

Indonesia's Debate and Response to China's One Belt, One Road Initiative: Balancing between Developmental Incentives and Geopolitical Anxieties

Vibhanshu Shekhar

Adjunct Faculty, ASEAN Studies Initiative,
School of International Service,
American University, Washington DC

&

Visiting Faculty, Graduate School of Diplomacy,
Paramadina University, Jakarta, Indonesia

Abstract

China's One Belt, One Road (OBOR) initiative, dubbed as a grand strategy of a great power, aims at consolidating Beijing's strategic presence across both the continental Eurasia and maritime Indo-Pacific, encompassing three continents, three oceans, and various regions and sub-regions. Its Maritime component – the Maritime Silk Road Initiative – has produced a robust domestic debate in Indonesia, marked by somewhat polarized voices between those advocating active participation in the Chinese initiative given its development incentives and those suggesting caution and non-participation due to Beijing's assertive maritime strategy. These opposite narratives reflect multiple facets and the changing character of Indonesia's China discourse during the 21st century. As the OBOR initiative gains clarity, Indonesian responses have changed from one of indifference during the Yudhoyono presidency to active engagement under the Jokowi government. The Jokowi government's doctrine of global maritime fulcrum and the emphasis on economic diplomacy have pushed forth the narrative of complementarity and synergy between the two policy initiatives. However,

the actual scale of engagement has remained limited due to various structural and operational challenges emanating from Indonesia's politico-economic structure, the troubled nature of Chinese investment in Indonesia and persistent mistrust among the policy makers against the Chinese intent in the South China Sea.

Keywords: Indonesia-China Relations, One Belt One Road, Global Maritime Fulcrum, Hedging

I. Introduction

In October 2013, Chinese President Xi Jinping stirred the waters of the Indo-Pacific when he proposed the idea of a 'Maritime Silk Road' (MSR) before the Indonesian parliament and invited the host country to join it. The Chinese announcement came in the background of Xi Jinping becoming the first foreign leader to address the Indonesian parliament, a rare gesture of honour and a sign of increasing warmth in the Sino-Indonesian ties. Indonesia under the new leadership of President Joko Widodo (hereinafter referred to as Jokowi) pushed Indonesia into the vortex of the regional maritime debate when he launched his maritime vision to make Indonesia a global maritime fulcrum (*Poros Maritim Dunia* [PMD]). The vision aims at projecting Indonesia as a maritime power, connecting Indonesia's thousands of islands, harnessing untapped maritime resources and securing its unprotected maritime space. Since then, the two maritime pivots (MSR and PMD) have introduced an important interface, through which Beijing and Jakarta have reached out to each other and laid out a detailed road map for their bilateral maritime cooperation.

This paper makes four arguments. First, Indonesian debate on the MSR initiative, ever since its conceptualization, has been conditioned by Indonesia's China discourse. Second, two distinct narratives have emerged out of the robust debate on the MSR initiative that has taken place during the Jokowi presidency: (a) the narrative of non-participation and (c) the narrative of complementarity. Underlying this debate is Indonesia's attempt to balance between its geopolitical anxieties relating to China's intimidating image and the developmental incentives promised by the MSR initiative. Third, the Jokowi government's participation in the MSR highlights its attempt to insulate the economic interests from the security concerns and evaluate and engage the initiative based on its merits and demerits. Finally, the level of Indonesia-MSR engagement will ultimately depend on the actual delivery of the Chinese government and the ability of the Indonesian government to facilitate foreign investment in the infrastructure development sector.

II. China's 'One Belt, One Road' (OBOR) Initiative

The OBOR initiative is a grand strategy with a geo-economic core of China as a great power. The initiative targets more than a third of the global GDP and nearly half of the global population. It is generally agreed that no foreign policy initiative of such an expansive

scale has been put forth since the post-World War II ‘Marshall Plan’ that was launched by the US to provide military and economic assistance to her allies in Europe. The OBOR initiative includes in its broader scope, “65 countries, 4.4 billion people and about 40 percent of global GDP” (Hofman 2015). The grandness of the OBOR initiative has prompted a few experts to identify the OBOR as China’s Marshall Plan (Ling 2015, 70-83). However, given the Cold War connotations of the Marshall Plan and its association with the policy of containment of Russia, the Chinese government has rejected such comparisons (China Daily 2015b).

The OBOR initiative has an expansive geopolitical canvas. It aims at consolidating Beijing’s strategic presence across both the continental Eurasia and maritime Indo-Pacific, encompassing three continents, three oceans, and various regions and sub-regions. It is a combination of two major foreign policy projects - continental Silk Road economic belt initiative (One Belt) and the Maritime Silk Road of 21st Century (One Road). While the Belt aims at ‘bringing together China, Central Asia, Russia, parts of South Asia and Indian Ocean (via Pakistan) and Europe (via the Baltic),’ the Road envisages connecting the Indo-Pacific maritime space. Some experts believe that the OBOR will expand beyond its current geographical canvas. One expert has extended the OBOR mandate to as far as Latin America (Chanda 2015, 13-15).

The OBOR initiative has a geo-economic core with its main focus being on the use of economic instruments to strengthen China’s strategic influence and presence. The initiative promises to “promote orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets” (National Development and Reform Commission 2015). It arguably seeks to create a “massive free trade zone,” a “belt of prosperity” and “an area of common economic interest” (Catanzaro et.al. 2015). It has sought to achieve these goals by expanding trade, seeking new markets and extracting resources. A major thrust of the initiative has been on building a comprehensive range of infrastructure – transport infrastructure, maritime infrastructure and energy infrastructure (National Development and Reform Commission 2015). These programs include, but are not limited to, construction of roads, ports, power plants, cross-border power supply networks, bridges, land-water transportation channels, optical cables and industrial parks, alignment of power grids, oil and gas pipelines, an increase in the number of sea routes and the number of voyages, and the development of a maritime logistics network. The emphasis on economic component of the initiative and a strong supervisory role of the Chinese state has led a few scholars to characterize the initiative as an expression of state-led mercantilism or neo-mercantilism (Ziegler and Menon 2014, 17-41).

A good deal of debate has revolved around the pivoting character of the OBOR initiative. One expert explains the initiative as “China’s pivot to the West,” whereby it will

help the government in developing the country's western regions as China connects economically with the economies to its west (Yunling 2015, 8). In this context, the initiative has both domestic and international economic agendas. Another expert has viewed the OBOR initiative as Beijing's pivot to Asia through which it seeks to reshape the continental security and financial architecture and "fashion a Sino-centric Asia in place of the present regional order centered on a stable balance of power" (Albert 2016). A few experts present the OBOR initiative as "China's pivot to Europe" (Fallon 2014, 175-182). By pivoting to Europe, China intends to improve connectivity that would "promote development, boost intercontinental trade between Asia and Europe, attract foreign investment, and thereby enhance stability and security for states in this historically turbulent region" (Fallon 2015, 141).

The pivot debate has raised an important question whether this initiative is China's pivot against the US pivot? Some scholars highlight somewhat conflictual interaction between the OBOR and the US pivot, more so in the case of maritime conflicts of Asia. It is argued that the OBOR is "China's response to the US pivot" (Symonds 2015). Its main objective is to "extricate China from its strategic encirclement by the US and its allies, while opening up further trade and investment opportunities for Chinese capitalism" (Symonds 2015). A few Chinese experts have refuted the argument and claimed that the OBOR is not a counter-pivot or a counter-strategy to the American "pivot to Asia," rather an initiative rooted in China's own needs (Yunling 2015).

The OBOR initiative has also raised various misgivings about China's intent as a great power. Some have characterized it as "communist China's attempt to build an empire" (Clover and Hornby 2015), a part of China's "hegemonic games" (Smith, Jack A. 2015), "an ambitious vision for an interconnected Asia" within a Chinese model of hub and spoke arrangement (Smith, Jeff 2015), and a strategy that "threatens to end America's economic dominance" (Escobar 2015). It is understood as an ambitious strategy to establish China as a great power and reshape the global power structure. Its goals cover a broad gamut of China's global diplomacy – building China's economic strength developing a new model of major power relations and reshaping global power structure (National Development and Reform Commission 2015).

The Chinese advocates of the OBOR have painted a bright and positive picture of the initiative, focusing on its developmental and cooperative agendas. It has been presented as "an offer of a ride on China's economic express train" (Liu 2015). The Chinese government has placed the OBOR initiative in the context of what is referred to as the 'Silk Road Spirit' that is defined in the Vision and Action plan as "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit" (National Development and Reform Commission, 2015). Given the Cold War connotations of the Marshall Plan, the

Chinese government has rejected any such comparison (China Daily 2015b). As China's grand strategy, it is arguably "more defensive than offensive," strategy. For some experts, the OBOR represents "revival of traditional geo-economic relations" based on economic cooperation" (Zhu 2016, 117). According to Zhao Changhui from the China Export-Import Bank, it is a strategy that provides "a new method of development for China and the world" (Clover and Hornby 2015). It is also being projected as a part of cultural connect and a great social project that will enhance the appeal of Chinese culture (China Daily 2015a).

