The contending domestic and international imperatives of Indonesia’s China challenge

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Introduction

As Australia’s economic enmeshment with China has constrained Canberra’s foreign policy manoeuvre, so it has been the case for Australia’s neighbours in South-East Asia. A consequential state for Australia and its partners in the Indo-Pacific, Indonesia is economically reliant on China but shares aspects of Australia’s strategic distrust. In contrast with Australia, however, which is just beginning to feel the divisive effects of Beijing’s coercive power in its body politic, the domestic political determinants of Indonesia’s China policy have an unusual salience. Indonesian governments must balance complex domestic political imperatives with international pressures in relations with China; imperatives which lie not only in the material but also in the ideational realm.

This article seeks to highlight the inherent tensions in Indonesia’s contemporary China policy posed by the executive’s requirement to mediate international and domestic political imperatives. Such mediation is difficult for all states to manage in policy terms, but in the case of Indonesia–China relations, the entanglement of domestic politics with foreign policy considerations is especially pronounced. With an analytical focus on presidential executive agency, the article contends

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Theoretical frameworks, which elucidate the influence of domestic political variables on foreign policy, provide a valuable tool for understanding contending policy drivers. Such tools can be found in the scholarship focused on the nexus between international relations and domestic politics, most notably Robert Putnam’s ‘Diplomacy and Domestic Politics: The Logic of the Two Level Game’ (1988). Putnam’s two-level approach recognised that central decision-makers strive to reconcile domestic and international imperatives (the ‘intemestic’) simultaneously. In this predicament, they face distinctive strategic opportunities and strategic dilemmas. Robert Putnam, ‘Diplomacy and Domestic Politics: The Logic of the Two Level Game’, *International Organization*, 1988, 42(3):427–460.
that President Joko (Jokowi) Widodo’s prioritisation of economic development goals in Indonesia’s relationship with China, without due regard to negative domestic political sentiment and strategic concerns, has inserted greater volatility into current policy settings. Through rich empirical analysis, the article builds on the extant literature on Indonesia–China relations to explore the interplay between recent economic, strategic and domestic political developments as they relate to Jakarta’s complex and multidimensional relationship with Beijing.\(^2\) The manifestation of institutional and ministerial differences on China within the Indonesian government, the article reveals, can be understood by the absence of a coherent whole-of-government policy approach and a propensity by sections of Indonesia’s politico-military elites to leverage anti-Chinese sentiment for personal political gain. As COVID-19 economic hardship intensifies, domestic political variables represented in hardline Islamic and protectionist sentiment will form a powerful driver of policy change.

The article commences by examining Jokowi’s economic development priorities, which align with Beijing’s geo-economic objectives in the Belt and Road Initiative (BRI). It illustrates how Jokowi’s policy mandate has facilitated increased Chinese aid, trade and investment, increasing the visible manifestations of China’s economic penetration in infrastructure and extractives projects. These developments have alienated domestic constituencies over issues associated with Chinese labour, environmental protection and quality standards and also had the effect of spurring general unease over the nation’s economic dependence on China.

The analysis continues by examining Indonesia’s policy response to Beijing’s increasing maritime assertiveness in Indonesia’s Exclusive Economic Zone (EEZ) around the Natuna island chain. It contends that Jokowi-led governments have prioritised national economic imperatives over pressing strategic and foreign policy concerns, which has increased national security pressures for Jakarta and diminished its leadership in the Association of Southeast Asian Nations (ASEAN).

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The third section of the article unpacks the entanglement of domestic politics and foreign policy in the case of Indonesia’s China policy. It explores how negative public sentiment about economic and strategic variables has intersected with shifts in Indonesia’s domestic polity, which has seen the mobilisation of opposition to Jokowi around a multidimensional Chinese threat. The final section of the article considers the economic, strategic and domestic political effects of the COVID-19 pandemic. It highlights Indonesia’s receptiveness to China’s generous economic assistance and vaccine diplomacy but argues this has been balanced by ongoing hedging and opportunity gains in Indonesia’s foreign policy response. The article argues that as the effects of the pandemic increase economic hardship in Indonesia, they risk exacerbating existing social cleavages with an attendant rise in anti-Chinese sentiment.

**Economic penetration**

Many Indonesians believe China represents the future, in that Indonesia’s economic fortunes will be inevitably and increasingly tied to China.

*Calvin Neonardi Director of Indonesia China Business Council*

Indigenous Indonesian threat perceptions of the Chinese are complex, multidimensional and schismatic. They are based on a complex mix of historical, sociocultural, economic and political determinants that conflate mainland China and Chinese Indonesians (*Tionghoa*) in the minds of indigenous (*pribumi*) Indonesians. At the domestic level, anti-Chinese sentiment manifests itself in racial stereotyping, online vilification, physical violence and economic resentment. At the international political level, Indonesia’s distrust of the Chinese state stems back to the mid-60s when Beijing-backed communist subversive movements across South-East Asia.

In 1965, General Suharto, who would become Indonesia’s second president, led a military counter coup against elements of the Beijing-backed Indonesian Communist Party (PKI). The subsequent campaign of military-led violence and intimidation resulted in the deaths of approximately 500,000 alleged PKI supporters and the eradication of the political left from the bureaucracy and politics. In 1967, the Chinese embassy was razed in Jakarta and the New Order regime suspended diplomatic relations with China for 23 years. Such dramatic political events in Indonesia cemented the nexus between Indonesian regime legitimacy

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3 Calvin Neonardi, Director of the Indonesia China Business Council and Vice-Secretary General of Indonesia Guangdong Association Federation quoted in Randy Mulyanto, ‘After 70 years of ties, China and Indonesia have a fruitful, complicated relationship’, *South China Morning Post*, 12 April 2020. https://www.scmp.com/week-asia/politics/article/3079446/after-70-years-ties-china-and-indonesia-have-fruitful
and the defeat of Chinese-backed communist subversion in the nation’s political consciousness. It also left residual doubts about the loyalty of Tionghoa to the Indonesian state. Although diplomatic relations were officially normalised in 1990, a range of restrictions on engagement with Beijing and discriminatory measures against Indonesia’s Chinese community remained until Indonesia’s democratic transition in 1998. Political liberalisation expedited Indonesia’s re-engagement with China but it failed to eradicate latent resentments, particularly about the perceived economic dominance of the ethnic Chinese.4

Under the three presidents who immediately preceded Jokowi – Abdurrahman Wahid (1999–2001), Megawati Soekarnoputri (2001–2004) and Susilo Bambang Yudhoyono (2004–2014) – China’s rising international economic significance and willingness to assist Indonesia’s economic recovery following the Asian financial crisis and natural disasters was not lost on political leaders. Relations strengthened with an increasing frequency of government-to-government meetings, expansion of economic and sociocultural exchange, and the extension of bilateral engagement into the previously sensitive areas of defence and security.5 A Strategic Partnership agreement, signed in Susilo Bambang Yudhoyono’s first term in office, was upgraded to a Comprehensive Strategic Partnership in 2013. In the same year, China eclipsed Japan as Indonesia’s largest trading partner and emerged as an important financier of national infrastructure projects.6 It was in the context of an increasingly close and constructive government-to-government relationship between Jakarta and Beijing that Jokowi was elected in July 2014 with an ambitious mandate to develop infrastructure and connectivity (I&C) across Indonesia’s expansive archipelago.

