number: NNS180810-09. 10 August 2018. <https://www.navy.mil>.
- Booth, Anne. *Economic Change in Modern Indonesia: Colonial and Post-Colonial Comparisons*. Cambridge: Cambridge University Press, 2016.
- Cochrane, Joe. “Indonesia, Long on Sidelines, Starts to Confront China’s Territorial Claims.” *New York Times*. September 10, 2017.
- Commander, Logistics Group Western Pacific. “17th Southeast Asia Cooperation and Training Exercise Kicks-Off with 9 Nations.” U.S. Indo-Pacific Command: 27 August 2018. <http://www.pacom.mil/Media/News>.
- Fitriani, Evi. “Indonesian Perceptions of the Rise of China: Dare You, Dare You Not.” *Pacific Review* 31 (3) (February 9, 2018) <https://www.tandfonline.com/toc/rpre20/current>.
- Harris, Adm, Harry. Commander, U.S. Pacific Command. “The United States Indonesia Bilateral Security Partnership.” Remarks, U.S. Indonesia Society & American Chamber of Commerce Jakarta, Indonesia, 7 August 2017.
- Hasan, Noorhaidi. “Transnational Islam in Indonesia.” *The National Bureau of Asian Research- Project Report*. Washington, DC, April 2009.
- Katsos, George E. “The U.S. Government’s Approach to Economic Security: Focus on Campaign Activities.” *Joint Forces Quarterly*. Issue 9, 3rd Quarter, 2018.
- Piccone TJ. *Five rising democracies: And the fate of the international liberal order*. Washington, D.C.: Brookings Institution Press, 2016.
- Priyandita, Gatra. “Chinese Investment & Workers in Indonesia’s Upcoming Elections.” *Asia-Pacific Bulletin* no. 427. Washington, DC East-West Center, 11 July 2018.
- United Nations Development Programme. “Human Development Indices and Indicators: 2018 Statistical Update.” *UN Human Development Reports*. New York, NY. 2018.
- United Nations Food and Agriculture Organization. “Fishery and Aquaculture Country Profiles. Indonesia, 2011.” *Country Profile Fact Sheets: FAO Fisheries and Aquaculture Department*. Rome, 2011. <http://www.fao.org/fishery/>.
- United States. *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military’s Competitive Edge*. U.S Secretary of Defense. Washington, DC, 2018.
- US Agency for International Development. *Democracy, Human Rights, and Governance Assessment of Indonesia*. Prepared by Tetra Tech, ARD, Burlington VT, May 2013.
- US Agency for International Development. *U.S. Foreign aid by country: Indonesia, 2016*. Foreign Aid Explorer. https://explorer.usaid.gov/cd/IDN?fiscal_year=2016&measure=Obligations.
- US Agency for International Development. *Violent Extremism and Insurgency in Indonesia: A Risk Assessment*. Prepared by David Timberman, Management Systems International, Washington DC, January 2013.
- US Agency for International Development. *USAID Strategy for Indonesia, 2014-2018*. Washington DC, October 2013.
- US Department of Defense. *The Asia-Pacific Maritime Security Strategy: Achieving U.S. National Security Objectives in a Changing Environment*, Washington DC, 2015.
- US Department of State. *U.S. Mission-Indonesia Integrated Country Strategy*. Washington, DC. August 2018.
- US Department of State. “U.S. Mission to ASEAN.” *U.S. Mission to ASEAN*., Accessed on 22 October 2018: <https://asean.usmission.gov/mission/missionasean/>
- US Government Accountability Office - Report to Congressional Requesters. “Trends in U.S. and Chinese Economic Engagement in Indonesia and Vietnam.” Washington DC: GAO Report GAO-16-186. October 2015.
- The World Bank Group. *The World Bank in Indonesia: Overview*. <http://www.worldbank.org/en/country/indonesia/overview>.
- The World Bank Group. *World Development Indicators Databank*. World Bank DataBank. <https://data.worldbank.org/>.
- The World Bank Group. April 2018. *Poverty & Equity Brief, East Asia and Pacific: Indonesia. April, 2018*.
- The World Bank Group and Australian AID. *Indonesia’s Rising Divide: Why Inequality is Rising, Why it Matters, and What Can be Done*. Washington DC, 2016.

Continued US Partner or China's Next Debt Diplomacy Victim?

Nathan L. Rusin, Lt Col, US Air Force

Introduction

The Republic of Indonesia's (ROI) strategic significance and strength as a regional power player in Southeast Asia continue to rise. Since its break from Japan and the Netherlands in 1945, its transformation following robust and steady economic growth remains the envy of many in the region. A wide breadth and abundance of natural resources and prime geo-strategic positioning combined with an industrious populace propelled the ROI's growth and resultant gross domestic product (GDP) to the top of the world's rankings.¹ Additionally, as a democratic, Muslim-majority, secular nation with a desire to remain a neutral participant in the region, its regional status enjoys repeated courting by both Eastern and Western powers.

In April of 2018 after months of deliberation, the ROI signed an enormous \$23.3B USD investment agreement with China as part of the One Belt One Road (OBOR) plan also known as the Belt and Road Initiative (BRI).² Combined with smaller previous investments, this deal brings China's total ROI OBOR investment to over \$50B USD. While these deals focusing on transportation, energy, and communications (the fine details remain secret) signify a potential boon for the ROI economy, they also permit Chinese government entities and private companies to develop key Indonesian industries with Chinese hardware, technology, rule sets, manpower, and leadership.³ With project delays mounting and ballooning debt repayments looming, China's debt diplomacy negotiators stand ready to discuss alternative repayment options in the form of political support, land lease, land purchase, or military basing rights. The end result (by Chinese design) finds Jakarta facing a precarious predicament where China wields growing influence over its neutral perspective and position. Absent additional US engagement and investment, China's OBOR-based debt diplomacy will coerce the ROI into adopting more pro-Chinese policies, complicating US operations in the region.

Background: The Republic of Indonesia's Economic Importance

The ROI represents one of the world's great post-World War II success stories.⁴ Previously known as the colonial Dutch East Indies, the ROI broke from Japan and the Netherlands during World War II, gaining its independence in 1945. The world's largest archipelagic nation, the ROI underwent significant growth and transformation over the past 70 years. Through democratic governance, natural resources, manufacturing, shipping and regional trade, it—the world's largest Muslim-majority nation—boasts the largest economy in Southeast Asia (\$1T USD GDP/5.1% GDP growth rate), the world's fourth largest population, and is the third-most populous democracy.⁵ Furthermore, forming the Southern land border of the Strait of Malacca, it serves as strategic gatekeeper between the Indian and Pacific Oceans—the world's busiest and arguably most strategically important shipping lane linking Asia and the Middle East and moving more than 25% of the world's goods.⁶

Serving as a gatekeeper for the Strait of Malacca comes with threats from piracy and terrorism; the daunting task of defending this vital economic artery falls heavily to the ROI. Territorial and offshore waters in the Strait persist as high-risk areas for piracy and armed robbery against ships. Indonesian waters remain the most dangerous in the world, accounting for more than 20% of all piracy incidents reported world-wide.⁷ Terrorist organizations such as Jemaah Anshorut Daulah (JAD), Jemaah Islamiyah (JI), Islamic State of Iraq and ash-Sham (ISIS) Indonesia all pose credible threats to not only the ROI but to every country who conducts trade via or in the vicinity of the Strait of Malacca. While it spends approximately \$8B on defense, anti-piracy, and combating regional terrorists yearly, the ROI consistently seeks additional funding, platforms, training, and support in this important protection endeavor.⁸

An Association of South East Asian Nations (ASEAN) and Group of Twenty (G20) member, the ROI prides itself on playing a major role in both regional and world economics and leadership. As a key ASEAN member, it helps foster economic growth, social progress, and cultural development in Southeast Asia via joint endeavors with other members and its adhering to the rule of law and the United Nations Charter.⁹ As a G20 member, the ROI provides its economic cooperation and decision making to strengthen the global economy, reform international financial institutions, improve financial regulation, and implement key economic reforms.¹⁰ It successfully uses these fora to work with Eastern and Western powers to secure funding (for maritime infrastructure and capabilities in particular) and advance its agenda—most importantly becoming a world sea power.¹¹

Despite its many economic strengths, the ROI's archaic infrastructure and mediocre per capita income continue to hinder economic growth. Its infrastructure is in dire need of major upgrades; many of its key ports and roads struggle to accommodate the type and frequency of current sea- and ground-based shipping equipment and requirements.¹² A large percentage of the population continues to live at or below the poverty line. This pushes its per capita income to the bottom half (currently 99th) of the world rankings.¹³ As a world and the regional economic power, this ranking signals potential trouble unless wage growth and the middle class increase at a fairly rapid pace. To address these issues and increase overall production, effectiveness, and efficiency, Indonesian leadership turned to direct foreign investment in an effort to quickly bolster and extend their economic boom.¹⁴

As democratic partners, the United States and the ROI enjoy a strong and extensive relationship. With multiple diplomatic, economic, and military bilateral agreements, the two countries recognize the other's strategic importance. To that end, current US Vice President Mike Pence and former Pacific Command Commander Admiral Harris stated: "The US-Indonesia strategic partnership is critical to the national interests of both nations, and will grow more so in the years to come."¹⁵ However, with China's recent OBOR investment, Washington pulling out of the Trans-Pacific Partnership (TTP) free trade agreement, and the United States recently falling out of the top five of Indonesian foreign investors,¹⁶ Jakarta and other ASEAN

Continued US Partner or China's Next Debt Diplomacy Victim?

nations have started questioning the current and future resolve of the United States in the region.¹⁷

China's OBOR: Expansion and Influence Cloaked in Investment

Creating a Sino-Centric Geopolitical sphere of influence to shift the global balance of power to the East underscores China's stated National Agenda since the turn of the century. Growing China's economy to be the world's largest is key to this agenda. To meet this goal, Chinese leadership employs a whole-of-nation approach with three key plans. The first plan, "Made in China 2025," sets China on course to become the world's manufacturing power by 2048.¹⁸ The second, "China's Current 5-Year Plan," directs China to lead in the advanced industries of semi-conductors, robotics, aviation, and satellites by 2020.¹⁹ The third, "OBOR," reestablishes a 21st century version of the ancient Silk Road to enable and ensure Chinese regional and ultimately global economic superiority.²⁰ This combined government and private-sector approach is already bearing fruit as it fuels China's rise and unprecedented growth over the past decade, cementing its position on world stage. Based on manufacturing, production, and trade, China's economy ranks even with that of the United States, and by most estimates, overtakes America by the end of the decade, making China the world economic leader.²¹

OBOR is the largest, most-ambitious, and expensive economic endeavor ever undertaken by a nation state. A 21st century expanded version of the ancient Silk Road, OBOR looks to connect Asia (manufacturing) with the Middle East (energy), Africa (raw materials) and Europe (markets) via air, land and sea as well as digitally (telecommunications). OBOR currently includes 66 countries in Asia, Africa, and Europe. The initiative consists of over 400 projects approaching approximately \$1T USD in Chinese foreign investment with new projects added almost every month.²² To compare, in 2017 USD the US Marshall Plan to rebuild Europe post-World War II totaled \$130B.²³ China has already spent approximately \$1T in OBOR investment—more than seven times the previous largest foreign economic endeavor in history.²⁴ Even more incredibly, China plans to spend a total of \$6T USD on OBOR by 2030, more than 45 times the Marshall Plan. If it succeeds, OBOR is estimated to account for more than 30 percent of global GDP.²⁵

"OBOR...serves the Chinese leadership's vision of a risen China sitting at the heart of a Sinocentric regional order...This vision reflects Beijing's desire to shape Eurasia according to its own worldview and its own unique characteristics. More than a mere list of revamped infrastructure projects, BRI is a grand strategy that advances China's goal of establishing itself as the preponderant power in Eurasia and a global power second to none."²⁶

OBOR's economic power hinges on a whole-of-nation approach focusing on Chinese government and private business investment and infrastructure agreements with neighbors, friends, and other willing participants (both current and potential) as a peaceful and prosperous alternative to the current Western order. Typical investment projects include sea and airport

development and construction, road and rail expansion and improvement, energy generation and production, and fiber optics and information technology modernization.²⁷ Using a hub and spoke approach, China's efforts center on securing trade routes and associated facilities (primarily sea lines of communications {SLOCs} and ports) from Asia to the Middle East, and from the Middle East to Africa. The endeavor provides Beijing with key SLOCs and port hubs from Asia (manufacturing) to the Middle East (energy) to Africa (raw materials) where China can grow and secure its economic supply chain, ultimately fueling its rise to preeminent global economic power (see **Figure 1**).

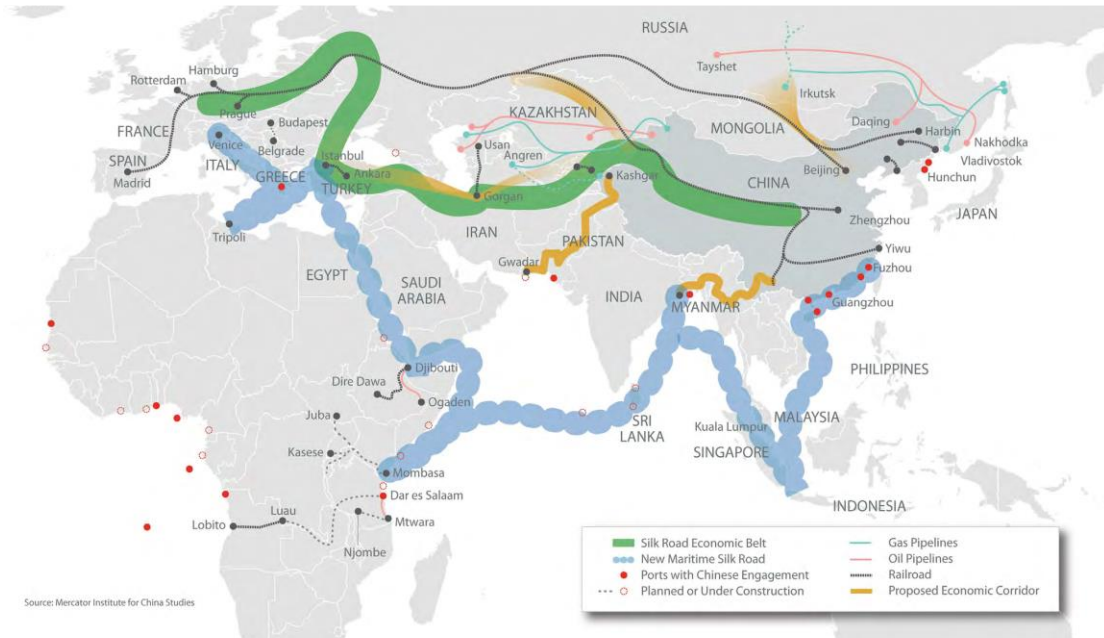


Figure 1. China's One Belt One Road (OBOR) Initiative²⁸

As this 21st century Silk Road develops and expands, China will utilize new markets to build and strengthen relationships in an effort to gain economic and political influence. As this influence builds, China expects (and plans on using) their international legitimacy to increase—despite historic and documented blemishes such as currency manipulation, corruption, and human rights violations.²⁹ China plans to use this newfound legitimacy to: First, counter regional rivals such as India, Japan, and South Korea; and second, diminish US political and military influence in the region by securing key SLOCs to reduce its dependence on vulnerable choke points and provide bases from which to extend military (primarily naval) capabilities.³⁰

China's Debt Diplomacy

As OBOR's first projects near completion and initial loan repayments come due, the once-positive reactions from many participants are starting to sour and turn to concern and fear.³¹ A majority of the optimistic forecasts offered by China during the initial OBOR agreements are not coming to fruition as its government and businesses find themselves significantly behind schedule on project delivery. As delays mount and the associated forecasted income streams

Continued US Partner or China's Next Debt Diplomacy Victim?

remain dormant, OBOR partners find themselves struggling to repay their ballooning debts. This is due to predatory loan practices and estimates made by China during OBOR agreements (planning for best case project completion and productivity output) as well as the absence of detailed feasibility studies typically required by similar international loans (increasing OBOR partners' debt-to-GDP ratio from under 50% to over 85%).³² This phenomenon has given rise to a new OBOR moniker: "debt diplomacy."³³

An even darker side of debt diplomacy is starting to emerge. As multiple OBOR partners cannot repay their debts and risk default, China offers alternative repayment options—debt forgiveness in return for political support, land lease, land acquisition, and/or military basing rights.³⁴ Athens, Greece (political—uncharacteristic pro-Chinese voting on the international stage), Hambantota, Sri Lanka (land lease and military basing rights), Doraleh, Djibouti (land lease and military basing rights), and Gwadar, Pakistan (land purchase and military basing rights) are each OBOR partners who succumbed to China's debt diplomacy trap.³⁵ Recent reporting from Cape Town, South Africa and Mombasa, Kenya indicate similar debt diplomacy negotiations focusing on alternative repayment options are currently ongoing with China.³⁶

China's OBOR Courting and Coercing of the Republic of Indonesia

China understands the ROI's strategic value in the region and globally. As Southeast Asia's economic leader, gatekeeper to the Straits of Malacca, democratic and Muslim exemplar, and key ASEAN and G20 member, China sees the ROI as a difficult but critical acquisition for its OBOR plan.³⁷ China is primarily concerned with the Strait of Malacca. As the key access path to the Middle East and Africa and passageway for over 65% of China's imports and exports, the Strait of Malacca is China's most strategic choke point.³⁸ A blockade or reduction of Chinese shipping or naval vessels via this waterway would almost cripple China's economy and significantly limit its power projection capability. China has placed significant importance on maintaining access and gaining partnership and/or ownership of this important strategic location. To that end, while it continues courting the ROI primarily for its strategic location along the Straits of Malacca, it maintains backup plans via Gwardar, Pakistan and Kyaukpyu, Myanmar in the event Jakarta cannot be swayed.³⁹

China identified a window of opportunity where Jakarta was actively soliciting foreign investment, and the United States, in the midst of an election and change of power, left foreign aid stagnant and made a mediocre situation worse by withdrawing from TTP.⁴⁰ Seizing this opportunity, China embarked on a significant campaign to persuade the ROI to join OBOR. Over the past three years, China successfully lobbied for, proposed, and signed multiple OBOR-based agreements with the country, culminating in a \$23B energy and infrastructure deal approved in April of 2018,⁴¹ bringing China's total OBOR investment in the ROI to over \$50B USD with additional projects under discussion.

Prior to the April 2018 deal, the OBOR investment agreements totaled fifty projects at approximately \$27B USD. While many of the specific details remain secret, funding for most of these OBOR projects originated from long-term loans via Chinese banks; many are the sole responsibility of Chinese-owned companies and Chinese workers. The projects included several manufacturing plants and multiple transportation and infrastructure projects—all of which should have been completed by the summer of 2018.⁴² Due to a host of issues, including financing, visas, and land acquisition problems, only nine of the fifty projects are complete—a familiar trend in OBOR-partner countries.⁴³ Given China's latest investments, the ROI now sits as the second largest borrower in the 66-nation OBOR program—Pakistan remains first with \$66B USD in debt.⁴⁴ China's 2018 investment raised the ROI's debt-to-GDP ratio from 48% to an estimated 56%.⁴⁵ While still manageable, this ratio is approaching the 60% limit imposed by the country's debt-management constitution.⁴⁶ Recent reporting indicates the Beijing-based Asian Infrastructure Investment Bank (AIIB), a Chinese lender with substantial investments in the ROI and close ties to the Chinese government, is already in negotiations with senior government officials over land acquisition and other options as innovative solutions for OBOR investment repayment (shoring up finance gaps).⁴⁷

As the ROI embarks on this new path with China, close monitoring of their relationship and financial transactions will be critical to the region's future. With a debt-to-GDP ratio close to constitutional mandated limits, any problems repaying Chinese loans, taking on additional Chinese debt, prolonged pro-China political shifts or Chinese land lease, sale, or military basing agreements more than likely signifies that China's coercive debt diplomacy has succeeded.⁴⁸ Once this debt diplomacy tactic succeeds (from China's perspective), a subsequent outlook and policy shift towards Beijing may occur. The short-term shift of the world's third largest democracy away from the democratic United States and to communist China would signify a major blow to the current world order and an enormous windfall for China.⁴⁹ Furthermore, as a powerful player in ASEAN, the G20 and gatekeeper of the Strait of Malacca, the ROI's shift may be the start of a domino effect in which other powerful countries, many of which are on the fence regarding China, choose to follow Jakarta's lead and explore a Sinocentric world order.⁵⁰ While the longer-term effects are difficult to predict, it is clear that the US ability to conduct unencumbered operations in many areas of the Pacific (specifically Southeast Asia) would become significantly more complicated and difficult.⁵¹ This demonstrates (especially in this new era of great power competition) that the United States can ill afford to allow the ROI's shift toward China and should quickly enact an aggressive strategy to prevent it.⁵²

Conclusion

The ROI's location, economy, natural resources, democratic populace, and neutral positioning serve to make it a regional power in Southeast Asia. With a return to great power competition and China's rise, the ROI's strategic significance and cooperation as a thriving democracy, ASEAN leader, and G20 member is more important than ever.⁵³ Needing investment capital to improve its infrastructure to bolster its economy, it sought foreign

Continued US Partner or China's Next Debt Diplomacy Victim?

investment. While US foreign aid stagnated and Washington exited the TPP, China embarked on a significant campaign to persuade the ROI to join OBOR. Finding China's offer too lucrative to resist, the ROI signed and secured multiple OBOR-based investment agreements culminating in an enormous \$23B deal approved in April of 2018.⁵⁴

Focusing on infrastructure, energy, and communications, China's total OBOR investment in the ROI now exceeds \$50B USD. While these deals signify a potential boon for the country's economy, they allow Chinese entities (public and private) to develop these key industries with Chinese hardware, technology, rule sets, manpower, and leadership.⁵⁵ With project delays mounting and debt repayments looming, China's debt diplomacy negotiators stand ready to discuss alternative repayment options—political support, land lease, land purchase, or military basing rights. The end result (by Chinese design) finds Jakarta facing a predicament where China wields growing influence to shift the ROI's neutral perspective and position. The United States must directly engage with and invest in Jakarta or risk the detrimental effects of China's OBOR-based debt diplomacy as it coerces Indonesian polices toward China and complicates US operations in the region.⁵⁶

Recommendations

In order to counter the recent OBOR agreements, prevent potential coercion, and the titling of the ROI toward China, the United States should aggressively develop and implement a coherent whole-of-government strategy grounded in information, partnerships, and economic investment. Key steps include: first, make the strategy a national priority; second, create a transparent communications and broadcasting plan that shines a light on bad behavior; third, work with Indonesia and other Pacific allies to develop an investment counterstrategy; and fourth, develop and enact a new Pacific trade plan more comprehensive than TPP and grounded in international trade rules.⁵⁷ A plan containing these steps and enacted quickly should produce a substantial cooling effect on China's coercion and the ROI's OBOR expectations, ultimately deterring Jakarta's shift towards Beijing.

The first step in a coherent US strategy rests on the ability of US senior policy makers to understand, advocate for, and approve a counter-OBOR strategy.⁵⁸ This strategy should focus on the ROI to start but also include other nations currently facing the same circumstances. The goals, aims, and consequences of an unchecked OBOR plan need to become a national discussion.⁵⁹ The strategy cannot fall victim to partisan politics or other Washington roadblocks—it needs strong and swift political backing and approval by all branches of government so rapid financing can commence. With policy and funding in place, the following steps can commence.

The second step of this strategy focuses on creating a transparent communications and broadcasting plan that shines a light on China's domineering behavior.⁶⁰ The United States should engage in a frank an open dialog with the ROI's economic leadership and OBOR project

managers highlighting China's predatory loan practices, consistent project delays, and coercive alternative payment tactics using independently validated financial data. Comparing China's optimistic data regarding loan and repayment financials, project timelines, and project revenue versus unbiased and validated financial data should help the ROI fully understand its position relative to its coercive Chinese partner. Additionally, highlighting China's domineering behavior, specifically debt diplomacy using Sri Lanka, Pakistan, Djibouti and Greece as examples, should serve as a stern warning to then ROI regarding the threat posed by its current (and any future) OBOR agreements.⁶¹

Step three of the strategy centers on working with Pacific allies to develop an investment counterstrategy.⁶² OBOR's overarching allure stems from the ease with which a nation can attain massive amounts of foreign capital. However, China is not the only nation willing to invest. Other Pacific powers including Australia, Japan, and South Korea are also eager, especially to counter China in the process.⁶³ The United States needs to rally these countries and more closely partner with them in an effort to apply foreign investment where needed to counter China's OBOR.⁶⁴

Fourth, the United States should develop and enact a new Pacific trade plan more comprehensive than TPP and grounded in international trade rules. When the United States pulled out of TPP, many nations, especially those in the Pacific, were stunned.⁶⁵ Years of hard work and negotiation evaporated as the world's strongest economy and associated leadership exited. Weakened and without a leader, many in the Pacific are now looking to China's OBOR as a TPP alternative. To rebalance and strengthen the Pacific, the United States should enact a new transparent, open, and comprehensive trade plan. Key to this plan should be the legal and aggressive enforcement of international trade rules that focus on imposing significant costs (both political and financial) on those who engage in predatory and subversive practices—both governmental and private sector businesses.⁶⁶ Violations need to be brought before the World Trade Organization (WTO) to increase awareness and with the long-term goal of exposing and bringing China's predatory, debt diplomacy tactics into view.⁶⁷

¹ "Indonesia." Central Intelligence Agency. April 01, 2016. Accessed September 11, 2018.

<https://www.cia.gov/library/publications/the-world-factbook/>.

² Minnock, Olivia. "Indonesia and China Sign \$23.3bn Belt and Road Contracts." *Business Chief*, April 16, 2018.

³ USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century: Understanding the Critical Elements*. Office of Commercial Economic Analysis Summer Studies. Washington, DC: USAF AT&L, 2017, 5.

⁴ "The United States-Indonesia Bilateral Security Partnership." U.S. Indo-Pacific Command. August 08, 2017. Accessed September 11, 2018. <http://www.pacom.mil/Media/Speeches-Testimony/Article/1272444/the-united-states-indonesia-bilateral-security-partnership/>.

⁵ "Indonesia." Central Intelligence Agency. April 01, 2016. Accessed September 11, 2018.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

- ⁹ "ASEAN | ONE VISION ONE IDENTITY ONE COMMUNITY." ASEAN | ONE VISION ONE IDENTITY ONE COMMUNITY. Accessed September 13, 2018. <https://asean.org/>.
- ¹⁰ "G20 Argentina." G20 Argentina | Inicio. Accessed September 13, 2018. <https://www.g20.org/en>.
- ¹¹ "China's One Belt, One Road Initiative Reshaping South-east Asia." Oxford Business Group. Accessed September 07, 2018. <https://oxfordbusinessgroup.com/>.
- ¹² Yuniarni, Sarah. "Here's How Indonesia Can Benefit From China's Belt and Road Initiative." Jakarta Globe. July 5, 2018. Accessed September 05, 2018. <http://jakartaglobe.id/>.
- ¹³ "Indonesia." Central Intelligence Agency. April 01, 2016. Accessed September 11, 2018. <https://www.cia.gov/library/publications/the-world-factbook/>.
- ¹⁴ Yuniarni, Sarah. "Here's How Indonesia Can Benefit From China's Belt and Road Initiative."
- ¹⁵ "The United States-Indonesia Bilateral Security Partnership." U.S. Indo-Pacific Command. August 08, 2017. Accessed September 11, 2018. <http://www.pacom.mil/Media/Speeches-Testimony/Article/1272444/the-united-states-indonesia-bilateral-security-partnership/>.
- ¹⁶ "Indonesia." Central Intelligence Agency. April 01, 2016. Accessed September 11, 2018. <https://www.cia.gov/library/publications/the-world-factbook/>.
- ¹⁷ "China's One Belt, One Road Initiative Reshaping South-east Asia." Oxford Business Group. Accessed September 07, 2018. <https://oxfordbusinessgroup.com/>.
- ¹⁸ USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century*, 2.
- ¹⁹ Ibid.
- ²⁰ Ibid.
- ²¹ "China's One Belt, One Road Initiative Reshaping South-east Asia." Oxford Business Group. Accessed September 07, 2018. <https://oxfordbusinessgroup.com/>.
- ²² Ibid.
- ²³ Ibid.
- ²⁴ Ibid.
- ²⁵ Li, David, and Fajar Ramadhan. "Indonesia Poised to Benefit as China's Belt and Road Turn Green." The Jakarta Post. June 22, 2018. Accessed September 05, 2018. <http://www.thejakartapost.com/>.
- ²⁶ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort to Assert Primacy in Eurasia*. Office of Commercial Economic Analysis Summer Studies. Washington, DC: USAF AT&L, 2017, 11.
- ²⁷ "China's One Belt, One Road Initiative Reshaping South-east Asia." Oxford Business Group. Accessed September 07, 2018. <https://oxfordbusinessgroup.com/>.
- ²⁸ Luft, Gal. "Silk Road 2.0 A US Strategy toward China's One Belt One Road Initiative." The Atlantic Council. October 2017. Accessed September 11, 2018. www.atlanticcouncil.org.
- ²⁹ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 11.
- ³⁰ Ibid.
- ³¹ "A New Chinese-Funded Railway In Kenya Sparks Debt-Trap Fears." NPR. Accessed October 8, 2018. <https://www.npr.org/2018/10/08/641625157/a-new-chinese-funded-railway-in-kenya-sparks-debt-trap-fears>.
- ³² Ibid.
- ³³ Ibid.
- ³⁴ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 15-16.
- ³⁵ Ibid.
- ³⁶ "A New Chinese-Funded Railway In Kenya Sparks Debt-Trap Fears." NPR.
- ³⁷ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 46.
- ³⁸ "Indonesia." Central Intelligence Agency. April 01, 2016. Accessed September 11, 2018. <https://www.cia.gov/library/publications/the-world-factbook/>.
- ³⁹ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 47.
- ⁴⁰ Ibid.
- ⁴¹ Minnock, Olivia. "Indonesia and China Sign \$23.3bn Belt and Road Contracts." *Business Chief*, April 16, 2018.
- ⁴² Yuniarni, Sarah. "Here's How Indonesia Can Benefit From China's Belt and Road Initiative."
- ⁴³ Ibid.
- ⁴⁴ "AIIB Lends \$692 Million to Indonesian Infrastructure." The Jakarta Post. August 29, 2018. Accessed September 05, 2018. <http://www.thejakartapost.com/>.