The geographical canvas, the level of financial commitment, the strategic importance attached to the initiative and visceral global debate establish the OBOR's ambitious grand strategy character that only a great power could conceptualize. It involves long-term commitment as China seeks to develop strategic and economic constituencies in far-flung areas on a permanent basis.

21st Century Maritime Silk Route: China's Maritime Pivot in the Indo-Pacific Region

Indonesia's involvement with the OBOR has occurred through its maritime component – the 21st Century Maritime Silk Road initiative that aims to connect China with Southeast Asia, South Asia, Persian Gulf, parts of Africa and parts of Europe via sea. The MSR initiative traverses in two directions. The main MSR travels from the southern Chinese coast to Southeast Asia, Indian Ocean and Persian Gulf to Europe. The other MSR connects China to the island states in the South Pacific via South China Sea (National Development and Reform Commission 2015). While the first route enters into Indonesia through its northwestern tip of Sumatra, the second South-Pacific bound route passes through Papua New Guinea that connects with Indonesia's troubled easternmost province of Papua. If the OBOR is a part of China's global grand strategy, the 21st Century Maritime Silk Road is China's grand maritime strategy in the Indo-Pacific region.

The MSR initiative faces an extremely complex, significant and volatile Indo-Pacific where it is intersecting with other ambitious maritime strategies. The Chinese maritime pivot is faced with the US Pivot to Asia/rebalancing, India's maritime pivot discussed as project *Mausim/Spice Route/SAGAR* (Security and Growth for All in the Region), and Indonesia's idea of Global Maritime Fulcrum (IGNCA Report 2014; Mohan 2015; Cronin and Barua 2014).^① These pivots are intersecting amidst multiple narratives of territorial claims, contested boundaries, dispute escalation and growing militarization, and maritime rivalries in

註① India's *Mausam* Initiative is an outcome of a three-day workshop convened in New Delhi in December 2013 by the Ministry of Culture. The concept follows the historical tradition of maritime traders following specific wind pattern in the Indian Ocean region.

an increasingly inter-connected maritime space. It is noteworthy that China has been locked into multiple and multi-layered rivalries and territorial disputes with various regional players. Beijing also faces a broader and more popular narrative of China as an aggressive and hostile player that is destabilizing the peaceful maritime order. While the Pacific Ocean has seen strong contestation over maritime space – East and South China Seas, the Indian Ocean has witnessed competitive Sino-Indian major power maneuverings. Some experts view the MSR initiative as China's counter-pivot or response to the US Pivot to Asia and a few experts have viewed the maritime doctrines of *Mausim* and *SAGAR* as India's counter-pivot to the MSR initiative (Parashar 2014).

Faced with a challenging maritime environment, the MSR initiative has focused on developing substantive economic relationships and building what it calls 'maritime partnerships.' The main economic programs include infrastructure development, maritime connectivity and economic integration. Many of the Indo-Pacific littorals are developing economies where infrastructure development and accelerating economic growth figure among the most important political agendas. The Chinese decision in April 2015 to invest in the \$1.65 billion Karot hydropower project in Pakistan is considered to be the first project of the OBOR initiative (State Council of the People's Republic of China 2015). The MSR initiative has proposed similar infrastructure projects in other littoral countries, such as Bangladesh, Cambodia, India, Indonesia, Laos, Malaysia, Maldives, Myanmar and Sri Lanka.

The improved bilateral economic ties are expected to generate political loyalties, especially among the smaller littorals and bind them in acknowledging and validating the Chinese strategic presence and naval movement. Beijing has been building relationships for more than two decades with the countries and island states in the Indian Ocean. Cambodia and Sri Lanka can serve as important examples. The Cambodian leadership has provided China a much-needed strategic leverage in the ASEAN cooperative processes and during the ASEAN deliberations on the South China Sea dispute. Similarly, Sri Lanka and Maldives could provide strategic leverage in South Asia and Indian Ocean where China does not have maritime claims and cannot project its power as forcefully as it can in the western Pacific (Shekhar 2014). For example, along with the investment and business came the news of the Chinese submarine docked in the Sri Lankan port, giving sleepless nights to India's policy makers.

Southeast Asia has figured prominently in the MSR initiative. It is the first staging point and therefore carries importance for the success and direction of the initiative. The Chinese Premier, Li Keqiang, emphasized during the China-ASEAN Expo in 2013 that Southeast Asia is the geopolitical focus of the MSR initiative. As a part of the China-ASEAN connectivity, the MSR initiative envisages to connect Kunming with Vientiane and Singapore by 2019 (Wong 2015). The MSR may have factored in the decision to make 2015 the

proclaimed “year of China-ASEAN Maritime Cooperation” (Tiezzi 2014). It is not a coincidence that President Jinping chose Indonesia and Malaysia as the staging ground for the MSR initiative. During his speech at the Indonesian parliament, President Jinping declared, “China will strengthen maritime cooperation with ASEAN countries...and vigorously develop maritime partnership in a joint effort to build the Maritime Silk Road of the 21st century” (Jinping 2013).

III. Indonesia’s Multifaceted China Discourse

Indonesia’s debates over and responses to the OBOR initiative have involved domestic, bilateral and regional facets of Indonesia’s China discourse. Therefore, to place Indonesia’s response to the OBOR initiative in an appropriate framework, it is important that we discuss different aspects of Indonesia’s China discourse that characterize today’s Sino-Indonesian relations. Indonesia’s perception towards China has undergone a fundamental shift during the last two decades from a dominant China-threat theory during the 1990s to a relationship marked by strategic partnership and greater economic integration (Sukma 2009; Sukma 1999, 139-155). A brief overview of Indonesia’s current China discourse is presented below.

A. China as an Important Partner

President Jokowi’s unequivocal assertion during his speech at the Brookings institution in October 2015 – “we see China as an important partner for Indonesia” – testifies to the trend of China’s growing importance in Indonesian strategic calculus (The Brookings Institution 2015). The broad gamut of the Sino-Indonesian relations is marked by impressive semantics – “maritime partnership” and “high level of complementarity”, “Sino-Indonesian comprehensive strategic partnership”. In contrast, Indonesia’s other partnerships are either “strategic partnership” (with India and Japan) or comprehensive partnership (with the United States). A few experts have characterized the Sino-Indonesian relations as “at an all time high” (Halim and Lubis 2016). If semantics matters, these are important markers of Indonesia’s new China discourse.

Indonesia has viewed China as an important growth engine and sought the Chinese investment in its infrastructure development and economic growth. China has emerged as Indonesia’s largest trading partner and the largest investor in the Indonesian economy. The Chinese imports of Indonesian raw-materials provided a major stimulus to the country’s sustained growth story during the Yudhoyono presidency. President Jokowi has set a bilateral trade target of US\$150 billion by 2020 and declared that both Indonesia and China can “better experience strategic partnership, in a more specific and practical way,” with this goal

(Chan 2015). Underscoring Beijing's increasing economic importance, Indonesian Vice-President, Jusuf Kalla, declared that Indonesia was more worried about the Chinese shocks than economic crisis in Greece (The Straits Times 2015b). A noted Indonesian expert, Dewi Fortuna Anwar (2010), writes that "a China whose prosperity and good international image is closely tied up to the wider region is considered to be good for both China and the neighbourhood as a whole".

China's growing importance in Indonesia's strategic calculus has prompted some scholars to claim that the latter is seeking greater economic role for the former (Choiruzzad 2014). Rizal Sukma (2015), Indonesia's noted foreign policy expert, asserts that "Indonesia needs to integrate China, the world's second largest economy, into the interface of Indonesia's national and regional strategic interests". He explains the Jokowi government's China policy in terms of two organizing principles: economic/diplomatic "rebalancing" and "hedging" based on realistic calculations of national interests. Similarly, Dharmansjah Djumla (2015), Director General of the Policy Analysis and Development wing within Indonesia's Ministry of Foreign Affairs, argues that the country's economic diplomacy needs to be "rejuvenated" by taking into account regional economic dynamics and reoriented towards emerging markets in Asia that provide "a huge market opportunity for Indonesian export products".

B. China as the only Great Power with Contested Maritime Sovereignty

China is the only major power with which Indonesia shares a contested maritime boundary that makes bilateral relations much more problematic. While President Jokowi talked about partnership in October 2015, his close confidante and Indonesia's Coordinating Minister for Legal, Political and Security Affairs, Luhut Pandjaitan, threatened a fortnight later to go to international court over China's claim over Indonesian EEZ in the Natuna Sea that forms a part of the South China Sea. His statement forms the other end of a broad spectrum within which Indonesia's China discourse continues to pendulum.

Indonesia's involvement in the South China Sea dispute comes from the Chinese contestation of Indonesian sovereignty over a portion of an EEZ (Exclusive Economic Zone) near the Natuna archipelago. It came to light probably for the first time during the mid-1990s that China's nine-dash line overlapped with a part of the EEZ in Indonesia's gas-rich and fish-rich region. Since then, Indonesia has remained wary of the Chinese intent in the South China Sea and its unclear claims over the Natuna Sea. Indonesia has challenged the legal status of the Chinese line before the United Nations. Indonesia's former military chief, Commander Moeldoko (2014) wrote in April 2014, "Indonesia is dismayed that China has included part of the Natuna Islands within the nine-dash line, thus apparently

claiming a segment of Indonesia's Riau Islands province as its territory".