Jokowi’s election manifesto committed to: developing Indonesia as a Global Maritime Fulcrum (Poros Maritim Dunia); reforming the nation’s moral character (Revolusi Mental); and mobilising strategic sectors of the domestic economy for national development and competitiveness, the latter contained in his Nine Principles policy mandate (Nawacita). For the new president, foreign policy would be harnessed to power Indonesia’s growth and support national economic

4 Specialist on the ethnic Chinese in Indonesia, Charles Coppel, wrote that ‘it is commonly and loosely said that ethnic Chinese control 70 per cent (or more) of the Indonesian economy. A less extreme formulation is that they “control 70 per cent of the private, corporate domestic capital (rather than the economy more broadly”’. See ‘Anti-Chinese Violence in Indonesia After Soeharto’ in Leo Suryadinata (ed), Ethnic Chinese in Contemporary Indonesia, ISEAS, Singapore, 2008, p 132.


reform. Prior to his election, Jokowi indicated that diplomacy would be more down to earth (diplomasi yang membumi) and more people-centred (diplomasi pro-rakyat). In contrast to his predecessor, who had overseen a strategic democratisation agenda in ASEAN and higher profile for Indonesia in international fora, Jokowi viewed foreign policy in more practical, cost–benefit terms. He, reportedly, had little understanding of normative-based diplomacy or balance of power politics, and directed Indonesia’s overseas missions to prioritise ‘TTI’ (Trade, Tourism and Investment) concerns.

Upon election, Jokowi directed his key economic and planning ministries to achieve ambitious targets for both the construction of new, and renovation of existing, infrastructure across the world’s largest archipelagic state. His administration declared it would boost infrastructure investment by USD323 billion over the 2015–2022 period to enable the construction of 3,650 kilometres of roads, 3,258 kilometres of railway, 24 new seaports, 15 new airports, as well as power plants with a total capacity of 35 gigawatts. Cognisant that state budget funds were insufficient to support such an expansive infrastructure drive, the Indonesian government sought to make up the shortfall through external loans and Public Private Partnership (PPP) arrangements between Indonesian State-Owned Enterprises (SoEs) and mainly foreign investors.

Although plans for some of the large Chinese infrastructure projects had preceded Jokowi, they gathered in pace and number under the new government’s pursuit of 7 per cent GDP growth rates and multitude of I&C plans. As Jokowi’s first term proceeded, analysts noted that Indonesia exhibited an increasing preference for Chinese aid, mainly in the form of grants and soft loans. As Australian National University (ANU) expert Pierre van der Eng noted, these were ‘overwhelming directed towards infrastructure development projects – all designed and constructed by Chinese firms.’

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9 Visi 2045 [Vision 2045] stipulates that infrastructure finance sources will be comprised of 25% from PPPs, 25% from SOEs, 35% from Government and 15% from Private capital. See Bappenas Paparan MPPN [National Development Planning Ministry Description of MPPN], VisiIndonesia-2045. https://luk.staff.ugm.ac.id/atur/BahanPaparanMPPN-VisiIndonesia2045-25September2017.pdf

10 In contrast to China, Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries and multilateral entities also disburse aid funding for Millennium Development Goals (MDGs), poverty alleviation and capacity building. See Pierre van der Eng, ‘Why does Indonesia seem to prefer foreign aid from China?’. East Asia Forum, 22 December 2017. https://www.eastasiaforum.org/2017/12/02/why-does-indonesia-seem-to-prefer-foreign-aid-from-china/
The steady flow of private and state-backed Chinese capital during Jokowi’s first term was reflected in Indonesia’s Investment Coordinating Board (BKPM) figures. BKPM reported that Chinese investment in Indonesia doubled to USD1.6 billion in January to September 2016, up from around USD600 million in 2015.\(^\text{11}\) In 2019, China surpassed Japan as the second largest source of foreign direct investment (FDI) at USD4.74 billion with 2,130 projects in Indonesia.\(^\text{12}\) This represented a twofold increase during 2019 and 23.1% of total foreign investment, according to BKPM.\(^\text{13}\) Indonesia’s trade figures further revealed China’s significance to Indonesia’s economy. The value of imports from China in 2020 represented 26.3% of Indonesia’s total at USD44.9 billion, whilst non-oil and gas exports represented the largest proportion of Indonesia’s exports at 16.7% or USD27.9 billion. Indonesia was, in addition, also heavily dependent on raw materials – like steel, iron and electrical components – from China for its manufacturing sector.\(^\text{14}\)

In a bid to replicate Bali’s tourism success and develop Indonesia’s outer islands, in 2017 the President announced plans for ‘Ten New Balis’ and sought an increase in Chinese tourists from 2 to 10 million per annum.\(^\text{15}\) Chinese investment extended well beyond tourism and physical infrastructure, however, to joint ventures in food and beverages, extractives, electronics and plantations.\(^\text{16}\) Indeed, the pillars of Indonesia’s national Vision 2045 (Visi 2045),\(^\text{17}\) with its priorities for developing Indonesia’s science and technology, manufacturing, creative economy, infrastructure and tourism sectors, highlighted the complementarities between Jokowi’s economic priorities and the technical skills and liquidity proffered by mainland Chinese development banks, SoEs and commercial partners. Interestingly, despite assumptions that large mainland Chinese companies would seek ethnic Chinese companies as Joint Venture (JV) partners, academic


\(^{13}\) ‘Kepala BKPM Sebut Virus Korona Bisa Turunkan Investasi China ke Indonesia’.


\(^{16}\) Negara and Suryadinata, ‘Indonesia and China’s Belt and Road Initiatives’, pp 20–21.

