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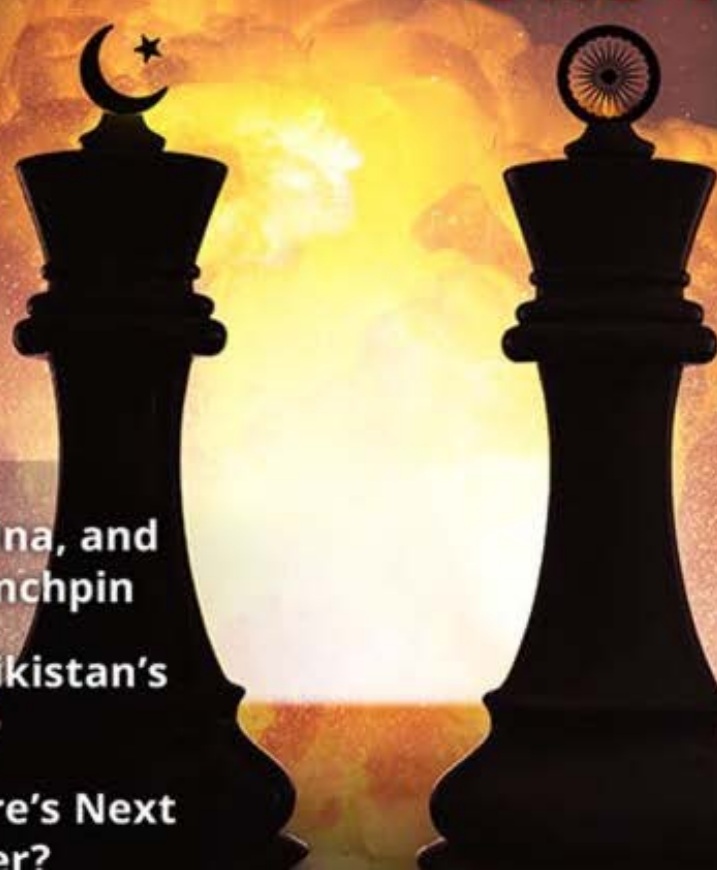
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Indonesia, China, and the Natuna Linchpin

Can Indonesia develop a strategy to confront China's long game in the Natunas and the South China Sea?

By **Evan A. Laksmana**

China and Indonesia seem to be at it again in the Natuna waters. In late December, dozens of Chinese boats were fishing across at least 30 different locations within Indonesia's exclusive economic zone (EEZ) accompanied by several coast guard vessels. Indonesia summoned the Chinese ambassador to Jakarta and issued a strong diplomatic protest. During several weeks of the ensuing stand-off, the Indonesian military deployed warships and fighter jets into the area as both sides traded barbs through the press. Indonesian President Joko "Jokowi" Widodo also visited Natuna and boarded one of the navy's warships in the area. By mid-January, the Chinese vessels had largely cleared the Natuna EEZ (dubbed the North Natuna Sea in 2017).

The incident left a bitter aftertaste in Jakarta. Why did Beijing squander its strategic capital in Jakarta over what law enforcement officials consider to be "low value fisheries"? Did Indonesia really stare down the Chinese? Will a maritime crisis in the Natunas happen again?

Natuna: What's the Problem?

Indonesia is a "nonclaimant" in the South China Sea as it does not stake a legal claim in any of the disputed parts of the area; it also does not recognize China's illegal claim over parts of the Natuna EEZ.

Analysts like to note that Indonesia and China have a dispute around the Natuna EEZ. But a dispute implies both sides equally have some rights under the law to begin with. The problem is that Indonesia's rights are recognized by international law, particularly the 1982 United Nations Convention on the Law of the Sea (UNCLOS), and China's are not.

UNCLOS acknowledges that Indonesia only has overlapping claims with Malaysia and Vietnam in the area.

China's claim over the fishery resources within the Natuna EEZ is not backed by UNCLOS. A 2016 ruling by the International Tribunal on the Law of the Sea (through the Permanent Court of Arbitration) further declared China's nine-dash line claim over the whole of the South China Sea to be illegal. So, if there is a dispute — i.e. genuine EEZ overlap — between Indonesia and China, where exactly are the coordinates for China's claim and their international legal basis?