-
- ⁴⁵ Cornish, Amelia. "Indonesia's Government Debt Ahead of 2019 Presidential Election: A Real Economic Concern?" The Conversation. September 15, 2018. Accessed September 15, 2018. <https://theconversation.com/indonesias-government-debt-ahead-of-2019-presidential-election-a-real-economic-concern-97708>.
- ⁴⁶ Ibid.
- ⁴⁷ "AIIB Lends \$692 Million to Indonesian Infrastructure." The Jakarta Post.
- ⁴⁸ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 47.
- ⁴⁹ Ibid.
- ⁵⁰ Luft, Gal. "Silk Road 2.0 A US Strategy toward China's One Belt One Road Initiative."
- ⁵¹ USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century*, 6.
- ⁵² Ibid.
- ⁵³ Yuniarni, Sarah. "Here's How Indonesia Can Benefit From China's Belt and Road Initiative."
- ⁵⁴ Minnock, Olivia. "Indonesia and China Sign \$23.3bn Belt and Road Contracts." *Business Chief*, April 16, 2018.
- ⁵⁵ USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century*, 5.
- ⁵⁶ Luft, Gal. "Silk Road 2.0 A US Strategy toward China's One Belt One Road Initiative."
- ⁵⁷ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 63.
- ⁵⁸ USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century*, 8.
- ⁵⁹ Luft, Gal. "Silk Road 2.0 A US Strategy toward China's One Belt One Road Initiative."
- ⁶⁰ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 63.
- ⁶¹ Ibid.
- ⁶² USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century*, 29.
- ⁶³ Ibid.
- ⁶⁴ Luft, Gal. "Silk Road 2.0 A US Strategy toward China's One Belt One Road Initiative."
- ⁶⁵ Ibid.
- ⁶⁶ USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort*, 68.
- ⁶⁷ Ibid.

BIBLIOGRAPHY

- "AIIB Lends \$692 Million to Indonesian Infrastructure." The Jakarta Post. August 29, 2018. Accessed September 05, 2018. <http://www.thejakartapost.com/>.
- "A New Chinese-Funded Railway In Kenya Sparks Debt-Trap Fears." NPR. Accessed October 8, 2018. <https://www.npr.org/2018/10/08/641625157/a-new-chinese-funded-railway-in-kenya-sparks-debt-trap-fears>.
- "ASEAN | ONE VISION ONE IDENTITY ONE COMMUNITY." ASEAN | ONE VISION ONE IDENTITY ONE COMMUNITY. Accessed September 13, 2018. <https://asean.org/>.
- "China's One Belt, One Road Initiative Reshaping South-east Asia." Oxford Business Group. Accessed September 07, 2018. <https://oxfordbusinessgroup.com/>.
- Cornish, Amelia. "Indonesia's Government Debt Ahead of 2019 Presidential Election: A Real Economic Concern?" The Conversation. September 15, 2018. Accessed September 15, 2018. <https://theconversation.com/indonesias-government-debt-ahead-of-2019-presidential-election-a-real-economic-concern-97708>.
- "G20 Argentina." G20 Argentina | Inicio. Accessed September 13, 2018. <https://www.g20.org/en>.
- "Indonesia." Central Intelligence Agency. April 01, 2016. Accessed September 11, 2018. <https://www.cia.gov/library/publications/the-world-factbook/>.
- Li, David, and Fajar Ramadhan. "Indonesia Poised to Benefit as China's Belt and Road Turn Green." The Jakarta Post. June 22, 2018. Accessed September 05, 2018. <http://www.thejakartapost.com/>.
- Luft, Gal. "Silk Road 2.0 A US Strategy toward China's One Belt One Road Initiative." The Atlantic Council. October 2017. Accessed September 11, 2018. www.atlanticcouncil.org.
- Minnock, Olivia. "Indonesia and China Sign \$23.3bn Belt and Road Contracts." *Business Chief*, April 16, 2018.
- Priyandita, Gatra, and Trissia Wijaya. "Winning Hearts on China's Belt and Road." The Diplomat. May 04, 2018. Accessed September 05, 2018. <https://thediplomat.com/>.
- "The United States-Indonesia Bilateral Security Partnership." U.S. Indo-Pacific Command. August 08, 2017. Accessed September 11, 2018. <http://www.pacom.mil/Media/Speeches-Testimony/Article/1272444/the-united-states-indonesia-bilateral-security-partnership/>.

Continued US Partner or China's Next Debt Diplomacy Victim?

- USAF AT&L, comp. *Study I - Great Power Competition in the 21st Century: Understanding the Critical Elements*. Office of Commercial Economic Analysis Summer Studies. Washington, DC: USAF AT&L, 2017. 1-57.
- USAF AT&L, comp. *Study II - One Belt, One Road: China's Signature Effort to Assert Primacy in Eurasia*. Office of Commercial Economic Analysis Summer Studies. Washington, DC: USAF AT&L, 2017. 1-84.
- Yuniarni, Sarah. "Here's How Indonesia Can Benefit From China's Belt and Road Initiative." Jakarta Globe. July 5, 2018. Accessed September 05, 2018. <http://jakartaglobe.id/>.

Seaport Rehabilitation: Key to Indonesian Success

Donald J. Sandberg, Lt Col, US Air Force

Introduction

For centuries, the Asia-Pacific region has been a critical enabler of the world's global commerce. Titles like the Silk Road, the East India Company, and the Strait of Malacca conjure images of intercontinental trade and cultural interaction. The region is just as critical in today's hyper-connected world, as many of its nations are resource-rich, densely populated, and economically growing. Unfortunately, these three elements interacting within a geopolitically diverse region triggers instability as nations vie for influence and dominance. Over the past ten years, China's rapid rise has created uncertainty and tension in a region dependent upon cooperation to ensure unimpeded trade. As great power competition retakes the briefly unipolar world, the stability and prosperity of Southeast Asia rely on regional nations with the capability to balance the potential hegemon. The Republic of Indonesia (ROI) has the potential to be that equalizing force.

Indonesia's demography, geography, and strategic location should elevate the nation to regional power status, but its modest economic growth rate currently prevents it. For the United States to bolster the ROI, it must focus on the archipelagic nation's key weakness--insufficient seaport infrastructure. Because of the ROI's current fiscal realities, the United States' best approach involves three lines of effort. It must first increase direct foreign investment into the ROI to a level commensurate with other international contributors. Next, the United States should competitively structure international loans for ROI seaport development and pair those loans with mutually beneficial partnership agreements. Lastly, the government must incentivize American private industry to invest in the ROI, as governments alone cannot provide the investment necessary to fund such massive projects. By focusing investment on improving the ROI's seaport infrastructure, the United States unlocks Indonesia's economic potential and creates another partner poised to balance China's influence in the region.

Why the Republic of Indonesia?

The United States realizes the Asia-Pacific region's significance. In 2011, the United States formally communicated a strategic "pivot" intending to increase military, political, and economic involvement in the region.¹ This refocus is rational and necessary for two main reasons. The region's burgeoning economies outperform worldwide average gross domestic product (GDP) growth rates and are a key factor to the success of the US economy.² As a result, competition for regional hegemony creates instability and tension, endangering a diverse geopolitical environment dependent upon cooperation to thrive. Second, and more significantly, China is rapidly expanding its military capabilities and challenges regional freedom of navigation and sovereignty in the name of restoring its once great empire.³

Seaport Rehabilitation: Key to Indonesian Success

Continued regional stability is dependent upon the United States and its Southeast Asian partners, one critical partner being the ROI. Whether through demographics, governance, geostrategic location, or economy, the ROI validates its current and future value to Southeast Asia. Not only is it the world's fourth-largest nation by population (behind China, India, and the United States), but the ROI also exhibits a 0.86% population growth rate (double that of China) while maintaining a young median population age of 30 years old (seven years younger than that of China).⁴ Next, the ROI maintains a democratically elected government with ideals more closely aligned with those of the United States than with other nations in the region. Third, its 735,000 square mile land mass straddles the valuable conduit between the Indian and Pacific Oceans, spanning a distance exceeding the west-to-east length of the United States by 500 miles.⁵ Lastly, its 125 million-strong workforce generates the world's seventh largest GDP (by purchasing power parity) with an average annual growth rate of approximately 5%.⁶ Although the ROI's economy outpaces the world average of 3.7%, it still lags China and its neighbors Malaysia, the Philippines, Vietnam, and Cambodia.⁷ Overall, the ROI possesses great potential across a wide range of metrics to effectively counter Chinese influence. The United States must first foster greater economic growth for the ROI to meet its full potential.

Why Seaports?

Indonesia's economy will not achieve its full potential without improvements in its infrastructure. Although all nations depend upon energy, transportation, sanitation, water, and other infrastructure, archipelagic nations are particularly dependent upon seaports. These critical nodes not only link the ROI's 900+ permanently inhabited islands but also enable the world's largest merchant marine fleet's lifelines to international trade. Exports constitute approximately 20% of the ROI's GDP, and imports (although not part of GDP calculations) are equivalent to approximately 18%.⁸ With no bridges to continental land masses, the ROI was keen on seaport investment through the mid-1990s.

Regrettably, the 1997 Asian financial crisis derailed several Indonesian infrastructure maintenance and construction efforts, and seaports were not immune.⁹ After 21 years, the ROI's seaports still fail to meet the country's economic needs, stunting potential growth. The ROI lags neighbors such as Thailand, Vietnam, Malaysia, and Singapore in shipping connectivity indices measuring a country's integration level in global shipping networks.¹⁰ In volumetric terms, the ROI slightly outperforms Vietnam, the Philippines, and Thailand but is behind Malaysia and Singapore. Compared to Malaysia, the ROI generates three times the GDP, supports eight times the population, and controls six times the territorial area yet has only 60% of the shipping volume capacity.^{11, 12} Finally, World Bank metrics on global trade infrastructure rank the ROI 46th in the world (54th specifically on infrastructure), again trailing its regional neighbors.¹³ Clearly, the economic catalyst that is the ROI's seaports deserves attention.

Thankfully, Indonesian president Joko Widodo recognizes the benefits of increased seaport investment. After taking office in 2014, "Jokowi" shifted infrastructure priorities from

land-based to maritime.¹⁴ He reallocated the nation's energy subsidies partly towards infrastructure to fund the much-needed efforts, but infrastructure is expensive.¹⁵ Current overall infrastructure investment is at approximately 17% of the ROI's annual budget.¹⁶ This investment is roughly \$29.45 billion per year or 2.9% of the nation's GDP. In perspective, the new Patimban Seaport project that started in July 2018 near Jakarta will cost at least \$3 billion, and commercial port repair and upgrade projects often require a similar magnitude of investment depending upon the work required.^{17, 18, 19} In total, the Government of Indonesia (GOI) estimates a seaport investment of \$55.4 billion to develop 24 commercial and over 1,000 domestic seaports.²⁰ President Widodo now faces the daunting challenge of securing capital for these much-needed and expensive seaport improvements and appropriately prioritizing the efforts.

Why the United States?

The United States could sit idly while the ROI struggles to finance these efforts or could advise Indonesian leadership on exchanging short-term debt burden for long-term economic well-being. The most obvious investment method for the ROI is simply to fund the projects immediately using the government funds. Unfortunately, Jokowi inherited a fiscally conservative nation restricted by policies designed never to relive the outcomes of the 1997 financial crisis.²¹ In 1996, infrastructure expenditures approached \$16 billion (7% of GDP) as the nation experienced a 7-8% economic growth rate.²² At the time, the ROI was investing in its future, exchanging debt for future growth. Government debt burden during the 1997 crisis was near 90% of GDP.²³ Following the crisis, infrastructure spending withered to \$3 billion (3% of GDP) as the national growth rate initially dropped as low as negative 13% before settling at approximately 3%.^{24, 25} Identifying aggressive debt ratios as the major contributing factor to economic instability in 1997, the government mitigated similar future risks by cautiously restricting budgetary deficits to 3% of GDP and total debt to 60% of GDP.²⁶

This reactionary policy restricted large-sum, future investments into infrastructure. If history and analysts are correct, the ROI can only ensure a 6% or better growth rate with an infrastructure investment rate of 5% or more of GDP. The realities outlined above make using internal coffers unlikely.²⁷ Given that post-1997 budget policies and execution carried the ROI unscathed through the 2008 global financial crisis, popular support for more aggressive, self-funded, direct investment in infrastructure is unlikely.²⁸ Pair that with the ROI's next general elections in 2019, and Jokowi (up for re-election) should avoid radical deviations from proven budgetary practices. Luckily for the United States, this opens the door for international investment opportunities in the ROI.

Of course, the United States is not the only country viewing the ROI as an important regional player. With the exception of Singapore (which leads the world in foreign direct investment in the ROI), the three primary contenders to support Indonesian development are Japan, China, and the United States.²⁹ Not only are these countries three of the world's largest economies, but each has a historic and strategic interest in the region. The Indonesian-Japanese

Seaport Rehabilitation: Key to Indonesian Success

relationship over the past several years has been sound with Japan lagging only Singapore in Indonesian direct investment at the end of 2017.³⁰ Japan's \$1.0 billion loan in late 2017 to start the Patimban seaport project is just one example of its partnership with the ROI.³¹ Additionally, this partnership appears to be based on mutual respect, as Japan graciously offered the Patimban loan as a 40-year payback at 0.1% interest with a twelve-year grace period.³² Given the ROI's projected growth, loan payback is manageable. Overall in 2017, Japan committed \$5.0 billion to the ROI. There is no indication the ROI's annually repeating economic relationship with this close US ally will or should change.³³

While the United States remains at a distant sixth place (typically lumped into the investment pie graph wedge labeled "Others"), China aggressively contests Japan's position for the silver medal in Indonesian investment. From October through December of 2016, China invested \$1.1 billion—five times its rate from the same period in 2015 and outperforming Japan for that quarter.³⁴ At the close of 2017, China trailed Japan in total annual investment; however, if combined with Hong Kong's investments, the total would surpass Japan's by \$500 million.³⁵ Where the ROI would normally rejoice in such great fortune, it should instead remain cautious. Although it is reasonable for a major foreign investor to influence a nation's political and economic decision making, China repeatedly takes it a step further with its deals. Economist Parag Khanna states eloquently, "By becoming an investor, asset owner, and supply chain operator in another country, China gets preferential market access and becomes part of the strategic decision-making process over how resources will be managed...[and] binds countries to it through infrastructural tethers."³⁶ Unless the United States takes advantage of the investment opportunity, China's tethers could strengthen, increasing its influence on the ROI.

The United States' Approach

It is now seven years after President Obama's 2011 "pivot" declaration, and the United States has yet to put its money where its mouth is. US foreign financial obligations to the East Asia and Oceania regions accounted for only 4.5% (or approximately \$1.8 billion) of its total 2011 worldwide assistance, and obligations remained flat through 2016 (the most current year available as of this paper's writing).³⁷ The only significant US increase in assistance was to the Middle East and Africa, increasing from 41.4% of the total budget in 2011 to an astounding 68.4% in 2016 (or from \$16 billion to \$26 billion).³⁸ Economically, the time has come to pivot, starting with Indonesian seaport investment.

In 2016, the United States obligated only \$220 million to the ROI, with \$2.7 million of that devoted to infrastructure and none to seaports.³⁹ Over its 70-year relationship with the ROI, the United States has only obligated \$541,938 for water transportation improvement purposes.⁴⁰ This should change. Future US foreign financial obligations should shift from the Middle East and Africa regions to the Pacific. Even 10% of the more than \$24 billion annual disparity in obligations between the regions could sufficiently fund a new seaport. As an example, the Patimban seaport project in Subang, West Java is a new construction effort capable of handling

250,000 twenty-foot containers (a 2% increase to the ROI's existing capacity) with an estimated cost of \$3 billion.^{41, 42} An increased level of US funding could not only support economic development, but it could make the United States competitive with Chinese investment levels, potentially liberating the ROI from China's infrastructural "tether."

If not liberated, the ROI may suffer the fate of other countries accepting China's investment. Several of China's projects across the world started with the win-win notion of catalyzing a nation's economy with an infrastructure investment also bolstering China's "One Belt, One Road" economic initiative. Regardless of the promises made, many arrangements fail and ultimately cost of the host nation. Sri Lanka signed over its recently-completed port at Hambantota to China on a 99-year lease after not fulfilling financial obligations on the \$1.0 billion loan.⁴³ There is little doubt a similar arrangement with Pakistan will be necessary if it cannot pay China \$90 billion over the next 30 years to cover the \$56 billion loan for the China-Pakistan Economic Corridor.⁴⁴ Similar woes face countries such as Macedonia and the Maldives while nations like Myanmar, Nepal, and Malaysia reconsider and cancel these parasitic infrastructure agreements.^{45, 46} If the ROI repeats Sri Lanka's or Pakistan's seaport infrastructure mistakes, the consequences may be similar. China could quickly assume ownership of those ports; it could extend sovereign claims into and again control "Chinese traditional fishing grounds" within the ROI's exclusive economic zone. The ROI's 2017 renaming of a section of the South China Sea (SCS) to the North Natuna Sea will be moot.⁴⁷ A worthwhile alternative is an increased investment partnership with the United States.

After increasing the foreign funding level, the United States should offer fairly-structured loans, mimicking the Japanese approach. Loans provided directly by the United States would circumvent the international politics and bureaucracy associated with World Bank or International Monetary Fund loans.^{48, 49} Unlike the fiscally and sovereignly costly Chinese loan model, a milder approach could follow realistic payback schedules and will not overload the nation's budgets with unmanageable interest payments. Additionally, reasonable payback grace periods would soften future temporary economic hardships the ROI may face (similar to the 1997 and 2008 financial crises) and potentially avoid surrendering sovereign control of the nation's infrastructure. Although these low-rate loans are not by themselves beneficial to the United States, the strategic payback of economic and defense partnering could be lasting.

Much as Japan economically leverages port funding for partnership agreements, the United States should arrange for preferential trade agreements in the ROI's textile, computer, machine, plastics, and rubber industries, which account for roughly 49% of its \$19.5 billion in exports to the United States.^{50, 51} Ideally, favorable investments also yield US Navy access to Indonesian seaports. The increased flexibility for US presence in the SCS and Malaccan Strait could benefit both the Indonesian Navy—as it increasingly contends with Chinese territorial claims—and other regional powers.⁵² This approach is mutually beneficial, and the provided security and stability could create an attractive environment for private investors, as well.

Seaport Rehabilitation: Key to Indonesian Success

Partial private industry investments should bridge any funding gap remaining for seaports. Current Indonesian infrastructure funding falls approximately \$85 billion short of Jokowi's desired plan. The World Bank estimates the ROI is \$1.5 trillion behind in its infrastructure development when compared to its peers.⁵³ US private industry merely needs access, confidence, and incentive to invest beyond its current \$130 million.⁵⁴ The GOI already is addressing the bureaucratic inefficiencies that hindered public access to investment over the past several decades.^{55, 56} Confidence is building but could accelerate with a true US pivot to and focus on maritime stability in the region. Lastly, US-based private investors receiving economic incentives (e.g., reduced taxing, market preference, operator rights) either from the ROI or the United States could boost investment to similar levels observed from nations such as Singapore, Japan, and China.^{57, 58}

A US support plan that excludes private investment incentives leaves the ROI to increasingly rely on a method followed by over 100 other nations worldwide—infrastructure privatization.⁵⁹ Over the past several decades, governments have relied heavily on private sector support to various degrees to manage and execute what were traditionally government responsibilities. Whether energy, communication, transportation, water, or sanitation, governments privatized infrastructure with the goal of reducing costs, bypassing bloated bureaucracies, and improving service quality.⁶⁰ Although each country's approach and commitment level varies, certain advantages and disadvantages exist. Privatization is a proven method to fund infrastructure (especially for countries with weak budgets); it provides a desirable opportunity for private investors; it can improve efficiencies and effectiveness by running like a business and not like a government; and, to a degree, it separates politics from meeting the needs of the people since business executives answer to shareholders and not voters.⁶¹ On the other hand, privatization is only as effective as its controlling contract; it relinquishes control of potentially strategic assets to entities other than the central government; and it can dissatisfy the population while making the government appear ineffective.⁶²

Whereas the ROI can risk privatization of certain infrastructure, an archipelagic nation should not fully privatize something as strategically critical as its seaports. The ROI cannot afford transportation privatization errors such as Britain's East Coast Main Line debacle, Italy's 2018 Genoa bridge collapse, or Canada's \$9 billion (Canadian) loss on a single highway in 1998.^{63, 64, 65} Besides contract performance and public safety concerns, players outside the ROI could complicate the government's sovereignty against its own infrastructure. The United States' struggle during the Dubai Ports World buyout of major American seaport operations is a stark reminder.⁶⁶ Overall, the Indonesian government (and not a private entity) must control its strategically vital seaports. Through this holistic approach of US funding injection, partnership agreements, and private industry support, accelerated Indonesian seaport development could become a reality without jeopardizing sovereignty.

Conclusions and Recommendations

The Asia-Pacific region will remain a vital enabler of the world's prosperity. As its nations continue to outpace the world average economically, competition for resources and influence will build. China already challenges regional stability as it increasingly extends its reach to ensure the economic growth necessary to protect its ruling communist regime. Maintaining regional balance and ensuring US access to the region requires a presence from Southeast Asian nations, and no nation has more potential to take the lead than Indonesia. However, meeting that full potential requires significant economic investment in national infrastructure--something the ROI cannot tackle alone.

There is no better time than now for the United States to fulfill its 2011 "pivot" declaration and initiate full-spectrum investment into the archipelagic nation's seaport infrastructure. The redirection of international aid, establishment of manageable loans and partnership agreements, and incentivization of the US private sector could advance the ROI. Should the United States maintain its current course, irreversible damage may result. Unless the United States is content with surrendering control of the region to communist China, it should support the ROI's seaport development.

¹ Mark Manyin et al., *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia* (Washington, DC: Congressional Research Service, March 28, 2012), 1.

² The World Factbook, Central Intelligence Agency, last modified October 11, 2018, <https://www.cia.gov/library/publications/the-world-factbook/>.

³ Manyin et al., *Pivot*, 2.

⁴ The World Factbook.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Siwage D. Negara, "Indonesia's Infrastructure Development Under the Jokowi Administration," *Southeast Asian Affairs*, 2016, 2, ProQuest (1787062710).

¹⁰ UNCTADStat, United Nations Conference on Trade and Development, accessed October 1, 2018, <http://unctadstat.unctad.org/wds/>.

¹¹ Ibid.

¹² The World Factbook.

¹³ Logistics Performance Index, The World Bank, accessed October 3, 2018, https://lpi.worldbank.org/sites/default/files/International_LPI_from_2007_to_2018.xlsx.

¹⁴ Negara, "Indonesia's Infrastructure Development," 2.

¹⁵ Jamie Carter et al., "Closing Indonesia's Infrastructure Gap: The Key Role of Fiscal Policy Reforms," *World Bank Group: Macroeconomics & Fiscal Management*, no. 13 (May 2016): 8.

¹⁶ "Logistics Performance Improves," *The Jakarta Post*, August 27, 2018, <http://www.thejakartapost.com/academia/2018/08/27/logistics-performance-improves.html>.

¹⁷ "Patimban Seaport Project Ready for Groundbreaking," *The Jakarta Post*, July 10, 2018, <http://www.thejakartapost.com/news/2018/07/10/patimban-seaport-project-ready-for-groundbreaking.html>.

¹⁸ "Indonesia to Offer Six Projects at IMF-World Bank Annual Meetings," *The Jakarta Post*, September 28, 2018, <http://www.thejakartapost.com/news/2018/09/28/indonesia-to-offer-six-projects-at-imf-world-bank-annual-meetings.html>.

- ¹⁹ Fitch Solutions, *Indonesia Infrastructure Report Q4 2018*, 2018, 17, ProQuest (210565632).
- ²⁰ Ibid.
- ²¹ Carter et al., "Closing Indonesia's Infrastructure Gap," 1-5.
- ²² The World Bank, *Indonesia. Averting an Infrastructure Crisis: A Framework for Policy and Action*, 2004, 2-21, <http://documents.worldbank.org/curated/en/418771468771672348/pdf/298870PAPER0IN1nfrastructure0crisis.pdf>.
- ²³ Carter et al., "Closing Indonesia's Infrastructure Gap," 2.
- ²⁴ The World Bank, *Indonesia. Averting an Infrastructure Crisis*, 2, 11.
- ²⁵ Indonesia Country Report, The World Bank, accessed October 5, 2018, <https://data.worldbank.org/country/indonesia>.
- ²⁶ Carter et al., "Closing Indonesia's Infrastructure Gap," 1.
- ²⁷ The World Bank, *Indonesia. Averting an Infrastructure Crisis*, 11.
- ²⁸ Indonesia Country Report, The World Bank.
- ²⁹ Badan Koordinasi Penanaman Modal, "Domestic and Foreign Direct Investment Realization: Quarter II and January-June 2018," BKPM, last modified August 14, 2018, https://www.bkpm.go.id/images/uploads/file_siaran_pers/Paparan_Bahasa_Ingggris_Final.pdf.
- ³⁰ Badan Koordinasi Penanaman Modal, "Domestic and Foreign Direct Investment Realization: Quarter IV and January-December 2017," BKPM, last modified January 30, 2018, https://www.bkpm.go.id/images/uploads/file_siaran_pers/PAPARAN - ENG - TW IV 2017.pdf.
- ³¹ "Japan Signs Rp 14.2T Loan Agreement for Patimban Port Project," *The Jakarta Post*, November 14, 2017, <http://www.thejakartapost.com/news/2017/11/14/japan-signs-rp-14-2t-loan-agreement-for-patimban-port-project.html>.
- ³² Ibid.
- ³³ BKPM, "Quarter IV and January-December 2017," 20.
- ³⁴ Wataru Suzuki and Erwida Maulia, "China Overtakes Japan in Indonesia Direct Investment," *Nikkei Asian Review*, January 25, 2017, <https://asia.nikkei.com/Politics-Economy/International-Relations/China-overtakes-Japan-in-Indonesia-direct-investment>.
- ³⁵ BKPM, "Quarter IV and January-December 2017," 20.
- ³⁶ Parag Khanna, *Connectography: Mapping the Future of Global Civilization* (New York: Random House, 2016), 203.
- ³⁷ Foreign Aid Explorer, United States Agency for International Development, accessed October 5, 2018, <https://explorer.usaid.gov/aid-trends.html>.
- ³⁸ Ibid.
- ³⁹ Ibid.
- ⁴⁰ Ibid.
- ⁴¹ "Patimban Seaport Project Ready for Groundbreaking," *The Jakarta Post*, July 10, 2018, <http://www.thejakartapost.com/news/2018/07/10/patimban-seaport-project-ready-for-groundbreaking.html>.
- ⁴² UNCTADStat, United Nations Conference on Trade and Development, accessed October 1, 2018, <http://unctadstat.unctad.org/wds/>.
- ⁴³ Kai Schultz, "Sri Lanka, Struggling with Debt, Hands a Major Port to China," *New York Times*, December 12, 2017, <https://www.nytimes.com/2017/12/12/world/asia/sri-lanka-china-port.html>.
- ⁴⁴ F. M. Shakil, "China has Pakistan over a Barrel on 'One Belt, One Road'," *Asia Times*, April 28, 2017, <http://www.atimes.com/article/china-pakistan-barrel-one-belt-one-road/>.
- ⁴⁵ Schultz, "Sri Lanka."
- ⁴⁶ Christopher Bodeen, "Malaysian PM Says China-Financed Projects Canceled," Associated Press, August 21, 2018, <https://apnews.com/0c8e113c2dae4205a5fc28f567422f00>.
- ⁴⁷ Joe Cochrane, "Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims," *New York Times*, September 10, 2017, <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- ⁴⁸ The World Bank, *Procurement Guide: A Beginner's Guide for Borrowers*, April 2018, <http://pubdocs.worldbank.org/en/684421525277630551/Beginners-Guide-to-IPF-Procurement-for-borrowers.pdf>.
- ⁴⁹ Christopher Kilby, "An Empirical Assessment of Informal Influence in the World Bank," *Economic Development and Cultural Change* 61, no. 2 (2013): 431, doi:10.1086/668278.
- ⁵⁰ "Patimban Seaport Project Ready for Groundbreaking," *The Jakarta Post*.

- ⁵¹ The Observatory of Economic Complexity, Massachusetts Institute of Technology, accessed October 16, 2018, https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/idn/usa/show/2016/.
- ⁵² Cochrane, "Indonesia, Long on Sidelines."
- ⁵³ Karlis Salna, "Indonesia Needs \$157 Billion for Infrastructure Plan," *Bloomberg Wire Service*, January 31, 2018, ProQuest (2011280228).
- ⁵⁴ Active OPIC Projects, Overseas Private Investment Corporation, accessed October 16, 2018, <https://www.opic.gov/opic-action/active-opic-projects>.
- ⁵⁵ Andy Nguyen, "President Jokowi's Economic and Energy Reforms: A Year in Review," *The National Bureau of Asian Research*, October 23, 2015, <https://www.nbr.org/publication/president-jokowis-economic-and-energy-reforms-a-year-in-review/>.
- ⁵⁶ Negara, "Indonesia's Infrastructure Development," 4, 7.
- ⁵⁷ BKPM, "Quarter II and January-June 2018."
- ⁵⁸ BKPM, "Quarter IV and January-December 2017."
- ⁵⁹ Chris Edwards, "Margaret Thatcher's Privatization Legacy," *Cato Journal* 37, no. 1 (Winter, 2017): 89, ProQuest (1867822875).
- ⁶⁰ *Ibid.*, 90.
- ⁶¹ The Chicago Council on Global Affairs, "The Pros & Cons of Privatization," *Government Finance Review* (June 2010): 15, http://www.gfoa.org/sites/default/files/GFR_JUN_11_14.pdf.
- ⁶² *Ibid.*, 18-20.
- ⁶³ Simon Calder, "East Coast Main Line Back to Public Ownership After 'Total Privatisation Failure'," *The Independent (Daily Edition)*, June 25, 2018, ProQuest (2058369247).
- ⁶⁴ Henry Fountain, "In Italy Bridge Collapse, both Design and Upkeep are Under Suspicion," *New York Times*, August 16, 2018, ProQuest (2088826812).
- ⁶⁵ Canadian Centre for Policy Alternatives, "Privatization Nation: The Canada-Wide Failure of Privatization, Outsourcing and Public-Private Partnerships," (Regina, SK: November 2015), 12-13, www.policyalternatives.ca.
- ⁶⁶ Neil King and Greg Hitt, "Dubai Ports World Sells U.S. Assets; AIG Unit Buys Operations that Ignited Controversy as Democrats Plan Changes," *Wall Street Journal*, December 12, 2006, ProQuest (398977623).