\(^{17}\) Bappenas, \emph{Visi 2045}. 
experts, Negara and Suryadinata, were only able to identify a few JVs owned by Chinese Indonesians.\textsuperscript{18}

In the year preceding Jokowi’s ascension to the presidency, China’s new and immensely powerful leader, Xi Jinping had announced the One Belt One Road (OBOR), a global I&C agenda unprecedented in scale and ambition. In the same year, Beijing led the establishment of a new Asian Infrastructure and Investment Bank (AIIB)\textsuperscript{19}, to rival the Multilateral Development Banks (MDBs) founded by the US and Japan. China’s Belt and Road Initiative (BRI), as OBOR was subsequently abbreviated to, included both overland and Maritime Silk Road components. For Beijing, Indonesia’s geographic location, straddling major sea lines of communication between the Indian Ocean and the South China Sea enhanced its strategic significance for the Maritime Silk Road component, through which China aimed to boost regional maritime economic development and connectivity, enhance its energy and food security, and its access to Middle East and European markets. However, for many strategic analysts, the BRI’s undeclared geopolitical objectives may be far less magnanimous. Development of a chain of regional port facilities could enhance both the People’s Liberation Army Navy’s (PLA-N) ability to operate further into the Indian Ocean and provide an opportunity for China to seize vital strategic assets from debt distressed states. Critics of China have labelled this strategy ‘debt diplomacy’.\textsuperscript{20}

In fact, Jakarta was not unaware of the risks in the BRI or, indeed in Xi’s ‘China Dream,’ which envisioned China’s rejuvenation as a global superpower.\textsuperscript{21} After Jakarta’s initially cautious approach to the BRI, in 2019 the Indonesian government invited Beijing to invest in 30 BRI projects, worth around USD91 billion.\textsuperscript{22} Mindful of domestic sensitivities, Jakarta had been reluctant to label pre-Xi Jinping Chinese projects ‘BRI’, as Beijing was inclined to do. In order

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\textsuperscript{18} BRI projects are mega projects requiring massive capital and thus China’s partners are usually Indonesian SoEs rather than ethnic Chinese companies, stated Suryadinata. See Negara and Suryadinata, ‘Indonesia and China’s Belt and Road Initiatives’, p 21.


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to shield the government from default risk, the Ministry of Finance (Kemkeu) also requested a special fund be raised for low interest loans on a strictly business-to-business basis. Indonesia’s future BRI projects are focused on four key economic corridors located in North Sumatra, North Kalimantan, North Sulawesi and Bali. These lie outside Indonesia’s cultural and political heartland of Java, where Chinese projects have become more contentious.

Indeed, China’s growing economic clout in Indonesia has not been without controversy. In the minds of many Indonesians, the manifestations of Chinese capital have become synonymous with Jokowi’s economic agenda. Jokowi’s ‘new developmentalism’, as ANU scholar Eve Warburton characterised it, focused ‘almost exclusively…on a narrow set of pragmatic economic programs specifically, where infrastructure, deregulation, and de-bureaucratisation’ attracted increasing criticism domestically. Others highlight the government’s ‘obsession’ with physical infrastructure at the expense of addressing non-physical constraints manifest in sound market regulations, supportive bureaucracies and political institutions, while international economic analysts have increasingly sounded the alarm on the growing debt exposure of Indonesia’s SoEs. Jokowi’s high profile Jakarta-Bandung High Speed Rail (HSR) project came under particular criticism domestically over land acquisition challenges, lack of transparency and project delays. Although in reality much of the fault lay at the Indonesian end, the HSR project proved a ready target for anti-China critics.

Resentments were also expressed about the negative impacts of Chinese tourism and infrastructure projects on local economies, environments and communities. Chinese infrastructure projects, in contrast to other key partners such as Japan and Korea, became synonymous with poor quality, lack of environmental safeguards and lack of local cultural sensitivities. For example, in 2017 a fake video in which a Chinese foreman refused to allow Indonesian workers

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23 China’s counter proposal did not seek Indonesian state funds, and its project would be a wholly private business deal, led by a consortium of state-owned enterprises (SOEs) in both countries. See Wilmar Salim and Siwage Dharma Negara, ‘Why is the High-Speed Rail Project so Important to Indonesia’, Perspective, ISEAS, 2016, 16, 7 April 2016.
to perform their Friday prayers went viral.\(^{28}\) In Sumatra, environmentalists raised concerns about a Chinese hydropower project which threatened the highly endangered Tapanuli orangutan sub-species and in Bali, Chinese ‘zero dollar’ tourism, where the profits were channelled solely to China-based tour operators, attracted closer scrutiny from authorities.\(^{29}\)

But it was the issue of legal and illegal Chinese workers brought in to work as labourers, technicians and managers on Chinese-funded infrastructure projects in Indonesia that became a lightning rod issue for the Jokowi administration. A preference by Chinese companies to bring their own workers in for infrastructure projects compounded both deep-seated protectionist and xenophobic sentiment in Indonesia. Official statistics supported perceptions that the number of Chinese workers in Indonesia had risen. \(^{28}\) Katadata, an Indonesia-based media company focusing on economics and business, determined that numbers rose by 22.9% over the 2017–2018 period. Meanwhile, the Institute for Policy Analysis of Conflict (IPAC) revealed that the number of Chinese workers had risen ‘dramatically’ after a new mining law was passed in 2009.\(^{30}\) This, the IPAC report argued, caused ‘local resentment over pay differentials, perceived preferential hiring of foreigners over locals, culture clashes, pollution and corruption.’\(^{31}\) In September 2019, Indonesia’s manpower ministry confirmed there were 32,209 mainland Chinese workers in Indonesia.\(^{32}\) This represented the largest number after Japan and South Korea,\(^{33}\) but did not include a figure for illegal Chinese workers – the numbers of which were prone to exaggeration and politicisation.\(^{34}\)

In summary, Jokowi’s ambitious I&C agenda created strategic economic opportunities for the Widodo government in its alignment with Beijing’s geo-economic


\(^{31}\) IPAC, ‘COVID-19 and ISIS in Indonesia’.

\(^{32}\) IPAC, ‘COVID-19 and ISIS in Indonesia’.


\(^{34}\) Hill and Negara have described the number of foreign workers in Indonesia compared to Indonesian migrant workers overseas as ‘miniscule’ at a fraction of less than 1% of total employment in 2018. Hal Hill and Siwage Dharma Negara (eds), The Indonesian Economy in Transition: Policy Challenges in the Jokowi Era and Beyond, ISEAS, Singapore, 2019, p 311.
ambitions, but also had the effect of alienating domestic constituencies concerned both about economic over-reliance and specific issue-areas associated with China’s economic penetration. Whilst Jokowi’s economic development priorities converged neatly with the geo-economic objectives of the BRI and the capital flows it underpinned, other aspects of Beijing’s strategic ambitions were far less palatable. As Xi consolidated power and pursued his ‘China Dream’, Indonesia began to increasingly feel the pressure of China’s growing maritime assertiveness at both the national and regional level. Jokowi’s prioritisation of economic policy goals over pressing strategic and foreign policy imperatives had the effect of further undermining ASEAN unity and constraining Indonesia’s leadership within it.

**Strategic spectre**

Indonesia will never recognise nine dash lines or unilateral claims made by China that do not have legal reasons recognised by international law.