Put more simply: One side has a valid and legal claim and the other conjures up legal figments at the expense of international law. No amount of fabricated legal-sounding phrases — “historic fishing ground” or “jurisdiction over relevant waters” — will change this reality.

But the fact that there is no real legal dispute is a double-edged sword. On the one hand, so long as the international community upholds the 1982 UNCLOS, Indonesia will always have a strong basis to challenge China's claims. But because there is no dispute to begin with, Indonesia cannot formally codify any arrangements to solve the problem. Instead, the positions of both China and Indonesia on the Natunas have been held together for the past few decades by an informal understanding.

In 1995, Indonesian Foreign Minister Ali Alatas met his Chinese counterpart Qian Qichen in Beijing to clarify their respective positions on the Natunas and the South China Sea. In essence, Beijing stated that it understood and had no problems with Indonesia's sovereignty over the Natuna Islands. Chinese officials also may have come away from the meeting believing that Indonesia had no problems with China's sovereignty over the Nansha (Spratly) Islands.

But Jakarta and Beijing had different interpretations of the understanding, informally conveyed and implicitly inferred. Jakarta believed that if China accepts Indonesia's sovereignty over the Natuna Islands then it is logical to accept the sovereign rights (i.e. the EEZ) that stem from it (per UNCLOS). China thought that while Indonesia's sovereignty was not in doubt, Jakarta's sovereign rights over the EEZ overlap with its own claims.

But at the time, Indonesia had reopened its diplomatic relationship with China just five years earlier. China was also in no position then to militarily control the South China Sea and push anyone else around. So, despite the different interpretations, the problematic

informal understanding has somewhat kept the peace between the two sides. Changes in the strategic balance in the 25 years since could certainly disrupt such a fickle, uneasy understanding.

China's Strategy in the Natunas

Over the past decade, the strategic balance has been gradually but surely shifting to favor China. Some of the shifts have been structural in nature, like economic growth, while others have been intentionally and successfully crafted, like China's ability to dominate the South China Sea. China's strategy in the Natunas is thus not an incidental product or a short-term policy. Rather than viewing China's strategy in a snapshot fashion within a single maritime crisis, we need a longer, holistic view of China's strategic behavior.

China sees Indonesia and the Natunas as part of its broader great power challenge to the United States. China, in other words, does not necessarily want to "seize and occupy" the Natuna Islands or "strategically compete" with Indonesia. Dealing with Indonesia is instead a part of China's strategy of strengthening its regional position, pushing the United States away from the region, and solidifying the Chinese Communist Party rule. Building off on this premise, China's strategy in the Natunas consists of two primary elements.

First, from a diplomatic standpoint, China has kept two strategic ambiguities alive: The informal understanding with Indonesia noted above and the ASEAN-China Code of Conduct (CoC) on the South China Sea process. In regard to the former, China has parroted the informal understanding throughout the recent maritime incidents to placate Indonesia's public sentiments while signaling to its own people that Beijing is not backing down on its wider South China Sea claims.

This party line has further allowed Beijing to buy time and gradually but fundamentally shift how UNCLOS is being perceived and implemented. If Beijing could somehow get Indonesia to implicitly acknowledge, by accident or otherwise, China's overlapping rights in the North Natuna Sea, then China's dubious South China Sea claims will be strengthened at the expense of the other claimants. This is why Beijing has been uneasy about Indonesia's efforts to speedily conclude its maritime delimitation with Vietnam and Malaysia, which would further weaken China's dubious claims in the area.

Meanwhile, China has dangled the CoC carrot since the 2002

Declaration on the Code of Conduct. Chinese officials have kept the CoC process going because it has given them diplomatic breathing space. A cordial relationship with Southeast Asia has strengthened China's economic growth and power while leaving the region's prosperity entangled with — and therefore vulnerable to — Beijing's good graces. If the CoC process also strokes Jakarta's ego by seemingly placating its ASEAN leadership impulses and gets Indonesia off Beijing's back, that is just more icing on the cake as far as China is concerned.

The CoC process has also given China time to grow its military power and implement what analysts call “salami slicing”: Engaging in maritime encroachments while gradually controlling and militarizing disputed features (and even creating “artificial islands”). While we can debate the strategic value of those features in a great power war, they have nonetheless allowed China to support its incursions — using fishing vessels, maritime militias, and coast guard vessels — into the waters around the South China Sea, including the Natunas.

