

## India's Engagement with the 'Breakout' Nation

### Introduction

As India seeks to augment its eastern engagement as part of its 'Act East' policy, Indonesia is a natural ally to be sought for the cause by virtue of its geographical location, size and leadership role in ASEAN. It is a prospect that has been flagged by discerning commentators<sup>1,2</sup> in the past. Indonesia has been considered as a 'Breakout' nation<sup>3</sup> that will become the seventh largest economy in the world by 2030<sup>4</sup>. It is also a nation that has, in recent years, been more robust in its strategic manoeuvring and engagement with the world. It is not a coincidence that President Xi Jinping announced his vision of a 21<sup>st</sup> Century Maritime Silk Road (MSR) in October 2013 during his first visit to Indonesia.

In 1991, India was on the verge of bankruptcy and struggling to come to terms with the aftermath of the collapse of the Soviet Union and end of the Cold War. With economic reforms and an overhaul of its foreign policy, India emerged as a rising power engaging with the world without the hesitations of history.

In 1998, Indonesia was judged as a basket case with its economy derailed by the 1997 Asian crisis and political upheaval leading to the overthrow of Suharto. However, the country underwent a remarkable turnaround. Dictatorship gave way to democracy and the Army was detached from its political role. The economy revived and foreign policy underwent a metamorphosis to reach out to the world.

### Historical Ties

India and Indonesia gained Independence around the same time from the colonial rule of the British and Dutch respectively. India supported the cause of the Indonesian freedom struggle. Biju Patnaik was awarded the *Bintang Jasa Utama*, Indonesia's highest civilian honour, in recognition of his daredevilry in flying Prime Minister Sutan Sjahrir to New Delhi in 1947 despite an air siege by the Dutch<sup>5</sup>.

The two countries have much in common apart from geographical proximity and cultural affinities. Both are large, multi-ethnic, multi-religious countries that emerged from colonial rule at the same time to become cohesive, secular states. Both countries have faced challenges of insurgency, territorial disputes, secession and terrorism even while managing to assimilate colonial legacies (Goa and Pondicherry by India, and West

Papua by Indonesia). This historical experience resulted in a strategic culture that was inward-looking and gave primacy to the land forces.

Anti-colonialism, Afro-Asian solidarity and the Non-Aligned Movement were the common strands in the bilateral relationship that was cemented by Prime Minister Nehru and President Sukarno. Sukarno was the Chief Guest for India's first Republic Day celebrations in January 1950. The goodwill culminated in the Treaty of Friendship of March 1951. The first Asia-Africa Conference held in Bandung in 1955 was a historic event for the two nations. Three separate security agreements were concluded between the Air Force, Navy, and the Army in 1956, 1958, and 1960 respectively<sup>6</sup>. The first joint naval exercise was held in July 1960. New Delhi also extended military assistance to Indonesia when it was faced with internal revolts and armed separatist movements in the 1950s<sup>7</sup>.

However, the relationship drifted soon after due to varying perceptions. Lack of Indian support for Indonesia during the Borneo confrontation with Malaysia (*Konfrontasi*) in 1963-66, the Indonesian counter by supporting Pakistan in the 1965 Indo-Pak conflict and the Indonesian tilt towards Communist China added to the estrangement. The relationship improved after Muhammad Suharto became President in 1967 (and suspended diplomatic relations with China on suspicion of its involvement in the attempted coup of 30 September 1965) but with the progress of the Cold war, it deteriorated when India tilted towards the Soviet Union. Visits by President Suharto in 1980, Prime Minister Indira Gandhi in 1981 and Prime Minister Rajiv Gandhi in 1986 helped to ease the strain. Till then, maritime Southeast Asia was not a priority region for India. Indonesia too did not look beyond its immediate region. The cornerstone of its foreign policy was based on ASEAN that was set up in 1967.

### **Strategic confluence**

Over the years, distinct complementarities have evolved in the India-Indonesia bilateral engagement. The strategic confluence between the two nations has been dictated by internal and external factors.

Internally, both nations undertook structural reforms to revive the economy and liberalise it. With a liberalised economy and globalisation, external trade and foreign investment went up. This in turn necessitated international diplomatic engagement for economic prosperity and shifting military focus to maritime security for securing trade and energy routes. A belief in the populations that their nation is destined for greater

heights in the comity of nations further pushed political leaders to highlight their international achievements.

External to the nations, the global economic centre of gravity has shifted to the Asia Pacific region. The rise of China has forced all the nations in the region to calibrate their response. In Southeast Asia, the security umbrella provided by the predominant military might of the USA has been replaced with a 'tug of war' between China and USA to dominate the region.