The Sino-Indonesian standoff in the Natuna Sea has continued and appears to be picking up steam. Indonesia and China entered into a diplomatic battle after the Chinese coast guard intervened and forcibly freed a Chinese fishing boat on March 19, 2016 that was, according to Indonesian authorities, 'fishing illegally' within Indonesian EEZ in the South China Sea (Halim, Lubis and Ribka 2016). Indonesian Foreign Minister, Retno Marsudi expressed 'strong protest' and termed the Chinese behavior as "violation of Indonesia's sovereign rights" (Antara News 2016). The Chinese embassy in Jakarta claimed the area in dispute in the South China Sea as "traditional Chinese fishing ground" (The South China Morning Post 2016). Indonesia's Maritime Affairs and Fisheries Minister, Susi Pudjastuti, characterized the Chinese action "arrogant" (Halim, Lubis and Ribka 2016). Indonesia and China entered into a somewhat similar row in March 2013. These episodes have toughened Indonesian stance and whipped up nationalistic assertions against the Chinese nine-dash line.

C. China's Multi-Pronged Great Power Rivalry in the Indo-Pacific Region

Indonesia's current China discourse is shaped by multiple sets of major power rivalries facing China, such as the Sino-US, Sino-Japanese and Sino-Indian great power rivalries. These great power rivalries have gained salience during the last ten years. Their strategic competition and rivalries are no longer confined to their traditional areas of influence, rather spread to the entire Indo-Pacific region. These rivalries have posed a considerable challenge to Indonesia that has sought to hedge its bets by engaging all the major powers without aligning with anyone in order to maintain its strategic autonomy. Indonesia's emphasis on engagement and strategic hegemony is enshrined in its long-standing principle of free and active (*Bebas dan Aktif*) and reiterated through various foreign policy interpretations and doctrines, such as "Million Friends Zero Enemies" or "Dynamic Equilibrium."

It is argued that Indonesian hedging strategy, in the context of the impact of the Sino-US rivalry on the regional order, is aimed at "moderating the potentially negative implications of the rise of China for regional order whilst at the same time reducing American dominance as the hegemonic power in the region" (Sukma 2012). Another expert has viewed Indonesian hedging strategy primarily in terms of maintaining strategic autonomy while dealing with the "uncertainty in actions of both the US and China in the region" (Luhulima 2013). Indonesian hedging seems to be operating on a principle – China's rise is not entirely a bad story and everything about American dominance is not benign. Indonesia has followed a somewhat similar also witnessed a bout of Sino-Japanese rivalry

In the context of the scope of the MSR initiative, it is important to highlight the emerging great power dynamic in the Indian Ocean. There is a growing realization within the strategic community that Jakarta should keep a close watch on this relationship. The dependence of India and China on the Indian Ocean as their principal passageway has intensified great power great game in this maritime world. Indian Ocean also appears as an important component of the US rebalancing strategy as evident from the US-India Vision Statement of 2014 that includes both the Asia Pacific and Indian Ocean. Indonesia's Indian Ocean role came into prominence in 2013 when it allowed China to conduct naval exercises, close to Australia's Christmas Islands, in the eastern part of the Ocean. Emerging Indonesia has to meander through these complexities, which have raised Indonesia's stakes in the regional dynamic.

D. Indonesia's Troubled FTA Experience with China

The idea of greater economic integration with China means increased trade deficit for Indonesia continues to define Indonesia's broader narrative on the ASEAN-China FTA. The last five years have seen Indonesia's widening trade imbalance with China, increasing influx of Chinese products into the Indonesian market, and strong political opposition to granting any economic concession to China.

A new pattern of trade imbalance has emerged, marked by rapid increase in the bilateral trade volume, sustained decline in Indonesian exports (especially non-oil and gas exports) and continued increase in the imports. The Sino-Indonesian bilateral trade more than doubled from US\$25 billion in 2009 to US\$52 billion in 2013 before dropping to US\$44 billion in 2015 (Ministry of Trade, Indonesia 2015). While Indonesian exports have gone down from US\$22 billion in 2011 to US\$15 billion, the imports have increased from US\$26 billion to US\$29 billion. Indonesia that used to enjoy trade surplus until 2008 began experiencing trade deficit with China that has continued to widen (Ismanto and Krishnamurti 2014, 21; Mursitama and Arif 2012, 30). Indonesia's bilateral trade deficit increased five times from US\$3 billion in 2011 to US\$15 billion in 2015. Within this adverse trade pattern, lies another trade imbalance related to the composition of exports. Indonesia is placed as an exporter of raw materials to and an importer of finished products from China, an approach viewed by some experts as "neo-colonial" (Booth 2011, 153). It is argued that the concentration of the Chinese investment in the energy sector has led to Indonesian imports of capital goods, such as heavy machinery (Keliat 2014).

The last five years have also seen a growing popular perception that the Chinese products have been flooding the Indonesian market leading to job losses and closure of many Indonesian SMEs (Small and Medium Enterprises) (Zain 2011; The Jakarta Post 2010a;

Chandra and Lontoh 2011, 9). Many of these products were the ones, which Indonesian businesses had been exporting over the years, such as textile, garments, footwear, and other labour-intensive products (Zain 2011; Chandra and Lontoh 2011, 5; Ismanto and Krishnamurti 2014, 22). The Indonesian Employers Association went to the extent of predicting the loss of 7.5 million jobs (Sinaga 2010). The reports of the massive influx of Chinese products, closure of Indonesian businesses and job-losses led to labour protests, pushed the Indonesian Chambers of Commerce (KADIN) to demand renegotiation of the ACFTA and forced the Indonesian government to take remedial measures (The Jakarta Post 2011). A few experts went to the extent of calling this trend as Indonesia's "de-industrialization" (The Jakarta Post 2010b; Basri 2009). The then Indonesian Trade Minister, Mari Pangestu, reportedly lost her job due to negative political and economic fall out of the ACFTA (Parameswaran 2012, 4).

E. Indonesia's Changing Ethnic Chinese Debate

The political rhetoric on Chinese Indonesians has undergone a fundamental shift during the last decade and a half away from the Suharto era's narrative of socio-political mistrust and discrimination. The ethnic Chinese population has seen their continued mainstreaming with the gradual dismantling of political and social restrictions that were imposed on them in the wake of 1965 coup and their increasing participation in the national political processes (Tjhin 2012, 303-315). The presidencies of Abdurrahman Wahid and Megawati Sukarnoputri saw resumption of the celebration of the Chinese New Year (*Imlek*) that was banned in 1965 after the military coup. An ethnic Chinese Indonesian today can, in principle, become the President of the country. The current Governor of Indonesian capital city of Jakarta, Basuki, 'Ahok' Tjahaja Purnama is of ethnic Chinese origin.

Indonesia's ethnic Chinese debate has acted as a catalyst in shaping Indonesia's China discourse. The improved socio-political position of Chinese Indonesians has helped in overcoming an important political obstacle in strengthening Sino-Indonesian ties. Many Chinese Indonesians, who were earlier seen distancing themselves from the communist China are now reasserting their Chinese identity and rebuilding cultural and economic links with the mainland China. This process of, what has been referred to as 're-sinification,' along with the economic rise of China has pushed the Chinese Indonesians into the role of facilitating stronger bilateral economic relations (Setijadi 2016). The Chinese Indonesians were projected as an important domestic clientele and source of vulnerability against China-induced internal subversion.

Indonesia's China discourse provides a broader frame of reference within which each of the narratives has shaped Indonesia's debate on and responses to the MSR initiative. These

narratives include the question of peacefulness of the rise of China, the emerging Sino-US great power rivalry in the region, China's Charm Offensive strategy, the enormous increase in the aid-giving capacity of China, and China's assertive and muscular strategy in the South China Sea. These narrative and sub-narratives will figure as we continue discussing Indonesian debates on the MSR initiative.

IV. Indonesia's Debate on the MSR Initiative

Indonesia's OBOR debate has revolved around the content and intent of the MSR initiative, and its potential impact on Indonesia's public policy and foreign policy. Its discussions over the MSR initiative during the last three years have seen experts and practitioners polarizing along two binaries. They are the narratives of (a) non-participation and caution and (b) mutual complementarity and active participation. These two narratives have built on geopolitical anxieties caused by an assertive China and developmental incentives promised by the MSR initiative. The anti-MSR advocates have laid emphasis on the initiative being an instrument of China's great power projection, greater Chinese military presence on the Indonesian islands, economic penetration in the form of the flooding of the Chinese goods and China's strategic presence in the Indian Ocean. The pro-MSR arguments relate to complementarity of the GMF and MSR, developmental merits and tension-reducing effects of the benefits of cooperation. The second narrative contextualizes the initiative in the context of enormous economic benefits it promises to bring to the Indonesian economy and proposes to evaluate the MSR based on its own merits and demerits.