BIBLIOGRAPHY

- Active OPIC Projects. Overseas Private Investment Corporation. Accessed October 16, 2018. <https://www.opic.gov/opic-action/active-opic-projects>.
- Al 'Afghani, Mohamad Mova. "Anti-Privatisation Debates, Opaque Rules and 'Privatised' Water Services Provision: Some Lessons from Indonesia." *IDS Bulletin* 43, no. 2 (2012): 21-26.
- Badan Koordinasi Penanaman Modal. "Domestic and Foreign Direct Investment Realization: Quarter II and January-June 2018." BKPM, last modified August 14, 2018. https://www.bkpm.go.id/images/uploads/file_siaran_pers/Paparan_Bahasa_Ingggris_Final.pdf.
- _____. "Domestic and Foreign Direct Investment Realization: Quarter IV and January-December 2017." BKPM, last modified January 30, 2018. https://www.bkpm.go.id/images/uploads/file_siaran_pers/PAPARAN_ENG_TW_IV_2017.pdf.
- Blomström, Magnus. "The Economics of International Investment Incentives." Organisation for Economic Co-operation and Development, 2012. <http://www.oecd.org/investment/investment-policy/2487874.pdf>.
- Bodeen, Christopher. "Malaysian PM Says China-Financed Projects Canceled." Associated Press, August 21, 2018. <https://apnews.com/0c8e113c2dae4205a5fc28f567422f00>.
- Calder, Simon. "East Coast Main Line Back to Public Ownership After 'Total Privatisation Failure'." *The Independent (Daily Edition)*, June 25, 2018. ProQuest (2058369247).
- Canadian Centre for Policy Alternatives. "Privatization Nation: The Canada-Wide Failure of Privatization, Outsourcing and Public-Private Partnerships." (Regina, SK: November 2015). www.policyalternatives.ca.
- Carter, Jamie, Ndiame Diop, Arvind Nair, and Alexis Sienaert. "Closing Indonesia's Infrastructure Gap: The Key Role of Fiscal Policy Reforms." *World Bank Group: Macroeconomics & Fiscal Management*, no. 13 (May 2016): 1-14.
- Central Intelligence Agency. The World Factbook. Last modified October 11, 2018. <https://www.cia.gov/library/publications/the-world-factbook/>.

- Cochrane, Joe. "Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims." *New York Times*, September 10, 2017. <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- Dieleman, Marleen. "New Town Development in Indonesia: Renegotiating, Shaping and Replacing Institutions." *Bijdragen Tot De Taal-, Land- En Volkenkunde* 167, no. 1 (2011): 60-85. JSTOR (41203121).
- Dita Rarasati, Ayomi, and Tamara R.F. Iskandar. "Integrated Sustainability for Transportation Infrastructure Development in Indonesia: A Case Study of Karawang Region." *MATEC Web of Conferences* 138, (2017): 7004.
- Edwards, Chris. "Margaret Thatcher's Privatization Legacy." *Cato Journal* 37, no. 1 (Winter, 2017): 89-101. ProQuest (1867822875).
- Firman, Tommy, and Fikri Zul Fahmi. "The Privatization of Metropolitan Jakarta's (Jabodetabek) Urban Fringes: The Early Stages of 'Post-Suburbanization' in Indonesia." *Journal of the American Planning Association* 83, no. 1 (2017): 68.
- Foreign Aid Explorer. United States Agency for International Development. Accessed October 5, 2018. <https://explorer.usaid.gov/aid-trends.html>.
- Fountain, Henry. "In Italy Bridge Collapse, both Design and Upkeep are Under Suspicion." *New York Times*, August 16, 2018. ProQuest (2088826812).
- Gvosdev, Nikolas. "Geo-Economics Moves Front and Center as Connectivity Reshuffles Global Politics." *World Politics Review*, July 1, 2016. <http://www.worldpoliticsreview.com/articles/19245/geo-economics-moves-front-and-center-as-connectivity-reshuffles-global-politics>.
- _____. "Keystone States: A New Category of Power," *Horizons* (Autumn 2015) <http://www.cirsd.org/en/horizons/horizons-autumn-2015--issue-no5/keystone-states---a-new-category-of-power>.
- Indonesia Country Report. The World Bank. Accessed October 5, 2018. <https://data.worldbank.org/country/indonesia>.
- Indonesia Infrastructure Report Q4 2018*. Fitch Solutions, 2018. ProQuest (210565632).
- "Indonesia to Offer Six Projects at IMF-World Bank Annual Meetings." *The Jakarta Post*, September 28, 2018. <http://www.thejakartapost.com/news/2018/09/28/indonesia-to-offer-six-projects-at-imf-world-bank-annual-meetings.html>.
- "Japan Signs Rp 14.2T Loan Agreement for Patimban Port Project." *The Jakarta Post*, November 14, 2017. <http://www.thejakartapost.com/news/2017/11/14/japan-signs-rp-14-2t-loan-agreement-for-patimban-port-project.html>.
- Khanna, Parag. *Connectography: Mapping the Future of Global Civilization*. New York: Random House, 2016.
- Kikeri, Sunita, and John Nellis. "An Assessment of Privatization." *The World Bank Research Observer* 19, no. 1 (2004): 87-118. JSTOR (3986494).
- Kilby, Christopher. "An Empirical Assessment of Informal Influence in the World Bank." *Economic Development and Cultural Change* 61, no. 2 (2013): 431-64. doi:10.1086/668278.
- King, Neil, and Greg Hitt. "Dubai Ports World Sells U.S. Assets; AIG Unit Buys Operations that Ignited Controversy as Democrats Plan Changes." *Wall Street Journal*, December 12, 2006. ProQuest (398977623).
- "Logistics Performance Improves." *The Jakarta Post*, August 27, 2018. <http://www.thejakartapost.com/academia/2018/08/27/logistics-performance-improves.html>.
- Logistics Performance Index. The World Bank. Accessed October 3, 2018. https://lpi.worldbank.org/sites/default/files/International_LPI_from_2007_to_2018.xlsx.
- Luttwak, Edward N. "From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce." *National Interest* 20 (Summer), 17-23. JSTOR (42894676).
- Maharani, Asri, and Gindo Tampubolon. "The Double-Edged Sword of Corporatisation in the Hospital Sector: Evidence from Indonesia." *Health Economics, Policy, and Law* 12, no. 1 (2017): 61-80.
- Manyin, Mark, Stephen Daggett, Ben Dolven, Susan Lawrence, Michael Martin, Ronald O'Rourke, and Bruce Vaughn. *Pivot to the Pacific? The Obama Administration's "Rebalancing" Toward Asia*. Washington, DC: Congressional Research Service, March 28, 2012.
- Negara, Siwaga D. "Indonesia's Infrastructure Development Under the Jokowi Administration." *Southeast Asian Affairs*, 2016. ProQuest (1787062710).

- Nguyen, Andy. "President Jokowi's Economic and Energy Reforms: A Year in Review." *The National Bureau of Asian Research*, October 23, 2015. <https://www.nbr.org/publication/president-jokowis-economic-and-energy-reforms-a-year-in-review/>.
- "Patimban Seaport Project Ready for Groundbreaking." *The Jakarta Post*, July 10, 2018. <http://www.thejakartapost.com/news/2018/07/10/patimban-seaport-project-ready-for-groundbreaking.html>.
- Pompeo, Michael. 2018. (U.S. Secretary of State) Interview with Kania Sutisnawinata. August 5. <https://www.state.gov/secretary/remarks/2018/08/284944.htm>.
- Rakhmat, Muhammad Zulfikar. "The Problem with Indonesia's Infrastructure Projects." *The Diplomat*, March 4, 2018. ProQuest (2013640859).
- Salna, Karlis. "Indonesia Needs \$157 Billion for Infrastructure Plan." *Bloomberg Wire Service*, January 31, 2018. ProQuest (2011280228).
- Schultz, Kai. "Sri Lanka, Struggling with Debt, Hands a Major Port to China." *New York Times*, December 12, 2017, <https://www.nytimes.com/2017/12/12/world/asia/sri-lanka-china-port.html>.
- Setiawan, Sigit. "Middle Income Trap and Infrastructure Issues in Indonesia: A Strategic Perspective." *International Journal of Economics and Financial Issues* 7, no. 4 (2017). ProQuest (1984688122).
- Shakil, F. M. "Times, China has Pakistan over a Barrel on 'One Belt, One Road'." *Asia Times*, April 28, 2017. <http://www.atimes.com/article/china-pakistan-barrel-one-belt-one-road/>.
- Suzuki, Wataru, and Erwida Maulia. "China Overtakes Japan in Indonesia Direct Investment." *Nikkei Asian Review*, January 25, 2017. <https://asia.nikkei.com/Politics-Economy/International-Relations/China-overtakes-Japan-in-Indonesia-direct-investment>.
- The Chicago Council on Global Affairs. "The Pros & Cons of Privatization." *Government Finance Review* (June 2010): 15-20. http://www.gfoa.org/sites/default/files/GFR_JUN_11_14.pdf.
- The International Monetary Fund. *2017 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Indonesia*, February 2018. <https://www.imf.org/~media/Files/Publications/CR/2018/cr1832.ashx>.
- The Observatory of Economic Complexity. Massachusetts Institute of Technology. accessed October 16, 2018. https://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/idn/usa/show/2016/.
- "The Rise of State Capitalism" *The Economist* 402, no. 8768 (January 21, 2012). ProQuest (917172534).
- The World Bank. *Indonesia. Averting an Infrastructure Crisis: A Framework for Policy and Action*, 2004. <http://documents.worldbank.org/curated/en/418771468771672348/pdf/298870PAPER0INInfrastructure0crisis.pdf>.
- _____. *Procurement Guide: A Beginner's Guide for Borrowers*. April 2018. <http://pubdocs.worldbank.org/en/684421525277630551/Beginners-Guide-to-IPF-Procurement-for-borrowers.pdf>.
- U.S. Department of State. 2018. Remarks on "America's Indo-Pacific Economic Vision, by Michael Pompeo. July 30. Accessed September 6, 2018. <https://www.state.gov/secretary/remarks/2018/07/284722.htm>.
- U.S. Naval War College, Joint Military Operations Department. JMO ONI Indonesia Overview Brief. Newport, RI: July 2018.
- UNCTADStat. United Nations Conference on Trade and Development. Accessed October 1, 2018. <http://unctadstat.unctad.org/wds/>.
- Wibowo, Andreas, and Hans Wilhelm Alfen. "Identifying Macro-Environmental Critical Success Factors and Key Areas for Improvement to Promote Public-Private Partnerships in Infrastructure: Indonesia's Perspective." *Engineering, Construction and Architectural Management* 21, no. 4 (2014): 383-402.

Money as the Weapon of Choice: A Case for US Foreign Direct Investment

Jesse Sjoberg, LtCol, US Marine Corps

Introduction

The game for geopolitical influence and access to both vital resources and trade routes in Southeast Asia is afoot, and the United States risks losing this contest unless it chooses the right tools. To date, it has not. By neglecting the full range of options at its disposal, particularly economic ones, America has handicapped itself vis-à-vis China in the region. Due to its size, geostrategic location, resources, population, non-aligned status, and vital interest to US allies, the Republic of Indonesia (ROI) represents a cornerstone for either nations' success in the region and an opportunity for America to make up for lost ground. Hard power approaches will not work and current US efforts to use soft power are falling short. America needs a new approach.

Given the inherent challenges of connecting a widely disparate collection of ethnicities and cultures spread across a vast island chain, infrastructure that internally connects the ROI is crucial to developing a national identity, maintaining political viability, and enabling economic prosperity. This existential requirement, coupled with the current poor state of infrastructure in Indonesia, presents a tremendous opportunity for anyone seeking influence in Indonesia. If the United States hopes to be the regional partner of choice, it needs to open a new front in the economic battlespace and beat China at its own game. In this competition, direct investment in connective infrastructure will be vital.

To outcompete the Chinese in the ROI, the United States requires options beyond its typical repertoire for foreign infrastructure development. Just as the Chinese seek to copy our successful military programs, the United States should copy (and improve upon) successful Chinese economic approaches. The United States should develop an equity-seeking, for-profit, public-public venture vehicle in the form of a US government-owned Indonesian Infrastructure Development Corporation. Winning the economic competition, not military engagement, is the key to accomplishing US national security objectives in Southeast Asia.

Surveying the Geo-economic Battlefield

The current US approach to securing its national interests, the freedom of its citizens, and economic prosperity shows a marked preference for militarily enforcing neoliberal international norms and the rule of law. Because it views a stable and peaceful international order as the sine qua non to free trade and the resulting free flow of commerce as vital to its national interest, the United States has willingly underwritten the costs of maintaining the international security system which arose from the 1944 Bretton Woods Conference.¹ Despite, or perhaps because of, its success in fulfilling this role of international security guarantor for over seven decades, the United States now faces two converging challenges. First, because America maintains a formidable military to enforce its worldview, US policymakers often see challenges to the international order as nails to be tamped down by the heavy hammer they wield. This has led to

overemphasizing the military instrument of national power at the expense of other, potentially more potent tools. Second, finding it unwise to confront the United States' military dominance directly, other nations, particularly China, have developed alternatives to challenge the established system in the pursuit of their aims. To neutralize American strength and offset the US bias for military intervention while ensuring its national (regime) security, China instead leverages its economic strength in aggressive and coercive ways that are below the threshold of military provocation.

Faced with a dominant opponent, China changed the game, blunting US advantages by competing in ways the United States has been unable or unwilling to match. By leveraging its large state-owned enterprises, nearly \$1 trillion sovereign wealth fund,² the lure of access to its vast and growing consumer market, imbalanced trade relationships, monetary policy, direct investment, coercive lending terms, predatory investment projects, and abusive trade practices, the Chinese government has proven adept at geoeconomics, "the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results."³ In short, the Chinese are proving very skilled at securing access to, or outright ownership of, what it considers strategically vital access points and resources; they are using their considerable geoeconomic tools in ways the United States seems hesitant to match.⁴

Despite its greater overall potential, the United States is losing this geoeconomic contest in the ROI. The archipelagic nature of the country makes it very difficult to connect its rich endowment of raw materials and resources with its vast pools of labor, which could refine and manufacture them into finished goods. This same geographic challenge impedes delivering finished goods to its large internal market of 260 million people,⁵ let alone global markets. This cripples its ability to lift its population out of poverty and provide for its well-being. The size and nature of these infrastructure requirements, and the ability for outside actors to provide financial assistance, make the infrastructure gap a critical competitive arena for would-be influencers. Despite this, a 2015 Governmental Accountability Office (GAO) report found that while US agencies had invested \$2.5 billion in Indonesian projects over the previous five years, Chinese investment totaled at least \$34 billion during that same time.⁶ Notwithstanding the GAO's warning in 2015, data from a 2017 Indonesia Investment Coordinating Board (BKPM) report show the United States has not closed this gap.⁷

To ensure a stable region that welcomes US influence, the United States must do more to help the ROI become a viable counterweight to Chinese influence in the region. To this, the United States must first help the ROI resist Chinese influence within its borders. Connective infrastructure is fundamental to this effort; without it, the ROI remains vulnerable to unrest from within and exploitation from without. If America falls further behind in this potentially decisive competition and fails to challenge China's coercive economic approach, it may severely damage its access and influence in Southeast Asia.

The Republic of Indonesia's Infrastructure Challenge

To understand the significance of connective infrastructure, we must first define the term, demonstrate its quantitative benefits, and then assess the state of the ROI's infrastructure. Any discussion of infrastructure is confounded by the lack of a generally agreed-upon definition; it can range from what may be considered social infrastructure, such as health services, to human capital infrastructure, such as training and education, to economic or public capital infrastructure, encompassing everything from roads and railways to sewers and water delivery.⁸ For our purposes, connective infrastructure refers primarily to the capital stock needed to enable transportation of people and materials (roads, railways, airports, ports), power production and distribution, and telecommunications. These are hard, physical, capital-intensive, generally publicly-funded facilities, which are often considered public goods and which serve as the backbone for a nation's economic development.

Infrastructure development logically relates to a country's economic development; however, the quantitative proof of such benefits is not always clear or readily determined. To determine the extent of this link, Calderon et al. conducted an analysis encompassing 40 years of data from 88 countries. Their results indicated conclusively that not only does investment in transportation, power, and telecommunication infrastructure result in striking and statistically significant increases in worker productivity and gross domestic product (GDP), it delivers the most substantial increase of all forms of governmental investment. In addition, the resulting increase in worker productivity demonstrated a multiplier effect on GDP and income growth in ensuing years.⁹ Calderon et al.'s research indicated that adequate investment in these three infrastructure types directly correlated to raising lower-middle income countries to the upper-middle income range and propelling those already in this range into high-income status.¹⁰ This correlation has immense implications for a nation seeking to raise its population out of poverty.

The ROI's geographic challenges make the need for connective infrastructure even more critical than in most other countries. It should come as no surprise that a country whose population spreads across 922 islands, and whose territory encompasses another 12,544,¹¹ will experience more significant challenges in supply chain integration and the ability to convert raw materials into finished goods than a country blessed with a single contiguous land mass. Despite this increased need, its public capital infrastructure stock per capita is exceptionally meager. A 2017 World Bank analysis estimated that the ROI has \$3,811 of infrastructure per capita as compared to \$9,629 in other emerging countries and the \$28,181 per capita enjoyed by advanced economies.¹² As a result, despite recent improvements, Indonesian infrastructure ranks 68th out of 137 countries tracked by the World Economic Forum for the Global Competitiveness Report, with crucial infrastructure areas ranked: roads (64th), ports (72nd), electric supply (86th), internet bandwidth (90th), and internet users (109th).¹³ Its overall Global Competitiveness Index ranking of 36 of 137 shows how infrastructure underdevelopment drags on growth potential. Other factors, primarily "its large market size (9th) and a relatively robust macroeconomic environment (26th),"¹⁴ offset this glaring infrastructure deficiency. These two factors are population-based or

driven by economic forces outside of Indonesia's control; it cannot exploit these factors for future growth. Failure to invest in infrastructure, on the other hand, directly impacts its economic fate.

This large infrastructure gap results in prohibitive logistics costs and places the ROI at a competitive disadvantage regionally and globally. Despite an abundance of interconnected waterways and water transport being the lowest-cost means of transportation, the ROI ranks 61st overall out of 161 countries in logistics efficiency.¹⁵ Transportation accounts for 72 percent of logistic costs in the country,¹⁶ and these high logistics costs comprised roughly 24 percent of GDP in 2016, much higher than even other underdeveloped regional players such as Thailand (16 percent) and Malaysia (13 percent).¹⁷ These inefficiencies mean it is often "cheaper to ship a container of Chinese mandarin oranges from Shanghai to Jakarta than to send similar freight from Jakarta to Padang in West Sumatra, despite the distance between the former cities being six times further than the latter."¹⁸ The inability of local producers of food and other goods to compete with foreign staples and manufactured products has profound implications for Indonesia's prospects for economic development.

Further aggravating the gap, the ROI's infrastructure investment has not kept pace with recent growth resulting from the rebounding global economy. Despite GDP growth of 5.6 percent between 2005 and 2015, there was only a corresponding 2.8 percent growth in infrastructure development.¹⁹ This mismatch further exacerbates Indonesia's infrastructure deficit, which the World Bank calculated to be \$1.5 trillion compared to other emerging countries.²⁰ The same calculation method used by the World Bank reveals a staggering \$6.4 trillion infrastructure deficit compared to advanced countries. This infrastructure gap prevents it from reaching its full economic potential and helps account for why, despite having the 16th largest economy in the world in GDP,²¹ it ranks only 116th in income per capita at just \$4,050.

The Middle-Income Trap

Although the ROI's per capita income qualifies it as a low-middle income country, it falls far below the roughly \$15,000 per capita required to be considered a high-income country.²² Moreover, whereas its GDP growth has averaged 5.5 percent over the past decade, that rate has leveled out in the past five years.²³ This puts the ROI at risk of entering what is termed the Middle-Income Trap (MIT), a condition wherein countries stagnate in the middle-income range (currently between \$2,000 and \$15,000) and fail to reach the high-income status of developed countries.²⁴ Countries that fail to maintain the growth necessary to escape the middle-income range can languish in a state of little-to-no growth, experiencing a cycle of underdevelopment, social unrest, and lack of growth that can feed itself for several decades.²⁵ Hand-in-hand with economic growth, this stage in a country's development marks critical transitions in societal structures and the role of institutions.²⁶ Research shows that regional integration and connective infrastructure begin to take primacy in this stage of development.²⁷ Those countries that maintain their growth through this stage experience a virtuous cycle that allows them to move

past this stage in one to two decades, without the attendant societal unrest and turmoil.

Comparing Latin American countries, such as Peru, Mexico, and Brazil, which have remained trapped in middle-income status for approaching upwards of six decades, with Asian countries that moved relatively quickly to high-income status, particularly South Korea and Singapore, reveals a valuable insight. Countries that invest in infrastructures and industries that increase their ability to manufacture and export value-added products are best able to move out of the MIT and its associated economic doldrums.²⁸ A detailed analysis comparing the institutions, demography, connective infrastructure, economic output, and macroeconomic factors of those countries trapped in the middle-income range with those that successfully reached high-income status determined that the ROI's highest risk of remaining in the MIT comes from a lack of transport and communications infrastructure. This is particularly true in light of its successful neighbors' experiences. The ROI's hope to reach high-income status rests upon building the right connective infrastructure before it is too late.

Escaping the Trap

Indonesian President Widodo seems well aware of these facts, and he campaigned in 2014 on the promise of raising the ROI's GDP growth rate to seven percent by 2019 for the explicit purpose of escaping the MIT.²⁹ However, at the recent rate of five percent GDP growth per year, the ROI is well below this trajectory. As a result, its Ministry of Finance has calculated that the ROI needs average growth rates of nine percent to reach high-income status by 2030.³⁰ This level of growth requires the ROI to overcome its dependence on commodity exports and low value-added products and move up the value-chain by retaining more of the economic benefits of its commodity and manufacturing output.³¹ Failing to do so will prevent sufficient numbers of Indonesians from moving into the middle class, which will stall the development of a consumer base strong enough to avoid the MIT's hallmark stagnation. Recognizing the crucial role of infrastructure in making this transition, the Widodo administration developed the National Medium-Term Development Plan (RPJMN) 2015-2019 which identified \$415 billion in infrastructure projects and established electricity, sea transportation, and road projects as its top three priorities.³²

As ambitious as the RPJMN is, it falls far short of the \$1.5 trillion gap identified by the World Bank. It also remains woefully underfunded. As of early 2018, \$157 billion of the initial plan remained unfunded, and just four months later, the administration cancelled 14 infrastructure projects worth \$19 billion due to "lack of performance."³³ As the Widodo administration triages its original plan, it must be careful about the choices it makes. If scarce funds lead to prioritizing projects which disproportionately benefit foreign investors or the relatively wealthy populations in Jakarta and other urban centers, the sense of marginalization and relative deprivation experienced by the bypassed (but majority) portions of the population could prove significant.

Research has shown that economic disparity plays a critical role in a country’s ability to break out of the MIT.³⁴ The lower the disparity, the higher the likelihood of escaping the trap. Although the ROI has lowered the poverty rate from 19 to 11 percent in the past 15 years,³⁵ as can be seen in **Figure 1**, a significant gap remains between the western and eastern provinces in income levels. This inequality is cause for concern. Income inequality can be represented numerically through the Gini index, which “has a range from zero (when everybody has identical incomes) to one (when all income goes to only one person).”³⁶ Between 2000 and 2015, the

ROI’s Gini coefficient rose from 0.30 to 0.41³⁷ indicating that while millions of Indonesians rose above the poverty threshold and more income was being generated per capita in

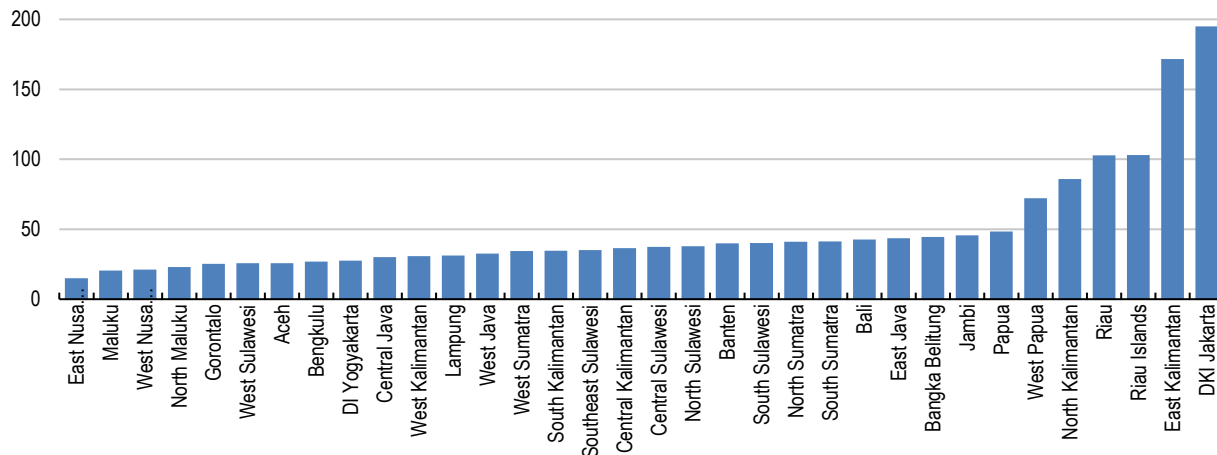


Figure 1. Per capita GDP across the ROI’s Provinces, 2015³⁸

the ROI, to a large extent that income accrued disproportionately to people in just a few provinces. This represents an important challenge as the link between income inequality and societal conflict is well documented, as is the link between income disparity and the MIT. Fortunately, research by Seneviratne and Sun indicates a positive link between a nation’s connective infrastructure levels and marked reductions in the Gini index.³⁹

Given that not all infrastructure is created equal, it is imperative the ROI fund the proper projects. High-speed rail lines and port improvements are essential to connecting the ROI internally and to the world, but they must not come at the expense of power generation and distribution, broadband internet connections, and basic road projects still needed to connect a large percent of the population to the broader economy. It is essential to increase as many Indonesians’ productive ability as possible through developing connective infrastructure and enabling them to move up the value chain. The higher incomes and increased consumptive capacity associated with this development become the economic engine that fuels the subsequent growth to help the ROI reach high-income status. The more physically-connected Indonesians become—and the more wealth generated and distributed—the more opportunities become available to them and their children. This creates a virtuous cycle that leads to greater overall social and political stability and greater opportunities for further growth.

However, due to its demographic profile, the ROI is at a critical inflection point between this virtuous cycle and the vicious stagnation of the MIT. Its young and growing population has been a strong driver of economic growth; however, this demography is also a double-edged sword. Not only must the ROI add 2.2 million jobs per year to fully employ its current demographic growth, it must also move these new workers and the population writ large into the middle class before 2030, at which time the aging population will no longer be a boon.⁴⁰ A 2015 report by the World Bank best summarized the challenge: “No country has ever gotten rich after it has gotten old; meaning that for the ROI to reach its aspirations, it will need an accelerated growth path of some eight percent over the coming years.”⁴¹

Funding the Republic of Indonesia’s Infrastructure Gap

Despite its urgent need for connective infrastructure, the ROI statutorily limits its budget deficit to 3 percent of GDP in any year and its total debt to 60 percent of GDP, which constrains its ability to fund these projects. As a result, of the \$415 billion in projects identified for 2015-2019, the Government of Indonesia (GOI) anticipated that nearly 37 percent of the necessary funding would come from private sources. However, recent rates of private sector financing for these core infrastructure projects is closer to nine percent.⁴² With the \$157 billion shortfall in funding for near-term projects—not to mention the additional \$1.1 trillion in infrastructure deficit—the GOI will face continual tradeoffs in investing its limited funds. This may result in prioritizing projects that can be monetized for shorter-term returns, such as large port facilities, highspeed railways, and high-volume urban roads at the expense of basic connective projects such as rural road development, rural airports, electrification, and inter-island connectors. The former are necessary improvements, but only serve a relatively small constituency compared to the total population. The latter projects are fundamental to long-term growth and development but do not generate immediate profits.

Private equity is ideal for this first category of projects, leaving governments to fund the second, but structural challenges have led to the dearth of funding in the ROI. Advances in land-use rights, development regulations, and government approval of projects have improved the environment for foreign direct investment, but thus far that funding is chasing its fundamental imperative—the highest rate of return with the lowest associated risk. To date, the private funds have not adequately materialized. Foreign governments, on the other hand, have different motivations and longer-term strategic interests that change their investment calculus.

As the ROI seeks partners to meet its needs, China’s abundance of funds and eagerness to invest them through the Belt and Road Initiative and the Asian Infrastructure Investment Bank beckon, and the ROI has responded. In April 2018, Indonesian officials traveled to China to offer 15 projects totaling \$28 billion,⁴³ and in August 2018 they returned seeking another \$13 billion.⁴⁴ However, the debt-oriented Chinese approach easily lends itself to coercion and will align first and foremost with Chinese interests. In the ROI, as elsewhere, this means funding

projects that secure access rights in strategic locations or those designed to help extract, not refine or develop, raw materials. While these projects can have short-term benefits, in the long run they benefit China at the ROI's expense. Moreover, since it is not in China's interest to see the ROI escape its ability to dominate the relationship, the Chinese willingness to use debt as a cudgel to coerce behaviors is a burden the ROI should look to avoid. The United States should assist the ROI in this regard.

The Indonesia Infrastructure Development Corporation

The American approach in the ROI should be every bit as pragmatic as the Chinese. Charity or condescending benevolence is neither necessary nor sought. Given its differing objectives in the region as opposed to the Chinese, the US approach is more aligned with the overall growth, development, and stability of the ROI—and is thus more in its long-term interest. However, it is not viable to use debt-based vehicles to fund these projects, especially of the magnitude required. Not only would this incur US restrictions on project types, but it also disadvantages would-be Indonesian partners through the risks associated with overleveraging debt—a risk the Chinese have weaponized. On the other side of the financing coin from debt is equity. However, unlike China, the United States lacks a sovereign wealth fund, state-owned enterprises, or similar mechanisms to compel corporate investments that align with its strategic interests. The United States must remedy this disadvantage.

To counter the Chinese advantage, the US government urgently needs an equity vehicle for investing in strategically important locations and projects where private US interests will not suffice, and competitor nations will not suffer the same restrictions. Much like a sovereign wealth fund, this equity vehicle—an Indonesia Infrastructure Development Corporation—would seek long-term profit streams to offset initial investment and risk, but unlike private corporations, it would not be beholden to the maximization of profits. Structured along the public-private partnership model, it would seek equity positions in what would be public-public ventures, leveraging the advantage of coupling official governmental imprimatur with the flexibility inherent in corporate investments.

This does not minimize the importance of profits. Indeed, a project's ability to be monetized and demonstrate profitability are important criteria for project selection. Equity investment in monetizable projects marries the market forces of supply and demand to infrastructure projects and frees Indonesian funds to invest in more basic connective infrastructure projects that are equally critical but not profit-oriented. This allows the United States to invest in projects that fill the gap between strictly profit-based corporate investments and social investments that are the rightful purview of the Indonesian government. By requiring profitability, the recommended investment fund would be self-financing over time and protect American taxpayers from footing the bill. In addition, equity holdings allow managers to seek private equity buyouts once profitability is established to free up funds for future investments.