In 1992, India launched the Look East policy to foster economic engagement with the fast-growing economies of Southeast Asia. This engagement, over a period of time, has acquired a strategic hue as a balance against the growing economic and political might of China. Meanwhile, economic reforms ushered in growth in external trade and the need to secure overseas interests. A logical fallout of this external outreach was a shift in focus towards the maritime forces.

Indonesia too traversed the journey of the economic crisis of 1997, fall of the Suharto regime in 1998, the transition to democracy and the separation of East Timor in 1999. The post-Suharto era and the transition to democracy are referred to as *Reformasi*. By 2004, the Indonesian economy had stabilised when President Susilo Bambang Yudhoyono assumed office. Thereafter, Indonesia has adopted a more active foreign policy.

The Comprehensive Strategic Partnership Agreement of 2005 between the two nations was due to their converging interests. As the two largest nations in the region, India and Indonesia cannot ignore each other due to their geographical proximity. Both nations are strategically located in the maritime domain – the Indian Peninsula juts into the Indian Ocean while the Indonesian archipelago is the gateway between the Indian and Pacific Oceans. Both nations aspire for regional leadership and have historically been active in promotion of cooperation in respective sub-regions. Both nations have shed their foreign policy reticence in the post Cold War era, increased international engagements, witnessed economic resurgence and are focusing on safeguarding maritime interests. As with the entire Indo-Pacific region, both nations are examining the implications of China's political and economic rise and taking measures to secure their national interests. This has also resulted in rebalancing of engagements with the major powers and countries in the geographical neighbourhood.

## Indonesia's Doctrinal Shift

The archipelagic nature of the country makes it challenging for Indonesia to maintain territorial integrity and national cohesion. With 17,480 islands, 99,000 km of coastline and close to 6 million km<sup>2</sup> of maritime jurisdictions, Indonesia is the world's biggest archipelagic state. The geographical vulnerability and fragile multi-ethnic society has resulted in a 'continuing fear of dismemberment'<sup>8</sup>. Due to an inward-looking strategic culture that considered, due to past experience, issues of terrorism, radicalism, separatism and armed rebellion as the greatest threats, the Indonesian Army (*Tentara Nasional Indonesia-Angkatan Darat*, TNI-AD) dominated the strategic discourse. The Indonesian Navy (*Tentara Nasional Indonesia-Angkatan Laut*, TNI-AL) was also focussed on law enforcement and internal security rather than military operations.

In 1998, the "Total People's Defence and Security" doctrine was replaced with the "New paradigm" doctrine. This new doctrine sought to shift the TNI's focus from internal security towards external defence. The role of the military in the political structure was reduced in the central government (and is being progressively diluted at the regional level as well). Internal security duties were taken over by the police force.

With the goal of establishing a "Green-Water Navy" by 2024, a blueprint was drafted in 2005. The plan envisages a 274-ship force structure, consisting of a strike-force capability of 110 ships, a patrolling force of 66 ships, and a supporting force of 98 ships. In addition, mine-laying vessels and a force level of eight submarines were also included as priorities. However, fulfilment of all objectives of this blueprint seems highly ambitious.

In 2007, a new doctrine called "Total Defence System", that took a comprehensive view of the security challenges facing the nation, was published. Service specific doctrines were announced that shifted focus to the navy and the Air force. The armed forces recalibrated their role to focus on external threats and exercises with foreign militaries increased significantly.

The Indonesian Defence White Paper of 2015 mentions the Global Maritime Fulcrum (GMF) twelve times. It also mentions the criticality of a "Free and Active Foreign Policy". It notes that Indonesia encourages global partnerships to establish "a *dynamic equilibrium, a condition characterized by the absence of a dominant state power in the region*"<sup>9</sup>. It gives precedence to "factual threat" emanating from terrorism, radicalism, separatism, armed uprisings, natural disasters, border trespassing, piracy, natural resources theft, epidemics, cyber attacks, drug trafficking and espionage rather than the "Non-factual threat" of open conflict or a conventional war. It seeks to create a Minimum

Essential Force (MEF) of the TNI (“main component”). It invokes the “Total Defence System” and “State Defence” (*Bela Negara*) to reiterate the role of every citizen in the country’s defence.

## **Global Maritime Fulcrum**

The growing discourse on Indonesia’s maritime sector has been a breakthrough of the Presidency of Joko Widodo. During the third presidential debate on 22 June 2014, Joko Widodo, as the presidential candidate, promoted the idea of Indonesia being a ‘maritime axis’ in Southeast Asia<sup>10</sup>. After becoming President in October 2014, he pursued the concept of Indonesia as a Global Maritime Fulcrum. It is a concept that recognises Indonesia’s geopolitical position as an archipelagic state and puts emphasis on the maritime domain as a medium for Indonesia’s economic, foreign and defence policy. In his speech at the East Asia Summit in November 2014, he listed the five pillars of the maritime axis as revival of Indonesian maritime culture and archipelagic identity; development of oceans and fisheries; improving maritime economy; maritime diplomacy to address illegal fishing and other security threats; and boosting Indonesia’s maritime defences<sup>11</sup>.