A. The Narrative of Non-Participation and Caution

The arguments objecting to Indonesia's participation in the MSR initiative lay emphasis on Indonesia's long-standing geopolitical anxieties and negative fallouts of opening up economically to the Chinese businesses. First, the MSR initiative is viewed as China's attempt to project its great power ambition into the Indo-Pacific maritime theatre. Bantarto Bandoro, a noted Indonesian expert, has identified the OBOR initiative as a part of 'China's race with the United States for influence in the region' and suggested that it may have "hidden agendas" (Maulia 2015b). These agendas may relate to destabilizing effects of China's great power projection in the Indo-Pacific region, potential great power rivalry in the region, China's muscular and intimidating maritime projection in the South China Sea, and Indonesia's Natuna Sea imbroglio. Indonesia, on the other hand, has opposed hegemony of any major power, sought equidistant engagement with major powers and hedged its relations with them.

Second, it has been argued that “Indonesia should not be allowed itself to be used by China to persuade other ASEAN members to cooperate” (Maulia 2015b). China is involved in maritime disputes with four countries of Southeast Asia in the South China Sea. The ASEAN claimant states, such as the Philippines and Vietnam, have objected to what they see as China enhancing its military presence in the disputed South China Sea, engaging in muscular methods of gaining control over the disputed islands and causing rift among the claimant and non-claimant ASEAN member-states. Both Vietnam and the Philippines have also complained against, what they perceive as China’s use of force and intimidation in claiming its sovereignty on the disputed islands in the maritime area. There is a prevalent perception in the ASEAN region that China is using both carrots and sticks to drive a wedge between the claimant and non-claimant ASEAN countries.

Third, the narrative of non-participation builds on the potential negative fall-out of the initiative for Indonesia’s maritime interests in the region, especially in the South China Sea. Notwithstanding Indonesia’s repeated requests and diplomatic demarche, China has been unwilling to clarify its position on the scope of potential overlap between the Chinese nine-dash line and Indonesia’s Exclusive Economic Zones (EEZ). Indonesia’s expert on maritime affairs, Hasyim Djalal, has expressed concerns about the possibility of China using the maritime infrastructure facilities built under the MSR “for military purposes.” According to Djalal, “We must be careful about possible military aspects [of the plans]. We don’t want this to turn into some kind of a military penetration” (Maulia 2015b). Confirming Hasyim’s fears, a senior official in the Indonesian navy, admitted that China had requested to set up monitoring facilities near Aceh.^② Azyumardi Azra, a noted Indonesian historian, cautioned against the possibility of Indonesia getting ensnared into the Chinese maritime ambition (Sudrajat 2015).

Fourth, a few experts have underscored Indonesia’s concern about the potential destabilizing impact of the Sino-Indian rivalry in the Indian Ocean. Wary Indonesia has sought to concentrate on developing a stable Indian Ocean order as an IORA Chair (2015~2017). the MSR is also seen as reinforcing China’s strategic presence in the Indian Ocean where its role and influence is less intrusive. The already salient discourse of Sino-Indian rivalry in the Indian Ocean (Supriyanto 2011) may further intensify with the MSR initiative. The fear of potential destabilizing impact of the MSR initiative and prevailing sense of mistrust has prompted an Indonesian expert to recommend that Indonesia should focus is energy on developing the Indian Ocean Rim Association (IORA) as a “countervailing network” against China’s Maritime Silk Route in the Indian Ocean (Nugroho 2014).

註② Author’s interviews in Jakarta in November-December 2015.

Fifth, the narrative of non-participation builds on side-effects of greater connectivity and economic integration promised by the MSR. The MSR is also seen as an instrument of advancing China's economic agendas that would help in propelling China's economic growth (Amdjad 2015). Indonesia's Sultan, a notable political figure in the country, has argued that Indonesia must reject the Chinese MSR offer since the greater connectivity would lead to a flooding of Chinese goods into the Indonesian market (Yakub 2015). Indonesian private businesses reportedly see the Chinese initiative as a threat since various Indonesian Small and Medium Enterprises (SMEs) have faced closure due to the flooding of Chinese goods (Maulia 2015a). Another expert warned, "if this keeps happening, in the long term [stronger] resistance may arise here against Chinese products" (Maulia 2015a). This argument is based on a broader narrative of Indonesia's troubled experience with the ASEAN-China FTA, as discussed earlier in the paper.

Finally, the fear of increasing influx of the Chinese labour has prompted some experts to suggest that Indonesia should not join the MSR initiative. The influx of ethnic Chinese labour feeds into Indonesia's broader political rhetoric on unemployment and economic domination of the Chinese Indonesians. The special weekly edition of Indonesian news magazine, *Tempo*, provocatively entitled *Banjir Pekerja Dari Negeri Panda* (The Flood of Workers from the country of Panda) has a tell-it-all expression of Indonesian nervousness over the fear of Chinese workers flooding the market (Tempo English 2015).^③ President of the Confederation of Indonesian Trade Unions (KSPI), Said Iqbal, claimed that "unskilled Chinese labourers were employed in various industries, taking jobs from local workers" (Daud 2016). For example, the Buleleng energy infrastructure project, undertaken by the Chinese state-owned Huadian and General Energy Bali (GEB), reportedly involved 90 per cent of undocumented immigrant labour (Wijaya 2016). The fear of increasing influx of Chinese labour is said to be behind the promulgation of a new law by the Indonesian government that mandates foreign workers to learn Indonesian language and international businesses to hire at least ten domestic workers in lieu of the hiring of one foreign labour (The Straits Times 2015a).

B. The Narrative of Complementarity and Collaboration

Jokowi's Indonesia has also seen experts and policy makers supporting Indonesia's participation in the MSR initiative. Indonesia's current economic slowdown and adverse external economic situation has lent greater political support to the idea of Indonesia participating in the Chinese initiative. First, the MSR is believed to bring development and

註③ The English edition of the same magazine carried an equaling provocative title 'Labour on the Loose.'

prosperity to the entire ASEAN region. In probably one of the earliest Indonesian articulations on the MSR initiative, Aris Heru Utomo, an Indonesian official stationed in Beijing in October 2013, viewed the MSR as an initiative that could ‘bring unprecedented opportunities for regional development.’ AKP Mochtan, ASEAN Deputy Secretary-General, emphasized the need to view the MSR along with China’s other initiatives as “complementing and enriching the region” (Maulia 2015b). Anwar Nasution (2015), a noted Indonesian economist pointed out that the OBOR initiative along with AIIB indicate the “readiness of the PRC to take a greater role in managing the global economy and assume leadership in a new international economic and political system”. It has been asserted that the Chinese initiatives will not only “boost ties between China and ASEAN countries but also among the group’s member states” (The Jakarta Globe 2015).

Second, experts have argued that the idea of complementarity between what Indonesia needs and what the MSR offers should dictate Indonesia’s participation in the initiative. The MSR initiative can provide what the Jokowi government believes Indonesia needs the most – investment, technology and an up-to-date infrastructure. Indonesia’s annual GDP growth has gone down to below 5 per cent and the country needs, according to an estimate of its investment board, a whopping investment of nearly US\$250 billion to achieve annual GDP growth of 7 per cent (CNBC News 2015). While announcing a series of economic deregulation measures, Indonesian Finance Minister, Bambang Brojodinegoro, declared in August 2015 that foreign investment remained a key priority of the Jokowi government (Otto and Sentana 2015). Rizal Sukma identifies three areas where China’s MSR and Indonesia’s GMF overlap and complement each other - connectivity, safety and diplomacy (Gokkon 2014). The Indonesian government intends to geographically and economically connect Indonesia’s more than 17,000 islands and place maritime life and livelihood at the center of the country’s political and economic life. The world’s largest archipelago has lacked an efficient maritime navigation system, modern port infrastructure and system of maritime governance. Emphasizing on the broader implications for regional connectivity, one expert points out that Indonesia’s maritime highways and ports may arguably “become integral parts of China’s MSR” and “Indonesia’s maritime highway concept may develop into the MSR super maritime highway” (Luhulima 2014).

Third, The MSR is seen as China’s attempt to neutralize its intimidating image in the South China Sea and win over more friends in the region. Indonesia as a non-claimant state fits the profile perfectly. Underscoring the tension-reducing potential of the collaboration between the MSR and GMF, Indonesia’s former Foreign Minister, Hasan Wirajuda, states, “the two concepts (China’s Maritime Silk Road and Indonesia’s Global Maritime Fulcrum) could redirect the tense environment resulting from the claims and counter claims in the South China Sea” (Gokkon 2014). The interconnectivity of the MSR and Global

Maritime Fulcrum (GMF) provides an important avenue for building trust between China and ASEAN claimant countries in the South China Sea dispute.

Fourth, the pro-participation advocates have suggested that the developmental merits of the MSR initiative should be evaluated and responded independent of the geopolitical baggage associated with China's maritime power projection in the Indo-Pacific region. Sukma reiterates that China's MSR and Indonesia's GMF are "not about power supremacy" (Gokkon 2014). Moreover, it has been argued that China is an important strategic partner of Indonesia, and "Indonesia should make full use of its defense cooperation with China" in light of President Jinping's "calculative strategy for 2013-2018" (Bakrie 2013). As the MSR initiative gained financial muscularity, the importance of the developmental argument has gained traction under the Jokowi government.

