

CHINA AND INDONESIA: FROM A TROUBLED RELATIONSHIP TO A COMMON DESTINY?

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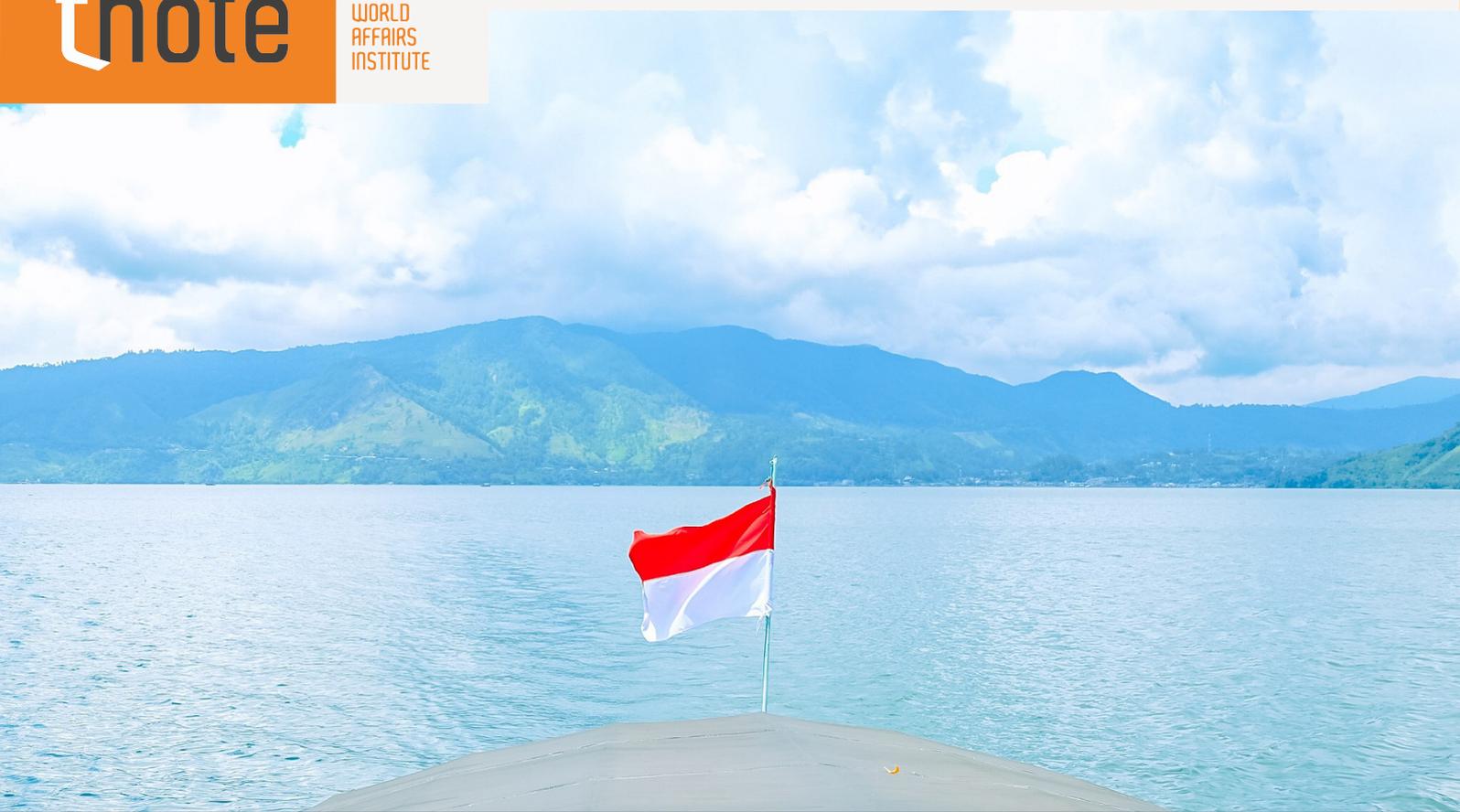
In October 2022, all eyes were on the upcoming 20th Congress of the Communist Party of China (CCP), which was to take place in Beijing on 16 October. The CCP Congress is the most important gathering in Chinese political life – this year, for example, it came together to re-elect President Xi Jinping for a third term at a time of severe international turbulence. Just a few weeks later, Indonesia hosted in Bali, under its Presidency, the 17th G20 Summit, whose priority issues ranged from global health architecture to digital transformation and sustainable energy transition. Interestingly, during the pre-G20 meetings that had already taken place in July 2022, Indonesian Foreign Minister Retno Marsudi and her Chinese counterpart Wang Yi held a bilateral meeting, after which they made the call, common among developing countries standing in solidarity, to stop the war in Ukraine. Moreover, during his Indonesian visit, Minister Wang met also with President Joko Widodo in Jakarta to reaffirm the two countries' multifaceted 'four-wheel drive' cooperation covering political, economic, cultural and maritime aspects. But what have the major evolutions and dynamics of Chinese–

Indonesian relations been in past decades, and what is the status of their relationship now?