*Foreign Minister, Retno Marsudi*

The ‘Natuna issue’, as many Indonesian foreign policy scholars characterise it simply, has been a concern to the Indonesian Armed Forces (TNI) since the early 1990s. TNI and its New Order predecessor, ABRI, had conducted a series of large scale joint exercises (Latgab) around Indonesia’s South China Sea-located Natuna island chain (located in Riau Island’s Province), following Beijing’s seizure of Mischief Reef from the Philippines in 1994. More broadly, uncertainties over China’s intentions in Indonesia’s EEZ had been the catalyst for a number of TNI force disposition, defence industry and procurement decisions, the boosting of TNI’s outer island presence, as well as its joint warfare, amphibious, surface and submarine capabilities.

In contrast, Indonesia’s foreign ministry (Kemlu) had long played an honest broker role between ASEAN claimant states – Malaysia, Brunei, Philippines and Vietnam – in their rival territorial claims with China. This was motivated both by Jakarta’s sense of entitlement in South-East Asian affairs and guided by its independent and active (*bebas-aktif*) foreign policy doctrine.

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a non-aligned state, had long sought an equilibrium in the regional distribution of power that would preserve South-East Asia’s strategic autonomy. Through a hedging strategy against major power influence, including that of China, Indonesia had pursued a deliberate diversification strategy in its foreign partnerships, ranging from defence procurement to health cooperation and investment.

For Jakarta, officially a non-claimant state, the South China Sea issue had important bilateral as well as multilateral dimensions. Indonesia had staked its regional diplomatic leadership on mediating the dispute since 1990, when it commenced leading a series of informal workshops on ‘Managing Potential Conflicts in the South China Sea’. Moreover, Indonesian diplomats had played a key role in drafting the ‘Declaration of Conduct of Parties on the South China Sea’, which was supposed to precede a binding Code of Conduct. Negotiations around both of these documents proved highly protracted, however, and neither were fully implemented or accepted by all parties to the dispute. As ASEAN sought to bind China to maritime codes of conduct governing behaviour, Beijing continued to boost its strategic presence in the South China Sea through the acceleration of land reclamation activities, militarisation of islets and reefs, as well as a suite of quasi-legal measures.38

In fact, Indonesia’s ‘awkward’ non-claimant position had become increasingly difficult as China grew in military capability and strategic assertiveness.39 Indonesia had long rejected China’s Nine Dash Line claim, which intersected with Indonesia’s Natuna islands-generated EEZ, with a position that any acknowledgement of a territorial dispute with Beijing would only serve to legitimise that claim. Moreover, Indonesian diplomats had played a key role in formulating the 1982 UN Convention on the Law of the Sea (UNCLOS), which recognised Indonesia’s maritime territorial boundaries under international law. As the world’s largest archipelagic state, Indonesia had much to lose in any erosion of UNCLOS principles. But China’s militarisation of islets and reefs in the Spratly island chain had the effect of enabling Chinese paramilitary vessels to operate in or in close proximity to the Indonesian archipelago for extended periods of time.

Although there had been earlier reported incidents involving Indonesian Maritime Affairs and Fisheries (KKP) vessels with China Coast Guard (CCG) and Chinese fishing vessels, events reached a climax in successive maritime clashes in 2016. Under Maritime Affairs and Fisheries Minister, Susi Pudjiastuti, Indonesia had

38 See generally Asia Maritime Transparency Initiative (AMTI), Analysis, Center for Strategic and International Studies, Washington. https://amti.csis.org/analysis/
implemented a tougher approach to Illegal, Unreported and Unregulated (IUU) fishing as part of its GMF doctrine. Susi was an outspoken, self-made fisheries and aviation entrepreneur, who became a highly popular minister for her uncompromising approach to the protection of Indonesia’s sovereign marine resources. In March 2016, a CCG vessel rammed one of its own fishing vessels that had been seized by the KKP out of Indonesia’s waters. This incident was followed in May by the visit, board, search and seizure (VBSS) of a Chinese fishing vessel conducted by an Indonesian Naval Corvette, which saw the Corvette fire warning shots and detain the Chinese crew, some of whom were reportedly injured. In response, Susi summoned the Chinese ambassador, usually the prerogative of the foreign minister, and publicly condemned Chinese actions. The tit for tat between Indonesian and Chinese officials played out dramatically in Indonesia’s media but also increased tensions in cabinet. After Jokowi reportedly implored Susi to preserve harmonious relations with China, she retorted that ‘a good relationship should be maintained but stealing fish is not part of that good relationship!’

Beijing’s new claim to ‘traditional fishing grounds’ and ‘historic rights’ demanded some form of publicly visible policy response. Jokowi subsequently led a limited cabinet meeting – ‘a symbolic show of force’ as Indonesian strategic analyst Evan Laksmana characterised it – aboard the Corvette involved in the earlier VBSS as a sign of Indonesia’s resolve to use military assets to safeguard its sovereignty and territorial integrity. The government also announced it would accelerate economic development in Natuna in partnership with Japan, whilst Kemlu set about arranging for the formal re-badging of the maritime area as the ‘North Natuna Sea’ (Laut Natuna Utara). In defence terms, Indonesia proceeded with the establishment of the first of five joint regional defence commands (Kogabwilhan), strategically positioned for access to the South China Sea and the Malacca Strait.


43 The first Kogabwilhan was established at Tanjung Pinang, Bintan in Riau Islands Province. Although the Kogabwilhan’s were also designed to provide command positions for Indonesia’s swollen senior officer corps, in the period following the 2016 incidents, the Indonesian government fortified its defence presence on main island Natuna Besar. TNI-Army has deployed an army composite battalion comprising combat engineers, air defence artillery and field artillery units. The Navy has deployed a composite marine company and built facilities to support its warships operating in the waters surrounding Natuna. The Air Force has built a runway and integrated hangar facilities to support its UAV squadron and any fighters deployed to Natuna Besar.
But cabinet divisions and a broader lack of interagency coordination continued to hamper Indonesia's ability to develop a more coherent policy response. Separate interventions by the Defence, Foreign Affairs and Maritime Affairs and Fisheries ministers following the Natuna incidents demonstrated an alarming lack of whole-of-government coordination on the issue. Meanwhile, the government's release of an *Indonesian Ocean Policy* in 2017 that aimed to clarify implementation of the GMF and codify respective agency responsibilities highlighted inherent agency overlap and broader maritime governance challenges. Laksmana noted, with regard to the Ocean Policy, that realisation of the GMF’s seven pillars was contingent upon ‘76 programs spread across dozens of ministries and agencies in charge of 425 activities designed to achieve 330 targets.’

For CSIS Jakarta analyst, Christina Tjhin, ‘the Indonesian government’s incompetence in devising a strategic China policy’ was potentially ‘a greater threat than the rise of China itself.’