Money as the Weapon of Choice: A Case for US Foreign Direct Investment

This Indonesian Infrastructure Development Corporation would fund projects of strategic interest, develop their commercial potential, then divest itself of its equity stake to private interests after demonstrating the project's viability and profitability. The weight of US government involvement would mitigate some of the most significant startup risks encountered by private interests, particularly in dealing with host nation-related regulations and challenges, and the risk caused by lengthy and uncertain project approval processes. The strategic time horizon of US interests and the freedom from short-term, return-on-investment considerations would allow for investment in larger-scale projects that otherwise carry significant risk to private corporations. In addition, operating under official sanction brings additional whole-of-government benefits to bear, such as access to expertise in regulatory reform and diplomatic assistance. Most importantly, this investment vehicle ensures projects align with US values and strategic interests. Once established and profitable, the United States can turn over the project to other investors, at a profit, and move on to other projects of strategic interest.

Conclusion

The ROI stands at a pivotal moment in its development. To achieve the growth rate necessary to escape the MIT before its demographic drivers of growth subside and become a permanent drag on the economy, it must improve its inadequate connective infrastructure. The \$1.5 trillion bill associated with this need makes the ROI extremely vulnerable to outside influence, particularly by China. Unfortunately, the United States remains self-handicapped in this strategic competition by denying itself the very geoeconomic tools that China uses to such great effect. It is in the ROI's best interest to avoid overleveraging debt, which strangles and entangles the borrower, and thus a different vehicle is called for if the United States seeks to increase its influence in the ROI and remain the partner of choice in the region. To this end, the United States should immediately deploy a government-owned equity vehicle to develop critical but monetizable infrastructure projects in the ROI. This will send a strong signal to the ROI and other regional players and counter the influence of China by offering a viable and much-needed alternative. Either a vicious cycle of stagnation awaits the ROI, with its accompanying social unrest and strategic vulnerability, or it will enter a virtuous cycle of development and growth and become the stabilizing cornerstone needed to ensure regional stability and long-term US interests.

¹ Peter Zeihan, *The Accidental Superpower: The Next Generation of American Preeminence and the Coming Global Disorder*, 1st edition (New York, NY: Twelve, 2016), 5.

² "China Investment Corporation 2017 Annual Report" (Beijing, China: China Investment Corporation, 2017), 7, accessed September 21, 2018, <http://www.china-inv.cn/wps/wcm/connect/e6947335-0efd-492b-bd2f-09a3a9187f69/CICAnnualReport2017.pdf>.

³ Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2016), 20.

⁴ *Ibid.*, 93–95.

⁵ "The World Factbook — Central Intelligence Agency," accessed September 21, 2018, <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.

-
- ⁶ United States Government Accountability Office, “Southeast Asia: Trends in U.S. and Chinese Economic Engagement in Indonesia and Vietnam,” *Current Politics and Economics of South, Southeastern, and Central Asia; Hauppauge* 25, no. 3 (2016): 232.
- ⁷ “Domestic and Foreign Direct Investment Realization in Quarter IV and January-December 2017” (Badan Koordinasi Penanaman Modal, January 30, 2018), 20, <https://www2.bkpm.go.id/en/publication/press-release/readmore/631701/28701>.
- ⁸ Gianpiero Torrasi, “Public Infrastructure: Definition, Classification and Measurement Issues,” *Economics, Management and Financial Markets; Woodside* 4, no. 3 (September 2009): 105-113.
- ⁹ César Calderón, Enrique Moral-Benito, and Luis Servén, “Is Infrastructure Capital Productive? A Dynamic Heterogeneous Approach,” *Journal of Applied Econometrics* 30, no. 2 (March 1, 2015), <https://doi.org/10.1002/jae.2373>.
- ¹⁰ Calderón, Moral-Benito, and Servén.
- ¹¹ “The World Factbook — Central Intelligence Agency.”
- ¹² World Bank, “Mobilizing the Private Sector for Infrastructure Development,” *Indonesia Economic Quarterly: Closing the Gap* (The World Bank, October 2017), 36, <http://www.worldbank.org/en/country/indonesia/publication/indonesia-economic-quarterly-october-2017>.
- ¹³ “The Global Competitiveness Report 2017-2018” (World Economic Forum, 2017), 149, <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018/>.
- ¹⁴ “The Global Competitiveness Report 2017-2018,” 27.
- ¹⁵ “Connecting to Compete 2018: Trade Logistics in the Global Economy” (The International Bank for Reconstruction and Development, 2018), <https://ipi.worldbank.org/>.
- ¹⁶ The Jakarta Post, “Logistic Costs in Indonesia Remain High,” The Jakarta Post, accessed September 23, 2018, <http://www.thejakartapost.com/news/2018/07/03/logistic-costs-in-indonesia-remain-high.html>.
- ¹⁷ World Bank, *Indonesia Economic Quarterly: Private Investment Is Essential* (World Bank, 2016), 30, <https://doi.org/10.1596/25266>.
- ¹⁸ World Bank, “International Bank for Reconstruction and Development Program Document on a Proposed Loan in the Amount of U.S. \$400 Million to the Republic of Indonesia for a First Indonesia Logistics Reform Development Policy Loan,” September 29, 2016, 7, <http://documents.worldbank.org/curated/en/773661478311244301/Indonesia-First-Indonesia-Logistics-Reform-Development-Policy-Loan-Project>.
- ¹⁹ World Bank, “Mobilizing the Private Sector for Infrastructure Development,” 36.
- ²⁰ World Bank, “Mobilizing the Private Sector for Infrastructure Development.”
- ²¹ “World Economic Outlook (April 2018) - GDP, Current Prices,” accessed September 23, 2018, <https://www.imf.org/external/datamapper/NGDPD@WEO>.
- ²² Anna Jankowska, Arne J. Nagengast, and José Ramón Perea, “The Middle-Income Trap: Comparing Asian and Latin American Experiences” (Paris, France, Paris: Organisation for Economic Cooperation and Development (OECD), May 2012), <http://search.proquest.com/docview/1265767367/abstract/F6D0E995F2F84392PQ/1>.
- ²³ World Bank, “GDP Growth (Annual %) | Data 2007-2017,” World Bank national accounts data, and OECD National Accounts data files, accessed September 28, 2018, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2017&locations=ID&start=2007>.
- ²⁴ Linda Glawe and Helmut Wagner, “The Middle-Income Trap: Definitions, Theories and Countries Concerned—A Literature Survey,” *Comparative Economic Studies; New Brunswick* 58, no. 4 (December 2016): 513.
- ²⁵ Glawe and Wagner.
- ²⁶ Shekhar Aiyar et al., “Growth Slowdowns and the Middle-Income Trap,” *Japan and the World Economy*, August 6, 2018, <https://doi.org/10.1016/j.japwor.2018.07.001>.
- ²⁷ Aiyar et al.
- ²⁸ Jankowska, Nagengast, and Perea, “The Middle-Income Trap.”
- ²⁹ “Jokowi Seeks to Break ‘Middle-Income’ Status Trapping Indonesia,” *Bloomberg.Com*, August 16, 2018, <https://www.bloomberg.com/news/articles/2018-08-16/jokowi-seeks-to-break-middle-income-status-trapping-indonesia>.
- ³⁰ Sigit Setiawan, “Middle Income Trap and Infrastructure Issues In Indonesia: A Strategic Perspective,” *International Journal of Economics and Financial Issues; Mersin* 7, no. 4 (2017): 43, <http://search.proquest.com/docview/1984688122/abstract/DEAD43B57AE241C6PQ/1>.
- ³¹ Setiawan, “Middle Income Trap and Infrastructure Issues In Indonesia.”

- ³² Siwage Dharma Negara, “Indonesia’s Infrastructure Development Under the Jokowi Administration,” *Southeast Asian Affairs*; Singapore, 2016, 151.
- ³³ The Jakarta Post, “Jokowi Agrees to Drop 14 Infrastructure Projects, Committee Says,” The Jakarta Post, accessed September 28, 2018, <http://www.thejakartapost.com/news/2018/04/18/jokowi-agrees-to-drop-14-infrastructure-projects-committee-says.html>.
- ³⁴ Akio Egawa, “Will Income Inequality Cause a Middle-Income Trap in Asia?” (Bruegel, October 10, 2013), <http://search.proquest.com/policyfile/docview/1820752518>.
- ³⁵ “Economic Survey of Indonesia 2016 - OECD” (Organization for Economic Cooperation and Development, October 2016), 17, <http://www.oecd.org/eco/surveys/economic-survey-indonesia.htm>.
- ³⁶ Ibid., 17.
- ³⁷ Ibid.
- ³⁸ Ibid., 38.
- ³⁹ Dulani Seneviratne and Yan Sun, “Infrastructure and Income Distribution in ASEAN-5 : What Are the Links?,” IMF Working Paper (International Monetary Fund, February 2013), <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Infrastructure-and-Income-Distribution-in-ASEAN-5-What-are-the-Links-40316>.
- ⁴⁰ World Bank, “Indonesia 2014 Development Policy Review” (The World Bank, 2014), <http://www.worldbank.org/en/news/feature/2014/06/23/indonesia-2014-development-policy-review>.
- ⁴¹ World Bank, “Country Partnership Framework for the Republic of Indonesia for the Period FY16 - FY20” (The World Bank, November 3, 2015), 5, <http://documents.worldbank.org/curated/en/195141467986374707/Indonesia-Country-partnership-framework-for-the-period-FY16-20>.
- ⁴² Jamie Carter et al., “Closing Indonesia’s Infrastructure Gap: The Key Role of Fiscal Policy Reforms” (The World Bank, May 1, 2016), 39–40, <http://search.proquest.com/docview/1820819074?pq-origsite=summon>.
- ⁴³ “Jakarta Looks to China for Infrastructure Investments,” Text, The Straits Times, April 14, 2018, <https://www.straitstimes.com/asia/east-asia/jakarta-looks-to-china-for-infrastructure-investments>.
- ⁴⁴ The Jakarta Post, “Indonesia Offers \$13.2b Infrastructure Projects to China - Business,” accessed September 30, 2018, <http://www.thejakartapost.com/news/2018/08/28/indonesia-offers-13-2b-infrastructure-projects-to-china.html>.

BIBLIOGRAPHY

- Aiyar, Shekhar, Romain Duval, Damien Puy, Yiqun Wu, and Longmei Zhang. “Growth Slowdowns and the Middle-Income Trap.” *Japan and the World Economy*, August 6, 2018. <https://doi.org/10.1016/j.japwor.2018.07.001>.
- Basri, Faisal H., and Gatot Arya Putra. *Escaping the Middle Income Trap in Indonesia: An Analysis of Risks, Remedies, and National Characteristics*. Economy of Tomorrow. Jakarta, Indonesia: Friedrich-Ebert-Stiftung Indonesia Office, 2016.
- Blackwill, Robert D., and Jennifer M. Harris. *War by Other Means: Geoeconomics and Statecraft*. Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2016.
- Calderón, César, Enrique Moral-Benito, and Luis Servén. “Is Infrastructure Capital Productive? A Dynamic Heterogeneous Approach.” *Journal of Applied Econometrics* 30, no. 2 (March 1, 2015): 177–98. <https://doi.org/10.1002/jae.2373>.
- Carter, Jamie, Ndiame Diop, Arvind Nair, and Alexis Sienaert. “Closing Indonesia’s Infrastructure Gap: The Key Role of Fiscal Policy Reforms.” The World Bank, May 1, 2016. <http://search.proquest.com/docview/1820819074?pq-origsite=summon>.
- “China Investment Corporation 2017 Annual Report.” Beijing, China: China Investment Corporation, 2017. <http://www.china-inv.cn/wps/wcm/connect/e6947335-0efd-492b-bd2f-09a3a9187f69/CICAnnualReport2017.pdf>.
- “China’s Infrastructure Diplomacy in Indonesia.” The Nation. Accessed August 31, 2018. <http://www.nationmultimedia.com/detail/opinion/30323923>.
- “China’s Pacific Islands Push Has the U.S. Worried.” *Bloomberg.Com*, June 17, 2018. <https://www.bloomberg.com/news/features/2018-06-17/china-s-pacific-islands-push-has-the-u-s-worried>.
- “Connecting to Compete 2018: Trade Logistics in the Global Economy.” The International Bank for Reconstruction and Development, 2018. <https://lpi.worldbank.org/>.

- “Domestic and Foreign Direct Investment Realization in Quarter IV and January-December 2017.” Badan Koordinasi Penanaman Modal, January 30, 2018. <https://www2.bkpm.go.id/en/publication/press-release/readmore/631701/28701>.
- “Economic Survey of Indonesia 2016 - OECD.” Organization for Economic Cooperation and Development, October 2016. <http://www.oecd.org/eco/surveys/economic-survey-indonesia.htm>.
- Egawa, Akio. “Will Income Inequality Cause a Middle-Income Trap in Asia?” Bruegel, October 10, 2013. <http://search.proquest.com/policyfile/docview/1820752518>.
- Esfahani, Hadi Salehi, and María Teresa Ramírez. “Institutions, Infrastructure, and Economic Growth.” *Journal of Development Economics* 70, no. 2 (April 2003): 443–77.
- Glawe, Linda, and Helmut Wagner. “The Middle-Income Trap: Definitions, Theories and Countries Concerned—A Literature Survey.” *Comparative Economic Studies; New Brunswick* 58, no. 4 (December 2016): 507–38.
- Gopalan, Sasidaran, Rabin Hattari, and Ramkishen S. Rajan. “Understanding Foreign Direct Investment in Indonesia.” *Journal of International Trade Law & Policy; Bingley* 15, no. 1 (2016): 28–50.
- “Indonesia Needs \$157 Billion for Infrastructure Plan - Bloomberg.” Accessed September 28, 2018. <https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan>.
- “Indonesia Offers \$13.2b Infrastructure Projects to China.” The Jakarta Post, August 28, 2018. Accessed September 30, 2018. <http://www.thejakartapost.com/news/2018/08/28/indonesia-offers-13-2b-infrastructure-projects-to-china.html>.
- Jankowska, Anna, Arne J. Nagengast, and José Ramón Perea. “The Middle-Income Trap: Comparing Asian and Latin American Experiences.” Paris, France, Paris: Organization for Economic Cooperation and Development (OECD), May 2012. <http://search.proquest.com/docview/1265767367/abstract/F6D0E995F2F84392PQ/1>.
- “Jakarta Looks to China for Infrastructure Investments.” The Straits Times, April 14, 2018. Accessed September 30, 2018. <https://www.straitstimes.com/asia/east-asia/jakarta-looks-to-china-for-infrastructure-investments>.
- “Jokowi Agrees to Drop 14 Infrastructure Projects, Committee Says.” The Jakarta Post, April 18, 2018. Accessed September 28, 2018. <http://www.thejakartapost.com/news/2018/04/18/jokowi-agrees-to-drop-14-infrastructure-projects-committee-says.html>.
- “Jokowi Seeks to Break ‘Middle-Income’ Status Trapping Indonesia.” *Bloomberg.Com*, August 16, 2018. <https://www.bloomberg.com/news/articles/2018-08-16/jokowi-seeks-to-break-middle-income-status-trapping-indonesia>.
- Khanna, Parag. *Connectography: Mapping the Future of Global Civilization*. First edition. New York: Random House, 2016.
- Kharas, Homi, and Harinder Kohli. “What Is the Middle Income Trap, Why Do Countries Fall into It, and How Can It Be Avoided?” *Global Journal of Emerging Market Economies* 3, no. 3 (September 1, 2011): 281–89.
- “Logistic Costs in Indonesia Remain High.” The Jakarta Post. Accessed September 23, 2018. <http://www.thejakartapost.com/news/2018/07/03/logistic-costs-in-indonesia-remain-high.html>.
- Negara, Siwage Dharma. “Indonesia’s Infrastructure Development Under the Jokowi Administration.” *Southeast Asian Affairs; Singapore*, 2016, 145–65.
- “Per Capita GDP across Indonesia’s Provinces, 2015.” Text. Accessed September 28, 2018. https://www.oecd-ilibrary.org/economics/oecd-economic-surveys-indonesia-2016/per-capita-gdp-across-indonesia-s-provinces-2015_eco_surveys-idn-2016-graph21-en.
- Pisani, Elizabeth. “Indonesia in Pieces.” *Foreign Affairs*, June 18, 2014. <https://www.foreignaffairs.com/articles/southeast-asia/2014-05-29/indonesia-pieces>.
- PricewaterhouseCoopers. “Exploring Alternative Solutions to Infrastructure Financing.” PwC. Accessed September 2, 2018. <https://www.pwc.com/id/en/pwc-publications/industries-publications/capital-projects-and-infrastructure-publications/exploring-alternative-solutions-to-infrastructure-financing.html>.
- Priyandita, Gatra. “Chinese Investment & Workers in Indonesia’s Upcoming Elections.” *Asia Pacific Bulletin; Washington*, no. 427 (July 11, 2018): 1–2.
- Regan, Michael. “Infrastructure Financing Modalities in Asia and the Pacific: Strengths and Limitations.” Asian Development Bank Institute, April 14, 2017. <http://search.proquest.com/docview/1918304958/4A6CE254DE024883PQ/2>.

- Seneviratne, Dulani, and Yan Sun. "Infrastructure and Income Distribution in ASEAN-5 : What Are the Links?" IMF Working Paper. International Monetary Fund, February 2013.
<https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Infrastructure-and-Income-Distribution-in-ASEAN-5-What-are-the-Links-40316>.
- Setiawan, Sigit. "Middle Income Trap and Infrastructure Issues in Indonesia: A Strategic Perspective." *International Journal of Economics and Financial Issues; Mersin* 7, no. 4 (2017).
- Soejoto, Ady, Waspodo Tjipto Subroto, and Y. Suyanto. "Fiscal Decentralization Policy in Promoting Indonesia Human Development." *International Journal of Economics and Financial Issues; Mersin* 5, no. 3 (2015): n/a.
- Tan, Khee G., and Mulya Amri. "Subnational Competitiveness and National Performance: Analysis and Simulation for Indonesia." *Journal of Centrum Cathedra; Lima* 6, no. 2 (2013): 173–92.
- "The Global Competitiveness Report 2017-2018." World Economic Forum, 2017.
<https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018/>.
- "The World Factbook — Central Intelligence Agency." Accessed September 21, 2018.
<https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>.
- Tirtosuharto, Darius. "Does Fiscal Decentralization Help Indonesia Avoid the Middle-Income Trap?" Asian Development Bank Institute, April 26, 2017. <http://search.proquest.com/docview/1918305099?pq-origsite=summon>.
- Torrisi, Gianpiero. "Public Infrastructure: Definition, Classification and Measurement Issues." *Economics, Management and Financial Markets; Woodside* 4, no. 3 (September 2009): 100–124.
- United States Government Accountability Office. "Southeast Asia: Trends in U.S. and Chinese Economic Engagement in Indonesia and Vietnam." *Current Politics and Economics of South, Southeastern, and Central Asia; Hauppauge* 25, no. 3 (2016): 231–312.
- Warburton, Eve. "Inequality, Nationalism and Electoral Politics in Indonesia." *Southeast Asian Affairs; Singapore*, 2018, 134–52.
- World Bank. "Country Partnership Framework for the Republic of Indonesia for the Period FY16 - FY20." The World Bank, November 3, 2015.
<http://documents.worldbank.org/curated/en/195141467986374707/Indonesia-Country-partnership-framework-for-the-period-FY16-20>.
- _____. "GDP Growth (Annual %) | Data 2007-2017." World Bank national accounts data, and OECD National Accounts data files. Accessed September 28, 2018.
<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2017&locations=ID&start=2007>.
- _____. "Indonesia 2014 Development Policy Review." The World Bank, 2014.
<http://www.worldbank.org/en/news/feature/2014/06/23/indonesia-2014-development-policy-review>.
- _____. *Indonesia Economic Quarterly: Private Investment Is Essential*. World Bank, 2016.
<https://doi.org/10.1596/25266>.
- _____. "Indonesia Economic Quarterly: Upgraded." Text/HTML, June 2017.
<http://www.worldbank.org/en/country/indonesia/publication/indonesia-economic-quarterly-june-2017>.
- _____. "International Bank for Reconstruction and Development Program Document on a Proposed Loan in the Amount of U.S. \$400 Million to the Republic Of Indonesia for a First Indonesia Logistics Reform Development Policy Loan," September 29, 2016.
<http://documents.worldbank.org/curated/en/773661478311244301/Indonesia-First-Indonesia-Logistics-Reform-Development-Policy-Loan-Project>.
- _____. "Mobilizing the Private Sector for Infrastructure Development." *Indonesia Economic Quarterly: Closing the Gap*. The World Bank, October 2017.
<http://www.worldbank.org/en/country/indonesia/publication/indonesia-economic-quarterly-october-2017>.
- "World Development Indicators, The World Bank." Accessed September 23, 2018.
<https://datacatalog.worldbank.org/dataset/gdp-ranking>.
- "World Economic Outlook (April 2018) - GDP, Current Prices." Accessed September 23, 2018.
<https://www.imf.org/external/datamapper/NGDPD@WEO>.
- "World Economic Outlook (April 2018) - GDP per Capita, Current Prices." Accessed September 23, 2018.
<https://www.imf.org/external/datamapper/NGDPDPC@WEO>.

- Zangouinezhad, Abouzar, and Adel Azar. "How Public-Private Partnership Projects Impact Infrastructure Industry for Economic Growth." *International Journal of Social Economics; Bradford* 41, no. 10 (2014): 994–1010.
- Zeihan, Peter. *The Absent Superpower: The Shale Revolution and a World without America*, 2016.
- . *The Accidental Superpower: The Next Generation of American Preeminence and the Coming Global Disorder*. 1st edition. New York, NY: Twelve, 2016.

The North Natuna Sea: An Opportunity to Partner

Christopher W. Smith, US Department of State

Introduction

As the United States seeks to broaden and deepen relationships with allies and partners in Southeast Asia, the Republic of Indonesia (ROI) merits increased attention, particularly with respect to our goals for the vitally important South China Sea (SCS) region. Since 2014, the Government of Indonesia (GOI) under President Joko “Jokowi” Widodo has prioritized the assertion of its sovereignty and the restoration of its role as a maritime power.¹ Jokowi’s administration has taken firm steps to implement his vision, including aggressive operations to counter illegal fishing and Jakarta’s effort to secure its Exclusive Economic Zone (EEZ) by renaming the area north of its Natuna Islands the *North Natuna Sea*. These moves have prompted direct confrontation with Beijing, as China continues to advance its effort—based more on dubious historical claims than legality—to assert Chinese prerogatives in the SCS. While other claimants have been cowed by Chinese pressure, Jokowi remains committed to his mission.

This paper will argue that it is in the United States’ interests to support the ROI’s sovereign rights through robust diplomatic and military-to-military engagement. By increasing cooperation with Jakarta in the North Natuna Sea (NNS) and beyond, Washington can directly advance its Free and Open Indo-Pacific (FOIP) strategy in a key area of the region. The paper will include a list of specific recommendations to operationalize our cooperation with the ROI. In addition to building a closer partnership, these actions may provide a blueprint for the United States to follow with other partners in the region seeking to counter China’s efforts.

The Regional Backdrop

The largest democratic, majority-Muslim state in the world, the ROI has been a US partner for decades. Given its strategic location, our shared values and interests, and our history of strong military-to-military relations, it is unsurprising that the Trump administration “prioritized Indonesia as one of the key countries to engage in the Asia-Pacific on the defense side once it took office”.² Jakarta’s importance—like the entire Southeast Asia region—has grown in recent years as a result of China’s aggressive efforts to dominate the SCS at the expense of its neighbors. Even a cursory look at China’s efforts to realize territorial, resource, and security objectives in the area of its so-called Nine-Dash Line³ reveals a pattern that many view as evidence of Beijing striving for regional hegemony. Its efforts to upset the status quo have failed to gain regional or international acceptance primarily “...because they remain focused on obtaining exclusive Chinese domination of territories that China has never in its history fully controlled and in which all other peoples in the region were traditionally able to operate.”⁴

Regional and global opposition to Beijing’s activities is increasing. The July 2016 SCS Arbitration Award issued by the Arbitral Tribunal of the Permanent Court of Arbitration

(hereafter “the tribunal ruling”) ruled in favor of the Philippines against China and rejected claims to the “historic” rights that underpin Beijing’s so-called “Nine-Dash Line.”⁵ The tribunal’s ruling also declared that China’s land reclamation efforts in the region were inconsistent with its obligations under the United Nations Convention on the Law of the Sea (UNCLOS).⁶

Dismissive of the ruling, Beijing continues to press ahead. Chinese President Xi Jinping stated publicly that China’s “territorial sovereignty and marine rights would not be affected”⁷ by the ruling, despite the tribunal’s pronouncement that “...that there was no legal basis for China to claim historic rights to resources within the sea areas falling within the ‘Nine-Dash Line’.”⁸ China’s pursuit of its goals in the SCS, despite growing regional and international opposition, indicates that Beijing views these objectives as central to its global ambitions. First among these, as noted by Liza Tobin, is Beijing’s publicly articulated plan to turn China into a “Maritime Great Power.”⁹ Given the geostrategic implications China’s ambitions pose for the United States, Washington should actively seek opportunities to work with regional partners to counter Beijing’s efforts to dominate the SCS. Failure to counter China in the SCS will have consequences beyond Southeast Asia. As Francis Hoffman testified before the House Armed Services Committee in March 2017, “China’s assertive behaviors in the South China Sea appear designed to erode the existing international order and change the norms of international behavior through acts of latent coercion.”¹⁰ The ROI example below shows that China has employed its forces in the region to “disrupt foreign survey, energy development, and commercial fishing operations and to extend and consolidate areas it views as Chinese territory with low risk of escalating to greater violence.”¹¹

Implications for the United States

Though not a claimant in the SCS disputes, the United States has significant security and economic interests in the region, buttressed by alliances and partnerships with several Southeast Asian nations, including Indonesia, and its decades-long role as a guarantor of regional peace and stability. Since the end of World War II, the United States has been the global symbol and guardian of the international rules-based order that China’s behavior undermines. In response to China’s increasingly destabilizing actions, Washington has sharply increased freedom of navigation operations (FONOPS) in the region, conducted joint military exercises with allies, and directly and publicly criticized the Chinese “threat to sovereignty in the South China Sea.”¹² China’s willingness to disregard international concern comes at a cost to its reputation, and neighboring states are searching for opportunities to individually or collectively counter China’s strategy. Ongoing multilateral efforts by the Association of Southeast Asian Nations (ASEAN) to negotiate an agreement that might resolve disputes with Beijing have failed to make significant progress. As China continues its efforts to dominate the region, the ROI has been pushing back unilaterally to maintain its sovereign rights.

The North Natuna Sea: An Opportunity to Partner

China's challenge presents increased opportunities for the United States to work with partners in the region to enhance respect for the rule of law, respect for sovereignty, and access to the global commons – all key tenets of Washington's Free and Open Indo-Pacific Strategy. By cooperating with regional partners, the United States will increase the cost China must pay for its destabilizing policies and consolidate regional opinion against Beijing. The ROI, under President Jokowi, is an excellent partner for the United States to engage.

A Leader with a “Visi-Misi”

Since his election in 2014, President Jokowi has placed the assertion of Indonesian sovereignty and the restoration of its maritime power at the top of his agenda.¹³ His 46-page *Visi-Misi* (Vision-Mission) statement has five lines of action listed, in Aaron Connelly's deeper analysis, as “maritime diplomacy to speed up resolution of border disputes; second, guaranteeing the territorial integrity...of Indonesia; third, securing natural resources in the country's EEZ; fourth, intensifying defense diplomacy; and, fifth, dampening maritime rivalries...and pushing the resolution of territorial disputes.”¹⁴ Jokowi clarified his policies on maritime defense and sovereignty in remarks at the 2014 ASEAN summit in Naypyiaw, Burma. He stated, “As the country that has become the fulcrum of the two oceans, Indonesia has an obligation to establish a maritime defense force. It is necessary not only to guard our sovereignty and maritime wealth but also as a form of taking responsibility to guard the safety of shipping and maritime security.”¹⁵

The policy objectives of the Jokowi administration align closely with US goals for the region, outlined in the Free and Open Indo-Pacific Strategy. The US strategy strives for “...the nations of the Indo-Pacific to be free from coercion, that they can pursue in a sovereign manner the paths they choose in the region,” and to ensure that the region remains open for “free, fair, and reciprocal trade...something the United States has supported for decades.”¹⁶ The objectives of both nations can more readily be achieved through mutual endeavor, including concrete diplomatic initiatives and military-to-military cooperation. Although the ROI has historically maintained the position that Jakarta is not a *territorial* claimant in the SCS disputes, it is directly affected by China's Nine-Dash Line. Beijing's claim cuts through Jakarta's EEZ—north of the Natuna Islands. Under Jokowi, Indonesia has not been shy in pushing back against China when Beijing has encroached on its sovereign rights, particularly around the resource-rich Natunas.

The Republic of Indonesia Defends Its Sovereign Rights

In line with his focus on sovereignty and maritime defense and in a marked departure from his predecessors, Jokowi has taken a more muscular approach to the dispute with China around the Natuna Islands. In addition to improving defense infrastructure and increasing security operations in the area, in July 2017, the ROI surprised many in the region and the world when it announced that it had changed the name of the waters in its EEZ north of the Natuna Islands to the *North Natuna Sea*.¹⁷ Eager to assert the “sovereign rights over exploration, exploitation, conservation, and management of natural resources and other economic activities”¹⁸ guaranteed in its EEZ under UNCLOS, Jakarta took this step despite anticipated opposition from

China. China reacted swiftly, noting its displeasure to Jakarta in several ways, including a diplomatic note that accused the country of undermining peace and stability.¹⁹

Both nations are parties to UNCLOS and legitimacy in the dispute over the North Natuna Sea rests firmly with Indonesia. Jakarta's sovereign rights within its EEZ are clearly guaranteed under UNCLOS. Beijing's claims through the Nine-Dash Line, that China has never fully clarified and whose legal standing was rejected by the tribunal ruling, lack the same credibility. Nevertheless, China is one of the ROI's largest foreign direct investors²⁰ and is known to use economic pressure to achieve political ends. This means that the Jokowi administration took its controversial decision to rename the North Natuna Sea, fully aware of the economic pressure China could bring to bear in response. This underlines the importance with which Jokowi's administration views the issue.