Finally, a few experts and practitioners have suggested that Indonesia should participate in the MSR initiative but remain cautious in order to manage the negative fallout of this collaboration (Maulia 2015b). It has been argued that Indonesia needs to insulate its geostrategic anxieties due to China's assertive foreign policy posture from the immense economic opportunities emanating from the rise of China as a global economic power and the most important investor in the region. Suggesting a good-faith cautious approach, *the Jakarta Globe* (an Indonesian news daily) in its editorial noted that "China's plan to revive the ancient Silk Road commerce route must be welcomed in good faith...so long as it is purely about boosting economic and trade relations among countries in the region" (The Jakarta Globe 2015). They are trying to draw a fine line between the intimidating image of rising China and positive contributions of the MSR initiative.

These contrasting positions have provided two ends of a broader spectrum within which one can situate the evolution of the public and political opinion over the Chinese initiative. Many of the key elements of the debate have been reflected in the responses of the Indonesian governments during the last three years. This connection is clearer during the Jokowi presidency when much of the domestic debate and Indonesia's responses have taken shape, spurred by the government's emphasis on development of maritime infrastructure and economic diplomacy. For example, the idea of complementarity has undergirded the Jokowi government's decision to forge maritime partnership with China and assert the synergy between the MSR and the GMF. On the other hand, the fear of the influx of Chinese labour has acted as an overall constraint in the Chinese investment in Indonesia. Also, the fear of exposing maritime vulnerability to China has prompted the Indonesian government to keep some projects off the potential list of collaboration under MSR. Some of the advocates of close cooperation with the MSR, such as Rizal Sukma and Andi Widjajanto, have also played critical roles in shaping the Jokowi government's strategy of global maritime fulcrum and reorienting Indonesia's maritime agenda. However, the range of the domestic debate need not

be fully reflected in the policy decisions and responses of the Indonesian governments. While the debate reflects public opinion, Indonesia's responses reflect policy choices and decisions of the government. Indonesian presidents and their governments have often put a considerable emphasis on their own preferences and political agendas while shaping the foreign policy and bilateral relations. For example, the building of maritime infrastructure has emerged as a personal political agenda of President Jokowi.

V. Indonesia's Response to the MSR Initiative

The last two years, since the announcement of the MSR initiative in October 2013, have seen two contrasting positions adopted by two different presidents – Susilo Bambang Yudhoyono and his successor Joko Widodo. When the Chinese president made the proposal before the Indonesian parliament, it did not generate much enthusiasm or debate among either President Yudhoyono, his ministers or other members of parliament. Even its strategic community did not initially engage the idea very much. As the initiative has taken shape and has come to complement President Jokowi's maritime and developmental goals, Indonesia has witnessed a nuanced debate on its participation in the MSR initiative, active engagement with the Chinese government on aligning their economic interests and an intense effort from China to engage Indonesian leadership.

A. The Yudhoyono Government's Indifferent Approach

Indonesia's response to the MSR initiative remained nearly passive for most of the remaining last year of the Yudhoyono government. Though the then President Susilo Bambang Yudhoyono referred to the MSR initiative on a few occasions in the broader regional context he did not articulate Indonesia's position on the issue. Indonesia's Ambassador to China, Soegeng Rahardjo, in an interview to Shanghai Daily in May 2014 did not mention either as to how Indonesian government is responding to the MSR proposal (Tao 2014). However, he mentioned how the initiative is going to be beneficial for entire Asia in various ways. In fact, there are very few literatures indicating specific nature of Indonesian debate on the MSR under the Yudhoyono government (Bakrie 2013). Though the Yudhoyono government received the Chinese investment in two infrastructure projects in different islands of Kalimantan and Sulawesi - the Manado-Bitung (North Sulawesi) and Balikpapan-Samarinda (East Kalimantan) toll roads, no side made the effort to link it to the MSR initiative (Natahadibrata 2014).

The Yudhoyono government's lack of interest may have emanated from four principal understandings. First, the MSR initiative itself did not have much meat on its bones. It was

not clear as to what shape and scope the Chinese government intended to give to the initiative and in what ways Indonesia could be a part of it. The initiative did not have financial firepower either. China announced the setting up of a US\$40 billion Silk Road Fund only in December 2014. Moreover, it developed a vision and action plan as late as March 2015. Given an unclear nature of the initiative, the Yudhoyono government did not engage or deliberate much on the scope and benefits of the initiative.

Second, the transitional nature of the Indonesian government and the increasingly electoral fever of the politics did not persuade the Yudhoyono government to put much thought to an unclear and potentially problematic MSR initiative. President Jinping's announcement of the proposed MSR in October 2013 coincided with the Yudhoyono presidency reaching its near-end. The year of 2014 marked the last year of the Yudhoyono presidency and election year for Indonesia. Indonesia conducted two nation-wide elections in 2014 spread across thousands of islands. It held its General Elections in April 2014 and presidential elections soon after in July 2014 that saw much contestation and political turmoil before Joko Widodo was declared victorious and sworn in Indonesian president in October 2014.

Third, the Yudhoyono government pursued a different foreign policy agenda and laid emphasis on different tools of diplomacy. President Yudhoyono focused on normative and global issues of democracy promotion, strengthening global and regional order and engaging the West as the third largest democracy. Yudhoyono's foreign policy is often described as pro-US as he focused on building strong strategic partnership with the US. His pro-US stance and wariness towards an assertive China did not generate enough momentum for Indonesia to seriously consider the Chinese initiative. It has been argued that his "obedience to Washington" prevented Indonesia from building close ties with China, reducing the Sino-US hostility and deescalate tensions in the South China Sea (Adamrah 2011). Moreover, he did not follow a dedicated maritime agenda and nor did he concentrate on economic diplomacy.

Finally, the maritime nature of the MSR brought with it an obvious connection to China's prevailing intimidating image of assertive and muscular politics in the South China Sea. Yudhoyono's Indonesia remained wary of China's intentions in the South China Sea even though the warmth in the bilateral Sino-Indonesian ties had been growing. This consideration may also have prompted Jakarta to wait until a clear picture emerged on the potential geopolitical intent and ramifications of the initiative. The Yudhoyono government

B. The Jokowi Government's Response: Complementarity and Maritime Partnership

The Yudhoyono government's muted response stands in contrast against the Jokowi's government's active participation in the MSR initiative. The Sino-Indonesian Joint Statement signed in March 2015 during the visit of President Jokowi to China declared "high level of complementarity" between the Chinese and Indonesian maritime initiatives and called for the establishment of Sino-Indonesian maritime partnership (China-Indonesia Joint Statement 2015). President Jokowi has visited China three times and on all these occasions, the economic and maritime complementarity has been asserted from both the sides.

The emphasis on participation and complementarity has come from the Jokowi government's pursuit of maritime and developmental agendas in its foreign policy and economic diplomacy. Indonesia's pursuit of economic diplomacy, in maritime context, has revolved around "promoting foreign investment and financial cooperation for maritime infrastructure, navigation, shipyard building and fisheries" (Djumla 2015). To promote maritime connectivity, the Jokowi government has proposed a maritime highway (*Toll Laut*), a plan to develop more than 24 ports, including 5 deep seaports. Indonesia's Minister for State Owned Enterprises, Rini Soemarno, declared in April 2015 that the Chinese government had promised to invest nearly US\$50 billion in different aspects of Indonesia's infrastructure development - toll roads, ports, power generation and transmission as well as a cruise (Kompas 2015). These infrastructure projects, according to Indonesia's Cabinet Secretariat, include, "the construction of 24 ports, 15 airports, construction of roads along 1,000 kilometers (km), railroad construction along the 8,700 km, as well as the construction of power plants with a capacity of 35,000 Megawatts (MW)" (Triyono, Zalnika, and Aprilyani 2015). The KADIN (Indonesian Chamber of Commerce and Industry) Chairman, Suryo Bambang Sulisto, declared that Indonesia welcomed the Chinese investment in the infrastructure sector since the country suffers from the highest level of logistics costs within ASEAN region (The Jakarta Post 2015).

The Chinese diplomacy of actively engaging the Jokowi government soon began to bear fruit. Indonesia's probably first definitive response to the Chinese invitation came during his meeting with the visiting Chinese Foreign Minister, Wang Yi in November 2014. President Jokowi identified various areas in the infrastructure sector, such as ports, railways, power projects and maritime highway in the islands of Sumatra, Kalimantan, Sulawesi and Papua where Chinese businesses could invest (Rastika 2014). However, he maintained a cautious approach and indicated that Indonesia was open to cooperation with China as long as it safeguarded the country's national interests and brought benefit to the people (Rastika

2014). Reflecting a similar guarded approach, Sofjan Djalil, Indonesia's then Economic Minister, underscored that the initiative needed to be studied not only from economic viewpoints but also from the maritime peace and security angle since it involved South China Sea that had been a matter of dispute among many countries (Jefriando 2014). Andi Widjajanto, Indonesia's then Cabinet Secretary, declared that President Jokowi would "try to incorporate our [nation's] idea of the world maritime axis with China's 21st century [maritime] Silk Road concept" (Witular and Widhiarto 2014).