These incursions have been stress-testing the strategic resolve of the other claimants in the South China Sea. But they are not meant to undermine Indonesia's nonexistent claim in the Spratlys, as there isn't one. Instead, they are strategic entrapment tools to potentially get Indonesia to implicitly acknowledge China's maritime rights in the Natunas — and by implication its wider illegal claims in the South China Sea.

To succeed, however, Beijing needs the second element of its strategy: its ability to economically draw Indonesia closer while driving a wedge within the Jakarta political elite. Beijing understands that public debates and scrutiny over Chinese behavior are counterproductive given the acrimonious bilateral history and Indonesian domestic sensitivities. How could Beijing then undermine Indonesia's interests without drawing too much attention?

For one thing, Indonesia is now much more economically tied to China than ever before. Many key political and economic actors in Indonesia are thus seemingly attuned to Chinese interests, even if they are unwilling to publicly show it. In other words, China's growing economic influence within Indonesia is facilitated by powerful domestic actors willing to persuade the government of the economic benefits of keeping the strategic partnership strong, even at

the expense of the nuances of sovereign rights under international law.

Consequently, Indonesia's elite is more likely to be divided over strategic engagement with China. Some are likely to be critical of Chinese behavior, but others are likely to call for "calm and composure" so as to not jeopardize the economic relationship. China has been adept at finding the gaps and wedges within these competing voices and exploiting them for its benefit. Beijing's dream scenario would be if one of those groups somehow agreed to "peacefully discuss" overlapping maritime rights in the Natunas, or even sign some cooperation agreement that inadvertently acknowledges China's rights in the Natunas.

Jakarta's Natuna Playbook

In contrast to China's seemingly sophisticated strategy, Indonesia's response has been largely reactionary and lethargic, rather than proactive and strategic. Consequently, Indonesia's Natuna playbook lacks adaptability and innovative ideas. Under Jokowi, Indonesia's response to Chinese strategy in the Natunas has diplomatic, military, and economic elements.

First and foremost, Indonesia relies on UNCLOS as the bedrock of its diplomatic positioning and engagements. In the face of maritime incidents, Indonesia keeps sending diplomatic protest notes, ensuring that Chinese behavior and claims in the Natunas are not left unchallenged. Indonesia has also reiterated the illegality of the nine-dash line in various international forums, including the United Nations. Even though Indonesia missed a chance to publicly support the 2016 tribunal ruling, it has since used the award in its own pronouncements.

Second, Indonesia has tried to facilitate the speedy conclusion of the ASEAN-China CoC process. While the CoC is not a dispute resolution tool, it can be a useful tension management mechanism. If the CoC can be of sufficiently "high quality," with a defined geographic scope or legal enforcement, for example, then it might create the constructive conditions necessary for future equitable maritime delimitations. As far as the Natunas are concerned, Jakarta hopes that the CoC process could reduce Beijing's incentives to poke around its EEZ.

Third, Indonesia engages in military posturing and seeks to accelerate

pre-existing plans to boost military facilities within and around the Natuna Islands. The posturing includes publicized deployment of assets like warships and fighter jets as well as joint exercises in the area. The plan to develop military facilities and create new combat units was developed in the mid-to-late 2000s. The recurrent Natuna crises have thus helped the defense establishment justify pre-existing plans and push through the budgetary process, rather than spurring a tit-for-tat military response to China's incursions.

Fourth, Indonesia seeks to boost investment and local development around the Natuna Islands and facilitate the migration of fishermen from Java to the area. Jakarta assumes that if the local communities are developed and if investments from multiple countries like Japan, Australia, and the United States are present in key projects (e.g. fishing or natural gas facilities), then China would think twice about challenging Indonesia's EEZ rights. Meanwhile, fishermen from Java would bring major fishing vessels to operate in the Natuna EEZ.

These responses look comprehensive and reasonable. But they have not been effective in changing China's behavior in the Natunas nor have they changed Beijing's calculus in the South China Sea. After all, China now holds the military, economic, political, and diplomatic upper hand vis-à-vis Indonesia and the rest of Southeast Asia. It should not be surprising, therefore, that we see recurring maritime incidents.

But the problem is more than just the balance of power between Indonesia and China. Indonesia's responses are not coordinated under a single centralized hub — there is no National Security Council equivalent under the president. Its diplomatic strategy is too legalistic and bounded by multilateral constraints. Beyond protest notes, Jakarta has been unwilling or unable to consider other diplomatic escalatory steps if necessary, like recalling the Indonesian ambassador in Beijing.