Renaming the sea is but one of many ways the ROI is asserting its sovereignty and maritime strength. Countering illegal fishing has been a high-profile effort for the Jokowi administration, led by an aggressive Maritime Affairs and Fisheries Minister who has "declared war"²¹ on the practice. Jakarta has used its maritime forces to capture and burn hundreds of illegal fishing boats, including those hailing from China. These bold measures have helped counter a practice that was costing the country nearly \$1 billion dollars (USD) a year in lost revenue.²² As a result, the ROI's fishing stocks have doubled since 2013.²³

Indonesian efforts to oppose illegal fishing by Chinese fishing boats have drawn a robust response from Beijing, evidenced by diplomatic and maritime clashes. In the area around the Natuna Islands, Indonesian and Chinese warships have engaged in skirmishes when Indonesian ships have pursued and detained Chinese vessels illegally fishing. In June 2016, China's Ministry of Foreign Affairs (MFA) issued a statement labeling the area around the Natuna Islands as "Chinese fisherman's traditional fishing grounds," condemning Indonesia's "abuse of force," and calling on Jakarta to "stop taking actions that complicate, exaggerate the dispute and undermine peace and stability, and handle the fishery issue in a constructive way."²⁴ The Jokowi administration has continued to fiercely defend its sovereign rights in its EEZ and target illegal fishing north of the Natuna Islands and elsewhere, undaunted by threats from Beijing and attempts by Chinese coast guard and security forces to interfere.

Recommendations for US Engagement

The ROI's willingness to take on Beijing in the North Natuna Sea, in the face of the same diplomatic, economic, and security pressure from China that have cowed others in the region, is remarkable. Its tough stance should be seized upon by the United States as an opportunity to support the rule of law in a critical maritime domain in partnership with a regional player willing to lead the way. It holds a clear and legally justified position and has demonstrated the willingness and wherewithal to assert its sovereign rights in its EEZ. Through diplomatic engagement and cooperation with Jakarta's maritime forces, the United States can lend a

The North Natuna Sea: An Opportunity to Partner

powerful voice in support of Indonesia's defense of its sovereign rights. Given the vigor with which the Jokowi administration has pursued its maritime and sovereignty agenda, the GOI would likely welcome the opportunity to partner with the United States on activities to bolster its position in the Natuna EEZ. The three measures below, while not comprehensive, represent steps the United States could quickly undertake to support the ROI. These proposals reflect the goals of the broader FOIP strategy for the region and could serve as examples of actions the United States could pursue with other partners in Southeast Asia:

The United States should officially recognize the ROI's designation of the area to the north of the Natuna Islands as the North Natuna Sea: The Department of State (DoS) does not officially recognize the North Natuna Sea.²⁵ Such a move would provide tremendous public support for Indonesia and come at little cost to the United States, given that the only nation that has objected to the ROI's designation is China. To change the name, the US Board of Geographic Names (BGN) would have to officially recognize the area as the North Natuna Sea. According to the BGN Executive Secretary for Foreign Names, Trent Palmer, "The BGN decision on a foreign place name is based on official source from the relevant country."²⁶ A pertinent exception to the practice is when the place in question is located outside a country's sovereign territory, which would be true for the North Natuna Sea, located within the ROI's EEZ but not its territorial waters. The decision would have to be made on the basis of foreign policy considerations, which the BGN can do after "careful consideration and input from relevant USG departments and agencies."

The foreign policy justification is that the current practice of officially referring to the region as part of the SCS indirectly lends credibility to China's illegitimate claim that the waters north of the Natuna Islands are part of "traditional Chinese fishing grounds." China can always argue the region is called the South China Sea—evidence of its historical role and privileges in the region. If the United States were to change the name, it would help to undermine that position and would be welcomed by Jakarta. Secretary Mattis has already taken steps in this direction by publicly referring to the "North Natuna Sea" when he thanked the Indonesian Foreign Minister for Jakarta's leadership on training and interoperability with other regional partners.²⁷ While Mattis' public remarks no doubt privately angered China, an official pronouncement by the DOS would officially demonstrate US support for Indonesian sovereign rights and undermine China's claim to unrecognized privileges in the area. It is worth noting that the ROI is not the first SCS state to change the name of seas adjacent to its coast. The Philippines refers to certain areas of the SCS as the West Philippine Sea, and Vietnam calls certain areas the East Sea. While carefully weighing the implications for regional diplomacy, it is worth discussing whether the BGN should recognize the name changes of other partners as part of a broader campaign to counter China's claims of "historical rights" in the area.

The US Navy should conduct joint exercises with the Indonesian Navy and Coast Guard in the North Natuna Sea: We already enjoy an active program of military-to-military engagements with the Indonesian armed forces.²⁸ Locating future joint exercises in the NNS focused on countering transnational security and criminal threats, including illegal fishing, would

demonstrate US responsiveness to Indonesian priorities, while underscoring US commitment to the rule of law. Such engagements could persuade the Indonesian Navy to join the US Navy in conducting FONOPS beyond the NNS, into neighboring areas of the SCS, and increasing the number of US allies and partners engaging in these important operations.²⁹

While maintaining our support for ASEAN’s work to address SCS disputes, the United States should look for opportunities to bring interested regional partners into our collaboration with the ROI: The long-running effort to resolve SCS disputes between China and claimant states from ASEAN has made little progress over the last 20 years. While China and ASEAN reached agreement on a non-binding Joint Declaration on the Conduct of Parties (DOC) in the SCS in 2002, finding consensus on a binding agreement that might restrain China’s approach remains elusive.³⁰ Many have dismissed the prospects for current negotiations on a draft Code of Conduct (COC), which has been discussed between China and ASEAN since 2002, with one prominent observer calling the current draft text “...a series of bland principles and provisions some of which China has already violated, and a few operational clauses...that have been left vague.”³¹ While remaining supportive of a long-term solution, it would be short-sighted not to seek intermediate steps with interested partners to counter Chinese behavior. If the United States were to engage in a series of joint exercises with the ROI in the NNS, we might look to the example of other agreements to which Indonesia is a party in order to broaden our bilateral activities and involve other regional actors.

The ROI is already signatory to a trilateral agreement with Malaysia and the Philippines focused on combatting Islamic militants in the Sulu and Celebes Seas. The Trilateral Maritime Patrol agreement, announced in June 2017, “provides that naval personnel from any of the three nations may enter the maritime waters of the others in pursuit of suspected militants and criminals responsible for...piracy, terrorism, and kidnappings.”³² The United States should explore whether there is scope for a similar regional agreement to counter illegal fishing in the NNS (and elsewhere) that could include the United States as a partner. Ad hoc agreements like this may hold the key to advancing regional initiatives to counter China in the NNS and throughout the region, given that a full-consensus approach to the issue among ASEAN members and Beijing seems a long way off. Should an ad hoc regional group focused on the NNS gain momentum, it could bolster the chances for an ASEAN-China agreement, either by increasing pressure on China for concessions or by strengthening consensus among ASEAN states on the way forward. The ROI, as a founding member of ASEAN and regional leader, should be encouraged to continue to drive ASEAN toward consensus.

Conclusion

Some may argue that these proposals will only escalate tensions with China, leading to even more assertive actions on Beijing’s part. Others may argue that the proposals above will simply be ignored by China as it proceeds with its efforts to consolidate control. It is difficult to predict Beijing’s response. Hopefully, more concerted actions by the United States in support of the ROI in its Natuna EEZ will persuade Beijing to respect the sovereign rights of its neighbor. Given its past behavior, however, it is unlikely that these proposals alone will be sufficient to

The North Natuna Sea: An Opportunity to Partner

convince China to change course in the NNS and broader SCS region. What these proposals do offer is a method for increasing the cost on China by lending US support to the ROI's efforts to resist Beijing. The greater the cost, the more likely China is to consider a more constructive approach. Regardless, it is critical for Washington to recognize that the SCS region is a central front in what Ely Ratner has termed the "global competition"³³ between the United States and China.

If China escalates tensions in response, that cost, in terms of damage to Beijing's reputation and the resources it must obligate to support its plans in the face of opposition, will only increase. Continually highlighting that China is on the wrong side of the law in this case and that it is increasing tensions throughout the SCS region by intimidating its neighbors will be central to ensuring China is paying the commensurate diplomatic cost for its actions. The ROI's position on the NNS has rattled China, as evidenced by Beijing's public statements and operations undertaken by the Chinese Coast Guard. In the long term, increased costs may compel China to pursue a different course. Until it does, however, cooperation between the ROI and the United States to support Jakarta's sovereign EEZ rights will focus regional and global attention on what China's pursuit of hegemony in the SCS portends for other states.

At the same time, our defense of the ROI's rights will enhance the United States' critical role in the region as a Pacific power that supports the rule of law (in obvious contrast to China's approach). Our objective here is not only to convince China to reverse course. Such a change on an issue so important to China's global strategy will only come with time and likely after great cost. Instead, we seek to immediately and meaningfully respond to the ROI's campaign to assert its sovereign rights. By doing this, we will not only strengthen relations with Jakarta but also open opportunities for increased cooperation with other regional actors interested in concerted action to uphold the rule of law. The Jokowi administration has led the way on these issues through its bold initiatives. By partnering with the ROI on the NNS, we can directly advance the interests and values that underpin US strategy for the entire Indo-Pacific region and the globe.

Working with partners in Southeast Asia such as the ROI to preserve stability and rule of law in the region is essential not only to check Chinese efforts to dominate the SCS but also to blunt China's efforts to undermine the entire global rules-based order. Beijing's challenge to the post-World War II international system lies at the heart of our great power competition with China, and the SCS region has emerged as an early and crucial battleground in that struggle. This is a fight that the United States cannot afford to lose, and a fight we can only win through long-term cooperation with allies and like-minded partners in the region.

¹ Connelly, "Sovereignty and the Sea," 7-8.

² Parameswaran, "Defense Ties Under Trump," 1. <https://thediplomat.com/2018/09/the-future-of-us-indonesia-defense-ties-under-trump/>.

- ³ See Dutton, Charles “Three Disputes and Three Objectives,” for an excellent breakdown of the claims and objectives of China and other states in the South China Sea region.
- ⁴ Dutton, “Three Disputes,” 60.
- ⁵ July 2016 South China Sea Arbitration Award, 67. <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.
- ⁶ July 2016 South China Sea Arbitration Award, 475-476. <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.
- ⁷ Phillips, “Beijing Rejects,” <https://www.theguardian.com/world/2016/jul/12/philippines-wins-south-china-sea-case-against-china>.
- ⁸ Ibid.
- ⁹ Tobin, “Underway—Beijing’s Strategy,” 1.
- ¹⁰ Hoffman, “Statement Before the House Armed Services Committee,” 3-4. <https://docs.house.gov/meetings/AS/AS00/20170322/105746/HHRG-115-AS00-Wstate-HoffmanF-20170322.pdf>.
- ¹¹ Ibid., 4.
- ¹² Kurlantzick, “US—Indonesia Relationship,” 10-11.
- ¹³ Connelly, “Sovereignty and the Sea,” 2.
- ¹⁴ Ibid., 8.
- ¹⁵ Ibid.
- ¹⁶ Department of State. <https://www.state.gov/r/pa/prs/ps/2018/04/280134.htm>.
- ¹⁷ Cochrane, “Indonesia, Long on the Sidelines,” <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- ¹⁸ United Nations. http://www.un.org/Depts/los/convention_agreements/texts/unclos/part5.htm.
- ¹⁹ Parameswaran, “China’s Tantrum,” <https://thediplomat.com/2017/09/the-truth-about-chinas-indonesia-south-china-sea-tantrum/>.
- ²⁰ Cochrane, “Indonesia, Long on the Sidelines,” <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- ²¹ Beech, “Taking on China,” <https://www.nytimes.com/2018/06/08/world/asia/indonesia-fishing-boats-china-poaching.html>.
- ²² Ibid.
- ²³ Ibid.
- ²⁴ Ministry of Foreign Affairs of China. “Foreign Ministry Spokesperson Hua Chunying’s Remarks.” https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1373402.shtml.
- ²⁵ Author’s conversation with State Department Diplomats working on Indonesian affairs.
- ²⁶ Palmer, Trent. October 10-11. Email exchange with author.
- ²⁷ “Mattis Welcomes Indonesian FM to Pentagon,” <https://dod.defense.gov/News/Article/Article/1476337/mattis-welcomes-indonesias-foreign-minister-to-pentagon/>.
- ²⁸ Garmone, “Mattis Visiting Indonesia,” <https://dod.defense.gov/News/Article/Article/1421585/mattis-visiting-indonesia-vietnam-to-build-relationships/igphoto/2001888747/>.
- ²⁹ Kurlantzick, “US—Indonesia Relationship,” 17. In the course of my research, I discovered that Kurlantzick also called for the United States to conduct joint exercises with the ROI, “in waters close to the Natuna Islands.” My emphasis is to conduct them to the *north* of the islands in the North Natuna Sea to emphasize US support for the Indonesian sovereign rights and official support for its decision to rename these waters, per my first recommendation above.
- ³⁰ Parameswaran, “Will a Code of Matter?” <https://thediplomat.com/2017/08/will-a-china-asean-south-china-sea-code-of-conduct-really-matter/>.
- ³¹ Ibid.
- ³² Guerra, “Agreement on Patrolling,” <http://www.loc.gov/law/foreign-news/article/indonesiaphilippinesmalaysia-agreement-on-patrolling-shared-maritime-border/>.
- ³³ Ratner, “Geostrategic implications,” 1.

BIBLIOGRAPHY

- Beech, Hanna and Suhartono, Muktita. "A 'Little Bit of a Nut Case' Who's Taking on China." *New York Times*, June 8, 2018. <https://www.nytimes.com/2018/06/08/world/asia/indonesia-fishing-boats-china-poaching.html>.
- Cochrane, Joe. "Indonesia, Long on the Sidelines, Starts to Confront China's Territorial Claims." *New York Times*, September 10, 2017. <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>.
- Connelly, Aaron L. "Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges." *Contemporary Southeast Asia* 37, No. 1, (April 2015): 1-28.
- Department of Defense. "Mattis Welcomes Indonesia's Foreign Minister to Pentagon." *DOD News*, March 26, 2018. <https://dod.defense.gov/News/Article/Article/1476337/mattis-welcomes-indonesias-foreign-minister-to-pentagon/>.
- Department of State. "Briefing on The Indo-Pacific Strategy." April 2, 2018 <https://www.state.gov/r/pa/prs/ps/2018/04/280134.htm>.
- Garmone, Jim. "Mattis Visiting Indonesia, Vietnam to Build Relationships." *Department of Defense News*, January 23, 2018. <https://dod.defense.gov/News/Article/Article/1421585/mattis-visiting-indonesia-vietnam-to-build-relationships/igphoto/2001888747/>.
- Dutton, Peter. "Three Disputes and Three Objectives." *Naval War College Review* 64, No. 4, (Autumn 2011): 42-67.
- Guerra, Gustavo. "Indonesia/Philippines/Malaysia: Agreement on Patrolling Shared Maritime Border." *Global Legal Monitor*, June 30, 2017. <http://www.loc.gov/law/foreign-news/article/indonesiaphilippinesmalaysia-agreement-on-patrolling-shared-maritime-border/>.
- Hoffman, Francis, G. "Statement Before the House Armed Services Committee on The Evolution of Hybrid Warfare and Key Challenges." House of Representatives, March 22, 2017. <https://docs.house.gov/meetings/AS/AS00/20170322/105746/HHRG-115-AS00-Wstate-HoffmanF-20170322.pdf>.
- Kurlantzick, Joshua. "Keeping the US-Indonesia Relationship Moving Forward." *Council on Foreign Relations Special Report*, No. 81, (February 2018): 1-36.
- Ministry of Foreign Affairs of China. "Foreign Ministry Spokesperson Hua Chunying's Remarks on Indonesian Navy Vessels Harassing and Shooting Chinese Fishing Boats and Fisherman." June 19, 2016. https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1373402.shtml.
- Parameswaran, Prashanth. "The Future of US-Indonesia Defense Ties Under Trump." *The Diplomat*, September 5, 2018. <https://thediplomat.com/2018/09/the-future-of-us-indonesia-defense-ties-under-trump/>.
- Parameswaran, Prashanth. "The Truth About China's Indonesia South China Sea Tantrum." *The Diplomat*, September 6, 2017. <https://thediplomat.com/2017/09/the-truth-about-chinas-indonesia-south-china-sea-tantrum/>.
- Parameswaran, Prashanth. "Will a China-ASEAN South China Sea Code of Conduct Really Matter?" *The Diplomat*, August 5, 2017. <https://thediplomat.com/2017/08/will-a-china-asean-south-china-sea-code-of-conduct-really-matter/>.
- Permanent Court of Arbitration. "PCA Case N° 2013-19: In The Matter Of The South China Sea Arbitration." <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.
- Phillips, Tom; Holmes, Oliver; and, Bowcott, Owen. "Beijing Rejects Tribunal's Ruling in South China Sea Case." *The Guardian*, July 12, 2016. <https://www.theguardian.com/world/2016/jul/12/philippines-wins-south-china-sea-case-against-china>.
- Ratner, Ely. "Geostrategic and Military Drivers and Implications of the Belt and Road Initiative." *Council on Foreign Relations*, Prepared Statement before the US-China Economic and Security Review Commission, 2nd Session, 115th Congress, (January 25, 2018).
- Tobin, Liza. "Underway—Beijing's Strategy to Build China into a Maritime Great Power." *Naval War College Review* 71, No. 2, Article 5, (Spring 2018): 1-33.
- United Nations. Law of The Sea Convention, Part V. http://www.un.org/Depts/los/convention_agreements/texts/unclos/part5.htm.

Radical Islam: Sharia Banking 4.0 and the Rise of an Indonesian Juggernaut

Steven W. Speares, Lt Col, US Air Force

Introduction

The unprecedented convergence of Sharia banking with the fourth industrial revolution will drive massive growth in the Indonesian banking industry, because together this new amalgamation overcomes financial optimization and demographic barriers insurmountable separately. Sharia banking offers real competition to traditional Western financial institutions, as the major inefficiencies and barriers to investment are overpowered when subjected to the unique demographics of the Republic of Indonesia (ROI). The benefits of the fourth industrial revolution extend beyond manufacturing processes; they also apply to banking, even in an underdeveloped country with a large gap between skilled and un-skilled labor. The diverse and seemingly incompatible concepts of Sharia banking and the fourth industrial revolution enable one another in a symbiotic relationship that eliminates the existing barriers that have, up to this point, stifled the country's financial rise. To understand why the country is poised for a banking boom, it is best to explain how the critical components will act and interact to drive this future. The first subject to comprehend is the Sharia banking model.

Sharia Banking

Sharia banking is a misconstrued concept that, contrary to popular belief, is not a method to enable Islamic terrorists and provide them safe haven, but a genuine alternative to traditional Western banking. Sharia banking, or banking conducted in accordance with the principles of Islamic law, is a practice that has been mandated since the inception of Islam in the seventh century.¹ Commonly called Sharia finance, Islamic banking, or Islamic finance, here it will primarily be referred to as Sharia banking. It has basic prohibitions against practices like gambling (*maysir*), excessive uncertainty (*gharar*), and interest payments (*riba*).² Sharia guidelines shape investment and the raising of capital via various methods, the two primary being banking and Islamic bonds (*sukuk*), which make up 95 percent of all Islamic financial assets.³ Although its basic tenets predate Western banking by about seven hundred years,⁴ the formalization of Sharia banking did not take place until the 1960s, in response to massive wealth derived from oil in the Middle East.⁵ This formal effort to shape banking practices that further Islamic socio-economic goals proved attractive to Islamic countries across the globe but tended to discourage Western investors, who found many of the rules inefficient, confusing, or contrary to free market economies.⁶

The major inefficiencies and barriers to investment of the Sharia system can be categorized in two different ways: problems caused by the leadership of Sharia banks and problems caused by the fundamental principles of Sharia banking. While much of the latter is a result of misunderstanding, where alternative banking practices are viewed as deficient simply because they are different, the former is a question of motivation and the lack of transparency behind Sharia banking leadership and governance. All Islamic banks have a Sharia supervisory

board that issues judgements on whether banking actions are compliant with Sharia law.⁷ These judgements in turn look to *fatwas*, which are essentially religious interpretations issued by Sharia scholars on matters not specifically covered by the Qur'an. Since each individual bank follows a particular sect of Islam, both the *fatwas* and the supervisory board guidance can rapidly become contradictory and confusing. This complexity can obscure the long-term vision of a Sharia bank to investors and can conceal information about who the bank is investing in. In response to vigorous British support of Sharia banking, the United States issued a classified cable directing its diplomats to determine whether British regulators were capable of monitoring Islamic banks to prevent charitable donations mandated by Sharia from being funneled to al-Qaeda sympathizers; the United States was concerned that Sharia banks were being used as fronts to fund terrorist activities.⁸ Once these concerns with leadership motivation are addressed, the next challenge to overcome is the misperception of Sharia banking principles.

Lack of investor confidence in the principles of Sharia banking can be attributed to fundamental differences between Western and Sharia banking on the views of money, interest, profit, and profit-sharing. In Western banking, money is treated as both a medium to exchange or store value and as a commodity that can be sold or rented at a price higher than face value. Sharia banking prohibits the use of money as a commodity.⁹ The Sharia tenet banning *riba* (interest) epitomizes this prohibition of using money itself as a commodity and often befuddles the West, since interest is the backbone upon which Western banking is built. This, in turn, leads to the belief that Sharia banking is more charity movement than commercial entity.¹⁰ Western banks earn profit based on the time value of money, where money available now is worth more than the same amount of money available in the future. Sharia banks base profit on the trade of goods or services, not on money itself. Finally, profit-sharing guides the operations of Sharia banks, so that if an investor gains or loses, the bank will correspondingly share in that gain or loss. Western banks will charge interest regardless of investment outcome and do not share in the gain or loss of the investor.¹¹ Sharia banking can therefore be seen as a “socially responsible investment,” because it shares risk with its investors.¹² The ability of Sharia banking to bridge the gap between the secular and spiritual provides a matchless opportunity to generate influence in regions with predominantly Islamic populations.

The ROI's demographics provide Sharia banking a massive potential for growth. It is home to the world's largest Islamic community, where 227 million people (90 percent of the country) represent 12.7 percent of the entire global population.¹³ The Organization of Islamic Cooperation estimates that the Sharia banking industry represents \$3.5 trillion in assets in 2018, but the majority of it is concentrated in the Middle East. In 2015, Sharia banks accounted for just five percent of total banking assets in the country; in contrast, Malaysian banking was 20 percent Sharia in a country with a population that is only 61 percent Islamic.¹⁴ The stark difference between these two countries portrays both the lack of penetration of Sharia banking into the ROI and the considerable opportunity for expansion. In 2014, World Bank data indicated that only 36.1 percent of Indonesian adults owned any type of bank account.¹⁵ That

number seems small, but it dwarfs the miniscule 1.8 percent of adults in the country who own a Sharia banking account. If this disparity were tapped into and leveraged by the government, the effects could be astounding.

The Indonesian government is well aware of these statistics, and in 2015 the country's Financial Services Authority (Otoritas Jasa Keuangan - OJK) launched the "I Love Sharia Finance" Program and a five-year "Roadmap of Indonesian Banking." Indonesian President Widodo stated during the "I Love Sharia" campaign that his primary goal was that "Indonesia should become the global center for Islamic finance."¹⁶ The vision of this roadmap is to create highly competitive Islamic banking that provides sustainable economic growth, equitable development, and financial system stability.¹⁷ To achieve this vision, the OJK set the following priorities: strengthen policy development synergies in order to provide more unified guidance, enhance competitiveness of Sharia banking via state-based incentives, and enhance public financial literacy on Sharia banking via education and socialization.¹⁸ These priorities are all critical to the chief objective of the roadmap, which is to triple the market share of Sharia banks by 2023.¹⁹ The OJK has also tried to set Indonesia apart from its regional competitors by liberalizing its banking market, and at 99 percent, have the highest foreign equity participation of any country in the Association of Southeast Asian Nations (ASEAN).²⁰ Over a five-year period, Indonesian Sharia banking assets grew from \$8 billion to \$22 billion, which equates to a compound annual growth rate of 29.2 percent.²¹ This number is significant, as it was considerably higher than the Western asset growth rate of 16.9 percent and the growth rate of any other Islamic banking market.²² Although the ROI will continue to institute economic reforms and Sharia-friendly trade practices in order to overcome the historic barriers to Sharia banking while encouraging both domestic and foreign investment, Western banking will remain a major economic player.

To maintain domestic and regional financial stability, the OJK must balance its desire to promote Sharia banking with the realism that Western banking remains the dominant near-term institution with a 95 percent market share.²³ However, a long-term economic strategy that employs government policy to leverage Islamic-related Indonesian demographics will enable Sharia banking to compete. Western banking in the archipelago represents a vestige of the ROI's colonial past, where an elitist perspective that Western practices are superior to Sharia methods still persists. The intermingling of the religious and the secular within Sharia is viewed as irregular in the West, which champions a definitive separation of church and state as the ideal structure for finance.²⁴ But this ideal structure was culpable in the 2008 global financial crisis, as it let risk run wild in the quest for profit. It took such a calamity to shake the faith of non-Muslims, who began looking at the alternative Sharia banking provided in the wake of this world-wide downturn.²⁵ Preying upon the questionable morality of Western banking should allow Sharia banking to compete more effectively, even in non-Islamic markets. To truly maximize competition and drive a rapid shift in domestic market share, the OJK needs not only

to highlight the shortcomings of the Western model but extol the virtues and responsibility of Sharia and market them aggressively to the country's vast Islamic populace.

The strategy outlined above represents a seemingly clear path to prosperity for Indonesian Sharia banking, but this path has pitfalls like any other. The demographics that enable the opportunity for Sharia banking to skyrocket also represent the hurdles that have stifled such growth. The paltry 36.1 percent of adults who have any type of bank account,²⁶ Western or Sharia, does not represent the initial level of interest in a modern, niche technology. Rather, it exposes the abject failure of banking to infiltrate the Indonesian culture over the past four hundred years. Physical geography is certainly a factor, as the island of Java contains the overwhelming majority of Sharia banks. The uneven distribution and under-developed infrastructure restrict banking access to the hundreds of less populous islands in the eastern portion of the country.²⁷ Financial literacy across the ROI has persistently remained low and has restricted the ability of banks to establish themselves as an integral part of society. The roadmap presented by the OJK highlights public financial literacy as one of its top three priorities,²⁸ likely due to the fact that this problem has endured since independence from the Dutch nearly seventy years ago. Although Sharia banking has its largest percentage of assets and acceptance within the Middle East, this has not resulted in unbridled prosperity. The Sharia system shackled with clumsy governance has hampered growth and can be viewed as causal for systemic economic issues across the wider population.²⁹ Indonesian attempts to craft a liberalized economic policy and infrastructure that provide clear and coherent direction for Sharia banking remain inconclusive thus far and have caused analysts to declare the OJK roadmap objectives too ambitious and likely to fail without continued reform.³⁰ Unless the ROI improves country-wide physical connectivity, upgrades an under-developed communications infrastructure, clarifies the legal governance of Sharia, and fosters a financially literate and engaged populace, the country might remain the land of the un-banked.

Industry 4.0

The second component of Sharia Banking 4.0 that is essential to grasp is the concept of the fourth industrial revolution, commonly referred to as Industry 4.0. It is an architecture that builds upon the three previous industrial revolutions: mechanization via steam power (first), mass production via electric assembly line (second), and automation via computers (third).³¹ Industry 4.0 is defined as the optimization of manufacturing using cyber-physical systems, as it began as a strategic German government effort called Industrie 4.0 that promoted the computerization of manufacturing.³² But to define it as such is both narrow-minded and inaccurate, as the application of the Industry 4.0 concept extends far beyond the physical manufacturing floor. A more encompassing definition of Industry 4.0 is a model that links modern innovations (Internet of Things (IoT), human-machine interfaces, cyber-physical systems, and smart factories) using tailored design principles (interconnection, information transparency, technical assistance, and decentralized decision-making)³³ to achieve a desired end via the synergistic effects of the system as a whole. It is a concept that takes the focused “system

of systems” approach to problem solving and employs it at the macro level in order to provide clarity and find solutions to multifaceted challenges. Industry 4.0 has the ability to go beyond simple reform and instead truly transform, but in order to do so must surmount major obstacles.

The obstacles to Industry 4.0 can be classified into two main categories: mental and physical. From the mental perspective, the first challenge to overcome is the concept of Industry 4.0 itself. As mentioned, it is referred to as the fourth industrial revolution, which has caused consternation in some who term it meaningless or a buzz word for an idea that is simply the next technological evolution and not a revolution.³⁴ These critiques have merit when applied to a narrow definition of Industry 4.0 (i.e., the German idea to computerize manufacturing). When viewed through a broader lens, where Industry 4.0 leverages the synergistic effects of cyber-physical systems on modern innovations, the criticism becomes less apt. Once the term is understood, the next hurdle to clear is the gap between the skilled and un-skilled work force. How can a cutting-edge concept become pervasive in societies with limited education or experience with virtual systems, where automation would seem to threaten the unskilled with job loss? The answer lies in using the components of Industry 4.0 itself to solve these issues. The use of media, simulations, and virtual outreach to rapidly and comprehensively train and educate the un-skilled while influencing political actors has no historical precedent.³⁵

On the physical side, the barriers to Industry 4.0 beyond manufacturing, particularly in the under-developed world, seem even more daunting. The first physical challenge, how to apply Industry 4.0 outside of the manufacturing industry and away from the factory, is answered again by the broad definition of what Industry 4.0 represents. The next physical issue to overcome is how to connect isolated populations in under-developed regions, so that the interconnected benefits of Industry 4.0 can be brought to bear. Modern innovation provides the solution, in the form of a terrestrial and space-based global 5G network. These wireless telecommunications networks improve electromagnetic spectral efficiency to enable greater bandwidth at greater distance in conjunction with the existing 4G LTE (Long-Term Evolution) network architecture.³⁶ For the densely-populated larger islands, this requires numerous miniature 5G base stations, called small cells, to boost the current 4G LTE network.³⁷ The diversification of telecommunications infrastructure into space yields flexible connectivity solutions that do not have to be terrestrially-based, avoiding much of the monumental cost associated with modernizing telecommunications with fiber-optics³⁸ and energy-intensive cellular phone towers in an under-developed area. The cost savings are magnified in an archipelagic country such as the ROI, where a space-based system provides immediate infrastructure to isolated regions, interconnecting thousands of islands at once. The Indonesian government recognizes this and has grasped the baton of Industry 4.0 in a bid to rapidly modernize.

In April of 2018, the ROI embarked upon another roadmap for the future, this one termed “Making Indonesia 4.0.” President Widodo’s goal was to prepare the country for an Industry 4.0

transformation, so that the Indonesian market could capitalize on the benefits of the model while ensuring inclusive economic growth, where all portions of society benefit.³⁹ Widodo's enthusiasm for the initiative stemmed from the idea that it would not shed but provide more jobs to Indonesians, and that the resulting export boost would provide an opening for the country to break into the top ten largest global economies by 2030.⁴⁰ Stakeholders from across the country, from government to industry to research to education, were brought together to collaborate on the roadmap; the resulting product had both buy-in and clear vision. It focused on five priority sectors in which it was deemed that the ROI could become a leading global player, based on its human and natural resources. Indonesian Industry Minister Hartarto estimated the roadmap would raise the real economy by 1-2 percent, yielding a 6-7 percent annual GDP growth rate and 7-19 million jobs created from 2018-2030.⁴¹ The roadmap also included ten initiatives designed to cut across the culture⁴² and overcome the three main challenges to Industry 4.0 latent in the country: a large un-skilled population, an under-developed national infrastructure, and the geographic isolation of an archipelagic state. This nuanced government endeavor to prepare and capitalize on the nation's resources by leveraging a cutting-edge model is unparalleled in the region and represents the kind of innovative leadership needed to transform an under-developed society from within.