Further developments in 2016, highlighted the absence of Indonesian leadership on foreign policy matters of vital importance to the region involving China. On 12 July, an Arbitral Tribunal established under the registry of the UNCLOS Permanent Court of Arbitration (PCA) released its ruling on a case brought by the Philippines against China’s Nine Dash Line claim. The Tribunal ‘ruled in favour of the majority of the Philippines’s 15 legal complaints submitted against China and further condemned China’s destruction of sensitive coral reef and marine ecosystems.’ It was strong vindication of not only the Philippines’s position but also international maritime law as the basis for legal certainty in territorial disputes with Beijing. The Indonesian government’s ‘bland’ 130-word response, however, dismayed members of Indonesia’s foreign policy community who implored Jokowi ‘to fully support and mobilise the entire foreign policy establishment to play a more proactive, consistent, and productive leadership in ASEAN’s management of the South China Sea issue.’

Indonesia’s weak response came in contrast to its leadership on South China Sea issues under earlier administrations. Indonesia’s interventions following the


47 See Laksmana, ‘The Domestic Politics of Indonesia’s Approach to the Tribunal Ruling’ p 382 for statement. Apparently, the statement was preceded by ‘cabinet level debates going back a few weeks’, p 386.

48 Laksmana, ‘The Domestic Politics of Indonesia’s Approach to the Tribunal Ruling’.
Phnom Penh 2012 ASEAN Ministerial Meeting (AMM) in foreign minister Marty Natalegawa’s ‘shuttle diplomacy’ to regional capitals managed to salvage consensus on a joint communique.\textsuperscript{49} At the 2016 Vientiane AMM, Cambodia’s objection meant that the joint communique omitted any reference to the PCA ruling issued just 11 days prior. Such divisions revealed China’s ability to erode ASEAN consensus through a ‘sophisticated coercion and inducement strategy,’ as ASPI analyst Huong Le Thu has argued.\textsuperscript{50}

Jokowi’s reluctance to disrupt positive relations with Beijing over the March 2016 Natuna incidents and the PCA ruling related in part to Indonesia’s dependence on China for achievement of its national development goals. Incursions by CCG and fishing vessels re-emerged dramatically over the 2019–2020 New Year period when up to 63 Chinese vessels intruded or remained proximate to Indonesia’s EEZ. In response, Kemlu issued twodiplomatic protests rejecting China’s ‘unilateral claim’ and reaffirming Indonesia’s territorial sovereignty based on UNCLOS.\textsuperscript{51} Meanwhile, TNI launched Operation Combat Alert Natuna Sea 2020, which included the deployment of naval and air assets, and Jokowi travelled to Natuna Besar to receive a briefing from the Kogabwilhan I Commander. Despite the government’s firm diplomatic and military response coordinated by the foreign minister and TNI commander, a number of ministers, including Defence Minister Prabowo Subianto and powerful Coordinating Minister for Maritime Affairs and Investment, Luhut Binsar Pandjaitan, both retired Lieutenant Generals, attracted criticism for being ‘soft’ on China’s Natuna provocations.\textsuperscript{52}

Prabowo’s response was notable, in particular, given anti-Chinese rhetoric had been a key feature of his political campaigns against Jokowi. His restrained response to the Natuna incursions suggested that the responsibilities of cabinet office may have tempered his provocative rhetoric or that the real value in evoking


\textsuperscript{50} ASPI analyst, Huong Le Thu argued that ‘the greatest success of Chinese coercion is, however, the lasting psychological effect on the ASEAN leaders who prefer to exercise self-restraint when selecting regional issues of importance and to a [sic] careful self-censor in their choice of words. See ‘China’s dual strategy of coercion and inducement towards ASEAN’, \textit{The Pacific Review}, 2019, 31(1):20–36.

\textsuperscript{51} Kementerian Luar Negeri Republik Indonesia, ‘Indonesia Protes Pelanggaran RRT di ZEE Indonesia’ [Indonesia Protests PRC’s Violation of EEZ], 30 December 2019. https://kemlu.go.id/portal/id/read/931/siaran_pers/indonesia-protes-pelanggaran-rrt-di-zee-indonesia

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anti-Chinese sentiment lay more in circumstances where it advanced personal political gain. For Luhut, a powerful but controversial political figure responsible for realising Jokowi’s ambitious maritime development and investment agenda, there was little value in public condemnation of China, given Beijing’s economic significance. Domestic critics saw causal links between Luhut’s policy embrace of Chinese capital, his personal wealth and business ties to the country.⁵³ Others refuted these allegations, defending Luhut’s personal integrity and relative policy balance on China.⁵⁴

The Natuna issue, although revealed in 2017 polling to be more of an elite than a general public concern and not nearly as contentious as economic issues,⁵⁵ highlighted the government’s vulnerability to public criticism over its China policy. Yet ministers in the Jokowi government were no doubt cognisant that strong public condemnations of Beijing risked evoking domestic anti-Chinese sentiment, which had been on the rise since 2016, potentially undermining the government’s economic agenda.⁵⁶ The Natuna threat like the issue of Chinese workers and China’s economic influence had internal and external political dimensions. As Laksmana captured it:

The simple reality is that a lot of people …[including the]… political elite at the local or national level … are either ignorant of the fact that Chinese Indonesians in Indonesia are separate from China as a government and the Chinese people, or they prefer to politically conflate them.⁵⁷

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⁵⁵ Fossati, Fong and Negara’s 2017 Indonesian National Survey found relatively little awareness of the Natuna issue. Of the respondents who answered the question; 50.6% thought that the incidents were alarming as China was encroaching on Indonesia’s territory; 41.6% thought that the incidents were serious but caused by illegal fishing. See (Figure 43) in Diego Fossati, Hui Yew Foong and Siwage Dharma Negara, ‘The Indonesian National Survey Project: Economy, Society and Politics’, ISEAS, Yusof Ishak Institute, 2017, no.10.


⁵⁷ Laksamana quoted by Mulyanto, ‘After 70 years of ties’; Tjhin contended ‘one cannot deny that anti-China (or anti-Chinese Indonesian) sentiments are always linked to bilateral relations with mainland China’. See ‘Indonesia’s Relations with China’, p 313.
The need to appease anti-Chinese domestic constituencies and maintain positive relations with Beijing imposed constraints on Indonesia’s foreign policy behaviour.