A new Coordinating Minister for Maritime Affairs was appointed to oversee the ministers for transport, tourism, energy and fisheries. Bakamla (*Badan Keamanan Laut/ Indonesian Maritime Security Agency*) was created to lead the maritime law enforcement operations and synergise the maritime security activities<sup>12</sup>. The agency is presently deficient of resources and continues to play a supporting role in law enforcement which is still largely being performed by the TNI-AL.

Indonesia has adopted a strict policy of acting against illegal fishing in its maritime domain. Fishing vessels have been captured and destroyed, and fishermen have been detained. A major point of contention has been over the Chinese claiming traditional fishing rights in the EEZ of Indonesia, a concept not recognised under UNCLOS.

The epicentre of the contestation with China is around the Natuna Islands. China has recognised Indonesia’s sovereignty over the islands but claims fishing rights in the EEZ. In 1986, the International Hydrographic Organisation, a United Nations affiliated body, recognised the southernmost part of the South China Sea as Natuna Sea (i.e. south of the Natuna islands). There was no Chinese reaction at that time. However, when Indonesia renamed the EEZ north of the Natuna Islands as North Natuna Sea in July 2017, China protested. Between March to June of 2016, there were three incidents in which Chinese fishing vessels were confronted by Indonesian maritime forces. In one

case, a Chinese Coast Guard vessel intervened to facilitate the escape of a Chinese vessel. In June 2016, President Widodo sailed to the Natuna Islands on a warship. Indonesia continues to bolster the defence around these islands.

## **Indonesia's "Free and Active" Foreign Policy**

The pre-dominant trend of Indonesian foreign policy is its widening strategic outlook and regional canvas. President Yudhoyono, in 2009, described it as aiming for "a thousand friends and zero enemies" through an "all directions foreign policy". The style and substance of Indonesian diplomacy has been transformed further by President Joko Widodo. Incidentally, the "free and active" and "all directions foreign policy" of Indonesia have equivalence with India's "strategic autonomy" and "multi-alignment".

Although 'ASEAN Centrality' has remained a cornerstone in Indonesia's foreign policy, it has pursued a more outgoing engagement with the world since it has realised that reliance on ASEAN alone would not be adequate to address the evolving challenges in its region. Indonesia has signed strategic partnerships with Australia, China and India, and Comprehensive partnerships with US, Japan and Russia. By June 2012, Indonesia had signed such agreements with 14 countries<sup>13</sup>.

The quest for an enhanced regional architecture saw Indonesia engaging more actively with the Indian Ocean Region (IOR) and adopting the Indo-Pacific mapping. Indonesia took over the Chairmanship of Indian Ocean Rim Association (IORA) in 2016. The Leaders' Summit in Commemoration of the 20<sup>th</sup> Anniversary of the IORA was held at Jakarta in March 2017 and the first IORA Concord was signed. This was a significant step forward to gear up the organisation as a platform for regional cooperation.

Indonesia has strengthened its ties with Japan with summit-level and ministerial level dialogues taking place annually. A defence cooperation agreement was concluded in March 2015 and the 1<sup>st</sup> Japan-Indonesia Foreign and Defence Ministerial Meeting ("2+2") was held on 17 December 2015 in Tokyo. The Japan-Indonesia Maritime Forum was established on 21 December 2016 to strengthen maritime cooperation. Japanese PM Shinzo Abe visited Indonesia in January 2017<sup>14</sup>. During this visit, discussions included the regional security cooperation architecture. Japan has assisted in infrastructure development projects in Indonesia that include power plants, power transmission lines, Jakarta Mass Rapid Transit (MRT) project and railways.

US-Indonesia ties got an upswing with the signing of the US-Indonesia Comprehensive Partnership in 2010 when President Barack Obama visited Jakarta. Indonesia acquired

US defence equipment through the government-to-government route, the most significant of which was the 2013 agreement to sell eight Apache attack helicopters and radar technology worth over \$500 million. The interest of the present US administration is reflected in the fact that Vice President Mike Pence visited in April 2017 and the Defence Secretary James Mattis visited in January 2018. However, there have been recent concerns about the diminishing interest of the USA due to the 'America First' policy.

## **Indonesia's Engagement with China**

The clearest indicator of Indonesia's activist foreign policy is its engagement with China. Diplomatic relations with China were restored in 1990. Indonesia and China established a Strategic Partnership in 2005 during the visit of President Hu Jin Tao to Jakarta. In November 2007, a defence partnership agreement was concluded in Beijing. The first joint exercise between the armies took place in 2011. However, relations got strained in 2016 due to Indonesian action on fishing vessels found in its EEZ and Chinese claims on historical fishing rights. There are competing claims in the waters around the Natuna Islands.