Indonesian receptivity has increased as the MSR initiative has started gaining financial muscularity. The Chinese President Xi Jinping's announcement of setting up a US\$40 billion Maritime Silk Road Fund at the APEC summit provided financial firepower to the MSR initiative. The increased financial capacity of the MSR initiative lent greater political support to the pro-MSR arguments and prompted the Jokowi government to pay attention to the developmental aspects of the MSR initiative. President Jokowi, who was shopping for more trade and investment at the summit meetings, saw an important opportunity for Indonesia's infrastructure development and his own maritime vision. Though the two countries had agreed to strengthen cooperation in the maritime infrastructure sector, the details were yet to be worked out (Kompas 2014). The two Presidents discussed again the scope for collaboration between the two initiatives during the ASEAN Summit in Myanmar later in November 2014.

The Chinese government's announcement to set up a US\$100 billion Asian Infrastructure Investment Bank threw new light on the potential beneficial capacity of China's infrastructure development program. The Jokowi government's focus on economic diplomacy could not afford to ignore when this much of economic assistance was on the table. It is this understanding that partly pushed the Jokowi government to join the China-led Asian Infrastructure Investment Bank (AIIB) after initial vacillation. The Jokowi government requested China to set up the headquarters of AIIB in Jakarta. Indonesia's infrastructure development program stands to benefit from China's other bilateral and multilateral funding initiatives, such as the MSR Fund, the AIIB the China-ASEAN Investment Cooperation Fund, the China-ASEAN Maritime Cooperation Fund, the China-Indonesia Maritime Cooperation Fund, and China's US\$10 billion preferential loan package for ASEAN (Ririhenna 2014).

Indonesian President Jokowi's visit to China in March 2015 provided a direction about Indonesian involvement in the MSR initiative when the two countries signed a Joint Statement that identified the MSR and GMF as "highly complementary" (China-Indonesia Joint Statement 2015). The Joint Statement also sought to "synergize them (MSR and GMF) to each other's advantages, strengthen strategy and policy communications, advance maritime infrastructure connectivity, deepen cooperation in industrial investment and major

project construction, enhance practical cooperation in maritime economy, maritime culture, maritime tourism” (China-Indonesia Joint Statement 2015). Ambassador Fung indicated in April 2015 that Chinese companies were willing to “invest in and cooperate with Indonesia in the building and repair of ships, fishing and processing, offshore oil and gas exploration, island development, marine scientific research and environmental protection” (Feng 2015b). In addition to establishing the “synergy” between the two initiatives, the March 2015 joint statement called for building an overarching “maritime partnership” that would also involve cooperation in various areas of maritime sector.

The MSR initiative has begun to take a concrete shape in Indonesia. The China Minsheng Investment Corp. (CMI), an international private financial investment group, has announced its intention to develop a US\$5 billion industrial park in West Java as part of the MSR initiative (The Jakarta Post 2015). The Chinese Ambassador to Indonesia, Xie Fung, has reported the participation of the Chinese businesses in 30 seaports projects in eastern Indonesia (Feng 2015a).

However, the Jokowi government appears to have adopted a selective approach and considered the Chinese investment on a case by case basis especially on those projects, which are located in the strategically sensitive areas. For example, it has kept the building of Sabang port in Sumatra and expansion of Tanjung Priok port in Jakarta out of the purview of the MSR initiative.^④ The reason is essentially strategic due to reservations from the Indonesian military and sensitivity of Indonesian maritime space. Indonesia’s maritime islands are also the country’s strategic outposts and it does not want to compromise its maritime security and sovereignty. These decisions underscore the Jokowi government’s selective and cautious approach towards the MSR initiative in an attempt to ensure that Indonesia’s strategic interests and maritime security is not jeopardized.

VI. Challenges

Notwithstanding assertions of high level of complementarity between the MSR and GMF, actual bilateral engagement continues to remain limited. One can attribute the slow growth in the Chinese investment to four principal reasons – structural constraints facing the Indonesian economy, the growing trust deficit in the bilateral relations, Indonesia’s continued perception of China as an unreliable and inefficient economic partner, the limited investment push from the Chinese side and the lack of political consensus and push.

註④ Author’s interviews in Jakarta in November-December 2015.

The Indonesian economy continues to pose challenges to foreign investors due to various political and economic issues that are deep-rooted and structural in nature. The politico-administrative issues relate to inefficient bureaucracy, rampant corruption, ineffective business grievance redressals and unclear political direction. The economic issues relate to inadequate infrastructure, dated labour laws, excessive time-lag in starting the investment and a business and The Economist (2015) has attributed Indonesia's limitation in attracting foreign investment to its "impenetrable bureaucracy," "bad policy" and "woeful infrastructure". The lack of clear political direction became obvious over the issue of which country – China or Japan – will build the high-speed Jakarta-Bandung rail network. While Indonesian Vice-President, Jusuf Kalla reportedly favoured the Japanese investment, Minister for State Enterprises, Rini Soemarno and President Jokowi appeared to favour the Chinese proposal. The latter's choices prevailed and the contract went to the Chinese company. The issue of local content requirement has proved to be an important challenge in attracting foreign investment. The Jokowi government has introduced more than 15 packages of economic reforms during the last 15 months in order to smoothen the process of foreign investment.

China continues to remain an unreliable investment partner in the eyes of the Indonesian business and political elite. Beijing's political image in Indonesia's infrastructure investment remains clouded by a long list of flawed, incomplete, failed, and dissatisfied projects. The Deputy Head of BAPPENAS (National Development Planning Agency), Dedy Priatna, complained that the Chinese power projects' production capacity ranged between 30-50 per cent, much lower than 75-80 per cent output from the power plants constructed by Germany, France, and the United States (Triyono, Zatnika, and Aprilyani 2015). Many of the Chinese power projects remain incomplete and involve the use of "defective instruments" (Triyono, Zatnika, and Aprilyani 2015; Wijaya 2016). China also faces competition from other players, such as Japan, South Korea and advanced economies of the West. Highlighting the issue of Chinese lack of commitment, another Indonesian official at the BKPM noted that China has a "history of not delivering on promised projects" (Brummit 2015).

The lack of initiative from the Chinese sides has also impeded the actual realization of the Chinese investment in the Indonesian infrastructure sector. Chinese businesses are yet to make a real plunge into the Indonesian economy. In comparison to Japan's high investment ratio of 62 per cent and Singapore's 40 per cent, China's investment actualization ratio stood a meagre 7 per cent in 2015 (Amirullah, Hidayat and Rusli 2015). Highlighting the limited actualization ratio, the BKPM (Indonesian Investment Coordinating Board) Chief, Franky Sibrani, noted that "only one of ten Chinese investors actually materialized their investment plan in Indonesia" (Amirullah, Hidayat and Rusli 2015). The main reasons for the low

level of Chinese investment, according to the BKPM chief, were the failure of investors in finding “appropriate local business partners,” the language barrier, lack of local knowledge, elaborate investment and licensing procedures and missing local institutional support for sharing investment related information. The BKPM reported in 2016 that this ratio had gone up to 10 per cent (Hanifiyani 2016; Yulisman 2015).

Finally, the trust deficit continues to remain a major concern in the bilateral relations. Indonesia has remained apprehensive of China’s assertive approach towards the South China Sea dispute. President Jokowi, who put in his own personal effort in building strong maritime partnership with China, has felt compelled to challenge what is seen as China’s deliberate attempt at stealing Indonesia’s maritime resources, such as fisheries and laying an invalid claim to Indonesia’s maritime space and resources. As discussed earlier, the Chinese nine-dash line and its muscular justification of fishing in the Indonesian maritime space on the ground of “historic fishing rights” have raised nationalistic sentiments in Indonesia and pushed the Jokowi government to strengthen naval deployment in the Natuna Sea (Shekhar 2016).

VII. Conclusion

Indonesia’s debates on and responses to the OBOR initiative represent a collective expression of its regional aspirations, foreign policy fundamentals, domestic developmental agendas, its national and regional insecurities, and the systemic churning of its strategic thinking that has been going on for the last ten years. Maritime Indonesia as an ambitious emerging power is engaging China as an equally ambitious, resourceful and assertive great power in an extremely complex geopolitics of the Indo-Pacific region. Jokowi’s Indonesia is positioning its own maritime vision while responding to the Chinese maritime overtures. Its strategic interests are both converging and colliding with China in very specific ways in a fast-integrating maritime space marked by display of military and economic might, great power competition, long-standing hostilities and contested territorial claims. These convergences and collisions have, in turn, produced additional characters to Jakarta’s great power engagement and its pan-Indo-Pacific diplomacy.

Jokowi’s Indonesia has continued to follow the broader trend of Indonesia’s strategic hedging that reinforces its long-standing principles of Free and Active (*Bebas dan Aktif*) foreign policy and strategic autonomy. However, underneath this overarching continuity, a distinct approach of strategic pragmatism and balancing of interests is guiding the current incumbent to make adjustments to Indonesian foreign policy as he sees fit. The Jokowi reset is arguably essentially about doing business that reflects not only his own personal

background but also the country's most pressing concern. The economic adversity, along with his own sense of pragmatism and focus on economic diplomacy, have pushed President Jokowi to extract as much economic gains as he can from the MSR initiative. The Jokowi government has sought to insulate economic incentives from geostrategic anxieties pursue economic interests without compromising its long-term security interests.