The ‘Ethnic Chinese issue’

[it] is more or less a mystery because it involves a set of beliefs about intentions. It is not concrete, but it is felt to be there and because of the lack of definition the Chinese threat is seen to be greater, more urgent and immediate

Jokowi himself was not immune to anti-Chinese invective. Well ahead in the 2014 presidential election polls, false online rumours that he was at once Chinese, Christian and a communist narrowed his lead in the weeks leading up to the July ballot. Following his victory, racist and religious slurs against Jokowi largely subsided, but Jokowi’s political success as provincial mayor and then governor of Indonesia’s capital had underlined the significance of the gubernatorial position as a springboard into the presidential palace. Upon Jokowi’s election to the presidential palace, his ethnic Chinese and Christian deputy, Basuki Tjahjaja Purnama, known simply as ‘Ahok’ was automatically elevated into the governor’s seat. With the first round of the Jakarta gubernatorial election scheduled for February 2017, the opposition to Ahok in late 2016 intensified. Ahok, who on this occasion ran as an independent, faced former university rector and education minister, Anies Baswedan, backed by the campaign experience and deep pockets of chair of the opposition Greater Indonesia (Gerinda) Party, Prabowo Subianto and his wealthy businessman brother Hashim Djojohadikusumo. The other key candidate was Agus Harimurti, an up and coming army officer and son of former president Susilo Bambang Yudhoyono, highlighting the high stakes game amongst Indonesia’s competing political oligarchs.

As pressure built to undermine leading contender Ahok, an edited video of him addressing a crowd in Indonesia’s Thousand Islands district in September 2016 surfaced on social media. Although Ahok had attracted criticisms over a number of issues – including his demolition of slums in east Jakarta, the controversial Jakarta Bay reclamation project and for his abrasive personality style – it was his reference to a verse in the Qur’an that would be his ultimate political undoing. In his Thousand Island’s address, Ahok referenced a Quranic verse (Al Maidah

58 Hadi Soesastro quoted in Dewi Fortuna Anwar, Indonesia in ASEAN: Foreign Policy and Regionalism, ISEAS, Singapore, 1994, p 189.

51) highlighting the fact there was no religious basis forbidding Muslims from voting for non-Muslims. In October, Ahok was reported to the police for blasphemy and the influential but highly conservative Indonesian Council of Ulema (MUI) issued a fatwa condemning Ahok for religious defamation.

The Gerindra-led opposition coalition that mobilised against Ahok had ironically backed him earlier as Jokowi’s deputy in the 2012 Jakarta election race, revealing the shifting allegiances of Indonesia’s political elites. As Gerindra and the Islamic Justice and Prosperity Party (PKS) and National Mandate Party (PAN) joined forces with hardline Islamic organisations and right-wing nationalists, pressure built in massive protest actions against Ahok, the largest of which were conducted on 4 November and 2 December 2016. These protests were organised by the ‘212 Movement’, a loose coalition of Islamic groups spearheaded by the new National Movement to Safeguard the MUI Fatwa (GNPF-MUI), the Young Ulema and Intellectuals Council of Indonesia (MIUMI) and the Islamic Defenders Front (FPI), as well as party political and broader societal elements. This coalition of forces exploited the racism resident in hardline Islamic circles and in negative public perceptions about China and Indonesia’s ethnic Chinese community.

Further interventions by politico-military elites inflamed anti-Chinese sentiment, including then Vice President Jusuf Kalla and then serving TNI commander General Gatot Nurmantyo. Kalla, who allegedly supported Ahok’s rival in the Jakarta gubernatorial contest, was criticised in the media for a statement in February 2017 implying that most rich people in Indonesia were of Chinese descent and mostly Christian or Confucian, while the poor were Muslim pribumi.60 Meanwhile, at a November 2016 Jakarta university presentation, Nurmantyo, whose political aspirations were becoming more evident, recounted an earlier conversation he had with the Malaysian defence minister about how to contend with a hypothetical wave of starving, mainland Chinese refugees entering Indonesian waters. His solution was to ‘throw freshly slaughtered cows into the water, then open fire on their vessels to sink them so they could be eaten by sharks.’61 This crude display of anti-Chinese sentiment by Nurmantyo, among a number of other examples as serving TNI commander,62 highlighted a key risk for Beijing in its relations with Indonesia. President Xi Jinping’s more assertive promotion of overseas ethnic Chinese as part of the broader ‘Chinese Nation’, as


62 Suryadinata, ‘General Gatot and the Re-emergence of Pribumi-ism in Indonesia’.
Suryadinata recognised, tended ‘to blur the distinction between Chinese citizens and foreigners of Chinese descent and regard both as “Chinese”’. 63 Beijing’s policy, in effect, risked inflaming extant doubts about the loyalty of ethnic Chinese to the Indonesian state and, hence, highlighted the utility of anti-Chinese sentiment to elite political posturing.

After a highly organised campaign of opposition, which included mass protests and cyber armies disseminating racial and religious vitriol, 64 Ahok, who had won the first round of the Jakarta contest, lost the second poll in April amidst high political tensions. In May 2017, he was convicted for blasphemy and sentenced to a two-year prison term, which evoked a public outcry from supporters. In addition to Ahok’s defeat, the political rise of priibumi-ism and radical Islam included the establishment of the Pribumi Party and a proposal to preclude non-pribumi from running for presidential office in the Constitution. 65 Although opposition subsided after Ahok’s political elimination, the heated election contest had signalled the rise of identity politics in Indonesia with religious intolerance and distrust towards Indonesia’s predominately Christian Chinese community at the core of it.

An extensive national survey conducted in the aftermath of the Jakarta election and the Ahok blasphemy case (2017), saw strong evidence of negative perceptions about the economic privilege, exclusivity, influence in politics and national loyalties of Indonesia’s Chinese community. 66 Polling figures released in 2017 revealed that around 47.6% of Indonesians believed that Chinese Indonesians ‘may still harbour loyalty to China,’ underlining the continuing perception that they were “foreign”. 67 Meanwhile, another 2017 survey of elite opinion revealed that ‘despite increasingly close relations between Indonesia and China, Chinese investments and workers, and developments in the South China Sea, continued to worry the Indonesian public.’ 68 The survey noted how concerns were:


67 Fossati, ‘The Indonesian National Survey Project’.

most apparent among those members of the *pribumi* elite who take an oppositional stance against the Jokowi administration, and those who remained neutral towards the president.\(^{69}\)

Although, Ahok’s blasphemy conviction and political defeat temporarily toned down political temperatures, the dramatic Jakarta election race had acted as a significant distraction for the cabinet and had, reportedly, hampered substantive foreign policy decision-making.\(^{70}\) However, spurred by concerns over Australia, the US, India and Japan’s reactivation of the ‘The Quad’ in 2017, espousing its ‘Free and Open Indo-Pacific’ concept, Kemlu, concerned about escalating strategic rivalries and ASEAN’s declining relevance, commenced refinement of an alternate Indo-Pacific framework for cooperation in early 2018. The framework was formally endorsed by leaders at the 34th ASEAN Summit as the ‘ASEAN Outlook on the Indo-Pacific’. Although it reaffirmed ASEAN centrality and adherence to UNCLOS, the Outlook did not prescribe any concrete measures to mitigate escalating major power tensions nor hamper China’s coercive conduct in the South China Sea.\(^{71}\)