Internally, there is resentment against the economically powerful Chinese ethnic minority. In 1998, ethnic Chinese were targeted during riots in Jakarta in which an estimated 1,000 people were killed<sup>15</sup>.

The action plan for the implementation of the comprehensive strategic partnership for 2017 to 2022 was signed during the visit of President Joko Widodo to Beijing. President Joko Widodo was among the 29 Heads of State or Government who attended the "Belt and Road Forum for International Cooperation" in Beijing on 14-15 May 2017. The Indonesian government has embarked on an ambitious five year infrastructure development plan since 2016 and requires funding for it. The 265 projects are estimated to cost \$327 billion. However, only \$169.7 billion has been pledged, primarily by the private sector. The government has been wooing Chinese investors to invest in Indonesia. However, a flagship project, the Jakarta-Bandung high-speed railway project has been marred by delays<sup>16</sup>. Chinese investment in infrastructure projects is expected to increase under the Belt and Road initiative (BRI) with North Sumatra, North Kalimantan and North Sulawesi being the three Indonesian provinces specifically designated for it.

Since 2013, China has become Indonesia's largest trading partner. In 2017, China became the second largest source of FDI in Indonesia after Singapore. The combined

investment from China and Hong Kong surged to \$5.5 billion. The surge can be comprehended with the fact that China was not in the top five till 2016 when it became the third largest investor<sup>17</sup>.

## **India-Indonesia Bilateral Partnership**

The India-Indonesia bilateral relationship has got redefined with the Look East Policy of India and the foreign policy recalibration of the *Reformasi* period. President Abdurrahman Wahid visited India in February 2000 and President Megawati Sukarnoputri visited India in April 2002. Prime Minister Manmohan Singh visited Jakarta in 2003 to attend the India-ASEAN Summit in Bali and in April 2005 to attend the Commemoration of the 50<sup>th</sup> Anniversary of the Afro-Asian Conference in Bandung.

During the visit of President Susilo Bambang Yudhoyono to India in November 2005, the two countries announced a New Strategic Partnership. Acknowledging that the world had changed, the joint declaration announced that this New Strategic partnership would be based on “closer diplomatic coordination, stronger defense relations, enhanced economic relations especially in trade and investment, greater technological cooperation, as well as intensified cultural ties, educational linkages and people-to-people contacts”<sup>18</sup>. The India-Indonesia Joint Commission is chaired by the Foreign Ministers of both countries. The Action Plan on Implementing the New Strategic Partnership was drawn up during the Indonesia-India Joint Commission Meeting (JCM) in June 2007.

The President of India visited Indonesia in November 2008.

President Susilo Bambang Yudhoyono visited India in January 2011 as the Chief Guest for the Republic Day celebrations. A Joint Statement for defining the 'Vision for the India-Indonesia New Strategic Partnership over the coming decade' was released<sup>19</sup>.

Prime Minister Manmohan Singh visited Bali in November 2011 to attend the India-ASEAN Summit and East Asia Summit. During the visit, 16 Inter-Governmental Agreements were signed. It was also decided that Ministerial level meetings will be organised for Defence, Home, Oil and Gas, Coal, Power, Renewable Energy, Science and Technology, Tourism, Health and Education. The two sides also agreed to organise a Trade and Investment Forum, an Energy Forum and a CEO's Forum alternately in either country.



President Susilo Bambang Yudhoyono visited India in December 2012 to attend the India-ASEAN Commemorative Summit.

During the visit of Prime Minister Manmohan Singh to Jakarta in October 2013, five areas were identified for moving the relationship forward - Strategic Engagement, Defence and Security Cooperation, Comprehensive Economic Partnership, Cultural and People-to-People Links, and Cooperation in Responding to Common Challenges<sup>20</sup>. The two countries agreed to hold annual Summit meetings, including on the margins of multilateral events. For India, this arrangement exists only with Japan and Russia.

During the visit of President Joko Widodo to India in December 2016, the Joint Statement for Maritime Cooperation was announced. Foreign Minister Sushma Swaraj visited Indonesia in January 2018 for the 5<sup>th</sup> Joint Commission Meeting.

President Joko Widodo visited India in January 2018 as one of the guests for the Republic Day celebrations and to attend the ASEAN-India Commemorative Summit to commemorate the 25<sup>th</sup> Anniversary of ASEAN-India Dialogue Relations. Prime Minister Narendra Modi is expected to visit Indonesia in May-June this year.

## **Regional Cooperation**

Mutual support in regional forums and cooperation in progressing regional security architecture is a crucial aspect of the bilateral relationship as both countries seek to increase the sphere of their international engagements. India looks to increase engagements eastwards and Indonesia is looking towards the IOR.