Tracing Chinese–Indonesian relations is not an easy exercise: the two countries have passed from being close allies (1950s–1965) – for example, in 1965 President Sukarno publicly talked about the 'Beijing–Jakarta Axis' – to enemies (1966–1990), to distant associates (1990–2014), and to a renewed partnership, driven by self-interest and built by President Xi and President Widodo, that is still in place. Notably, after decades of diplomatic suspension imposed by President Suharto from 1967, it was under the administration of Abdurrahman Wahid (1999–2001) that things started to change. First, the newly elected Indonesian president's state visit to China opened up economic opportunities that resulted in China's willingness to cooperate in and provide financial aid to pivotal Indonesian sectors such as finance, technology, energy, etc. Second, Wahid promoted a transition on domestic policy on China: with 3.3% of the Indonesian population being ethnically Chinese, he removed discriminatory laws against Chinese minorities. What is interesting to

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observe are the two driving factors behind these policies. On one side, Wahid's rapprochement with China was prompted by a profound dissatisfaction with the dominance of the Western countries (a sentiment destined to grow in more recent times, as will be discussed later). On the other side, since Indonesia had experienced bitter relations with both China and the United States (US), at the turn of the century it attached new meaning to a much earlier principle of diplomacy; this principle, developed by Sukarno within the UN system in the aftermath of the Second World War, was that of the *bebas aktif* (independent and active) foreign policy, which originally called simply for cooperation with other countries. Fifty years later, the principle became threefold: i) seeking multilateralism, ii) pursuing industrial peace and cooperation, and iii) remaining impartial with/non-aligned to either of the major powers. Despite applying this principle to the letter, Indonesian leaders, such as former president Susilo Bambang Yudhoyono (2004–2014), saw in fast-growing China a valuable economic partner. Although over time the partnership came to appear unbalanced and mostly favourable to Chinese interests, Indonesian trade volume nonetheless increased significantly (total trade valued at USD 31.5 billion in 2008 and reaching USD 80 billion in 2015). This liaison remained mostly economic in nature, but in 2005 a 'strategic partnership agreement' was signed to expand the scope of the partnership to other sectors as well (i.e. military and security cooperation), albeit with tepid and limited results.

Yet it is in the context of the nearly simultaneous ascent to power of two key political figures – President Xi and President Widodo – and their close personal ties that relations moved to the next level. First of all, Indonesia has a first-order role in China's massive Belt and Road Initiative (BRI): Chinese foreign direct investment to Indonesia in the period 2013–2021 amounted to USD 27.05 billion, mainly concentrated in the mining and energy sectors. Likewise, some ambitious infrastructural projects, including the Jakarta–Bandung high-speed rail project, are financed by inbound investment from China. Significantly, Indonesian authorities pragmatically selected China's aid to build this infrastructure over the offer made by the long-allied Japan. However, this should not be read as a geopolitical repositioning towards a Chinese sphere of influence since, as previously observed, Indonesia highly values its equidistance from all major powers, and this position still stands. The Chinese offer was simply more attractive from an economic viewpoint;

however, in the last two years the railway has become controversial as a result of project delays and cost overruns, and so it will be important to keep an eye on its development in the near future.

China and Indonesia have also discovered they have something else in common, which brings them much closer: they both have difficult relations with the US and its Western allies. This has been evident in Indonesia's prudent reaction to the Ukraine crisis, whereby Ukraine is seen as the victim of US and NATO geopolitical strategy towards Russia. Paradoxically, Indonesia is obliged to engage with Western countries in order to protect itself from China's aggressive behaviour in the contested waters of the South China Sea and incidents in the Natuna islands. This collaborative relationship has taken the form of closer defence ties: the US, for example, is spending approximately USD 3.5 million on a training centre and naval base in Batam, an Indonesian island currently involved in vital shipping disputes. More generally, when it comes to selling arms to Indonesia the US out-paces China (in 2013–2021, the US arms trade to Indonesia amounted to USD 946 million and that of China to USD 269 million). Hence, even though China and Indonesia seem to share a destiny that is, if not a common one, at least closely intertwined, they always need to be careful and must come to terms with their troubled relationship.

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Unsurprisingly, if Chinese–Indonesian economic liaison continues to bloom, and if the BRI-related project regains momentum after two years of difficulties, China and Indonesia will continue to be strong economic partners. With Indonesia's rigid balancing neutrality and the unresolved disputes in the South China Sea, the political side of the Chinese–Indonesian relationship is not expected to change drastically anytime soon. But as US–China relations continue to worsen, Indonesia might ultimately be obliged to take a side, and in this delicate passage might find itself closer to China than its 'independent and active' principle demands. Clearly, in that scenario all eyes will turn to the main source of contention: the South China Sea.

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