



AMBASSADOR
REPUBLIC OF INDONESIA

Indonesia and the Indo-Pacific

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Vivekananda International Foundation
New Delhi, 27 May 2019

Introduction

1. It is a pleasure and an honor for me to speak at the Vivekananda International Foundation and before this august audience. I thank Dr. Arvind Gupta for giving me the opportunity to share Indonesia's view on the Indo-Pacific, how we see bilateral relations with India and our role in our broader region. I also see this as an opportunity to gain from the learned views of scholars and experts of India about the issues.

2. This is an opportune time to be discussing these matters, when our two countries have just come out of general elections—between India and Indonesia, we held the largest and most complex general elections ever. Both governments of PM Modi and President Joko Widodo will have mandate until 2024, and I predict that much more will take place in this bilateral relation.

3. This is also an opportune time, as India and Indonesia are celebrating seventy years of full diplomatic relations. We are celebrating an age-old historical friendship; celebrating the adding of years to our modern history; and celebrating the journey and progress that we have made, individually and together, as significant players in 21st century.

4. Seventy years ago, our Forefathers envisioned a world rid of colonialism and imperialism, a world where newly-independent countries of Asia and Africa are elevated to their deserved place in international relations, and a world where Non-Alignment is an accepted revered principle, despite Super Power opposition to it. We have emerged as active stakeholders in the shaping of regional and global security architecture, holding similar understanding and aspirations for a prosperous Indo-Pacific region.

The Indo-Pacific is...

5. In geographical terms, Indo-Pacific refers to the littorals of the Indian and Pacific Ocean. In political-security-economic terms, it is more varied and nuanced. Without over simplifying the meaning, a number of dimensions may be present. Indo-Pacific is

First ...a region of shifting power relations

6. It is where most of the world's major powers are present: the US, China, India, Japan, Russia, among others. It is a region where countries are growing and expanding their security perimeter; where states are aging,

declining or retreating; where geopolitical, geo-economic and geostrategic shifts are constantly altering power relations between countries.

7. In this context, China and India will continue to rise and claim their place in the region, and Southeast Asia will return to its historic position as the indispensable and crucial bridge between the two Asian giants.

Second ... a geopolitical and geo-economic reality

8. This linking of the Pacific and Indian Oceans is unavoidable, because:

→ of growing trade of goods and energy, and connectivity between the Pacific and the Indian Ocean, up to the Middle East and beyond;

→ and it is a function of, above all, the dynamic interaction and dynamic power equation between the great powers—which is a constant of international politics.

9. It is also a region where its major waterways are simultaneously and consequently becoming the world's geopolitical hotspots; thus...

Third ... a region that is mainly maritime in nature

10. According to the UN Conference on Trade and Development, between 1970 and 2017, international seaborne trade had more than quadrupled from 2.6 billion tons to 10.7 billion tons.¹ Today, 80% of global trade by volume and 70% by value is transported by sea. Sixty percent of maritime trade passes through Asia and the South China Sea carries more than one-third of global shipping.

11. Understandably, the international community and countries in our region have a stake in freedom of navigation. Our security and prosperity depend on access to and from the maritime choke points in the area. These include the Bay of Bengal and the Malacca Strait, Sunda and Lombok Straits, the South China Sea, the Luzon Strait, and others.

12. Beyond navigational routes, human activities have also expanded and diversified on the ocean surface and below, as well as on the seabed, in pursuit of various resources. The economic value of oceans for the prosperity of countries will continue to rise.

13. Moreover, long standing unresolved issues and territorial disputes—such as over features in the South China Sea—continue to beg resolution. New issues will, no doubt, arise over jurisdiction and resource appropriation in the coming times.

Fourth ... a region of developing norms and structures

14. Countries in Southeast Asia, Indonesia included, are conscious of the strategic value of their waters. It was only a quarter century ago that Southeast Asia came out of the last of the Indo-China wars, as the Cold War came to an end. However, Southeast Asia continues to be an area of great power interest, and often competition.