This comprehensive plan addresses all of the main impediments to implementing Industry 4.0 effectively except one: the historical reticence of the population to rapidly embrace new technological or governmental institutions, especially those with Western roots. Throughout history, from Dutch colonialism through the authoritarian rule of Presidents Sukarno and Suharto to today, the average Indonesian has focused more on the day-to-day needs of providing for family in an under-developed society than on innovative models seeking to transform the society. The paucity of the population who employ staple Western institutions such as bank accounts (36.1 percent)⁴³ or telephone land lines (4 percent)⁴⁴ remains stagnant and well below neighboring countries. Even where Indonesians use modern technology more than nearly any other country in the world (they have the third-highest level of cell phone subscriptions in the world at 176 per 100 people),⁴⁵ this use came about slowly over time and is skewed by the fact that most Indonesians live on Java, the most densely populated island on the planet. The Indonesian government needs to employ something else to clear this final, most pervasive hurdle.

Sharia Banking 4.0

The combination of Sharia banking and Industry 4.0 together offers the solution to the insurmountable challenges of each and provides an integrated framework to drive an Indonesian banking boom. This new union, Sharia Banking 4.0, allows Indonesia the best chance for success when executing its two primary roadmaps for change: "Indonesian Islamic Banking" and "Making Indonesia 4.0." It answers the two fundamental requirements of any government initiative: get the message to the people and get the people to believe in the message. The first requirement represents how Industry 4.0 enables Sharia banking, while the second portrays how

Sharia banking enables Industry 4.0. Once Indonesian society is able to fulfill these two fundamentals, it sets up this budding economic juggernaut for a spectacular rise.

Industry 4.0 supplies the solution to the primary challenges to Sharia banking in the ROI: geographically-induced physical connectivity barriers, an under-developed communications infrastructure, confusing legal governance of Sharia, and a financially illiterate and disengaged populace. Physical gaps are effectively and persistently bridged using the spectral and bandwidth advantages of 5G wireless networks⁴⁶ and the integral virtual connectivity of cyber-physical systems and self-sustaining sensor nets.⁴⁷ Indonesia's under-developed communications infrastructure is improved through a combination of policy, such as the mandated initiative to build a national digital infrastructure⁴⁸ in the "Making Indonesia 4.0" roadmap, and innovation designed to minimize the cost and complexity of infrastructure improvements.⁴⁹ At first glance the complexities of Sharia legal guidance would seem to be a social enigma not solvable via the technical means provided by Industry 4.0. But machine learning could capture every Sharia ruling ever made by any segment of Islam and instantly render an appropriate recommendation for the human-in-the-loop Sharia scholar to enact, minimizing the potential for corruption to influence decision making. This man-machine team with human-centered decision support⁵⁰ would provide speed, clarity, and transparency to Sharia banking governance, with an algorithm tailored to the specific policies of the Indonesian government. The connectivity provided to the populace at large by solving the problems above enables distributed, bespoke financial access for the common individual. Virtual banks provide all required financial services, minimizing the need and cost of brick-and-mortar institutions. Virtual training and simulation allow avatars to instruct and advise one-on-one from basic to advanced financial concepts, all in the local dialect and at the appropriate pace and level. The ability to promulgate a message tailored to individual preferences both rapidly and broadly yields extremely effective marketing, enabling the persuasive government promotion of Sharia 4.0. Such technology appears futuristic or idealistic, but it is already in practice today in the form of Festo Learning Factories.⁵¹

Conversely, Sharia banking provides the missing links for Industry 4.0 to enable its rapid injection and acceptance by the vast majority of the populace—the cross-generational nature of the relationships of religion and trade. The institution with the most pervasive influence throughout the country is not the government, but Islam. While the use of technology often fails to make the leap across generational boundaries, where each subsequent generation is an order of magnitude more technologically savvy than the last, religion transcends those boundaries. The other unifying cross-generational constant is the need to provide for basic family-level needs via some form of trade. The form of trade is irrelevant; it is the practice of trade that is the enduring constant. Each of the modernization roadmaps come close to identifying the path to success, but both miss the critical link between religion and banking. "Indonesian Islamic Banking" correctly identifies that religion provides a moral touchstone that can be used to bring forth a banking alternative, but it fails to explain that religion can also be leveraged to overcome the persistent

reluctance of the commoner to participate in banking. “Making Indonesia 4.0” outlines national initiatives to attract foreign investment, improve the flow of goods, and harmonize regulations and policies,⁵² but when identifying the five sectors where the ROI can be become a global leader, Sharia banking does not make the list, even with President Widodo’s statement that “Indonesia should become the global center for Islamic finance.”⁵³ The best way to secure nationwide buy-in of an Industry 4.0 model is to concentrate first on displaying the advantages to the common person, where Islamic morality opens the door and Sharia banking provides the immediate financial benefit. Through the concentrated employment of religion and trade, Sharia banking 4.0 could be absorbed into the fabric of Indonesian society.

Conclusions and Recommendations for the Path Forward

The modernization roadmaps of Indonesian Islamic Banking and Making Indonesia 4.0 are nuanced government approaches to leverage both ancient and cutting-edge concepts to capitalize on the nation’s resources. This strategy is unparalleled in the region and represents the innovative leadership required to transform an under-developed society from within. Sharia banking and Industry 4.0 each provide a part of the bridge to a future economic breakout, but if applied separately, such a breakout will be stifled. Each model has inherent flaws that only the other can resolve. Together, both can integrate successfully into Indonesian society. When Sharia banking and Industry 4.0 are combined together, the resulting union (“Sharia Banking 4.0”) enables a synergy to propel ideas to actionable execution. The latent ability of this entity to overcome the traditional physical, economic, and cultural barriers will drive growth in the banking industry. The most effective way to roll out Sharia Banking 4.0 is to focus first on what matters to the common person: improvement at the family level. A campaign targeted to show a rapid benefit, no matter how small, in accordance with Islamic ideals is the surest path to general buy-in and success.

The Indonesian banking industry stands at the precipice of greatness, assuming the government continues to seek out and employ innovative transformations on historic institutions. While the disparate concepts of Sharia banking and Industry 4.0 individually facilitate economic growth, when applied in combination they provide a catalytic synergy that will transform Indonesian banking into a juggernaut. The symbiosis of this combination will overcome the domestic and international financial obstacles, and Western bias, that have limited growth since Indonesian independence. Use of Industry 4.0 as a driver of innovation rather than simply manufacturing optimization empowers the immense population of this country to bridge the gap between the skilled and unskilled. Rather than the archaic, inefficient architecture portrayed by the West, Sharia banking in Indonesia represents the most cutting-edge method to leverage demographics and propagate the banking industry to the considerable un-banked masses. The merger of Sharia banking and Industry 4.0 into the novel concept of Sharia Banking 4.0 surmounts the current physical, cultural, and socio-economic barriers to growth, and will result in the ascendance of the Indonesian banking industry.

-
- ¹ Marc Ross, “Working with Islamic Finance.” Investopedia LLC, 4 Jun 2018. https://www.investopedia.com/articles/07/islamic_investing.asp.
- ² Richard Cox et al., “Islamic Banking Industry Indonesia.” Indonesia Investments, 6 Nov 2015. <https://www.indonesia-investments.com/business/industries-sectors/islamic-banking/item6131>.
- ³ Ibid.
- ⁴ James Shaw, “The Informal Economy of Credit in Early Modern Venice.” *The Historical Journal*, 61, No. 3 (September 2018): 629.
- ⁵ Ross, “Working with Islamic Finance.”
- ⁶ Ibid.
- ⁷ Muhammad Raza et al., “Islamic Banking Controversies and Challenges.” Munich Personal RePEc Archive, August 2011, 6. https://mpra.ub.uni-muenchen.de/70623/1/MPRA_paper_70623.pdf.
- ⁸ Matthew Moore, “US Feared British “Sharia Banks” Would Finance Terrorist Groups.” *The Telegraph*, 15 Mar 2011. <https://www.telegraph.co.uk/news/worldnews/northamerica/usa/8382544/US-feared-British-sharia-banks-would-finance-terrorist-groups.html>.
- ⁹ Cox et al., “Islamic Banking Industry Indonesia.”
- ¹⁰ Roger Ford, “Comparative Challenges of Islamic Banking and Finance with Western Financial Institution and Its Adaptability and Compatibility in Global Business.” 26 May 2013, 3. https://www.academia.edu/3674379/Comparative_Challenges_of_Islamic_Banking_and_Finance_with_Western_Financial_Institution_and_Its_Adaptability_and_Compatibility_in_Global_Business.
- ¹¹ Cox et al., “Islamic Banking Industry Indonesia.”
- ¹² Ross, “Working with Islamic Finance.”
- ¹³ The World Factbook, Central Intelligence Agency, last modified October 3, 2018, <https://www.cia.gov/library/publications/the-world-factbook/>.
- ¹⁴ Cox et al., “Islamic Banking Industry Indonesia.”
- ¹⁵ Ibid.
- ¹⁶ Cox et al., “Islamic Banking in Indonesia: I Love Sharia Finance Program.” Indonesia Investments, 15 Jun 2015. <https://www.indonesia-investments.com/news/todays-headlines/islamic-banking-in-indonesia-i-love-sharia-finance-program/item5647?>
- ¹⁷ Nelson Tampubolon, “Roadmap of Indonesian Islamic Banking: 2015-2019.” Otoritas Jasa Keuangan (OJK) – Indonesian State Financial Service brief, 12 Nov 2015, 7. <https://www.ojk.go.id/en/Documents/Pages/Islamic-Finance-OJK-2015/1.nelson.pdf>.
- ¹⁸ Tampubolon, “Roadmap of Indonesian Islamic Banking,” 9-13.
- ¹⁹ Cox et al., “Islamic Banking in Indonesia: I Love Sharia Finance Program.”
- ²⁰ Dwityapoetra Besar, “Indonesian Banking Development: Financial Services Liberalization, the Regulatory Framework, and Financial Stability.” World Trade Organization. Workshop on Trade in Financial Services and Development Geneva, June 2012. https://www.wto.org/english/tratop_e/serv_e/wkshop_june12_e/besar_e.pdf.
- ²¹ Cox et al., “Islamic Banking Industry Indonesia.”
- ²² Ibid.
- ²³ Ibid.
- ²⁴ Ford, “Comparative Challenges of Islamic Banking,” 10-11.
- ²⁵ Ibid.
- ²⁶ Cox et al., “Islamic Banking Industry Indonesia.”
- ²⁷ Ibid.
- ²⁸ Tampubolon, “Roadmap of Indonesian Islamic Banking,” 12.
- ²⁹ Ford, “Comparative Challenges of Islamic Banking,” 10.
- ³⁰ Cox et al., “Islamic Banking Industry Indonesia.”
- ³¹ Ian Wright, “What Is Industry 4.0, Anyway?” *Engineering.com*, last modified February 22, 2018. <https://www.engineering.com/AdvancedManufacturing/ArticleID/16521/What-Is-Industry-40-Anyway.aspx>.
- ³² “Industrie 4.0” *Plattform Industrie 4.0*. Berlin, Germany: German Federal Ministry for Economic Affairs and Energy. Continually updated. <https://www.platform-i40.de/140/Navigation/EN/Home/home.html>.

- ³³ Mario Hermann et al., “Design Principles for Industrie 4.0 Scenarios.” 49th Hawaii International Conference on System Sciences brief, 8 Jan 2016. <https://ieeexplore.ieee.org/document/7427673?arnumber=7427673&newsearch=true&queryText=industrie%204.0%20design%20principles>.
- ³⁴ Elizabeth Garby, “This Is Not the Fourth Industrial Revolution.” *Future Tense*. 29 Jan 2016. http://www.slate.com/articles/technology/future_tense/2016/01/the_world_economic_forum_is_wrong_this_isn_t_t_he_fourth_industrial_revolution.html.
- ³⁵ “Industrie 4.0” *Plattform Industrie 4.0*.
- ³⁶ Scott Fulton III, “What Is 5G? Everything You Need to Know about the New Wireless Revolution.” ZDNet, 30 April 2018. <https://www.zdnet.com/article/what-is-5g-everything-you-need-to-know/>.
- ³⁷ Amy Nordrum et al., “Everything You Need to Know About 5G.” *IEEE Spectrum*, 27 Jan 2017. <https://spectrum.ieee.org/video/telecom/wireless/everything-you-need-to-know-about-5g>.
- ³⁸ David Grossman, “The Race for Space-Based Internet Is On.” *Popular Mechanics*, 3 Jan 2018. <https://www.popularmechanics.com/technology/infrastructure/a14539476/the-race-for-space-based-internet-is-on/>.
- ³⁹ Cox et al., “Widodo Launches Roadmap for Industry 4.0: Making Indonesia 4.0.” *Indonesia Investments*, 6 Apr 2018. <https://www.indonesia-investments.com/business-columns/widodo-launches-roadmap-for-industry-4.0-making-indonesia-4.0/item8711?>
- ⁴⁰ Ibid.
- ⁴¹ Ibid.
- ⁴² Ibid.
- ⁴³ Cox et al., “Islamic Banking Industry Indonesia.”
- ⁴⁴ The World Factbook.
- ⁴⁵ Ibid.
- ⁴⁶ Fulton, “What is 5G?”
- ⁴⁷ Egon Mueller et al., “Challenges and Requirements for the Application of Industry 4.0: A Special Insight with the Usage of Cyber-Physical System.” *Chinese Journal of Mechanical Engineering* 30, No. 5 (September 2017): 1050-1057. <https://link.springer.com/article/10.1007%2Fs10033-017-0164-7#citeas>.
- ⁴⁸ Cox et al., “Widodo Launches Roadmap for Industry 4.0: Making Indonesia 4.0.”
- ⁴⁹ Grossman, “The Race for Space-Based Internet is On.”
- ⁵⁰ Mueller et al., “Challenges and Requirements for the Application of Industry 4.0.”
- ⁵¹ “Industrie 4.0” *Plattform Industrie 4.0*. Berlin, Germany: German Federal Ministry for Economic Affairs and Energy. Continually updated. <https://www.platform-i40.de/140/Redaktion/EN/Use-Cases/395-festo-learning-factory/festo-learning-factory-scharnhausen.html>.
- ⁵² Cox et al., “Widodo Launches Roadmap for Industry 4.0: Making Indonesia 4.0.”
- ⁵³ Cox et al., “Islamic Banking in Indonesia: I Love Sharia Finance Program.”

BIBLIOGRAPHY

- Adam, Asvi Warman. “Indonesia – Economy.” *Britannica.com. Encyclopedia Britannica*, updated 3 Oct 2018. <https://www.britannica.com/place/Indonesia/Economy>. Date accessed: 5 Oct 2018.
- Amalia, Zahra Rosa, Hosen, Muhamad Nadrattuzaman, Muhari Syafaat. “Comparison of Efficiency in Conventional and Islamic Banks Using Data Envelopment Analysis (DEA).” *Journal of Islamic Banking and Finance* 33, No. 3 (July-Sept 2016): 82-93. <http://www.islamicbanking.asia/wp-content/uploads/2016/10/July-Sept-2016.pdf>. Date accessed: 6 Oct 2018.
- Besar, Dwityapoetra S. “Indonesian Banking Development: Financial Services Liberalization, the Regulatory Framework, and Financial Stability.” World Trade Organization. Workshop on Trade in Financial Services and Development Geneva, June 2012. https://www.wto.org/english/tratop_e/serv_e/wkshop_june12_e/besar_e.pdf. Date accessed: 20 Sep 2018.
- Booth, Anne. *Economic Change in Modern Indonesia: Colonial and Post-colonial Comparisons*. Cambridge, UK: Cambridge University Press, 2016.
- Cox, Richard, R.M.A. van der Schaar, Reza Priyambada, Wisnu Winardi, Maesorah Jamzuri, David Sutyanto, Agung Badiano, Ester Meryana. “Islamic Banking in Indonesia: I Love Sharia Finance Program.” *Indonesia Investments*, 15 Jun 2015. <https://www.indonesia-investments.com/news/todays-headlines/islamic-banking-in-indonesia-i-love-sharia-finance-program/item5647?> Date accessed: 31 Aug 2018.

- _____. "Islamic Banking Industry Indonesia." Indonesia Investments, 6 Nov 2015. <https://www.indonesia-investments.com/business/industries-sectors/islamic-banking/item6131>. Date accessed: 31 Aug 2018.
- _____. "Widodo Launches Roadmap for Industry 4.0: Making Indonesia 4.0." Indonesia Investments, 6 Apr 2018. <https://www.indonesia-investments.com/business-columns/widodo-launches-roadmap-for-industry-4.0-making-indonesia-4.0/item8711?> Date accessed: 30 Sep 2018.
- Farrukh, Muhammad Zeeshan. "The Practical & Behavioral Issues of Islamic Economic System." *Journal of Islamic Banking and Finance* 33, No. 3 (July-Sept 2016):39-43. <http://islamicbanking.asia/the-practical-behavioral-issues-of-islamic-economic-system/>. Date accessed: 10 October 2018.
- Ford, Roger. "Comparative Challenges of Islamic Banking and Finance with Western Financial Institution and Its Adaptability and Compatibility in Global Business." 26 May 2013. https://www.academia.edu/3674379/Comparative_Challenges_of_Islamic_Banking_and_Finance_with_Western_Financial_Institution_and_Its_Adaptability_and_Compatibility_in_Global_Business. Date accessed: 26 Sep 18.
- Fulton, III, Scott. "What Is 5G? Everything You Need to Know about the New Wireless Revolution." ZDNet, 30 April 2018. <https://www.zdnet.com/article/what-is-5g-everything-you-need-to-know/>. Date accessed: 2 Oct 2018.
- Garby, Elizabeth. "This Is Not the Fourth Industrial Revolution." *Future Tense*. 29 Jan 2016. http://www.slate.com/articles/technology/future_tense/2016/01/the_world_economic_forum_is_wrong_this_isn_t_the_fourth_industrial_revolution.html. Date accessed: 1 Oct 2018.
- Grossman, David. "The Race for Space-Based Internet Is On." *Popular Mechanics*, 3 Jan 2018. <https://www.popularmechanics.com/technology/infrastructure/a14539476/the-race-for-space-based-internet-is-on/>. Date accessed: 7 Oct 2018.
- Hermann, Mario, Tobias Pentek, Boris Otto. "Design Principles for Industrie 4.0 Scenarios." 49th Hawaii International Conference on System Sciences brief, 8 Jan 2016. <https://ieeexplore.ieee.org/document/7427673?arnumber=7427673&newsearch=true&queryText=industrie%204.0%20design%20principles>. Date accessed: 8 Oct 2018.
- "Indonesia." *The World Factbook*. Washington, DC: Central Intelligence Agency. Continually updated. <https://www.cia.gov/library/publications/the-world-factbook/>. Date accessed: 3 Oct 2018.
- "Industrie 4.0" *Platform Industrie 4.0*. Berlin, Germany: German Federal Ministry for Economic Affairs and Energy. Continually updated. <https://www.platform-i40.de/I40/Navigation/EN/Home/home.html>. Date accessed: 10 Oct 2018.
- _____. <https://www.platform-i40.de/I40/Navigation/EN/Home/home.html>. Date accessed: 10 Oct 2018.
- Jumono, Sapto. "Profit Structure of Indonesian Banking Industry (An Empirical Study Based on Du Pont Model)." 1 Aug 2018. https://www.researchgate.net/publication/320826614_Profit_Structure_of_Indonesian_Banking_Industry_An_Empirical_Study_Based_on_Du_Pont_Model. Date accessed: 16 Sep 2018.
- Kersten, Carol. *A History of Islam in Indonesia*. Edinburgh, UK: Edinburgh University Press, 2017.
- Moore, Matthew. "US Feared British "Sharia Banks" Would Finance Terrorist Groups." *The Telegraph*, 15 Mar 2011. <https://www.telegraph.co.uk/news/worldnews/northamerica/usa/8382544/US-feared-British-sharia-banks-would-finance-terrorist-groups.html>. Date accessed: 27 Sep 18.
- Mueller, Egon, Xiao-Li Chen, and Ralph Riedel. "Challenges and Requirements for the Application of Industry 4.0: A Special Insight with the Usage of Cyber-Physical System." *Chinese Journal of Mechanical Engineering* 30, No. 5 (September 2017): 1050-57. <https://link.springer.com/article/10.1007%2Fs10033-017-0164-7#citeas>. Date accessed: 9 Oct 2018.
- Nasution, Anwar. *Macroeconomic Policies in Indonesia*. New York: Routledge, 2016.
- Nordrum, Amy, Kristen Clark, IEEE Spectrum Staff. "Everything You Need to Know About 5G." *IEEE Spectrum*, 27 Jan 2017. <https://spectrum.ieee.org/video/telecom/wireless/everything-you-need-to-know-about-5g>. Date accessed: 23 Oct 2018.
- Priyarsono, D.S., Puti Sinansari, Gendut Suprayitno. "Analysis of Indonesian Banking Structure." *International Journal of Science and Research* 6, No. 7 (July 2017): 809-812. <https://www.ijsr.net/archive/v6i7/ART20175409.pdf>. Date accessed: 15 Sep 2018.
- Raza, Muhammad Wajid, Syed Farhan Shah, Malik Rizwan Khurshid. "Islamic Banking Controversies and Challenges." Munich Personal RePEc Archive, August 2011. https://mpra.ub.uni-muenchen.de/70623/1/MPPA_paper_70623.pdf. Date accessed: 25 Sep 2018.
- Rembeth, Daniel. "Indonesia Banking Survey 2018: Technology Shift in Indonesia Is Underway." PricewaterhouseCoopers Consulting Indonesia and Melli Darsa & Co., 27 Feb 2018.

- <https://www.pwc.com/id/en/media-centre/press-release/2018/english/indonesia-banking-survey-2018.html>.
Date accessed: 1 Sep 2018.
- Roberts, Christopher B., Ahmad D. Habir, Leonard C. Sebastian. *Indonesia's Ascent: Power, Leadership and the Regional Order*. New York: Palgrave Macmillan, 2015.
- Ropi, Ismatu. *Religion and Regulation in Indonesia*. Singapore: Palgrave Macmillan, 2017.
- Ross, Marc L. "Working with Islamic Finance." Investopedia LLC, 4 Jun 2018.
https://www.investopedia.com/articles/07/islamic_investing.asp. Date accessed: 30 Aug 2018.
- Schneier, Edward. *Muslim Democracy: Politics, Religion and Society in Indonesia, Turkey and the Islamic World*. New York: Routledge, 2016.
- "Shaping the Digital Transformation within Companies – Examples and Recommendations for Action Regarding Basic and Further Training" *Plattform Industrie 4.0*. Berlin, Germany: German Federal Ministry for Economic Affairs and Energy. Continually updated. https://www.plattform-i40.de/I40/Redaktion/EN/Downloads/Publikation/digital-transformation-training.pdf?_blob=publicationFile&v=6. Date accessed: 10 Oct 2018.
- Shaw, James E. "The Informal Economy of Credit in Early Modern Venice." *The Historical Journal*, 61, No. 3 (September 2018): 623-642.
- Tampubolon, Nelson. "Roadmap of Indonesian Islamic Banking: 2015-2019." Otoritas Jasa Keuangan (OJK) – Indonesian State Financial Service brief, 12 Nov 2015. <https://www.ojk.go.id/en/Documents/Pages/Islamic-Finance-OJK-2015/1.nelson.pdf>. Date accessed: 1 Sep 2018.
- Walalangi, Luki. "Banking Regulations 2018: Indonesia." Global Legal Insights, 2 Jan 2018.
<https://www.globallegalinsights.com/practice-areas/banking-and-finance-laws-and-regulations/indonesia>.
Date accessed: 20 Sep 2018.
- Wright, Ian. "What Is Industry 4.0, Anyway?" *Engineering.com*, updated 22 Feb 2018.
<https://www.engineering.com/AdvancedManufacturing/ArticleID/16521/What-Is-Industry-40-Anyway.aspx>. Date accessed: 5 Sep 2018.

A Prescription for Greater US Engagement

Krista P. Sturbois, Capt., US Navy

Introduction

“China wants nothing less than to push the United States of America from the Western Pacific and attempt to prevent us from coming to the aid of our allies. But they will fail.”¹ These two lines embody the tone of Vice President Pence’s speech presented at the Hudson Institute on October 4th, 2018. He challenged the People’s Republic of China (PRC) repeatedly, providing examples of China’s efforts to out-manuever the United States across all instruments of national power. In the military realm, he cited their ambitious military build-up and provocative actions in the South China Sea (SCS).² Concern regarding China is not unique to this administration; responding to the PRC’s rising power and the region’s geostrategic importance, the Obama administration introduced the “Pivot to the Pacific.” Although the United States and Southeast Asian nations face common threats from China’s illegal activities, the truth is that the United States has taken only limited steps to develop partnerships and gain influence in the region. In the African and Eastern European theaters, the US Navy has successfully implemented Maritime Partnership Programs to build enduring relationships, improve partner nations’ naval capabilities, and enhance inter-operability amongst coalition members. Developed in concert with Combatant Command Theater Security Cooperation plans and coordinated with the State Department, the Maritime Partnership Program (MPP) is a whole-of-government approach aligned with national security strategy.

The United States vis a vis US Indo-Pacific Command (INDOPACOM) should implement an MPP with the Republic of Indonesia (ROI) to further develop the US-ROI strategic relationship and curtail China’s diplomatic inroads in the Jokowi administration. First, this paper will provide an overview of what the MPP is and why it would be appropriate for implementation with the ROI. Second, it will discuss why the ROI is important to US interests and how the United States is competing with China to gain influence with the ROI. The paper will discuss the ROI’s four main maritime threats: freedom of navigation (FON), illegal fishing, smuggling, and piracy. This will include the impact those threats have on the ROI’s national and economic security and provide greater context of how US assistance via MPP would appeal to the ROI and benefit the United States. The paper will examine the transactional nature of the Trump and Jokowi administrations to explain why greater engagement makes sense for both. Finally, the case will be made for how the MPP enhances cooperation and will lead to greater regional inter-operability and security.

Maritime Partnership Program is the Right Remedy

MPPs increase theater security cooperation by dedicating US resources to train and support a partner nation navy’s ability to combat threats that undermine US security. The MPP can leverage resources across the Department of Defense (DOD), Department of State (DoS), and other US government agencies as needed. MPP provides an opportunity to move the US-

A Prescription for Greater US Engagement

ROI relationship forward while combatting threats from China that include attempts to limit FON and illegal fishing in the SCS. MPP can also address smuggling and piracy, a carrot to appeal to the Jokowi administration given the ROI's priorities in the maritime realm. A proposed MPP would not be the first-time consideration has been given to ROI's maritime threats; the two nations signed a Memorandum of Understanding on Maritime Cooperation in October 2015 that promotes action on all of the above areas.³ Some might point out that the nations already participate in a limited number of joint and coalition exercises, but the depth of the relationship between our navies can and should be expanded.

The MPP would be an excellent vehicle for further cooperation; it dedicates a US Naval Reserve unit to a country or region. The US Naval Institute *Proceedings* lauds such units as “unique assets by the defense attaches in the countries in which they work. They are becoming the maritime experts for their respective nations and help fill a void in naval theater security cooperation support capabilities.”⁴ An MPP dedicated to an individual nation enables a bond between navies from junior sailors up to the Chief of Naval Operations.⁵ Committing to an MPP is a significant step towards enhanced cooperation between the United States and the ROI.

A formal maritime partnership would establish trust between both navies and nations, laying the foundation for a meaningful partnership that extends beyond the sea. MPP relationships are built over time. They progress initially by assessing capabilities, identifying priorities, building a training plan, and then showing up repeatedly to provide comprehensive training in the classroom and on the sea. Training is focused on accomplishing objectives that increase the partner nation's capacity and capability to address common security issues that threaten US security in the region. The Center for Strategic and International Studies (CSIS) encourages the DOD to work with the ROI, developing its capabilities in the maritime without unnecessarily sacrificing Jokowi's policy of non-alignment.⁶ CSIS states: “vision, steadfast commitment and professional knowledge are resources that commonly pay greater dividends for operational partnerships than hardware or cash.”⁷ This sentiment expresses the strength of the MPP. It, coupled with other resources identified by the US Embassy Country Team, is uniquely positioned to help the ROI tackle maritime challenges. Because China is the primary aggressor towards the ROI in the maritime realm, MPP is well suited for the United States to develop inroads with the Government of Indonesia (GOI), leaving China on the sidelines.

United States and China Jockey for Influence in the Republic of Indonesia

The ROI's geostrategic location makes a US-ROI partnership imperative. Its impressive gross domestic product, abundance of natural resources, and projected dominance in the future, coupled with its democratic system of governance, make it stand out as a possible strategic partner.⁸ It is an extensive archipelago with nearly 17,000 islands. It borders the SCS and critical straits, including the Strait of Malacca, where the US and global economies are dependent on secure sea lines of communication. In 2017, the DOS noted that the SCS is home to the world's busiest shipping lanes, with over \$5 trillion in cargo and half of the world's oil

tankers transiting each year.⁹ As significant, a quarter of all oil and half of the world's commerce passes through the Strait of Malacca.¹⁰ Continued access to, and guaranteed safe passage through, this global common is vital to the worldwide economy and a shared interest of both nations.

China's emergence as a great power and its militaristic expansion in the SCS has Southeast Asian countries, particularly the ROI, reconsidering their relationships with China and the United States. The possible reconfiguration of alliances is a natural response to accommodate a changing balance of power in the region. For the ROI and its neighbors, expanding a US relationship is complicated by its proximity to and dependence on China: "On the one hand, they seek cooperative relations with China and mutually beneficial development. On the other hand, they worry about China's ambitions and possible dominance. In general, the governments no longer see a danger of U.S. dominance... [but see] the United States as a useful hedge against possible domineering behavior by China."¹¹ For now, the ROI has demonstrated a desire to remain neutral. The Jokowi administration has been "straddling the fence" to avoid a one-sided alliance with either country.¹² As China continues to expand its territorial claims and threatens FON, this position seems untenable. China's aggressions put the ROI in a vulnerable position.

The ROI has been dependent on China for significant aid and investment, leaving less room for US economic influence. Improving the ROI's infrastructure and public services is a political and economic priority for the Jokowi administration (Jokowi faces reelection in 2019), requiring substantial foreign investment. President Jokowi has leaned on China for financing, meeting with President Xi six times in less than two years to attract additional investment.¹³ The GOI's adjustment to a more neutral stance potentially threatens future Chinese state-run investment.¹⁴ While a reduction in Chinese investment is a clear risk to the ROI's growth and stability, so, too, would be accepting Chinese claims to its territorial waters and fishing incursions into its Exclusive Economic Zone (EEZ). China is in effect reducing the Indonesian EEZ by enlarging its own; illegal fishing in the Indonesian EEZ is a theft of natural resources. Both issues negatively impact the ROI's economy.