Indonesia has supported India's participation in ASEAN forums although it has allowed Singapore to be more visible in its support to India in the region. India became a Sectoral Partner of the ASEAN in 1992, Dialogue Partner in 1996 and Summit Level Partner in 2002. India is also a member of forums like the East Asia Summit (EAS), ASEAN Regional Forum (ARF), ASEAN Defence Ministers' Meeting Plus (ADMM+) and Expanded ASEAN Maritime Forum (EAMF).

ASEAN, however, has been incapable of resolving maritime contestations in the South China Sea casting doubts on its durability. Indonesia is a member of both the IORA and the Indian Ocean Naval Symposium (IONS), and is exploring possibilities for strengthening regional security architecture in the Indo-Pacific region. During her visit to Indonesia in January 2018, External Affairs Minister Sushma Swaraj said that Indonesia

"has a critical role to play in evolution of the new security architecture in the India-Pacific region"<sup>21</sup>.

## **Defence Cooperation**

Although India and Indonesia signed a Defence Cooperation Agreement in January 2001, during the visit of Indian Prime Minister Atal Bihari Vajpayee, it became effective only after the Indonesian Parliament ratified it in 2006. The first secretarial level Joint Defence Cooperation Committee (JDCC) meeting was held in Jakarta in June 2007. A biennial dialogue between the two Defence Ministers is held as part of the strategic partnership. The defence exchanges include staff talks of the three military services, ship visits, officers studying in Staff Colleges in either country, training and joint exercises. Intentions have been expressed to explore collaboration between defence industries for joint production of equipment with technology transfer.

In October 2012, India agreed to train and support the Indonesian Air Force (*Tentara Nasional Indonesia-Angkatan Udara*, TNI-AU) in operating its fleet of Sukhoi fighter jets<sup>22</sup>. India has also offered to train TNI-AL on submarine operations<sup>23</sup>.

The Defence Minister of Indonesia, General Ryamizard Ryacudu, visited India in January 2018 for the Biennial Defence Ministers Dialogue in New Delhi. The joint exercise between Indian and Indonesian Armies, Garuda Shakti, is conducted annually. The 6<sup>th</sup> edition was held in Java province in February 2018 and had participation of Special Forces of both countries.

Incidentally, the mottos of all arms of the Indonesian military are in Sanskrit.

## **Maritime Security**

India shares its maritime border with Indonesia. Maritime security is one of the major pillars of the bilateral relationship. The Aceh province of Indonesia is barely 162 kilometres (km) from Indira Point, the southern-most tip of the Andaman and Nicobar island chain in the Bay of Bengal. India and Indonesia have also successfully undertaken delimitation of most of their maritime boundary between 1974-78<sup>24</sup>. Only about 18 nautical miles of EEZ is pending delineation. Maritime security is a primary concern in the region due to the straits of the Indonesian archipelago (Malacca, Sunda, Gaspar, Lombok, Makassar, Wetar and Maluku) that are vital for international trade flows and are the means of entry and exit to the Indian Ocean. Maritime security

cooperation is also essential to mitigate the threats that are posed to shipping in the region.

India and Indonesia conducted bilateral naval exercises in 1989 and 1991<sup>25</sup>. TNI-AL and the Indian Navy have been carrying out coordinated patrolling twice a year since 2002 near the International Maritime Boundary Line to keep the Andaman Sea and the northern entrance to the Malacca Strait safe and secure for commercial shipping and international trade. The 29<sup>th</sup> India–Indonesia Coordinated Patrol (CORPAT) was held from 09 – 25 May 2017<sup>26</sup>. The 30<sup>th</sup> CORPAT and 3<sup>rd</sup> bilateral exercise (conjunct to the CORPAT) between the navies was conducted from 24 Oct – 05 Nov 17<sup>27</sup>. These exercises have strengthened understanding and interoperability between the two navies and promoted net maritime security in the region.

MILAN is an initiative of the Indian Navy to create a forum for the littoral navies of the region to exchange thoughts in the area of maritime cooperation and Humanitarian Assistance and Disaster Relief (HADR). The event is hosted in the Andaman & Nicobar Islands. The first MILAN was held in 1995 with Indonesia as one of the five participating nations. Since then, the event has been held every two years except in 2001, 2005 and 2016. MILAN 2018 was held at Port Blair in March 2018 and the TNI-AL sent two ships and a delegation to participate.

The two navies have also operated together in other multilateral exercises. India, Indonesia, Malaysia and Singapore have conducted Search and Rescue Exercise (SAREX)<sup>28</sup> since 1997. The first International Multilateral Maritime Search and Rescue Exercise (IMMSAREX) was held in November 2017, under aegis of IONS.