¹ Review of Maritime Transport, 2018, UNCTAD, 2018

15. Even at the height of the Cold War, the formation of ASEAN in 1967 had laid out new prospects for Southeast Asia. As the constraints of the Cold War politics dissolved, in the 1990s all countries of the region came under the ASEAN umbrella. This allowed ASEAN the chance to win endorsement of its norms and expand its institutions to cover all of Southeast Asia, Asia Pacific, and today, even the Indo-Pacific.

16. ASEAN has transformed a conflict-ridden region into one that is emerging as a Community based on three pillars: security and political; economic; and socio-cultural. It has converted an area of great power competition into one of great power engagement and cooperation; and along with its Development Partners, ASEAN has advanced the institutions of regional cooperation such as APEC, ARF, ADMM, AMF, E-AMF and the East Asia Summit. Its Treaty of Amity and Cooperation in Southeast Asia (the TAC) is now acceded to by 35 countries, including India, China, the US, Japan, the Russian Federation and others. Today, countries within the region agree, at least in principle, to be bound by rules and norms for the peaceful settlement of their disputes.

17. The Indonesian Government is confident that ASEAN's experiences to date provide relevant lessons that can be employed in the broader Indo-Pacific context. With the support of countries like India, Indonesia and ASEAN are developing an Indo-Pacific regional architecture that is open, inclusive, sustainable, transparent and rule-based and one that is anchored in ASEAN led mechanisms.

18. ASEAN is in the process of establishing its Indo-Pacific Outlook. This is aimed at:

→ externally, enabling cooperation in the region, promoting an environment of peace, stability and prosperity in addressing common challenges and fostering closer economic ties among states to strengthen confidence and trust.

→ And internally, the Outlook is expected to enhance ASEAN's Community building process as well as to strengthen the existing ASEAN-led mechanisms, such as the EAS.

19. A High-Level Dialogue on Indo-Pacific cooperation was held in Jakarta in March this year and was attended by all 18 member states of EAS. With the theme — 'towards peaceful, prosperous and inclusive area'— the Dialogue deliberated upon future avenues of convergence in the region and highlighted the mutual need to ensure peace, prosperity and security. It also supported the principles of ASEAN unity and centrality and acknowledged that ASEAN led-mechanisms, including EAS, should become corollary platforms for Indo-Pacific cooperation.

20. It should be noted that at a *High-Level Dialogue on Indo-Pacific* in Jakarta two months ago, attended by all EAS member states, common points on the Indo-Pacific of convergence were explored. The participants highlighted mutual interest to promote Indo-Pacific cooperation to ensure peace, prosperity and security; supported the principles of ASEAN unity and centrality; and supported ASEAN led-mechanisms, including EAS, as platforms for Indo-Pacific cooperation.

Finally, the Indo-Pacific is a region of new challenges, as well as of opportunities

21. Ever evolving threats of trans national nature such as terrorism, piracy, IUU fishing, food-energy-water security, environmental degradation needs to be addressed in a collective manner. Above all, climate change is an existential threat requiring urgent response.

22. At the same time, the Indo-Pacific region represents a significant amount of the global economy. It is a region endowed with abundant natural resources that are crucial for the fulfillment of the world's energy and food security needs. It is also a region comprising some of the largest democracies as well as fast-growing economies of the world. The Indo-Pacific is a harbinger of opportunities in the 21st century.

Roadmap of an Indo-Pacific Outlook

23. With these dimensions in mind, how should we move forward to ensure that the Indo-Pacific brings peace, security and prosperity for all its constituents? Allow me to make the following propositions:

24. First, with the unprecedented growth of India and China, a challenge for the region is to find ways to accommodate and facilitate peaceful and productive interactions between the two giants, instead of attempting to contain their irrevocable rise. Harnessing the positive interfaces between India and China to address the common challenges in the region is going to be constructive, and would be the ultimate diplomatic challenge of the region of the 21st century.

