

EVEN INDONESIA: CONCERNS OVER CHINA'S REACH IN THE SOUTH CHINA SEA

By Felix K. Chang



Felix K. Chang is a Senior Fellow of the Foreign Policy Research Institute. He was previously a consultant in Booz Allen Hamilton's Strategy and Organization practice; among his clients were the U.S. Department of Energy, U.S. Department of Homeland Security, U.S. Department of the Treasury, and other agencies. Earlier, he served as a senior planner and an intelligence officer in the U.S. Department of Defense and a business advisor at Mobil Oil Corporation, where he dealt with strategic planning for upstream and midstream investments throughout Asia and Africa. For his previous FPRI essays, see: <http://www.fpri.org/contributors/felix-chang>

China's maritime disputes with its Asian neighbors over the Senkaku Islands, the Spratly Islands, and the Paracel Islands have made these collections of islets well known. (In China, they are known as the Diaoyu, Nansha, and Xisha Islands, respectively.) So far, Indonesia has largely stayed out of the fray—so much so that it is rarely listed among the disputants. But it has long been one of them. As an archipelagic state, Indonesia is entitled to an exclusive economic zone (EEZ) around its Natuna Islands (or Riau Islands in Indonesia), which are located in the South China Sea. In that zone are some of Indonesia's largest offshore natural gas fields. Unfortunately, a portion of that zone (see hatched area on map) also falls within China's "nine-dash line" claim that encloses most of the South China Sea.

China has long asserted its sovereignty over everything inside its claim line, including the part that overlaps with Indonesia's EEZ. But, until recently, it had no way to enforce its claims. Chinese naval and air forces were unable to project and sustain power into the southern South China Sea. So, Indonesia was free to downplay its dispute with China. Its foreign ministry has been reluctant to even acknowledge that any dispute exists between China and Indonesia, for fear that such an admission would lend some credence to China's claims.¹

But all that has begun to change as China's naval and air power in the South China Sea has grown.² Over the last decade, China has built a new major naval base at Yalong Bay on Hainan Island. The base is now home to many of the Chinese navy's newest nuclear-powered submarines, destroyers, and frigates. China's new aircraft carrier, the *Liaoning*, even docked there in late 2013 during its first training exercise in the South China Sea. Even more worrying to Indonesian officials was probably a series of increasingly provocative Chinese actions. In March 2013 and again in February 2014, the Chinese navy conducted amphibious drills off Malaysia-claimed James Shoal, only 150 km from Indonesian waters. Three months later, China tussled with Vietnam over a Chinese offshore oil drilling rig, the Hai Yang Shi You 981 (or HYSY 981), operating in disputed waters. Finally, there were revelations over the summer that China had accelerated its efforts to expand the islands that it occupies within the Spratly group, like Johnson South Reef.

¹ Daniel Novotny, *Torn between America and China: Elite Perceptions and Indonesian Foreign Policy* (Singapore: Institute of Southeast Asian Studies, 2010), pp. 175-227; Douglas Johnson, "Drawn into the fray: Indonesia's Natuna Islands meet China's long gaze south," *Asian Affairs* 24:3 (Fall 1997), pp. 153-161.

² Felix K. Chang, "China's Naval Rise and the South China Sea: An Operational Assessment," *Orbis* 56:1 (Winter 2012), pp. 19-38.



Historically, Indonesia has been content to pursue its foreign policy aims under the rubric of ASEAN. But recently Indonesia has demonstrated more independent resolve. In 2010, Indonesia's concern about its EEZ around the Natuna Islands prompted it to send a letter to the United Nations' Commission on the Limits of the Continental Shelf "contesting China's position on the South China Sea" and urging it to clarify its claim.³ China did not. In a show of force, the Indonesian air force held its annual exercise on Natuna Island in October 2013. It brought together almost all of its operational combat aircraft for the exercise, including five F-16A/B fighters, six Su-30MK/MK2 fighters, and eight Hawk 109/209 trainer/light attack aircraft. The exercise, called Operation Angkasa Yudha, played out a scenario in which Indonesia had to recapture the island from a hostile force.⁴

³ "Indonesia wades in," *Economist*, Apr. 2, 2010.