* * *

(收件 : 105 年 3 月 26 日 , 接受 : 105 年 10 月 17 日)

印尼對中國一帶一路政策之辯論與回應：發展誘因與地緣政治焦慮間的平衡

Vibhanshu Shekhar

(美國美利堅大學國際關係學院東協研究計畫兼任講師：
印尼雅加達 Paramadina 大學外交研究所訪問學者)

摘 要

被稱為大國戰略的一帶一路政策，中國旨在鞏固北京在歐亞大陸和印度洋/太平洋海域的戰略地位，涵蓋三大洲、三大洋、各區域和分區域。其海上絲綢之路倡議海事部分在印尼引起了強烈的國內兩極辯論：其分別是因為具有發展誘因而積極參予中國的倡議政策，和因北京具侵略性的海洋政策而謹慎不參與。這些相反的敘述反映了 21 世紀印尼的中國政策論述的多面性和變化性。隨著一帶一路倡議的明確性，印尼的反應從在尤多約諾總統期間的冷漠變為在喬科威政府下積極參與。喬科威政府的全球海洋支柱政策和對經濟外交的強調，推動了兩國政策倡議之間的互補和協同。然而，由於印尼的政治經濟結構，中國投資印尼的問題，以及印尼政策制定者對中國在南中國海意圖的不信任，所產生的各種結構性和操作性挑戰，印尼實際參與一帶一路政策仍然有限。

關鍵詞：印中關係、一帶一路、全球海上支柱、防範

References

- Adamrah, Mustaqim. 2011. "Yudhoyono can't Capitalize on Nation's ASEAN Boost: Experts." *The Jakarta Post* (December 8).
- Albert, Eleanor. 2016. "Beijing's Asia Pivot in 2016." <http://www.cfr.org/china/beijings-asia-pivot-2016/p37409> (January 5, 2016).
- Amdjad, Mudzakir. 2015. "Akankah senjata dikokang di Kokang?" *Merdeka* (March 17).
- Amirullah, Ali, Hidayat and Andi Ibnu Rusli. 2015. "BKPM Seeks to Boost Investment from China." *Tempo English* (March 23).
- Antara News*. 2016. "Indonesia lodges protest against Chinese coast guard violation." (March 21).
- Anwar, Dewi Fortuna. 2010. "Between ASEAN, China and the United States." *The Jakarta Post* (August 30).
- Bakrie, Connie Rahakundini. 2013. "The 21st century regional maritime silk road." *The Jakarta Post* (November 22).
- Basri, Faisal. 2009. "FTA ASEAN-China dan Deindustrialisasi." *Kompas* (December 21).
- Booth, Anne. 2011. "China's Economic Relations with Indonesia: Threats and Opportunities." *Journal of Current Southeast Asian Affairs* 30 (2): 141-160.
- Brummit, Chris. 2015. "Desperate for Investment, Indonesia Plays China Versus Japan." *The Jakarta Globe* (May 20).
- Catanzaro et.al., Joseph. 2015. "Silk Road initiative connects countries on path of prosperity." *The Telegraph* (July 03).
- Chan, Andrea. 2015. "Widodo invites Chinese firms to back infrastructure projects in Indonesia." *The South China Morning Post* (March 27).
- Chanda, Nayan. 2015. "The Silk Road: Old and New." *Global Asia* 10 (3): 13-15.
- Chandra, Alexander C., and Lucky A Lontoh. 2011. "Indonesia-China Trade Relations: The Deepening of Economic Integration Amid Uncertainty." <http://www19.iadb.org/intal/intalcdi/PE/2012/09603.pdf> (March 27, 2015)
- China Daily*. 2015a. "View the 'Belt and Road' initiative as a great 'Social Project': Sinologist." (August 5).
- China Daily*. 2015b. "Silk Road initiatives not China's Marshall Plan: spokesman." (March 2).
- China-Indonesia Joint Statement. 2015. "Strengthening Comprehensive Strategic Partnership between the People's Republic of China and The Republic of Indonesia." http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/2649_665393/t1249201.shtml (March 27, 2015).
- Choiruzzad, Shofwan AI Banna. 2014. "Indonesia forges stronger ties with China to boost economy." <http://theconversation.com/indonesia-forges-stronger-ties-with-china-to-boost-economy>.

- economy-34004 (November 18, 2015).
- Clover, Charles, and Lucy Hornby. 2015. "China's Great Game: Road to a new empire." *Financial Times* (October 12).
- CNBC News. 2015. "UPDATE 1-Indonesian Leader Vows 'Massive Deregulation' to win Investment." <http://www.cnn.com/2015/09/02/reuters-america-update-1-indonesian-leader-vows-massive-deregulation-to-win-investment.html> (September 2, 2015).
- Cronin, Patrick M., and Darshana M Barua. 2014. "The Modi Doctrine for the Indo-Pacific Maritime Region." <http://thediplomat.com/2014/12/the-modi-doctrine-for-the-indo-pacific-maritime-region/> (December 2, 2015).
- Daud, Ameidyo. 2016. "Indonesia to Deport Unskilled Foreign Workers." <http://en.katadata.co.id/news/2016/02/11/indonesia-to-deport-unskilled-foreign-workers> (February 11, 2016).
- Djumla, Dharmansjah. 2015. "Revisiting Economic Diplomacy." *The Jakarta Post* (January 02).
- Escobar, Pepe. 2015. "The 21st century belongs to China: Why the new Silk Road threatens to end America's economic dominance." http://www.salon.com/2015/02/24/the_21st_century_belongs_to_china_why_the_new_silk_road_threatens_to_end_americas_economic_dominance_partner/ (February 24, 2015).
- Fallon, Theresa. 2014. "China's Pivot to Europe." *American Foreign Policy Interests* 36 (3): 175-182.
- Fallon, Theresa. 2015. "The New Silk Road: Xi Jinping's Grand Strategy for Eurasia." *American Foreign Policy Interests* 37 (3) 140-147.
- Feng, Xie. 2015a. "Hand in Hand for Common Development: China's Maritime Silk Road Initiative and its Relation to RI's Global Maritime Fulcrum Concept." <http://id.china-embassy.org/eng/sgxx/dsjh/t1298984.htm> (September 22, 2015).
- Feng, Xie. 2015b. "Partnership to scale new heights," *China Daily Asia* (English) (April 17).
- Gokkon, Basten. 2014. "China and Indonesia's Maritime Agendas Closely Aligned." *The Jakarta Globe* (December 3).
- Halim, Haeril, and Anggi M Lubis. 2016. "Lethargic US Aims to Woo ASEAN." *The Jakarta Post* (February 15).
- Halim, Haeril, Anggi M Lubis, and Stefani Ribka. 2016. "RI confronts China on fishing." *The Jakarta Post* (March 21).
- Hanifiyani, Mawardah Nur. 2016. "BKPM Wants Special Desk for Chinese Investments." *Tempo English* (February 29).
- Hartman, Natalie, and Dave McRae. 2015. "Indonesia: Balancing the United States and China, Aiming for Independence." http://ussc.edu.au/ussc/assets/media/docs/publications/MacArthur_Indonesia.pdf (November 11, 2015)

- Hofman, Bert. 2015. "China's One Belt One Road Initiative: What we know thus far." <http://blogs.worldbank.org/eastasiapacific/china-one-belt-one-road-initiative-what-we-know-thus-far> (December 4, 2015)
- IGNCA Report. 2014. "Project 'Mausam'- Mausam/ Mawsim: Maritime Routes and Cultural Landscapes." <http://ignca.nic.in/mausam.htm> (November 11, 2015)
- Ismanto, Ignatius, and Indra Krishnamurti. 2014. "The Political-Economy of ASEAN-China FTA: An Indonesian Perspective." *World Trade Institute Working Paper*. 5.
- Jefriando, Maikel. 2014. "RI Masih Kaji 'Perkawinan' Tol Laut dengan Jalur Sutra Tiongkok." <http://finance.detik.com/read/2014/11/14/171432/2748789/4/ri-masih-kaji-perkawinan-tol-laut-dengan-jalur-sutra-tiongkok> (November 14, 2015).
- Jinping, Xi. 2013. "Speech to the Indonesian Parliament." ASEAN China Center, Beijing. (October 3).
- Keliat, Makmur. 2014. "Brief notes on Sino-Indonesian economic relations." *The Jakarta Post* (November 11).
- Kompas. 2014. "Tiongkok dan Indonesia Sepakat Tingkatkan Kerja Sama Maritim." (November 10).
- Kompas. 2015. "Garap Infrastruktur Indonesia, Tiongkok Gelontorkan Rp 645 Triliun." (April 25).
- Ling, Jin. 2015. "The "New Silk Road" Initiative: China's Marshall Plan?" *China International Studies* (January/February): 70-83
- Liu, Xiaoming. 2015. "Take the new Silk Road as an opportunity not a threat: Opinion." *Financial Times* (May 25)
- Luhulima, C P F. 2013. "Indonesia and ASEAN Beyond 2014." *The Jakarta Post* (February 07).
- Luhulima, C P F. 2014. "Superimposition of China's 'Silk Road' and Indonesia's Maritime Fulcrum." *The Jakarta Post* (December 13).
- Maulia, Erwida. 2015a. "On 'Belt and Road', Indonesians Not as Supportive as Beijing Hopes." *The Jakarta Globe* (June 17).
- Maulia, Erwida. 2015b. "In Indonesia, Caution Urged with China's New 'Silk Road' Plans." *The Jakarta Globe* (May 31).
- Ministry of Trade, Indonesia. 2015. "Indonesia's Trade with China." <http://www.kemendag.go.id/en/economic-profile/indonesia-export-import/balance-of-trade-with-trade-partner-country?negara=116> (November 14, 2015)
- Moeldoko. 2014. "China's Dismaying New Claims in the South China Sea." *The Wall Street Journal* (April 24).
- Mohan, C Raja. 2015. "Modi's Sagar Mala," *The Indian Express* (March 11).
- Mursitama, Tirta N., and Ilham Y. Arif. 2012. "Indonesia." In *ASEAN-China Free Trade Area:*