The Joint Statement on Maritime Cooperation was released during the visit of President Joko Widodo's visit in December 2016<sup>29</sup>. Both countries committed to maintaining a "maritime legal order based on the principles of international law, as reflected notably in the United Nations Convention on the Law of the Sea (UNCLOS)". They recognised that they share common interests in ensuring maritime security and the safety of sea lines of communication. They also recognized the importance of freedom of navigation and overflight on the high seas, unimpeded lawful commerce, as well as resolving maritime disputes by peaceful means. They affirmed the need to combat, prevent, deter and eliminate illegal, unregulated, and unreported (IUU) fishing. Finally, both countries committed to strengthen maritime cooperation in the field of maritime security, maritime safety and maritime industries.

There was a time in early 2000s when there were security concerns in Aceh province and related piracy in the Malacca Strait. However, that threat reduced substantially after the 2005 Peace agreement.

India has always been concerned about the security of the Malacca Straits. However, since it is within the territorial waters of Indonesia, Malaysia and Singapore, India has been careful in projecting its interests. In July 2004, the three littoral nations commenced the coordinated patrol MALSINDO. In April 2006, Indonesia, Malaysia, Singapore and Thailand formalised the Malacca Strait Patrols (MSP) comprising the Malacca Strait Sea Patrol (MSSP), the sea element called Eyes in the Sky (EiS) and the Intelligence Exchange Group (IEG). In April 2017, there were media reports on the possibility of Indian participation in the MSP.

The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) was launched in November 2006 to promote and enhance cooperation against piracy and armed robbery against ships in Asia. It now has 20 members that includes India. The ReCAAP Information Sharing Centre (ReCAAP ISC) was established in Singapore on November 29, 2006. However, Indonesia and Malaysia have not joined this forum. Therefore, bilateral collaboration on Maritime Domain Awareness is sought to be enhanced through a White Shipping Agreement that will enable exchange of information on the movement of cargo ships.

India and Indonesia are also members of the Heads of Asian Coast Guard Agencies Meeting (HACGAM), a forum for congregation of all the major Coast Guard Agencies of Asian region. This initiative was developed initially in 2004 to discuss cooperation among the member organisations to combat piracy in the region. However, the scope of discussions has been expanded to include law enforcement, maritime security, disaster prevention and relief and capacity building. The HACGAM is conducted every year. An Indian coast Guard ship participated in the first multilateral exercise held under the aegis of HACGAM at Jakarta in October 2016.

### **India-Indonesia-Australia Trilateral**

India, Indonesia and Australia conduct trilateral discussions under the track I.5 “Trilateral Dialogue on Indian Ocean” (TDIO) hosted by the Indian Council of World Affairs, New Delhi to explore opportunities for trilateral cooperation in the maritime domain. The first meeting was conducted on 19 September 2013.

The first official trilateral dialogue between Australia, Indonesia and India was held on 27 November 2017 at Bogor, Indonesia to explore avenues of cooperation in the

eastern Indian Ocean. Australia, India and Indonesia are members of East Asia Summit, IORA and IONS.

## **Counter Terrorism and Transnational Crime**

India and Indonesia have suffered terrorist attacks and the threat from terrorism remains high. With the dismantling of the Islamic State (IS), it is feared that some of the radical elements might regroup in Indonesia. The MoU on Countering terrorism was signed in July 2004. The 1<sup>st</sup> meeting of the Joint Working Group (JWG) on Counter Terrorism was held in New Delhi in February 2005. The 1<sup>st</sup> Security Dialogue (NSA level) was held in New Delhi in January 2018 during which the countries agreed on operational cooperation in security and counter-terrorism.

The 1<sup>st</sup> meeting of the JWG on Combating Illicit Trafficking in Narcotics, Drugs, Psychotropic Substances and its precursors was held in August 2016.

## **Trade**

Indonesia is India's second largest trading partner amongst ASEAN countries. India-Indonesia bilateral trade had increased from \$ 6.9 billion in 2007-08 to \$ 21.3 billion in 2011-12. However, it reduced thereafter. Bilateral trade stood at \$15.31 billion in 2016 and \$17 billion in 2017<sup>30</sup>. The trade deficit stood at \$9.05 billion in favour of Indonesia in 2016. There is understanding on both sides to increase the exports from India to Indonesia to improve the trade balance<sup>31</sup>. India is the largest buyer of crude palm oil from Indonesia. It also imports coal, minerals, rubber, pulp, paper and hydrocarbons. India exports refined petroleum products, maize, commercial vehicles, telecommunication equipment, oil seeds, animal feed, cotton, steel products and plastics to Indonesia.

The dialogue for a Comprehensive Economic Cooperation Agreement (CECA) between India and Indonesia has been stalled since 2011. The 2<sup>nd</sup> Biennial Trade Ministers Forum (BTMF) meeting was held at New Delhi on 25 September 2017<sup>32</sup>. There are issues with regard to tariffs that are under discussion.