⁴ "Indonesia prepares for battle for the skies," *The Nation*, Oct. 24, 2013, <http://www.nationmultimedia.com/aec/Indonesia-prepares->

China took no notice. Instead, in early 2014, it unveiled a new representation of China, first as a small image on its passports and then as its official map. That representation showed all of continental China, along with its South China Sea claims, as a single uninterrupted image. Earlier versions of its official map placed its maritime claims in a separate box. Many Southeast Asian observers interpreted the new map as a hardening of China's claims. Not only did the Philippines and Vietnam voice their concerns over it, but so did Indonesia. After the passport map appeared, Fahru Zaini, the assistant to the first deputy of the Coordinating Minister for Political, Legal, and Security Affairs (*Menkopolhukam*), spoke to journalists on Natuna Island. He asserted that "what China has done affects the Unitary State of Indonesia... as such, we have come to Natuna to see firsthand the strategic position of the [Indonesian military], especially in its ability, strength and its deployment of troops, just in case anything should happen in the region." Soon after, Indonesia announced that its army is preparing to dispatch an infantry battalion to the island. Its navy would improve its facilities at Pontianak, near the Natuna Islands; and its air force would build new hangars and extend the runway at Ranai air base in preparation for the permanent stationing of a squadron of fighters there.⁵

Indonesia's foreign ministry quickly downplayed Zaini's remarks. While the concerns among Indonesian officials over Chinese assertions of its maritime sovereignty have grown, they have so far been tempered by Jakarta's desire to benefit from China's economic growth, which was articulated by Indonesian Foreign Minister Marty Natalegawa. He stressed that "between Indonesia and China, there is no territorial dispute." In fact, Indonesia has been trying to encourage Chinese investment into a fish canning operation on Natuna Island.⁶ Strictly speaking, Natalegawa's statement was true: China does not claim Indonesian *territory*, just a part of its *EEZ*.

However, General Moeldoko, chief of the Indonesian armed forces, was not as diplomatic when he went to Beijing in February 2014. He impressed on its Chinese military counterparts that "we are a sovereign country, we will protect our territory, and we will do whatever is necessary to protect our sovereignty." Making this point clearer still, he penned a long op-ed in the *Wall Street Journal* in April 2011 in which he expressed:

Indonesia is dismayed, therefore, that China has included parts of the Natuna Islands within the province as its territory... The Indonesian military has decided to strengthen its forces on Natuna. We will need also to prepare fighter planes to meet any eventuality stemming from heightened tensions on one of the world's key waterways.⁷

Unfortunately for Indonesia, the capability of its navy and air force to defend its claims in the South China Sea have not kept up with the growth of Chinese military power in the region. Indeed, the navy and air force have always played second fiddle to the army. Three-quarters of Indonesia's 400,000 active-duty personnel serve in the army. Of the remainder, 20,000 are marines. Only a tiny fraction, 18.5 percent, of its servicemen is in the navy and air force.

Moreover, much of their combat equipment is in need of modernization. Most of the navy's ships and submarines have been in service for over a quarter century; and many of them suffer from chronic maintenance problems. The same could be said of the air force. A U.S. arms embargo from 1999 to 2005 only made things worse, causing a spare parts shortage that grounded most of its American-built fleet. The air force eventually turned to Russia for new combat aircraft. But it would take a decade for it to acquire only 16 Su-27SK/SKM and Su-30MK/MK2 fighters.⁸

Since 2010, Indonesia has taken modest steps to beef up both its naval and air forces. Its 2010 Strategic Defense Plan promised to modernize its military into one better capable of defending the country from external threats. While the army would remain the military's backbone, the navy and air force would receive more funds for military procurement to create a "Minimum Essential Force." That force envisions a "green water navy" organized into a "Striking Force" of 110 ships, a "Patrolling Force" of 66 ships, and a "Supporting Force" of 98 ships. (Though that may sound impressive, the vast majority of those ships will be small coastal combatants, and many are already in

for-battle-for-the-skies-30217829.html.