Despite China's aggressive actions in the maritime, the PRC has balanced its behavior by developing economic interdependency and encouraging alliances in other areas within Southeast Asia. Its persistent efforts are recognized in the Lowy Institute's 2018 Asia Power Index, in which China ranked number one in economic relationships, diplomatic influence, and future trends; the United States ranked second in these three indices.¹⁵ The challenge for the United States is developing a strategic partnership with the ROI that does not antagonize China. The United States doesn't want the ROI to decide it's accepting too much risk and withdraw from potential areas of cooperation.

Maritime Threats Open Door for Increased US Engagement

One clearly identifiable area of cooperation for the United States is working with the Indonesian Navy (Tentara Nasional Indonesia-Angkatan Laut, or TNI-AL). The current ROI administration recognizes the importance of the maritime domain. President Jokowi introduced the Global Maritime Fulcrum Doctrine (GMFD) in 2015, which calls on the country to capitalize on its unique geostrategic position at the nexus of the Pacific and Indian Oceans. Within the GMFD, four maritime security threats are identified: FON, illegal fishing, smuggling, and piracy.¹⁶ The United States can lend expertise in all four areas, but the ROI is reliant on the TNI-AL to combat these threats.

A stronger TNI-AL, partnered with the United States, enhances US security in the region. The TNI-AL is not as advanced as would be expected for a nation as prosperous as the ROI. Both it and the coast guard lag regional peers, lacking basic equipment and coordination to confidently counter maritime threats within their territorial waters and EEZ.¹⁷ The state of the TNI-AL and the nation's defense expenditures are legitimate concerns. It would be reasonable to ask if significant US investment makes sense given that the ROI is not adequately funding or prioritizing its navy.¹⁸ In light of China's PLA-Navy's (PLA-N) modernization and posturing, US investment in strengthening the TNI-AL is justified. The current US administration has not shied away from burden-sharing conversations. The United States will need to discuss, and perhaps set conditions for, ROI investment in its navy—conditions that would ensure the ROI's financial commitment to improving hardware and dedicating resources required for a more capable maritime force. Working together in the maritime domain against common threats provides the two nations a roadmap for security cooperation that is mutually beneficial enough to incentivize participation by both. INDOPACOM's establishment of an MPP would provide a framework for increased cooperation to improve Indonesian naval capabilities, allowing it to address the four maritime security threats in the region that undermine its stability.

Enabling Freedom of Navigation in the South China Sea

The United States should work with the ROI and other Southeast Asian countries to pressure China to adhere to established norms regarding FON. The Association of Southeast Asian Nations (ASEAN), based in Jakarta, can leverage its collective strength to appeal to China.¹⁹ FON has required a strong, forward deployed US Navy and has undoubtedly contributed to economic stability since World War II. China's military modernization includes an increasingly large and capable PLA-N that threatens US military dominance and disrupts the existing balance of power in the SCS. Like those in the United States, Indonesian officials recognize their vulnerability and have announced that they will increase patrols in the SCS to demonstrate their right to FON.²⁰ While China has resisted calls to adjust its behavior in those waters, the United States, the ROI, and all stakeholders should continue to apply pressure and regularly demonstrate their right to transit the SCS without provocation by conducting military FON operations (FONOPS). An MPP with the ROI will help ensure its navy is prepared to

conduct FONOPS. Its ability to operate independently or in conjunction with the United States or other regional partners strengthens US commitment to FON in the SCS.

Illegal fishing: A Carrot for Republic of Indonesia Participation in MPP

There is no greater economic incentive to accept enhanced partnership with the United States than reducing illegal fishing. A stronger TNI-AL would allow the ROI to combat illegal fishing in its EEZ. Illegal fishing is seen as one of the largest national threats and the primary maritime threat, having an enormous negative impact on the economy. Estimates indicate that the ROI loses up to 3 billion USD per year from illegal fishing.²¹ China has overextended its reach here as well. Its Nine-Dash Line reaches into territorial waters outside of the Natuna Islands; China has justified fishing in that area despite Indonesian protests and skirmishes at sea.²² Defending against illegal fishing in the EEZ may not seem aligned with US strategic interests, but it is another area where China unlawfully encroaches on a neighbor's rightful territorial claim. Illegal fishing is an Indonesian national priority, and the argument can be made that because China is the perpetrator, assisting the ROI in this area allows the United States to leverage its influence without challenge from China. MPP-provided maritime domain awareness (MDA) and vessel board search and seizure (VBSS) training to combat illegal fishing would increase the TNI-AL capability to tackle threats, such as smuggling, that are more aligned with US strategic interests.

Smuggling Funds Islamic Extremism

Smuggling in Southeast Asia's maritime domain presents a major threat to both nations, particularly in the fight against Islamic extremism. Smuggling includes human trafficking as well as illicit movement of refugees, drugs, and commercial goods. Smuggling between the ROI and Philippines is a concern. Neighboring Mindanao (Philippines) is a known haven for the Islamic State: "If fighters continue arriving in Mindanao even after the end of the battle in the city of Marawi- the Middle East- the island could easily serve as a gathering place for the ROI's extremists and a jumping-off point for militants to attack Republic of Indonesia."²³ Smuggling contributes to the financing of criminal enterprise and Islamic extremism. The RAND Corporation believes that the ROI lacks the capacity, particularly inter-governmental coordination, and mechanisms to engage with partners to the extent required to stem smuggling.²⁴ The MPP works directly with the DOS to leverage additional agencies such as the US Department of the Treasury and the Department of Justice to assist in building partner capacity. This includes the investigation and prosecution of smugglers, from tracking financials to establishing a stronger legal framework and courts. DOS-coordinated education and training provides the GOI the capability to address transnational maritime threats, complimenting TNI-AL efforts. To combat smuggling and reduce the proliferation of Islamic extremism, a multi-faceted approach would aid both nations and build cooperation across militaries and governmental organizations.

A Prescription for Greater US Engagement

Piracy, Another Carrot for the Republic of Indonesia's Participation in MPP

Piracy is the fourth issue that threatens FON throughout the region. Piracy incidents are most prevalent in the territorial waters of the ROI, Malaysia, Taiwan and Singapore, with the ROI being disproportionately affected by an average of 100 events per year (2000-2014).²⁵ The ROI and Malaysia would benefit from US assistance in “hot pursuit” training to increase information-sharing capabilities and allow for continued pursuit of pirates across territorial waters. Although agreements exist, hot pursuits are rarely conducted.²⁶ MDA would be a focus area for the MPP. In the Horn of Africa, reduction of piracy has been a success story. Success in the West African area of operations should serve as a model for enhanced maritime domain cooperation within Southeast Asia. Improved MDA and cooperation are key to piracy reduction but will also ensure greater FON within the SCS, a strategic priority for both nations.

Time is Right for Buy-In from US and Indonesian Leadership

Since taking office, President Trump and President Jokowi have both demonstrated a transactional approach to foreign policy. Where they can, they have eschewed traditional alliances and multinational organizations in favor of bilateral deals. In the past, the ROI's human rights record has handicapped greater cooperation between the two nations. President Trump has shown a willingness to look past human rights concerns if cooperation reaches an administration objective. With this in mind, regional expert Joshua Kurlantzick encourages both parties to center their partnership on security concerns. He proposes addressing three threats: Chinese aggression in the SCS (specifically challenges to FON and illegal fishing), smuggling, and piracy, stating, “Such a practical and security-based approach should appeal to both nation's presidents.”²⁷ Enhanced cooperation makes sense given the increased strategic importance President Jokowi has placed on maritime security. The GMFD describes Indonesian maritime security concerns and calls attention to its geographic decisive location between the Pacific and Indian Oceans.²⁸ It is a maritime nation; Jokowi recognizes that his political survival and his nation's economic prosperity are dependent on its ability to counter maritime challenges. For President Trump, there are upsides to cooperation beyond the maritime security realm. By strengthening ties with the ROI, home of the world's largest Muslim population, President Trump counters the narrative that his administration's immigration policies are based purely on anti-Muslim sentiment while reinforcing his preferred security-from-strength posture.²⁹ Common threats in the SCS buoy a US-ROI strategic partnership that is advantageous to both.

Both nations need reliable and capable partners in the maritime domain. “Mutual benefit” has been mentioned throughout this paper and is a critical component to achieving buy-in from national leadership. It is unlikely a strategic partnership would form and prosper without mutual benefit. A positive sign is that President Jokowi, President Trump, and senior members of their administrations have publicly opened the door to increased cooperation, recognizing that such would likely result in mutually beneficial outcomes.³⁰ Defense Secretary Mattis travelled to Jakarta in January 2018 where he met with President Jokowi and Indonesian Chief of Defense Tjahjanto to discuss common security threats. The trip came shortly after the release of the US

National Defense Strategy (NDS); Secretary Mattis said his trip supported one of three lines of effort in the NDS: “engage and build more partnerships and allies.”³¹ He added: “This is a very strategic partnership with the third largest democracy in the world. It’s the most populous Muslim nation in the world and it’s the largest archipelago, stretching across the South China Sea...to the Indian Ocean.”³² China’s aggression in the SCS has reinforced the need for increased partner capacity; going it alone is not a prudent option for either the United States or the ROI.

Enhanced Cooperation Drives InterOperability and Security

The MPP would strengthen TNI-AL forces and increase inter-operability between the US Navy, the ROI, and regional coalition partners. Enhancing maritime cooperation has been tried and tested in the Gulf of Guinea with MPP units supporting the Commander, US Sixth Fleet and Naval Forces Africa. Gulf of Guinea nations have faced many of the same security concerns as the ROI: FON, illegal fishing, smuggling, and piracy. MPP units, in concert with Embassy Country Teams, have worked with individual African nations to develop MDA, maritime interdiction operations, VBSS competency, implementation of routine maintenance, training, and standardized operating procedures. Tailored assist visits from US Navy personnel and government agencies throughout the year culminate in an annual at-sea exercise, Obangame Express.

Since the inception of Obangame Express in 2011, participating navies have demonstrated improved capacity in the maritime and are increasingly prepared to operate jointly for regional security. In 2018, nineteen African nations participated, operating alongside the United States and fifteen European partners. These efforts support three regional goals: information sharing amongst Gulf of Guinea countries, development of national maritime strategies with accompanying governance to enforce laws and prosecute violators, and reduction of piracy and threats from transnational criminal and terrorists’ organizations.³³ Admiral Foggo, Commander US Sixth Fleet, concluded this year’s Obangame Express by saying, “It comes down to regional actions, partnered with international support that ultimately leads us to security in the maritime domain- and long term security for the Gulf of Guinea.”³⁴ The common threats and need for expanded maritime capacity in the SCS make the MPP an ideal fit for the ROI to ensure greater inter-operability in the region.

INDOPACOM has laid the groundwork for increased cooperation with bilateral exercise CARAT (Coordinated Afloat Readiness and Training), which it holds with nine Southeast Asian partners. However, the Center for Strategic Studies suggested that more could be gained from the exercise with greater GOI support; they conclude, “Divergent strategic visions have prevented it from reaching its potential in terms of complexity and sophistication.”³⁵ Establishing an MPP with the ROI would provide the GOI a road-map that connects the need for increased complexity of naval operations, to include the ROI’s participation in regular coalition operations. RAND Corporation analysts noted a possible shift in attitudes, with the ROI,

A Prescription for Greater US Engagement

Malaysia, and the Philippines recently conducting joint counterpiracy operations in the Sulu Sea.³⁶ Another area for cooperation is FONOPS in the SCS.

FONOPS are critical to counter China's continued belligerence in the SCS. The United States recently received publicity, and Chinese condemnation, for FONOPS conducted near the Spratly Islands. President Jokowi publicly considered possible joint FONOPS with the Australian Navy in the SCS in advance of a visit to Australia in 2017. His comments were clearly in response to Chinese aggression but nonetheless signal a willingness to push back against China and consider alliances to thwart its advances in the SCS.³⁷ The United States should encourage the ROI to continue to assert its rights in the maritime domain, unilaterally and multilaterally. Its ability to operate with the United States or partner nations in support of FON is essential to regional security.

Conclusion

Since World War II, the United States has led the development of an alliance-based world order under a United Nations umbrella. China's emergence as a great power with near-peer capabilities threatens the existing balance of power, particularly in Southeast Asia. The ROI is a potential strategic ally that has avoided clear alignment with the United States or China. China's actions in the SCS have the ROI weighing potential alliances. At the recent change of command ceremony for INDOPACOM, Admiral Davidson spoke of the United States' enduring commitment of "free nations to the free and open international order," and to our allies he said, "You will have no better ally. To our partners, I look forward to advancing our partnership in a way that serves our mutual interests."³⁸ China has threatened Indonesian economic security and given the Jokowi administration pause; the ROI recognizes a need to strengthen its maritime capability to counter this aggression. Senior policymakers in the United States are also considering a strategic partnership with the ROI and how to counter China's diplomatic influence.

The maritime domain is ripe with opportunity for enhanced cooperation to the United States' and the ROI's mutual benefit and aligns with US national security strategy. Establishing an MPP with the ROI allows for a whole of government approach to tackle maritime security challenges and improve partner capacity, while developing the professional and personal relationships that lead to real understanding and cooperation over time. An MPP with the ROI will not solve all US ills in the SCS, but greater engagement is more than a band-aid and would certainly be a move in the right direction.

¹ "VP Pence Issues Remark on Trump Administration Policy Toward China," *Targeted News Service*. (October 04, 2018), Accessed October 9, 2018, <https://search-proquest-com.usnwc.idm.oclc.org/docview/2116349477?accountid=322>.

² "VP Pence Issues Remark on Trump Administration Policy Toward China."

-
- ³ “Fact Sheet: U.S.-Republic of Indonesia Maritime Cooperation,” Washington: Federal Information & News Dispatch, Inc. (October 26, 2015): 1, accessed October 3, 2018, <https://search-proquest-com.usnwc.idm.oclc.org/docview/1727449047?accountid=322>.
- ⁴ Donald Harker. "Maritime Partnership Program," *United States Naval Institute, Proceedings* 132, no. 8 (August 2006): 71, accessed September 22, 2018, <https://search-proquest-com.usnwc.idm.oclc.org/docview/205981281?accountid=322>.
- ⁵ Donald Harker. "Maritime Partnership Program," 71.
- ⁶ Sean Quirk and John Bradford, "Maritime Fulcrum: A New U.S. Opportunity to Engage Republic of Indonesia," *Pacific Forum CSIS. Issues & Insights* 15, no. 9 (October 2015): 10, accessed September 22, 2018, https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/issuesinsights_vol15no9.pdf.
- ⁷ Sean Quirk and John Bradford, "Maritime Fulcrum: A New U.S. Opportunity," 10.
- ⁸ Republic of Indonesia, the largest economy in Southeast Asia, has enjoyed steady economic growth over the past decade, averaging between 5-6 percent, with moderate inflation, rising foreign direct investment, and relatively low interest rates. "U.S. Relations with Republic of Indonesia," Bureau of East Asian and Pacific Affairs. Department of State, Fact Sheet (August 14, 2018), Accessed September 22, 2018, <https://www.state.gov/r/pa/ei/bgn/2748.htm>.
- ⁹ "U.S. Relations with Republic of Indonesia," Bureau of East Asian and Pacific Affairs, 9.
- ¹⁰ Sean Quirk and John Bradford, "Maritime Fulcrum: A New U.S. Opportunity," 7.
- ¹¹ Robert G. Sutter and Michael E. Brown, and Timothy J. A. Adamson, and Mike M. Mochizuki, and Deepa Ollapally, *Balancing Acts: the U.S. Rebalance and Asia-Pacific Stability*, Elliott School of International Affairs & Sigure Center for Asian Studies: George Washington University (August 2013), 18, accessed September 22, 2018, http://www.risingpowersinitiative.org/wp-content/uploads/BalancingActs_Compiled1.pdf.
- ¹² Ibid., 18.
- ¹³ P. Chacko and D. Willis, "Pivoting to Indo-Pacific? The Limits of Indian and Republic of Indonesian Integration," *East Asia* 35, no. 2, (June 2018), 133, accessed October 3, 2018, <https://doi-org.usnwc.idm.oclc.org/10.1007/s12140-018-9293-6>.
- ¹⁴ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," New York, NY, Council on Foreign Relations (February 2018), 15, accessed August 24, 2018, <https://www.cfr.org/report/keeping-us-republic-of-indonesia-relationship-moving-forward>.
- ¹⁵ "Asia Power Index," Lowy Institute (2018), Accessed October 1, 2018, <https://power.lowyinstitute.org/lowy-api-page-files/lowy-asia-power-index.pdf>.
- ¹⁶ Sean Quirk and John Bradford, "Maritime Fulcrum: A New U.S. Opportunity to Engage," 2.
- ¹⁷ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," 9.
- ¹⁸ According to Gregory Raymond, "President Jokowi has made increasing defence spending conditional on GDP growth reaching 7 per cent. However, the World Bank predicts that Republic of Indonesia's GDP growth rate will only reach 5.5 per cent in 2018, up from 4.8 per cent in 2015. This means that without serious military reform, including the downsizing of the army, funding to grow and modernize the navy is likely to remain inadequate. In Evan Laksmana's view, trying to maintain "strategic relevance" sufficient to maintain the fleet-in-being is the Republic of Indonesian navy's abiding concern. At this point a "green water navy", and significant TNI power projection capability, remain a long way from reality."
- Gregory Vincent Raymond, "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39, no. 1 (2017), 168-169, accessed October 8, 2018, <https://muse.jhu.edu/>.
- ¹⁹ Lyle J. Morris and Giacomo Persi Paoli, "A Preliminary Assessment of Republic of Indonesia's Maritime Security Threats and Capabilities," Santa Monica, CA: RAND Corporation (2018), 35, accessed September 22, 2018, https://www.rand.org/pubs/research_reports/RR2469.html.
- ²⁰ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," 10.
- ²¹ Lyle J. Morris and Giacomo Persi Paoli, "A Preliminary Assessment," 25.
- ²² Patrick M. Cronin and Marvin C. Ott, "Deepening the US-Republic of Indonesian Strategic Partnership," *The Diplomat* (February 17, 2018) accessed October 3, 2018, <https://thediplomat.com/2018/02/deepening-the-us-republic-of-indonesian-strategic-partnership/>.
- ²³ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," 12.
- ²⁴ Lyle J. Morris and Giacomo Persi Paoli, "A Preliminary Assessment," 25.
- ²⁵ Ibid.

- ²⁶ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," 21.
- ²⁷ *Ibid.*, 4.
- ²⁸ I. Chapsos and JA Malcolm, "Maritime security in Republic of Indonesia: Towards a comprehensive agenda?" *Marine Policy* 76, (February 2017), 8, accessed October 3, 2018, <https://dx.doi.org/10.1016/j.marpol.2016.11.033>.
- ²⁹ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," 23.
- ³⁰ Evi Fitriani, "The Trump Presidency and Republic of Indonesia: Challenges and Opportunities," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39, no. 1 (2017), 59, accessed August 23, 2018, <https://muse.jhu.edu/>.
- ³¹ "Press Gaggle by Secretary Mattis En Route to Republic of Indonesia," U.S. Department of Defense (January 22, 2018) accessed October 23, 2018, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1420752/press-gaggle-by-secretary-mattis-en-route-to-republic-of-indonesia/>.
- ³² "Press Gaggle by Secretary Mattis En Route to Republic of Indonesia."
- ³³ "Remarks as Delivered by Admiral James G. Foggo III During the Closing Ceremony of Exercise Obangame Express 2018 in Libreville, Gabon, March 29, 2018," U.S. Naval Forces Europe-Africa / U.S. 6th Fleet (March 29, 2018), Accessed October 23, 2018, <http://www.c6f.navy.mil/speech/remarks-delivered-admiral-james-g-foggo-iii-during-closing-ceremony-exercise-obangame-express>.
- ³⁴ "Remarks as Delivered by Admiral James G. Foggo III During the Closing Ceremony of Exercise Obangame Express 2018 in Libreville, Gabon, March 29, 2018."
- ³⁵ Sean Quirk and John Bradford, "Maritime Fulcrum: A New U.S. Opportunity," 9.
- ³⁶ Lyle J. Morris and Giacomo Persi Paoli, "A Preliminary Assessment," 34.
- ³⁷ Joshua Kurlantzick, "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward," 17.
- ³⁸ "Remarks at U.S. Indo-Pacific Command Change of Command Ceremony," U.S. Department of Defense. (May 30, 2018), Accessed October 23, 2018, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1535689/remarks-at-us-indo-pacific-command-change-of-command-ceremony/>.

BIBLIOGRAPHY

- "Asia Power Index." Lowy Institute (2018). Accessed October 1, 2018. <https://power.lowyinstitute.org/lowy-api-page-files/lowy-asia-power-index.pdf>.
- Chacko, P. and D. Willis. "Pivoting to Indo-Pacific? The Limits of Indian and Republic of Indonesian Integration." *East Asia* 35, no. 2. (June 2018): 133-148. Accessed October 3, 2018. <https://doi-org.usnwc.idm.oclc.org/10.1007/s12140-018-9293-6>.
- Chapsos, I. and JA Malcolm. "Maritime security in Republic of Indonesia: Towards a comprehensive agenda?" *Marine Policy* 76, (February 2017): 178-184. Accessed October 3, 2018. <https://dx.doi.org/10.1016/j.marpol.2016.11.033>.
- Cronin, Patrick M. and Marvin C. Ott. "Deepening the US-Republic of Indonesian Strategic Partnership." *The Diplomat* (February 17, 2018). Accessed October 3, 2018. <https://thediplomat.com/2018/02/deepening-the-us-republic-of-indonesian-strategic-partnership/>.
- "Fact Sheet: U.S.-Republic of Indonesia Maritime Cooperation." Washington: Federal Information & News Dispatch, Inc. (October 26, 2015). Accessed October 3, 2018. <https://search-proquest-com.usnwc.idm.oclc.org/docview/1727449047?accountid=322>.
- Fitriani, Evi. "The Trump Presidency and Republic of Indonesia: Challenges and Opportunities." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39, no. 1 (2017): 58-64. Accessed August 23, 2018. <https://muse.jhu.edu/>.
- Harker, Donald. "Maritime Partnership Program." *United States Naval Institute. Proceedings* 132, no. 8 (August 2006): 70-71. Accessed September 22, 2018. <https://search-proquest-com.usnwc.idm.oclc.org/docview/205981281?accountid=322>.
- Kurlantzick, Joshua. "Keeping the U.S.-Republic of Indonesia Relationship Moving Forward." New York, NY: Council on Foreign Relations (February 2018). Accessed August 24, 2018. <https://www.cfr.org/report/keeping-us-republic-of-indonesia-relationship-moving-forward>.
- Morris, Lyle J. and Giacomo Persi Paoli. "A Preliminary Assessment of Republic of Indonesia's Maritime Security Threats and Capabilities." Santa Monica, CA: RAND Corporation (2018). Accessed September 22, 2018. https://www.rand.org/pubs/research_reports/RR2469.html.

- "Press Gaggle by Secretary Mattis En Route to Republic of Indonesia." U.S. Department of Defense (January 22, 2018). Accessed October 23, 2018. <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1420752/press-gaggle-by-secretary-mattis-en-route-to-Republic-of-Indonesia/>.
- Quirk, Sean and John Bradford. "Maritime Fulcrum: A New U.S. Opportunity to Engage Republic of Indonesia." *Pacific Forum CSIS. Issues & Insights* 15, no. 9 (October 2015). Accessed September 22, 2018. https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/issuesinsights_voll5no9.pdf.
- Raymond, Gregory Vincent. "Naval Modernization in Southeast Asia: Under the Shadow of Army Dominance?" *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 39, no. 1 (2017): 149-177. Accessed October 8, 2018. <https://muse.jhu.edu/>.
- "Remarks as Delivered by Admiral James G. Foggo III During the Closing Ceremony of Exercise Obangame Express 2018 in Libreville, Gabon, March 29, 2018." U.S. Naval Forces Europe-Africa / U.S. 6th Fleet (March 29, 2018). Accessed October 23, 2018. <http://www.c6f.navy.mil/speech/remarks-delivered-admiral-james-g-foggo-iii-during-closing-ceremony-exercise-obangame-express>.
- "Remarks at U.S. Indo-Pacific Command Change of Command Ceremony." U.S. Department of Defense. (May 30, 2018). Accessed October 23, 2018. <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1535689/remarks-at-us-indo-pacific-command-change-of-command-ceremony/>.
- Sutter, Robert G., and Michael E. Brown, and Timothy J. A. Adamson, and Mike M. Mochizuki, and Deepa Ollapally. *Balancing Acts: the U.S. Rebalance and Asia-Pacific Stability*. Elliott School of International Affairs & Sigure Center for Asian Studies: George Washington University (August 2013). Accessed September 22, 2018. http://www.risingpowersinitiative.org/wp-content/uploads/BalancingActs_Compiled1.pdf.
- "U.S. Relations with Republic of Indonesia." Bureau of East Asian and Pacific Affairs. Department of State. Fact Sheet (August 14, 2018). Accessed September 22, 2018. <https://www.state.gov/r/pa/ei/bgn/2748.htm>.
- "VP Pence Issues Remark on Trump Administration Policy Toward China." *Targeted News Service*. (October 04, 2018). Accessed October 9, 2018. <https://search-proquest-com.usnwc.idm.oclc.org/docview/2116349477?accountid=322>.

Terrorism and Transnational Organized Crime: Challenges and Solutions

Jason Yeatts, Col, US Air Force

Introduction

Relative to the rest of the Muslim world, the Republic of Indonesia (ROI) has a unique, and some might say successful, history with terrorism since its independence. Prior to 1998, its authoritarian regime brutally suppressed radical ideologies and drove would-be terrorists from the country. However, the removal of President Suharto created a post-conflict void all too ready to be filled by violent extremist groups such as Jemaah Islamiyah (JI), an al-Qaeda affiliate with significant Afghan mujahideen veteran membership, while the ROI undertook the slow process of establishing a modern democratic government.¹ It was in this environment that JI was able to conduct the 2002 Bali nightclub bombings, but the response of the fledgling government was swift. Born of this single event was a counter-terrorism (CT) strategy based on law enforcement, intelligence, and partnerships that has been largely successful in comparison to other states with similar demographics. However, Phil Caruso, a Harvard Tillman Scholar and 2017 Pacific Delegate with the Carnegie Council's Asia Dialogues program focused on Religion and Tolerance in Indonesia, suggests it is likely premature to pass judgment on the ROI's CT efforts.²

Today, the ROI is aggressively fighting terrorism within its sovereign territory and taking measures to counter the exportation of violent extremists. These efforts are understandable given the numerous factors within the country often associated with the growth of terrorist networks, such as the world's largest Muslim population, considerable sectarianism, a maritime geography ill-suited to border security, and a relatively-young democracy born out of violent insurgency. Transnational organized (TNO) crime, aided by advancing technology and rapid globalization, continues to flourish around the world; its strategic location makes the ROI particularly susceptible to many forms, from illicit trafficking to unlawful financial activities.³ Terrorist groups are nothing if not adaptable, and when CT efforts meet with success, terrorists will almost certainly change the game. Evolving violent extremist strategies will invariably include increased interactions between terror and TNO crime. Identifying and breaking the linkages through which TNO crime supports or enables terrorism should be a central pillar of Indonesian CT strategy.

Understanding the Crime-Terror Relationship

In general, there should be little room for collaboration between terrorist groups and those participating in TNO crime. Differences in motivation, varying views on the state apparatus, and the inherent risks of expanding the circle of trust point to purely ad hoc, short-term relationships at best.⁴ However, as more academics and analysts recognize, the conventional premises that delineate boundaries between terror and crime are becoming increasingly disproven. Tamara Makarenko, former research fellow at the Center for the Study of Terrorism and Political Violence at the University of St. Andrews, describes a "crime-terror

continuum” that offers that the convergence of politically-motivated terrorists and profit-motivated criminals is theoretically possible despite their traditional existence on opposing ends of the motivation spectrum.⁵ Her argument that there is indeed a nexus between terror and crime worthy of further analysis is gaining traction among academics in search of new CT strategies.⁶

It is easy to view the threats of terrorism and TNO crime in a vacuum and conceive of programs and measures to counter them individually. However, this accomplishes little more than addressing the symptoms of a greater problem. Both threats are proficient at adapting to counter-measures against them, and the result is often a perception on the part of the security apparatus that a new challenge has emerged to be dealt with on its own merits. In reality, only the tactics have changed, and the security challenge remains the same. It is the underlying conditions upon which the threat depends that must be addressed. Understanding the relationships between terrorism and TNO crime is one step toward identifying these underlying conditions.

While Makarenko’s continuum serves as a backdrop, it is unnecessary here to recount the expanding literature on the crime-terror nexus but better to describe the relationships between the two through which TNO crime supports or enables terrorism. At any given time, the interaction between the two falls into one of three general categories: intentional-cooperative, intentional-competitive, and unintentional. These relational categories facilitate a description of the implications for the ROI, specifically concerning the manner in which they benefit violent extremist groups and are relevant to the continued development of Indonesian security strategies.

Intentional-Cooperative Interactions

The most recognizable terror-crime interaction involves those activities in which two specific groups, or even the two phenomena in general, purposefully unite. This type of interaction does not necessarily imply an alignment of objectives or methods between the two entities, but each gains operational advantage from the other. These interactions are typically rapidly-established and of limited scope and duration. The collapse of the Soviet Union and the corresponding drop in state sponsorship of terrorism, coupled with the financial pressures of the US-led Global War on Terrorism, drove terrorist groups to seek creative avenues for financial support.⁷ As such, interactions in which the terror group receives payment for providing a service required for the operations of the criminal group are the most common. One such example occurred in 1993 when the Medellin drug cartel in Colombia hired the National Liberation Army terror group to plant car bombs, a capability not resident within the cartel.⁸

Even more common is a relationship between either a terror or criminal group and the non-physical phenomenon of the other. In other words, a terror group may utilize criminal tactics, or a criminal group utilizes terror tactics, to achieve operational goals. This relationship is called appropriation.⁹ Given the ever-increasing efforts to counter both challenges and the myriad reasons terror and criminal entities themselves should be incompatible partners, it should

Terrorism and Transnational Organized Crime: Challenges and Solutions

come as no surprise that this form of interaction is so popular. In fact, 14 of the 36 US State Department-designated foreign terrorist organizations are active in narcotics trafficking.¹⁰ Co-opting criminal tactics without the baggage of the organization itself is increasingly the modus operandi for the world's terrorist groups.