## **Investment**

Indonesia is an attractive destination for Indian investment in the region. Indian companies have made significant investments in infrastructure, power, textiles, steel, automotive, mining machinery, banking and consumer goods sectors. Many IT companies including TCS, Tech Mahindra, Satyam, Wipro, HCL and Polaris have business interests in Indonesia. Other major players include Adani Enterprises, Tata Motors, NALCO and Madhucon Sirwijaya Power.

In order to further deepen economic engagement between the two countries, the India Business Forum (IBF) was launched on 18 July 2012 to bring together Indian CEOs, entrepreneurs and professionals working in Indonesia. Indonesia-India CEOs' Forum meeting was held in New Delhi on 12 December 2016.

## **Energy**

The 1<sup>st</sup> (ministerial level) India Indonesia Energy Forum was held in Jakarta on 20 April 2017<sup>33</sup>. The ministers were presented with the reports of the three JwGs - 2<sup>nd</sup> JwG on Oil and Gas, 4<sup>th</sup> JwG on Coal and 1<sup>st</sup> JwG on New and Renewable Energy. The discussions centered around infrastructure development, capacity building, technological development and business opportunities in the energy sector in both countries. A MoU on cooperation in the field of Oil and Gas was signed on the occasion.

India is third largest importer of coal from Indonesia. India's imports of coal from Indonesia amounted to \$ 3.5 billion in 2016. Several Indian companies have invested in coal mines in Indonesia. India is also discussing setting up refineries and Liquefied Natural Gas (LNG) plants in Indonesia<sup>34</sup>. Indonesia possesses the fourteenth largest proven gas reserves in the world and the third largest in Asia Pacific<sup>35</sup>.

## **Space**

The Indian Space Research Organisation (ISRO) and the National Institute of Aeronautics and Space of Indonesia (LAPAN) signed a MoU on cooperation in 2002. LAPAN has provided logistical and technical support to ISRO for setting up of its Telemetry, Tracking and Command Centre at Biak in West Papua. ISRO has launched satellites for LAPAN – TUBSAT (2007), LAPAN A2 (2015) and LAPAN A3 (2016).

## **Other Sectors**

The other sectors that provide traction to the bilateral relationship include skill development and education, textiles, agriculture products and food processing, tourism, humanitarian assistance and disaster relief, and cultural exchanges. Forums like the Kalinga Indonesia Dialogue and events such as the Bali Yatra in Cuttack reinforce the age-old cultural ties. There has been a significant rise in number of Indian tourists visiting Indonesia in 2016 and 2017.

## **Conclusion**

A scan of the India-Indonesia bilateral relationship indicates that although there are strong complementarities, the potential remains unfulfilled. Follow up action on stated intentions and MoUs can be improved. In the defence sector, while no exchange of defence equipment or production has taken place so far, there is renewed Indonesian interest in Indian military equipment. The endeavour to ink a Comprehensive Economic Agreement has got stalled over disagreements on access and tariffs on particular commodities. The hopes of India to benefit from the gas resources of Indonesia can fructify only when Indonesia succeeds in upgrading gas infrastructure and accelerating gas exploration and exploitation, all of which requires massive investments.

The bright spots in the partnership are growing people-to-people contacts, cooperation in multinational forums and maritime security cooperation.

---

<sup>1</sup> Vibhanshu Shekhar, India and Indonesia: Reliable Partners in an Uncertain Asia, Asia –Pacific Review, Vol 17, 2010, Issue 2.

<sup>2</sup> David Brewster, The Relationship between India and Indonesia: An Evolving Security Partnership? Asian Survey, Vol. 51, Number 2, pp. 221–244., (March/April 2011).

<sup>3</sup> Ruchir Sharma, Breakout Nations: In Pursuit of the Next Economic Miracles, WW Norton & Company (New York), 2012.

<sup>4</sup> The Archipelago Economy: Unleashing Indonesia's Potential, McKinsey Global Institute (September 2012).

<sup>5</sup> Javed M Ansari, Indonesian govt bestows Biju Patnaik with country's highest honour, Bintang Jasa Utama, India Today, 15 September 1995.

<sup>6</sup> C Raja Mohan, India's Regional Security Cooperation: The Nehru Raj Legacy, Working Paper No. 168, 07 March 2013, ISAS, National University of Singapore.

---

<sup>7</sup> Ristian Atriandi Supriyanto, Indonesia and India: Toward a Convergent Mandala, *India Review*, vol. 12, no. 3, 2013, pp. 207–224.

<sup>8</sup> Muhamad Arif and Yandry Kurniawan, Strategic Culture and Indonesian Maritime Security, *Asia & the Pacific Policy Studies*, vol. 5, no. 1, pp. 77–89 (Jan 2018).