25. It is not the first time that two Asian giants will dominate geopolitics of the Indo-Pacific region. If history is of any lesson Southeast Asia will again be a bridge of India-China relations. In the past, the bridge was for the most part safe and peaceful, and served the India-China relationship well. I note that many in Asia have recently been searching and reverting to our pre-colonial times in order to understand the possibilities of relations between entities or states of Asia.

26. Second, efforts at cooperation in the Indo-Pacific should mitigate the region's security dilemma— where the security of one becomes an insecurity for another— by strengthening inclusivity and dialogue. It therefore cannot afford to have any country falling outside of the dialogue and cooperation framework.

27. Third, Southeast Asia's location is critical for international navigation, thus for international peace and prosperity. ASEAN is also the only regional forum that has been able to establish regional norms and institutions at the existing scale. Given this centrality of ASEAN for peace and prosperity of so many countries, ASEAN for its part has to work—as indeed it is working—to remain relevant with changing times, especially if it is to retain its position as the driving force of regional dialogue and cooperation.

28. Fourth, ASEAN and the East Asia Summit would need to build efficient and functional mechanisms for regional cooperation. A partnership that emerges would be guided by the EAS principles of 2011—they include, mutual respect; respect for international law; enhancement of mutual

understanding; promotion and maintenance of peace, stability, security; renunciation of the threat of use of force or use of force against another state; and enhancement of regional resilience including in the face of economic shocks and natural disasters.

29. Fifth, other regional or sub-regional groupings will either gain or regain its prominence in the Indo-Pacific context. In the Indian Ocean, IORA will further gain prominence, its first ever summit in 2017 in Indonesia providing further momentum for its maturation. In the Bay of Bengal, because of its strategic location and growing economic capacity and connectivity spreading across littoral states, mechanisms like BIMSTEC, IMT-GT + India, etc will further develop. These will complement the efforts of a larger Indo-Pacific cooperation at other levels. This has had historical precedents too.

30. Sixth, it could be useful to think of APEC as an illustration of what is possible for broad cooperation and collaboration in the Indo-Pacific. Today, APEC organizes annual or ad-hoc ministerial meetings across 23 sectors and expert level meetings across 40 sectors. This covers numerous layered issues that are important for the region. Thus, a sense of community at the sectoral level is simultaneously being created, where cooperation is critical to address traditional and new issues facing the region.

31. Seventh, multilateral initiatives by various countries—the Asia-Africa Growth Corridor by India and Japan, Belt and Road Initiative by China, ASEAN Connectivity 2025, Global Maritime Fulcrum of Indonesia, etc.—should operate in synergy. Other unilateral initiatives like SAGAR by India, Stable and Prosperous Indo-Pacific by Australia, Free and Open Indo-Pacific by the US, Free and Open Indo-Pacific Strategy by Japan, and New Southern policy by Korea can all contribute to region-wide connectivity. Interestingly, all these initiatives emanate from participating countries of EAS. Thus, a platform already exists for future deliberations and collaboration.

32. What is clear is that integration and interconnection amongst countries in the India and Pacific Oceans require investments and efforts to build connectivity infrastructure, including physical, institutional and people to people ties.

33. Eighth, efficient ocean governance and blue economy cooperation, based on observance of the UNCLOS principles, will be key to our greater future in the Indo-Pacific. Our oceans should be open to all lawful navigation, in accordance with international rules laid out by UNCLOS. In fact, India and Indonesia, with their strategic location, have a vested interest in strengthening UNCLOS.

34. Recently, the Embassy of Indonesian organized a Roundtable of experts on law of the sea from India and Indonesia to discuss our understanding on the provisions and future of UNCLOS, and to establish a network Indian-Indonesian “Ocean Lawyers”.