Meanwhile, military responses tend to be *ad hoc* and weighed down by budgetary shortfalls; not to mention organizational challenges like promotional career logjams or doctrinal stagnation. More broadly, the governance of Indonesia's maritime security is fractured by competing authorities and multiple law enforcement agencies, from the navy and the coast guard to the fisheries ministry's enforcement units. It is unclear whether Jokowi's proposed solution to create a

maritime security “omnibus law” to once and for all end the patchy maritime governance space will pass in the coming years.

Repeated Indonesia-China Games?

Indonesia and China appear to be at an impasse. On the one hand, China considers Indonesia and the Natunas as a linchpin to prop up its claims in the South China Sea, even if it means waiting for Jakarta’s elite to slip up. As such, it is unlikely that Beijing will stop its maritime encroachments into the North Natuna Sea. After all, the ambiguities surrounding the Natunas and the ASEAN-China CoC process work to Beijing’s advantage in the long run given the overwhelming imbalance of power.

But the pressures of domestic politics in Jakarta means that Chinese behavior in the Natunas will not go unnoticed. The Jokowi administration is particularly prone to political attacks given that the president has courted Chinese economic investment and trade. More importantly, Chinese behavior in the Natunas threatens Indonesia’s sovereign rights as well as its strategic interest in sustaining an UNCLOS-based maritime order. This means that Jakarta would be compelled to forcefully challenge Chinese behavior in the maritime domain.

Neither side is likely to back down and they remain unable to work out a permanent solution to their conundrum. We might be in the midst of what game theorists call “repeated games” between Indonesia and China. The players in this regard cannot afford to only think of a single (short-term) pay-off or benefit and must consider the impact of their current actions on the future actions of each party. China seems poised for such a long game as we see above, while Indonesia is still scrambling for an effective response.

For Indonesia to maximize its future gains and counter Chinese strategy in the Natunas it needs to consider several options. First, Indonesia needs to be clear that its first-order strategic priority is to deal with China’s challenge in the Natunas. Subsequently, it needs to create a centralized hub under the president (perhaps an “office of strategic affairs”) to formulate a strategy with wide-ranging policy options. In other words, Jakarta also needs to expand its strategic time horizon and develop a long game against Beijing, rather than simply putting out fires as they arise in the Natunas.

Second, Indonesia needs two sets of diplomatic tools. The first set should be a well-crafted diplomatic ladder of escalation that Jakarta could deploy against Beijing beyond summoning the Chinese ambassador and sending protest notes. The second set should expand Indonesia's strategic engagement to develop a coalition of like-minded countries. It could start with stronger diplomatic, political, and security cooperation with Vietnam and Malaysia, while accelerating maritime delimitation talks. Jakarta should also explore new ways to engage India, Australia, Japan, and South Korea as fellow Indo-Pacific middle powers.

Third, Indonesia should fundamentally overhaul its maritime security governance and end the overlapping authorities of multiple agencies over the waters. Aside from the omnibus law, the president should direct the formulation of a National Maritime Security Strategy document. Ideally, the Maritime Security Agency (BAKAMLA) should be the leading maritime law enforcement agency, with the Indonesian Navy providing the occasional support if and when necessary. Only then can Indonesia explore new options to strengthen the regional network of maritime law enforcement agencies, perhaps building the coalition of like-minded countries above while an ASEAN Coast Guard Forum remains in development.

Finally, the Indonesian military should start considering a new, long-term framework to develop its capabilities beyond the current Minimum Essential Force blueprint (set to expire in 2024). But the new framework should be more than just a shopping list of weaponry and platforms. It should be rooted in realistic scenario-based defense planning and consider a wide-range of organizational needs, from joint doctrine to posture development and operational readiness. More importantly, it should consider investing in and expanding Indonesia's current regional defense diplomatic engagements.

The recent Natuna incident may not be sufficient to spur Jakarta into considering such new options. After all, the Jokowi administration appears content with defusing a crisis with China rather than preventing one. But if Indonesia remains stuck in its lethargic response without developing a strategy to play the long, repeated games with China, Jakarta might sleep walk into a significantly deteriorated strategic environment.

The Author

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