Intentional-Competitive Interactions

In contrast to a relationship based on deliberate cooperation for mutual benefit, association may manifest in a situation where the actions, influence, or mere existence of one is inherently contradictory to the objectives of the other. This relationship will typically exist where the option for a cooperative relationship is infeasible or otherwise excessively risky to one or both groups. Generally speaking, TNO crime seldom has an interest in politically- or ideologically-motivated terrorism. In fact, the objectives of terrorist groups often clash with those of organized crime. Ultimately, money is at the heart of the competitive relationship. For the terrorist, money is merely a resource, a means to a political end. However, for the crime syndicate, money is the ends. Unsurprisingly, disparate motivations can easily manifest as competition when their spheres of action or influence overlap. Such a relationship may exist when a terrorist group seeks the replacement of a government that happens to be complicit in, or reluctant to counter, organized crime. As an enabler of the criminal group and a target of the terrorist group, the government serves as a source of competition between them.

At a tactical level, the competitive relationship may manifest as a simple fight for the same resources. While the global demand is high for illicit commodities, and even illegally trafficked legitimate commodities, every market is susceptible to saturation. Criminal enterprises concerned only with profits have little interest in sharing these precious and sometimes fragile markets with terrorist groups looking to finance their operations. Experts believe that the preeminent revenue stream for TNO crime and terrorist groups is the drug trade.¹¹ One need only a basic understanding of supply and demand to comprehend the possibilities for rivalry in such a situation. Competition in the crime-terror relationship may be prominent given the high likelihood that terrorist organizations will conduct almost any activity to resource their operations given the opening and capacity to do so.¹² It is feasible that appropriation could easily transform into competition. For example, the Kurdistan Workers' Party, or PKK, became so entrenched in the European drug trade that they actively pursued and largely realized the marginalization of the Kurdish criminal groups traditionally in control of that market.¹³

Unintentional Interactions

A third type of relationship between terrorism and TNO crime can be described as unintentional. In this case, neither group considers or even concerns itself with the implications of its operations on the other. While the implications for each may be individually positive or negative, it is those points of intersection where consequences contribute favorably to the goals of either that are of the most importance. Not only are positive outcomes for both terrorism and

TNO crime unfavorable to a security situation in general, but they may also serve as a platform for transitioning from unintentional interactions into the more dangerous intentional-cooperative association in the event positive outcomes are recognized and attributable to the other. If, for instance, the pressures exerted by a terrorist group on a government result in the increased power and relevance of a party more accommodating to the activities of organized crime, there may be a good reason for the groups to begin cooperating to expand the benefits to both. Afghanistan represents a stark example of the danger of predominately inadvertent relationships between terrorist and criminal groups as struggles to sustain profitable criminal enterprises following the Soviet withdrawal in 1989 perpetuated instability conducive to terrorist safe havens.¹⁴

Implications for the Republic of Indonesia

Violent extremism is a security challenge for the ROI, and ignoring the linkages to TNO crime would be a strategic mistake. Its demographics and geo-strategic location lend themselves well to the needs of both groups. An enormous Muslim majority population conducive to terrorist groups in search of malleable psyches has enabled the Islamic State of Iraq and Syria (ISIS) to reinvigorate terrorism in Southeast Asia.¹⁵ Meanwhile, unemployment that outpaces economic growth, corruption, and nearly 35,000 miles of maritime borders inadequately controlled by poorly trained and resourced government agencies provide an environment ripe for exploitation by criminal syndicates engaged in multiple trafficking crimes and domestic drug production.¹⁶ As a nation climbing from a post-conflict quagmire conducive to the existence of both phenomena, the Government of Indonesia (GOI) must remain vigilant to these threats and the linkages between them.

For the ROI, intentional-cooperative interactions between crime and terror seem to be increasingly rare, despite this relationship having historical precedence. Direct cooperation is thought to have occurred between criminal enterprises in southern Thailand and the Indonesian insurgencies in Aceh, Sulawesi, and Maluku in the early 2000s in the form of providing small arms to insurgents.¹⁷ Al-Qaeda, renowned for a revenue stream reliant on the appropriation of the illicit drug trade, funded Jemaah Islamiyah's 2002 nightclub bombings in Bali.¹⁸ However, there is little evidence to suggest robust partnerships between terrorism and crime today. Regardless, the consequences of such relationships are potentially severe enough to warrant continued vigilance by the security apparatus based on the existence of terror and crime networks in the same space.

It is in this shared space that the most likely deliberate interactions occur, intentional-competitive relations between terrorism and TNO crime. For Indonesian security strategy, competition between the two threats is a double-edged sword. On the positive side, this competition between threats to security should correspond to a reduction in the bandwidth with which either can effectively compete with that security. Such distractions could expose vulnerabilities worthy of exploitation by CT strategies. On the other hand, competition also tends to make the competitors stronger. Depending on the nature of the competition, the stakes

Terrorism and Transnational Organized Crime: Challenges and Solutions

involved, and the final results, one or both groups will almost certainly walk away better off than they started, and thus more difficult to counter.¹⁹

The primary problem for the ROI, however, is the sheer expanse of the competitive space for terrorists and criminals, specifically regarding the physical movement of people and material. As the United Nations Office on Drugs and Crime points out, “Indonesia has vast numbers of remote and difficult to control areas that can be easily used as entry and exit points by traffickers and smugglers.”²⁰ It is possible that sufficient capacity exists to allow terrorism and organized crime to compete with little or no impact on either. For the foreseeable future, this relationship is likely to be primarily parasitical, with the terrorist group feeding off the criminal enterprise by co-opting or even hijacking the established means of business.²¹ There is a nuanced difference with appropriation here. Whereas appropriation, categorized as cooperative, describes the adoption of tactics, techniques, and procedures, this competitive relationship involves the actual utilization of criminal networks. If the capacity exists to meet their needs, the organized crime group is unlikely to pay much attention, but once terrorist free-riding begins to impinge on profits their apathy is sure to wane. Until then, this competition is acceptable to both and serves as an enabler to the terrorists.

Perhaps most influential to the strategic landscape are the unintentional interactions between groups. Although the objectives of terrorist groups and TNO crime groups are seldom the same, criminal activities sometimes inadvertently support, or even enable, terrorism in not-so-direct ways. It is in these interactions that the ROI is most at risk. Two examples highlight this potential, both related to the expansion of violent extremist ideology. The first involves illegal logging and the trafficking of illegal forestry products. The ROI is experiencing the most rapid devastation of rainforest in the world, due in large part to organized criminal activity.²² The depletion of natural resources critical to the livelihood of many rural communities exacerbates already-meager economic conditions in areas that are poorly controlled. These communities and their disenfranchised populations become easy recruiting grounds for terrorist groups and ultimately generate safe-havens from which to conduct operations. The second example is also related to the expansion of populations vulnerable to radicalization: prison inmates. Like most governments, the GOI has an inherent interest in curbing organized crime; aggressive anti-crime efforts have resulted in overcrowded prisons. The unintended consequence is the creation of an audience with anti-government leanings, the basic mindset targeted by most terrorist groups. ISIS, in particular, has taken notice and is going to great lengths to actively recruit from within Indonesian prisons.²³

Recommendations for Indonesian Counter-Terrorism Strategy

The 2002 attacks in Bali were a violent wakeup call to Indonesian authorities and the international community of the vulnerabilities of this sprawling island nation to terrorism. Since then, CT efforts have been aggressive, proactive, and remarkably successful. Jemaah Islamiyah, then the country’s preeminent terror threat, has been effectively broken. Terrorist violence in the

ROI, while still unacceptable, might be considered nominal in comparison to much of the Muslim world. Phil Caruso attributes this contemporary success to a combination of factors, some fortuitous and others deliberate, pointing out that "...the stabilization of the democratic Indonesian government, the timing of the Bali bombings against the backdrop of the U.S. Global War on Terror, and key initiatives by the Indonesian government have made society more difficult for radical and terrorist ideology to proliferate than in other predominately Muslim states struggling for stability."²⁴ With the support and financial assistance of several nations, notably Australia and the United States, the ROI has vigorously pursued CT efforts to include the establishment of an elite counter-terror apparatus, the creation of an internal intelligence network, and the implementation of aggressive legislation. However, success can be fleeting. The May 2018 suicide bombings of three churches and a police headquarters in Surabaya, the ROI's second largest city, point to the adaptability and reinvigoration of terrorism in the country. In this light, there is a need to update CT strategies. Addressing the existing and potential linkages between terrorism and TNO crime is pertinent to such an endeavor.

One way to break these linkages may involve a shift in CT focus. Today's recognized nexus between the two phenomena, the crime-terror continuum, highlights that one of the factors common to both is criminality. Whereas current policies tend to discriminate between phenomena by focusing on their motivations, the assumption of an enhanced counter-crime position may serve to strengthen CT strategies.²⁵ Expanded efforts to eliminate or reduce crime in general would serve two purposes, even where no observable linkages are present. First, limiting the availability of funds or services garnered through illicit activities such as fraud, money laundering, and smuggling reduces the capacity of any terrorist group reliant upon those activities. Second, elimination of these covert capacities may expose previously-unrecognized terrorist vulnerabilities as they are forced to seek overt arrangements, exposing them to traditional CT tactics. Such efforts will likely compound the problem of overcrowded prisons and the resultant increase in audiences vulnerable to radicalization, which is why the next strategic focus area is so critical.

A second strategy is de-radicalization and, perhaps more importantly, anti-radicalization. While both are critical CT tools, de-radicalization focuses on undoing or undermining the influence of extremist ideology. Anti-radicalization aims to prevent that influence from taking root in the first place. In policy and strategy, there should be negligible differences between the two, and such efforts are likely to prove highly successful at undercutting recruitment efforts if given the proper attention due to the nation's moderate tendencies. Countering the terrorist narrative is particularly important in prisons, where otherwise previously profit-motivated criminals are exposed to increasingly-attractive ideological influences. Indonesian disengagement programs are woefully under-resourced. In fact, the latest series of attacks in the ROI began near Jakarta on 8 May 2018 with a prison riot staged by pro-ISIS inmates, resulting in the death of five police officers.²⁶ It is unclear whether the inmates responsible were already pro-ISIS or co-opted in prison, but there is little doubt that terror groups are keen to finding

Terrorism and Transnational Organized Crime: Challenges and Solutions

attentive, disenfranchised audiences in the populations of detention facilities. The ROI should make a concerted effort to expand and fully resource disengagement programs within its prison system.

One tactic to disrupt terrorist radicalization efforts, regardless of whether the audience is prison inmates or marginalized rural populations, is through the messages of those already de-radicalized. In 2015, authorities arrested a returning ISIS member who had traveled to Syria with grand promises of riches and glory from the terror group. When the promises failed to materialize, he returned fully disillusioned. While potentially not widespread, situations such as this present an instrument of strategic value at very low cost. Actively highlighting the disappointment of a would-be extremist as a direct result of the terror group's deceit could be CT propaganda at its finest. Such a tactic is not unprecedented and has previously proven effective. For example, Magsaysay, the Secretary of National Defense during the Hukbalahap insurrection in the Philippines, managed to de-radicalize a dedicated insurgent who had been sent to assassinate him and subsequently put the disillusioned man to work spreading the Secretary's message.²⁷ Employing the message of prior or would-be extremists regretful of their decisions could strengthen the CT narrative.

Finally, the ROI, and indeed the international community, must continue to expand its intelligence network to effectively counter the linkages that permit TNO crime to enable or support terrorist groups. Internally, it enjoys a robust intelligence capability known as the "early warning system." Run by the Ministry of Home Affairs, this network employs the close cooperation of the ROI's elite CT squad, Detachment 88, with local community and religious leaders to attain information.²⁸ Looking to the future, however, the ROI must eliminate and prevent corruption, especially within its national police force. Dishonesty, bribery, fraud, and other abuses of authority by police risk perpetuating mistrust antithetical to law enforcement being able to leverage human intelligence networks, a necessity to discovering and targeting the crime-terror linkages.²⁹

Meanwhile, the rapid elimination of state borders as an obstacle to both crime and terror call for a corresponding removal of the barriers between the counter-terror, law enforcement, and intelligence communities to enable expanded coordination, cooperation, and transparency. There are international agencies already engaged in addressing crime-terror linkages, such as the United Nations Office on Drugs and Crime and Interpol. In fact, in a seemingly visionary move, Interpol established a Fusion Task Force in 2002 specifically for this purpose. Unfortunately, such efforts are only as good as the information and resources at their disposal, and the Fusion Task Force suffers from shortfalls in the contribution of both from its member states. Global CT measures would be well-served by the international community, starting with the United States, placing a higher priority on resourcing existing agencies that are purpose-built to assist law enforcement in taking down criminal organizations that enable or support terrorism.³⁰

Conclusion

Acceptance that there are identifiable interactions between terrorist groups and TNO crime is critical to countering both. This nexus need not be deliberate or enduring to facilitate the goals of either and complicate countermeasures against both. Understanding these relationships and dissecting the networks that enable them will contribute significantly to the development of security strategies. This is particularly true in states such as the ROI with its unique characteristics of fledgling post-conflict democracy, growing population, expansive uncontrolled to semi-controlled areas, and relatively well-established violent extremist and criminal actors. To be sure, the ROI, with the support of the United States and other international partners, is doing much to combat both terrorism and TNO crime. However, breaking the intentional and unintentional linkages that enable and support terrorism is crucial to sustaining the momentum present there today. This requires a realignment of strategic focus toward criminality, controlling the environments conducive to radicalization, and improving internal and external intelligence networks.

¹ Caruso, "Indonesia and Terrorism," 3.

² Ibid., 2.

³ As acknowledged by the Ministry of Foreign Affairs, Republic of Indonesia, "Combating Transnational Crimes."

⁴ Makarenko, "Criminal and Terrorist Networks," 58.

⁵ Makarenko, "The Crime-Terror Continuum: Tracing the Interplay," 131.

⁶ For example, see Sanderson, "Transnational Terror and Organized Crime;" Mullins and Wither, "Terrorism and Organized Crime;" and Hutchinson and O'Malley, "A Crime-Terror Nexus?"

⁷ Sanderson, "Transnational Terror and Organized Crime," 49-50.

⁸ Clawson and Lee, *The Andean Cocaine Industry*, 53.

⁹ Mullins and Wither, "Terrorism and Organized Crime," 71. For a more detailed discussion on how terrorist groups utilize appropriation of criminal ways and means see Williams, "Terrorist Financing and Organized Crime," 137-143.

¹⁰ Sanderson, "Transnational Terror and Organized Crime," 50.

¹¹ Hutchinson and O'Malley, "A Crime-Terror Nexus," 1096.

¹² Ibid., 1097.

¹³ Williams, "Insurgencies and Organized Crime," 32.

¹⁴ Makarenko, "The Crime-Terror Continuum: Tracing the Interplay," 138-139.

¹⁵ Abuza, "Joining the New Caravan," 2.

¹⁶ United Nations Office on Drugs and Crime, "Indonesia," 1.

¹⁷ Makarenko, "The Crime-Terror Continuum: Tracing the Interplay," 132

¹⁸ The Sydney Morning Herald, "Al-Qaeda Financed Bali."

¹⁹ Stern and Modi, "Producing Terror," 39-40 provides a general description of organizational resource competition based on P. Selznick, *The Organizational Weapon: A Study of Bolshevik Strategy and Tactics*, Santa Monica, CA: RAND Corp., 1952, 227-468.

²⁰ United Nations Office on Drugs and Crime, "Indonesia," 1.

²¹ Hutchinson and O'Malley, "A Crime-Terror Nexus," 1102.

²² United Nations Office on Drugs and Crime, "Indonesia," 1-2.

²³ Abuza, "Joining the New Caravan," 12.

²⁴ Caruso, "Indonesia and Terrorism," 3.

²⁵ Makarenko, "The Crime-Terror Continuum: Tracing the Interplay," 141.

²⁶ Jones, "How ISIS Has Changed Terrorism," 1.

²⁷ Greenberg, "The Hukbalahap Insurrection," 33.

²⁸ Barton, "How Indonesia's Counter-Terrorism Force Has Become a Model for the Region," 3.

²⁹ Caruso, “Indonesia and Terrorism,” 5.

³⁰ Mullins and Wither, “Terrorism and Organized Crime,” 79-80.

BIBLIOGRAPHY

- Abuza, Zachary. “Joining the New Caravan: ISIS and the Regeneration of Terrorism in Southeast Asia.” Working Paper, The Strategic Studies Institute of the U.S. Army War College. Accessed August 27, 2018. <http://www.ciaonet.org/record/34919?search=1>.
- Abuza, Zachary. “The Social Organization of Terror in Southeast Asia: The Case of Jemaah Islamiyah.” In *Countering the Financing of Terrorism*, edited by Thomas J. Biersteker and Sue E. Eckert, 63-89. New York: Routledge, 2008.
- “Al-Qaeda Financed Bali’ Claims Hambali Report.” *The Sydney Morning Herald*, October 6, 2003. Accessed September 28, 2018. <https://www.smh.com.au/national/al-qaeda-financed-bali-claims-hambali-report-20031006-gdhjab.html>.
- Barton, Greg. “How Indonesia’s Counter-Terrorism Force Has Become a Model for the Region.” *The Conversation*, July 1, 2018. Accessed October 1, 2018. <http://theconversation.com/how-indonesias-counter-terrorism-force-has-become-a-model-for-the-region-97368>.
- Caruso, Phil. “Indonesia and Terrorism: Success, Failure, and an Uncertain Future.” Washington D.C.: Middle East Institute (2018). Accessed October 1, 2018. <http://www.mei.edu/content/map/indonesia-and-terrorism-success-failure-and-uncertain-future>.
- Clarke, Colin P. “Drugs and Thugs: Funding Terrorism through Narcotics Trafficking.” *Journal of Strategic Security* 9, no. 3 (2016): 1-15. Accessed September 28, 2018. <https://doi.org/10.5038/1944-0472.9.3.1536>.
- Clawson, Patrick L., and Rensselaer W. Lee III. *The Andean Cocaine Industry*. New York: St. Martin’s Press, 1996.
- Friedman, Uri. “How Indonesia Beat Back Terrorism—for Now.” *The Atlantic*, September 25, 2016. Accessed October 1, 2018. <https://www.theatlantic.com/international/archive/2016/09/indonesia-isis-islamic-terrorism/500951/>.
- Greenberg, Lawrence M. *The Hukbalahap Insurrection: A Case Study of a Successful Anti-Insurgency Operation in the Philippines, 1946-1955*. Washington, D.C.: U.S. Army Center of Military History, 1986.
- Hutchinson, Steven, and Pat O’Malley. “A Crime-Terror Nexus? Thinking on Some of the Links between Terrorism and Criminality.” *Studies in Conflict and Terrorism* 30, no. 12 (2007): 1095-1107. Accessed October 1, 2018. <https://doi.org/10.1080/10576100701670870>.
- Jones, Sidney. “How ISIS Has Changed Terrorism in Indonesia.” *New York Times*, May 22, 2018. Accessed October 1, 2018. <https://www.nytimes.com/2018/05/22/opinion/isis-terrorism-indonesia-women.html>.
- Levi, Michael. “Lessons for Countering Terrorist Financing from the War on Serious and Organized Crime.” In *Countering the Financing of Terrorism*, edited by Thomas J. Biersteker and Sue E. Eckert, 19-46. New York: Routledge, 2008.
- Makarenko, Tamara. “Criminal and Terrorist Networks: Gauging Interaction and the Resultant Impact on Counter-Terrorism.” In *Five Dimensions of Homeland and International Security*, edited by Esther Brimmer, 57-72. Washington D.C.: Center for Transatlantic Relations, 2008. Accessed September 28, 2018. https://www.files.ethz.ch/isn/106019/2008_five_dimensions_11_chapters.pdf.
- Makarenko, Tamara. “The Crime-Terror Continuum: Modelling 21st Century Security Dynamics.” Ph.D. diss., University of Wales, 2005. Accessed September 28, 2018. <https://core.ac.uk/download/pdf/1916933.pdf>.
- Makarenko, Tamara. “The Crime-Terror Continuum: Tracing the Interplay between Transnational Organized Crime and Terrorism.” *Global Crime* 6, no. 1 (2004): 129-145. Accessed September 28, 2018. <https://doi.org/10.1080/1744057042000297025>.
- Ministry of Foreign Affairs, Republic of Indonesia. “Combating Transnational Crimes.” Ministry of Foreign Affairs, January 20, 2016. Accessed August 27, 2018. <https://www.kemlu.go.id/en/kebijakan/isu-khusus/Pages/Combating-Transnational-Crimes.aspx>.
- Ministry of Foreign Affairs, Republic of Indonesia. “Indonesia and Counter-Terrorism.” Ministry of Foreign Affairs, January 20, 2016. Accessed August 27, 2018. <https://www.kemlu.go.id/en/kebijakan/isu-khusus/Pages/Combating-Terrorism.aspx>.
- Mullins, Sam, and James K. Wither. “Terrorism and Organized Crime.” *Connections: The Quarterly Journal* 15, no. 3 (2016): 65-82. Accessed October 1, 2018. <https://doi.org/10.11610/Connections.15.3.06>.

- Sanderson, Thomas M. "Transnational Terror and Organized Crime: Blurring the Lines." *SAIS Review of International Affairs* 24, no. 1 (2004): 49-61. Accessed September 28, 2018. <https://doi.org/10.1353/sais.2004.0020>.
- Smit, Timo. "Multilateral Peace Operations and the Challenges of Terrorism and Violent Extremism." Stockholm: Stockholm International Peace Research Institute, November 2017. Accessed September 28, 2018. <https://www.sipri.org/publications/2017/sipri-background-papers/multilateral-peace-operations-and-challenges-terrorism-and-violent-extremism>.
- Stern, Jessica, and Amit Modi. "Producing Terror: Organizational Dynamics of Survival." In *Countering the Financing of Terrorism*, edited by Thomas J. Biersteker and Sue E. Eckert, 19-46. New York: Routledge, 2008.
- United Nations Office on Drugs and Crime. "Indonesia: Counter Transnational Organized Crime and Illicit Trafficking." Accessed August 27, 2018. <http://www.unodc.org/indonesia/en/issues/counter-transnational-organized-crime-and-illicit-trafficking.html>.
- van der Lijn, Jaïr. "Multilateral Peace Operations and the Challenges of Organized Crime." Stockholm: Stockholm International Peace Research Institute, February 2018. Accessed September 28, 2018. <https://www.sipri.org/publications/2018/sipri-background-papers/multilateral-peace-operations-and-challenges-organized-crime>.
- Williams, Phil. "Terrorist Financing and Organized Crime: Nexus, Appropriation, or Transformation?" In *Countering the Financing of Terrorism*, edited by Thomas J. Biersteker and Sue E. Eckert, 126-149. New York: Routledge, 2008.
- Williams, Phil. "Insurgencies and Organized Crime." In *Drug Trafficking, Violence, and Instability*. Carlisle Barracks, PA: U.S. Army War College Strategic Studies Institute, April 2012. Accessed November 23, 2018. <https://www-jstor-org.usnwc.idm.oclc.org/stable/resrep11359>.

List of Abbreviations

AFP	Australian Federal Police
AIIB	Asian Infrastructure Investment Bank
AOR	area of responsibility
APAN	All Partners Access Network
APTERR	ASEAN Plus Three Emergency Rice Reserve
ASEAN	Association of Southeast Asian Nations
ASW	anti-submarine warfare
ATA	Anti-Terrorism Assistance Program
AQ	al Qaida
BASARNAS	Badan Nasional Pencarian dan Pertolongan or Indonesian Search and Rescue National Agency
BGN	US Board of Geographic Names
BKPM	Badan Koordinasi Penanaman Modal or Indonesia Investment Coordinating Board
BNPT	Badan Nasional Penanggulangan Terorisime or National Agency for Combating Terrorism
BMKG	Badan Meteorologi Klimatologi dan Geofisika or Indonesian Agency for Meteorology, Climatology and Geophysics
BPC	Building Partner Capacity
BRI	Belt and Road Initiative
BULOG	Badan Urusan Logistik or Indonesia Logistics Bureau
CA	Civil Affairs
C2	Command and Control
CCG	China Coast Guard
CCMD	Combatant Commands
CDC	US Centers for Disease Control and Prevention
CENTCOM	US Central Command
CGHE	Center for Global Health Engagement
CNA	Center for Naval Analysis
CARAT	Cooperation Afloat Readiness and Training
CT	counterterrorism
COC	Code of Conduct
COIN	counterinsurgency
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSIS	Center for Strategic and International Studies
CUES	Code for Unplanned Encounters at Sea
CVE	Countering Violent Extremism
DCS	Direct Commercial Sale
DET	Digital Engagement Team
DPRD	Dewan Perwakilan Rakyat Daerah or Regional People's Legislative Assembly
DOC	Declaration of the Conduct of Parties in the South China Sea
DOD	US Department of Defense
DoS	US Department of State

ECV	Epidemic Control for Volunteers
EEZ	Exclusive Economic Zone
ENSO	El Nino/Southern Oscillation
EPT	Emerging Pandemic Threat Program
FAC/FIAC	fast attack craft/fast inshore attack craft
FAO	UN Food and Agriculture Organization
FCPA	Foreign Corrupt Practices Act
FDI	foreign direct investment
FID	foreign internal defense
FMS	foreign military sales
FOIP	Free and Open Indo-Pacific
FON	freedom of navigation
FONOPS	freedom of navigation operations
FPI	Front Pembela Islam
FTO	foreign terrorist organization
G20	Group of Twenty
GAM	Gerakan Aceh Merdeka or Free Aceh Movement
GAO	US Governmental Accountability Office
GCC	Geographic Combat Command
GIPC	Global Innovation Policy Center
GMF	Global Maritime Fulcrum
GMFD	Global Maritime Fulcrum Doctrine
GOI	Government of Indonesia
GDP	Gross Domestic Product
GHSA	Global Health Security Agenda
GWOT	Global War on Terrorism
HADR	Humanitarian Assistance and Disaster Response
HTI	Hizbut Tahrir Indonesia
ICCOG	Indonesia-China Center for the Ocean and the Climate
ICS	Integrated Country Strategy
IGO	International Governmental Organization
IIED	International Institute for Economy and Development
IJSOC	Indonesian Joint Special Operations Command
IMET	International Military Education and Training
IMFC	Indonesia Marine Funders Collaboration
IMSS	Integrated Maritime Surveillance System
IN	Indonesian Navy
INCSEA	Incidents at Sea
INDOPACOM	US Indo-Pacific Command
IO	information operations
IORA	Indian Ocean Rim Association
IoT	Internet of Things
IPCC	Intergovernmental Panel on Climate Change
IPP	intellectual property protection
IPR	intellectual property rights
IPSA	Indo-Pacific Security Alliance

IS	Islamic State
ISIS	Islamic State of Iraq and ash-Sham
ISOF	Indonesian Special Operations Forces
IUU	illegal, unreported, and unregulated, typically regarding fishing
JAD	Jamaah Anshurad Daulah or Jamaah Ansharut Daulah
JAS	Jamaah Anshorusy Syariah
JI	Jemaah Islamiya
JIAC	Joint and Interagency Coordination
JIATF	Joint Interagency Task Force
JSP	Joint Strategic Plan
KKP	Ministry of Maritime Affairs and Fisheries
KKIP	Defense Industry Policy Committee
KLE	Key Leader Engagements
KPK	Komisi Pemberantasan Korupsi or Corruption Eradication Commission
LOE	line of effort
LOO	line of operation
LTE	Long-Term Evolution
MDA	maritime domain awareness
MDG	Maritime Donors Group
MEF	Minimum Essential Force
MFA	Ministry of Foreign Affairs
MIST	Military Information Support Team
MIT	Middle-Income Trap
MLE	Maritime Law Enforcement
MLE	Military Liaison Elements
MOU	Memorandum of Understanding
MPP	Maritime Partnership Program
MPR	Majelis Permusyawaratan Rakyat or People's Consultative Assembly
MSI	Maritime Security Initiative
MUI	Majelis Ulama Indonesia or Indonesian Ulama Council
NAMRU	Naval Medical Research Unit
NATO	North Atlantic Treaty Organization
NDAA	National Defense Authorization Act
NDS	National Defense Strategy
NGO	non-government organization
NNS	North Natuna Sea
NOAA	National Oceanic and Atmospheric Administration
NSS	National Security Strategy
OBOR	One Belt One Road
OE	operational environment
OFDA	Office of Foreign Disaster Assistance
OJK	Otoritas Jasa Keuangan or Financial Services Authority
OPLAN	Operational Plan
OPM	Organisasi Papua Merdeka or Free Papua Movement
PASSWG	Pacific Area Security Sector Working Group
PAT	PACOM Augmentation Teams

PLA-N	Peoples Liberation Army-Navy
PMIA	Pusat Maritim Indonesia-Amerika or Indonesian-American Maritime Centers
POLRI	Kepolisian Negara Republik Indonesia or Indonesian National Police
PRC	People's Republic of China
PRIORITAS	Prioritizing Reform, Innovation and Opportunities for Reaching Indonesia's Teachers, Administrators, and Students
RAN-API	Rencana Aksi Nasional – Perubahan Iklim or the National Action Plan on Climate Change
R&D	research and development
RMSA	regional maritime situational awareness
ROE	rules of engagement
RPJMN	Rencana Pembangunan Jangka Menengah Nasional or National Medium-Term Development Plan
RSCC	Regional SOF Coordination Center
RSIS	Rajaratnam School for International Studies
ROI	Republic of Indonesia
SCS	South China Sea
SDGT	Specially Designated Global Terrorist
SEACAT	Southeast Asia Cooperation and Training
SECDEF	Secretary of Defense
SECSTATE	Secretary of State
SFA	Security Force Assistance
SMEE	Subject Matter Expert Exchanges
SOCOM	US Special Operations Command
SOCAPAC	US Special Operations Command, Pacific
SOF	Special Operations Forces
SOLO	Special Operations Liaison Officer
SOP	standard-operating-procedure
STRIKEFORNATO	Naval Striking and Support Forces NATO
TNI	Tentara Nasional Indonesia or Indonesian National Armed Forces
TNI-AL	Tentara Nasional Indonesia – Angkatan Laut or Indonesian Navy
TNO	Transnational organized, referring to crime
TPP	Trans-Pacific Partnership
TSCP	Theater Security Cooperation Plan
TSOC	Theater Special Operations Command
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNDODC	United Nations Office on Drugs and Crime
UNFAO	United Nations Food and Agriculture Organization
UNPDF	UN Partnership for Development Framework
USAID	US Agency for International Development
USD	US dollar
USDA FAS	US Department of Agriculture Foreign Agriculture Service
USG	US Government
USINDO	US-Indonesia Society

USN	US Navy
UUS	underwater unmanned systems
VBSS	vessel board search and seizure
VEO	violent extremist organization
VOA	Voice of America
WHO	World Health Organization
WTO	World Trade Organization
WWF	World Wildlife Fund

The views expressed in these papers reflect personal opinions of the authors and do not reflect the official policy or position of the United States Naval War College, the United States Navy, the US State Department, USAID, any federal agency, the Department of Defense, or the US Government.