As radical Islam became a much more potent political force, Jokowi was forced to make significant political compromises ahead of the 2019 presidential race. For example, he chose former MUI head Mar’uf Amin as his vice presidential candidate, who had played a key role in Ahok’s political demise. More profoundly the division and instability associated with Indonesia’s heated election contests precipitated a more profound shift in Indonesia’s pluralist democracy as the president turn to increasingly authoritarian measures, including criminalisation of political opponents and other legislative measures to suppress criticism and dissent.\(^{72}\)

Although the lead-up to the July 2019 election race was on the whole amicable between rival candidates Jokowi and Prabowo, the invocation of a Suharto-era narrative about the triangular threat posed by communism, Chinese Indonesians and mainland China, which gained pace during the Jakarta elections, was conflated with economic and strategic concerns. Pew surveys reported that the share of Indonesians who held favourable views of China had declined over time amid concerns over increasing economic reliance on Beijing. In 2018, 53%

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69 Herlijanto, ‘How the Indonesian Elite Regards Relations with China’.
70 Personal communication with Indonesian government official, 2017.
had a favourable view of China, according to Pew, down from 66% in 2014, the year Jokowi was elected. Pew reported that more than four-in-ten Indonesians said China’s power and influence was a major threat to their country in the 2018 survey, versus only 27% who stated this in 2013 polls.\(^73\)

Jokowi’s embrace of Chinese finance for infrastructure development had made him more vulnerable to criticism on the government’s China policy. For example, in 2018 Jokowi was forced to correct fake news reports that an estimated 10 to 20 million Chinese workers had entered Indonesia and were about to ‘dominate the country.’\(^74\) In the Jakarta election race, a proxy for the 2019 presidential poll, Prabowo had successfully appealed to deeply rooted economic nationalism and socio-economic resentments towards ethnic Chinese in the electorate to criticise Jokowi over his China policies. In the 2019 presidential debates, he accused Jokowi of being ‘too soft’ on China and permitting thousands of Chinese workers to enter Indonesia to work on Chinese-funded projects. Prabowo indicated that if he was elected president he would review all Chinese projects in Indonesia.\(^75\)

As Warburton contended, ‘growth, foreign investment and the China problem; was a major line of critique put forward by Jokowi’s political rivals.’\(^76\)

Prabowo’s election defeat, confirmed on 21 May 2019 and subsequent Constitutional Court appeal against alleged ‘massive voter fraud,’ led to serious violence in Central Jakarta as radical opposition supporters gathered outside Indonesia’s Elections Supervisory Agency (Bawaslu) to protest the result. At the height of riots, thousands of protestors allegedly threw Molotov cocktails, destroyed vehicles and property, and engaged in skirmishes with Indonesian Police Mobile Brigade (Brimob) personnel. Seven protestors died from gunshot wounds, over 200 were injured and approximately 400 arrested.\(^77\)

In a detailed analysis of encrypted messaging platform Telegram, ISEAS researcher, Quinton Temby, 'Disinformation, Violence, and Anti-Chinese Sentiment in Indonesia’s, 2019 Election', Perspective, ISEAS Yusof Ishak Institute, 2019, 67, p 2.


\(^76\) Warburton also listed resource nationalism and food sovereignty; and socio-economic inequality as major critiques, which also have anti-Chinese dimensions. See Eve Warbuton, ‘Inequality, Nationalism and Electoral Politics in Indonesia’ in Daljit Singh and Malcolm Cook (eds), Southeast Asian Affairs, ISEAS, Singapore Institute, 2018, p 136.

\(^77\) Quinton Temby, ‘Disinformation, Violence, and Anti-Chinese Sentiment in Indonesia’s, 2019 Election’, Perspective, ISEAS Yusof Ishak Institute, 2019, 67, p 2.
Temby revealed how opposition activists and hardline Islamists utilised Telegram and other platforms in a dangerously provocative anti-Chinese disinformation campaign. For example, at the height of the May protests reports circulated that some of the Indonesian Police Mobile Brigade officers were in fact PLA personnel and that thousands of Chinese troops had entered Indonesia and were involved in ‘mass kidnappings’ and the targeting of mosques.  

The ideational dimensions of the amorphous Chinese threat in the Indonesian national psyche made it highly susceptible to manipulation by vested political interests. As the 2016–2017 Jakarta gubernatorial election race morphed into a destabilising proxy for the 2019 presidential elections it marked a key turning point in what had been a positive period in Indonesia’s post-authoritarian engagement with China. The rise of populism and identity politics in Indonesia spurred by a highly destabilising opposition and amplified by organised disinformation campaigns and social media commentary, saw the reinvigoration of old tropes about an amorphous Chinese threat. The heated election contests also saw divisions between cabinet ministers and the president over China policy matters and resulted in a government distracted by political instability from addressing adverse strategic developments in South-East Asia.

**Impacts of coronavirus pandemic**

I appreciate the assistance of the Chinese government in strengthening strategic health cooperation, including the co-production and preparation of a COVID-19 vaccine. I welcome arrangements for a travel corridor as agreed between the two nations on 21 August 2020 in order to facilitate essential business and urgent official visits, in accordance with strict health protocols.

*President Joko Widodo in a telephone call transcript with Xi Jinping, released on 1 September 2020* 

For many strategic and foreign policy analysts, the coronavirus pandemic has presented as a classic ‘black swan’ event – severe, disruptive and unanticipated, at least outside epidemiological circles. Certainly Indonesia, which has experienced a number of zoonotic disease threats over the last two decades, seemed remarkably unprepared for the emerging pandemic threat. The government was slow to completely close its borders, admitted to withholding information from


the public and delayed the implementation of social distancing measures. To date, Indonesia has the highest death toll in Asia behind India, compounded by poor public health infrastructure, and the central government has been criticised for its incoherent policy response. As Indonesia contends with the immediate health and economic impacts, which include the weakest growth figures since the 1998 Asian financial crisis and unemployment rising unemployment, COVID-19 presents as a catalyst for change in Indonesia’s China policy.

At the start of the pandemic, resentment over mainland Chinese workers and Chinese-funded infrastructure projects intensified, exacerbated by pandemic fears and economic insecurity. Luhut Pandjaitan attracted renewed criticism over his ‘pro-China’ positions and for ‘accumulating personal wealth by facilitating the Chinese government and investors.’ The ‘Special China Envoy to Indonesia,’ as Luhut was characterised on one conservative Islamic website, was forced to defend the plan of a South-East Sulawesi company, PT Virtue Dragon Nickel Industry – a subsidiary of Jiangsu-based De Long Nickel Co Ltd – to allow in 500 mainland Chinese workers. The plan was delayed following opposition from the local community, national parliament (DPR) and regional officials.

The impact of COVID-19 has in the short-term meant Jokowi’s reliance on Chinese finance and technological know-how for his national development agenda has faced significant disruption. Indonesia initially restricted some imports and imposed a ban on all travellers to and from China, moves that irritated Beijing. There was also an immediate interruption to all Chinese infrastructure projects in Indonesia, including the contentious Jakarta-Bandung HSR.