<sup>9</sup> Defence White Paper 2015, Defence Ministry of the Republic of Indonesia, para 1.2.

<sup>10</sup> I Gusti Bagus Dharma Agastia and A. A. Banyu Perwita, Jokowi's Maritime Axis: Change and Continuity of Indonesia's Role in Indo-Pacific, *Journal of ASEAN Studies*, Vol. 3, No. 1 (2015), pp. 32-41.

<sup>11</sup> I Gusti Bagus Dharma Agastia and A. A. Banyu Perwita, *ibid.*

<sup>12</sup> Natalie Sambhi, Jokowi's 'Global Maritime Axis': Smooth Sailing or Rocky Seas Ahead?, *Security Challenges*, Vol. 11, No. 2 (2015), pp. 39-55.

<sup>13</sup> Vibhansu Shekhar, *Indonesia's Rise: Seeking Regional and Global Roles*, Pentagon Press, New Delhi, 2014, pp. 79.

<sup>14</sup> Japan-Indonesia Joint Statement on Strengthening Strategic Partnership, 15 January 2017.

<sup>15</sup> What Indonesia Can Do to Be in China's Belt And Road Loop, Phila Siu, *South China Morning Post*, 29 April 2017.

<sup>16</sup> Indonesia Needs \$157 Billion for Infrastructure Plan, Karlis Salna, 31 January 2018, accessed from <https://www.bloomberg.com/news/articles/2018-01-25/indonesia-seeks-to-plug-157-billion-gap-in-nation-building-plan> on 24 April 2018.

<sup>17</sup> China becomes Indonesia's No. 2 investor with infrastructure drive, Erwida Maulia, 01 February 2018, accessed from <https://asia.nikkei.com/Politics-Economy/International-Relations/China-becomes-Indonesia-s-No.-2-investor-with-infrastructure-drive> on 24 April 2018.

<sup>18</sup> Joint Declaration between Republic of India and Republic of Indonesia, 23 November 2005.



---

<sup>19</sup> Vision for the India-Indonesia New Strategic Partnership over the coming decade, 26 January 2011.

<sup>20</sup> Joint Statement on five initiatives for strengthening the India-Indonesia Strategic Partnership, 11 October 2013, Jakarta.

<sup>21</sup> India, Indonesia condemn terrorism, agree to meet challenges in the Indo-Pacific region, 05 January 2018, accessed from <http://www.firstpost.com/india/india-indonesia-condemn-terrorism-agree-to-work-together-to-meet-challenges-in-india-pacific-region-4289225.html> on 11 April 2018.

<sup>22</sup> Ristian Atriandi Supriyanto, *ibid.*

<sup>23</sup> Harsh V Pant, *India Indonesia Inch Closer*, 18 February 2017, Observer Research Foundation, New Delhi.

<sup>24</sup> Vivian Louis Forbes, *Indonesia's Delimited Maritime Boundaries*, Springer, 2014, pp. 35.

<sup>25</sup> David Brewster, *ibid.*

<sup>26</sup> 29<sup>th</sup> India - Indonesia Co-ordinated Patrol (CORPAT) Commences, Press Information Bureau, Government of India, 09 May 2017.

<sup>27</sup> INS Sukanya at Indonesia for Coordinated Patrol of IMLB, Press Information Bureau, Government of India, 24 October 2017.

<sup>28</sup> Exercise Komodo, Press Information Bureau, Government of India, 30 March 2014.

<sup>29</sup> Statement by India and Indonesia on Maritime Cooperation, MEA, GoI, 12 December 2016.

<sup>30</sup> Note 20, *ibid.*

<sup>31</sup> 1st 'India Indonesia Energy Forum' held in Jakarta, Press Information Bureau, Government of India, 22 April 2017.

<sup>32</sup> 2nd India-Indonesia Biennial Trade Ministers' Forum Meeting agrees to early meeting of Working Groups on Trade & Investment and Trade Facilitation & Remedies, Press Information Bureau, Government of India, 25 September 2017.

---

<sup>33</sup> 1st 'India Indonesia Energy Forum' held in Jakarta, Press Information Bureau, Government of India, 22 April 2017.

<sup>34</sup> India in talks with Indonesia for refineries, LNG plants, 13 Dec 2017 accessed from <http://www.livemint.com/Industry/OXAwpXPgjSKXRaPtUrZpAJ/India-in-talks-with-Indonesia-for-refineries-LNG-plants.html> on 11 April 2018.

<sup>35</sup> Widodo Wahyu Purwanto, Yuswan Muharam, Yoga Wienda Pratama, Djoni Hartono, Harimanto Soedirman and Rezki Anindhito, Status and outlook of natural gas industry development in Indonesia, Journal of Natural Gas Science and Engineering, 29 (2016).