- Challenges, Opportunities and the Road Ahead*, eds. Keith E. Flick and Kalyan M. Kemburi. Singapore: RSIS.
- Nasution, Anwar. 2015. "Three brilliant Chinese Initiatives (Part 2 of 2)." *The Jakarta Post* (June 25).
- Natahadibrata, Nadya. 2014. "Manado-Bitung toll road to be funded by loans from China." *The Jakarta Post* (July 07).
- National Development and Reform Commission. 2015. "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road." http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html (March 28, 2015).
- Nugroho, Johannes. 2014. "Indonesia Needs to Focus its Diplomacy on the Indian Ocean Region." *The Jakarta Globe* (December 9).
- Otto, Ben, and I Made Sentana. 2015. "Indonesia Makes Attracting Foreign Investment a Priority." *The Wall Street Journal* (August 27).
- Overholt, William H. 2015. "Posture Problems Undermining One Belt, One Road and the US Pivot," *Global Asia* 10 (3): 16-21.
- Parameswaran, Prashanth. 2012. "The Limits to Sino-Indonesian Relations." *China Brief* 12 (8): 2-6.
- Parashar, Sachin. 2014. "Narendra Modi's 'Mausam' Manoeuvre to Check China's Maritime Might." *Times of India* (September 16).
- Rastika, Icha. 2014. "Jokowi Siap Gandeng Tiongkok untuk Hidupkan Kembali Jalur Sutra Maritim." *Kompas* (November 3).
- Ririhenna, Yohanna. 2014. "China-RI cooperation 'should bring benefits to people'." *The Jakarta Post* (December 3).
- Setijadi, Charlotte. 2016. "Ethnic Chinese in Contemporary Indonesia: Changing Identity Politics and the Paradox of Sinification." https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2016_12.pdf (March 17, 2016).
- Shekhar, Vibhanshu. 2014. "Maritime silk route: China's Foothold in the Indian Ocean?" *The Jakarta Post* (February 25).
- Shekhar, Vibhanshu. 2016. "Is Indonesia Abandoning its South China Sea Neutrality." <https://theglobalobservatory.org/2016/04/indonesia-south-china-sea-neutrality-natuna/> (April 28, 2016).
- Sinaga, Simon. 2010. "Indonesia Should Seriously Consider Delaying Free Trade with China." *Daily Indonesia* (January 21).
- Smith, Jack A. 2015. "'The Hegemony Games': The United States of America (USA) vs. The People's Republic of China (PRC)." <http://www.globalresearch.ca/tthe-hegemony-games-the-united-states-of-america-usa-vs-the-peoples-republic-of-china-prc/5452656> (May 31, 2015).

- Smith, Jeff. 2015. "Beware China's Grand Strategy: How Obama Can Set the Right Red Lines." <https://www.foreignaffairs.com/articles/china/2015-05-20/beware-chinas-grand-strategy> (May 20, 2015).
- State Council of the People's Republic of China. 2015. "Silk Road Fund's 1st investment makes China's words into practice." http://english.gov.cn/news/top_news/2015/04/21/content_281475093213830.htm (April 21, 2015).
- Sudrajat. 2015. "Jalur Rempah Vs Hegemoni Tiongkok." *Detik News* (October 29).
- Sukma, Rizal. 1999. *Indonesia and China: The Politics of Troubled Relationship*. London: Routledge
- Sukma, Rizal. 2009. "Indonesia's Response to the Rise of China: Growing Comfort amid Uncertainties." In *The Rise of China: Responses from Southeast Asia and Japan*, ed. Jun Tsunekawa. Tokyo: NIDS.
- Sukma, Rizal. 2012. "Indonesia and the Emerging Sino-US Rivalry in Southeast Asia." <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR015/SR015-SEAsia-Sukma-.pdf> (November 11, 2015).
- Sukma, Rizal. 2015. "Is Indonesia tilting toward China?" *The Jakarta Post* (December 11).
- Supriyanto, Ristian Atriandi. 2011. "Asian maritime geopolitics and Indonesian security." *The Jakarta Post* (October 17).
- Symonds, Peter. 2015. "One Belt, One Road: China's response to the US 'pivot'." <https://www.wsws.org/en/articles/2015/12/04/obor-d04.html> (December 4, 2015).
- Tao, Ni. 2014. "Asia to Benefit from Revived Silk Road: Indonesian Envoy." *Shanghai Daily* (May 21).
- Tempo English*. 2015. "Labour on the Loose." (September 1).
- Tempo*. 2015. "Banjir Pekerja Dari Negeri Panda." (August 31).
- The Brookings Institution. 2015. "Indonesia in the changing world: A conversation with President Joko Widodo of Indonesia." http://www.brookings.edu/~media/events/2015/10/27-indonesia-president/20151027_indonesia_widodo_transcript.pdf (October 27, 2015).
- The Economist*. 2015. "Spicing Up Growth." (May 9).
- The Jakarta Globe*. 2015. "Editorial: A Chance to Prove China Can Be Trusted." (May 31).
- The Jakarta Post*. 2010a. "Public thinks ASEAN-China free trade a disadvantage." (July 31).
- The Jakarta Post*. 2010b. "ACFTA worsens unemployment: INDEF." (January 28).
- The Jakarta Post*. 2011. "Chamber of commerce calls for ACFTA renegotiation." (April 23).
- The Jakarta Post*. 2015. "China to build \$5 billion industrial park in West Java." (October 29).
- The South China Morning Post*. 2016. "China urges Indonesia to release crew after stand-off

- at sea over 'illegal fishing'." (March 21).
- The Straits Times*. 2015a. "Ten office boys per foreigner? Indonesia explains labour law." (October 8).
- The Straits Times*. 2015b. "China poses bigger threat than Greece to Indonesia, Vice President says." (July 9).
- Tiezzi, Shannon. 2014. "China Pushes 'Maritime Silk Road' in South, Southeast Asia." <http://thediplomat.com/2014/09/china-pushes-maritime-silk-road-in-south-southeast-asia/> (September 17, 2015).
- Tjhin, Christin Susanna. 2012. "Indonesia's Relations with China: Productive and Pragmatic, but not yet a Strategic Partnership." *China Report* 48 (3): 303-315.
- Triyono, Agus Zatnika, Asep and Aprilyani, Jane. 2015. "Tiongkok Sapu Bersih Proyek Infrastruktur Indonesia." *Kompas* (April 25).
- Wijaya, Lupita. 2016. "The impending task of 'made in China' infrastructure." *The Jakarta Post* (February 03).
- Witular, Rendi A., and Hasyim Widhiarto. 2014. "Jokowi on world stage, first stop Beijing." *The Jakarta Post* (November 09).
- Wong, Peter. 2015. "China to widen its economic influence by 'One Belt, One Road'." <http://www.about.hsbc.com.sg/news-and-media/china-to-widen-its-economic-influence-by-one-belt-one-road> (August 12, 2015).
- Yakub, Edy M. 2015. "Indonesia must reject Chinese maritime silk road offer: Sultan." *Antara News* (May 11).
- Yulisman, Linda. 2015. "Indonesia to push China to realize investment." *The Jakarta Post* (April 04).
- Yunling, Zhang. 2015. "One Belt, One Road: A Chinese View." *Global Asia* 10 (3): 8-12.
- Zain, Winarno. 2011. "The pain, gain from ACFTA." *The Jakarta Post* (April 25).
- Zhu, Li. 2016. "The Construction Model of One Belt and Once Road: Mechanisms and Platforms." In *Annual Report on the Development of the Indian Ocean Region (2015): 21st Century Maritime Silk Road*, eds. Rong Wang and Cuiping Zhu. Singapore: Springer.
- Ziegler, Charles E., and Rajan Menon. 2014. "Neomercantilism and Great-Power Energy Competition in Central Asia and the Caspian." *Strategic Studies Quarterly* 8 (2): 17-41.