82 GDP is expected to shrink 1.5 per cent and the government has indicated it expects an additional 4 million to fall into poverty and 5.5 million additional unemployed. Adrian Wail Akhlas, ‘Indonesia’s GDP to decline more than thought as virus keeps spreading’, The Jakarta Post, 14 October 2020. https://www.thejakartapost.com/news/2020/10/13/indonesias-gdp-to-decline-more-than-thought-as-virus-keeps-spreading-imf.html


project due to the cessation of material supply chains and travel restrictions on mainland workers.\textsuperscript{87} Interestingly, Indonesia’s Cabinet announced in June that it would ask Japan to join the Indonesia–China High Speed Rail (KCIC) consortium responsible for the Jakarta-Bandung HSR project. This development is significant, as Japan lost out to China on the original 2016 bid highlighting the contested geopolitical dimensions of Indonesia’s decisions on major infrastructure projects.

Despite disruptions to Indonesia-Chinese supply chains, commercial and tourism links, China’s deep integration with South-East Asian economies saw it quickly on the front foot in presenting itself as an indispensable partner to Indonesia. This was both part of Beijing’s widely criticised attempt to recraft a positive narrative on COVID-19,\textsuperscript{88} but was also a legitimate extension of its expansive cooperation with South-East Asian states. At the multilateral level, China in collaboration with the other ASEAN Plus Three (APT), states Japan and Korea, established a new ASEAN–China COVID-19 Response Fund and committed to providing financial and material support through the more established ASEAN–China Cooperation and APT Cooperation Funds.\textsuperscript{89} Beijing also committed to further COVID-19 assistance to 120 countries, including Indonesia, through its reactivated Health Silk Road initiative, an extension of BRI engagement.\textsuperscript{90} Bilaterally, China has provided Indonesia with material assistance in Personal Protective Equipment (PPE), ventilators, masks and COVID-19 test kits.\textsuperscript{91}


COVID-19, CoronaVac. This collaboration between Chinese state-owned biopharmaceuticals company Sinopharm and Indonesia’s PT Bio Farma involved a pledge by China to offer Indonesia 40 million doses of vaccine by March 2021. China’s offer to open up a travel corridor between Indonesia and China was also welcomed by Jokowi, who in the face of economic recession and criticism over the government’s handling of the pandemic, was determined to boost economic activity.

Meanwhile, the rising tensions between the US and China, catalysed by the devastating impact of COVID-19 on America’s economy and society, saw the US act to constrain Beijing further on a range of policy concerns including Hong Kong, Taiwan, the South China Sea, Xinjiang, trade, and science and technological exchange. The US also flagged it would lead a renewed commitment to South-East Asia (as part of the Indo-Pacific) in both economic and strategic terms, notwithstanding America’s significant domestic political challenges. Yet President Donald Trump’s chaotic approach to the crisis diminished the appeal of US governance models in the eyes of many in the international community, including in Indonesia. The intensification of extant US-Sino strategic rivalry due to the COVID-19 pandemic accompanied by escalating diplomatic rhetoric; reciprocal tit for tat sanctions on companies and individuals by Beijing and Washington; and the increased presence of both US and Chinese military assets in the South China Sea was reflected in Foreign Affairs Minister Marsudi’s exhortation at a September 2020 ASEAN-based virtual summit meeting: ‘We don’t want to get trapped by this rivalry!’

While the coronavirus pandemic has come at considerable economic and social cost to Indonesia, it has also provided opportunities to re-evaluate its economic
reliance on China and boost Indonesia’s economic resilience. This will depend on the provision of alternatives to China as Indonesia’s largest export market and second largest source of FDI. However, it should also be noted that the Indonesian government has actively welcomed multinationals seeking to diversify their supply chains away from China, and with a further view to ‘safety and efficacy,’ sought to balance vaccine reliance on China through major deals with UK-based AstraZeneca and United Arab Emirates ‘Group 42 Healthcare’. Although in foreign policy terms Jakarta has not welcomed escalating strategic tensions, a greater assertion of US strategic primacy in the South China Sea will, by default, boost Indonesia’s defence of the Natuna islands from increasing Chinese maritime incursions. And although Indonesia has been a willing recipient of China’s generous offers of economic and health assistance, it has also consciously hedged its vaccine bets and maximised national economic self-interest in the wooing of China-shy multinationals. Despite COVID-19 being a catalyst for increased strategic tensions and cause of global economic contraction, Jokowi’s top policy priority for the remainder of his term, which ends in 2024, will be preventing the pandemic’s deleterious economic impacts from undermining his nation’s political stability.

**Conclusion**

Analysis of contending domestic and international policy pressures reveal the complex intermestic nature of Indonesia’s China challenge. Indonesia’s executive under Jokowi, has struggled to reconcile the domestic political imperatives of maintaining positive relations with Beijing to secure vital flows of aid, trade, tourism and investment for its economic development agenda, balanced against public concern about China’s violations of Indonesia’s territorial waters and its threat to national economic sovereignty. Reconciling this two-level game has been difficult for Indonesia as it is for all states that are heavily dependent on China in economic terms.

Under Jokowi’s presidency, a bifurcation of views intensified between negative public sentiment and government policy that embraced Chinese capital and technical expertise as the engine of Indonesia’s economic growth. China’s expanded reach in new South China Sea military installations and in escalating


interstate rivalries placed greater pressure on Jakarta both from a defence and foreign policy perspective; the latter in Indonesia’s ability to maintain ASEAN unity and moderate rivalries through ASEAN-centred multilateral mechanisms. As strategic election contests loomed in 2016, the confluence of the Natuna threat posed by Chinese maritime incursions with domestic political developments provided further ammunition to Jokowi’s political foes. The conflation of China with Chinese Indonesians in the minds of Indonesians revealed itself in provocative interventions by military, religious and political elites connecting the economic and strategic threads of distrust in Indonesian society toward China with the suspicion and resentment toward Indonesia’s Chinese community.

The immediate economic and sociopolitical effects of the coronavirus pandemic on Indonesia intensified schisms between domestic constituencies and the government over the economic dimensions of Indonesia’s China policy. However, this was balanced by Indonesia’s receptiveness to a concerted campaign of mask diplomacy by Beijing, which guaranteed Indonesia vital public goods in the joint production of a COVID-19 vaccine and other economic assistance measures. Whilst exogenous forces in increased US-Sino tensions, disruption to global supply chains, and contraction of the international economy will shape the future of Indonesia’s China policy, domestic political variables will remain a powerful determinant. The mobilisation and reconstitution of opposition political forces, spurred on by growing economic hardship, carries significant political risk for Jokowi and, by extension, aspects of his administration’s China policy.