India-Indonesia and the Indo-Pacific

35. Indonesia by area of landmass is the 15th largest country in the world. But measured as an archipelago of ocean with islands within it, Indonesia is

5.5 million sq. km—35% land and 65% water—making it the 8th largest country in the world after Russia, Canada, United States, China, Brazil and Australia.

36. India is Indonesia's largest neighbor, and Indonesia India's largest neighbor after China. PricewaterhouseCoopers projects that by 2050 India will be the second largest economy with a GDP of \$42 trillion, just behind China, while Indonesia, with an economy worth \$12 trillion will be the fourth largest, behind the United States. Therefore, needless to say, we will have greater significance in future and what we do individually and collectively will have a profound effect on the larger Indo-Pacific region.

37. In the political and security context, India and Indonesia share a common strategic posture and the idea of independent and proactive foreign policy. They reject military alliances or foreign interventions in sovereignty, unity, and territorial integrity of countries as a principle.

38. In 2018, during PM Modi's Indonesia visit, India and Indonesia agreed to sign Defense Cooperation Agreement and hold regular bilateral dialogues and consult each other on issues of common strategic and military interests, besides also conducting military education and training exercises.

39. In the field of economic, trade and investment, India and Indonesia envision to increase their bilateral trade to \$50 billion by 2025 and strengthen cooperation in all areas by establishing a new Comprehensive Strategic Partnership. However, both require looking beyond the trade in conventional commodities and find new items for exchange—such as IT, IOT, education, and services, planes and ships, electric vehicles, etc—which will truly reflect on the size and potential of economic exchange that exists between our two countries.

40. As maritime neighbors, since both countries are becoming increasingly important to each other, they have worked towards enhancing maritime collaborations. The *Statement on Shared vision of India-Indonesia Maritime Cooperation on the Indo-Pacific*, adopted by PM Modi and President Joko Widodo in Jakarta last year, underscores that Indonesia-India cooperation and connectivity will be a crucial building block for the development of the Indo-Pacific regional architecture.

41. On that note, Indonesia and India have already been engaged in carrying out coordinated patrol in the Indian Ocean since 2002. In fact, in March this year, I attended the 33rd India-Indonesia Coordinated Patrol (CORPAT) which highlighted the continued collaboration of the two navies in the Indo-Pacific. In November 2018, the first joint naval exercise between our two countries—Samudra Sakti—further highlighted the continued collaboration of the two navies in the Indo-Pacific. The Indian and Indonesian Air Forces are planning their first ever joint exercise.

42. As the idea of compartmentalized regions such as South Asia or Southeast Asia are becoming soluble in course of a rising Indo-Pacific, India and Indonesia are working towards enhancing its connectivity linkages in this light. The Bay of Bengal will become increasingly important geographic conceptual framework for bilateral relations. In fact, we are aiming for enhanced connectivity between Aceh province of Indonesia and the

Andaman and Nicobar island through trade, infrastructure and people to people contact.

- In January this year, Indonesian launched a trade vessel expedition from Aceh to Port Blair carrying commercial and construction goods like coconut product, rice, spices, handicraft, sand, rocks and cement. This pioneering exercise marked the first step in our efforts to push forward trade exchanges between the two regions. Since both Aceh and Andaman Nicobar are very closely located at an intersection of the Bay of Bengal and the Indo-Pacific, connectivity between the two can reap great advantages. It is important for Indonesia and India to benefit from its geographical proximity.
- Similarly, as part of our efforts for greater connectivity with India while keeping in mind the growing importance of the Bay of Bengal, Indonesia with Malaysia and Thailand has taken initial steps to explore possibility of furthering connectivity with India, especially in Andaman and Nicobar. There is growing benefits in finding common grounds and interconnecting our sub-regions.

43. With that note, let me quote Swami Vivekananda who once said, “no great things were ever done without great labour”. With elections in India and Indonesia behind us and our Leaders looking forward to next five years, now is the time to be creative but realistic, ambitious but measured and organized in developing bilateral relations within our Indo-Pacific region.

Thank you.