⁵ Ridzwan Rahmat, "Indonesia to upgrade naval base near disputed South China Sea waters," *Jane's Defence Weekly*, May 9, 2014; Ridzwan Rahmat, "Indonesia to station Su-27, Su-30s on South China Sea islands," *Jane's Defence Weekly*, Apr. 1, 2014;

"Indonesia's Military Flexes Muscle as S. China Sea Dispute Looms," *Jakarta Globe*, Mar. 13, 2014.

⁶ "Indonesia pernah sampaikan keberatan atas peta Natuna," *Antaraneews.com*, Mar. 19, 2014.

⁷ Moeldoko, "China's Dismaying New Claims in the South China Sea," *Wall Street Journal*, Apr. 27, 2014.

⁸ Abu Hanifah, "Indonesia receives last delivery of Sukhoi Flanker fighter jets, completing full squadron," *Xinhua*, Sep. 9, 2013.

service.) The plan also outlines an air force of ten fighter squadrons, equipped with a total of 180 fighters by 2025.⁹

Both the navy and air force have begun to modernize in earnest. The navy has on order three Type 209/1400 diesel-electric attack submarines from South Korea and two Sigma-class corvettes (adding to the four smaller ones it already has) from the Netherlands. It has also begun to receive serial production of two domestically-built classes of fast attack craft, the KCR-40 and slightly-larger KCR-60. Both are intended for littoral anti-ship missile combat.¹⁰

Similarly, the air force has begun to rebuild its frontline forces. In 2012, it accepted an offer of 24 retired F-16C/D fighters from the United States. Under a \$670-million program, the F-16C/Ds will be refurbished and upgraded with new radar systems to give them better maritime and strike capabilities. The first of these arrived at Indonesia's Roesmin Nurjadin Air Base in July 2014. Once all 24 F-16C/Ds are delivered, Indonesia plans to upgrade its ten older F-16A/Bs to the new standard.¹¹ Then it will find a replacement for its long-serving F-5E/F fighters. In the longer term, Indonesia has agreed to participate in South Korea's KF-X program to develop a next-generation fighter which is anticipated to enter service after 2020.¹²

That said, Indonesia's military modernization efforts have not been as dramatic as those of the Philippines or Vietnam. Rather, they have remained relatively modest. While the navy will receive three new submarines, Indonesia's navy chief of staff, Admiral Marsetio, has said that the navy would need at least a dozen submarines to adequately protect Indonesia's maritime domain.¹³ Some still worry whether the navy would be able to maintain the size of its fleet, given the rate at which its older ships are approaching the ends of their service lives. The air force's goal remains over 100 fighters short of its goal with only a decade to go. And, according to one report, none of Indonesia's previously announced military upgrades on the Natuna Islands have even started yet.¹⁴

During his 2014 election campaign, Indonesia's new president, Joko Widodo—popularly known as Jokowi—said that he would increase the country's defense spending to 1.5 percent of the country's GDP, a nearly 70 percent increase over its present level. That would go a long way to adequately resource the government's 2010 Strategic Defense Plan. But Jokowi's pledge was not set in stone. After the election, Jokowi stated that his top priorities were: Indonesia's economy, infrastructure, and social welfare.¹⁵ Defense did not make his first list.

⁹ Evan A. Laksmana, "Rebalancing Indonesia's naval force: trends, nature, and drivers," in *Naval Modernisation in South-East Asia: Nature, Causes and Consequences*, eds. Geoffrey Till and Jane Chan (New York: Routledge, 2014), p. 189; Rizal Sukma, "Indonesia's Security Outlook and Defense Policy 2012," in *Security Outlook of the Asia Pacific Countries and Its Implications for the Defense Sector* (Tokyo: National Institute for Defense Studies, 2012), pp. 3-19; Arientha Primanita, Ezra Sihite, and Faisal Baskoro, "Indonesia Pledges to Raise Defense Spending," *Jakarta Globe*, Oct. 6, 2011, <http://www.thejakartaglobe.com/news/indonesia-pledges-to-raise-defense-spending/469853>; Alexandra R. Wulan, *Satu Dekade Reformasi Militer Indonesia [A Decade of Military Reform in Indonesia]* (Jakarta: Pacivis and FES, 2009), p. 116; Kusnanto Anggoro, "Unravelling total defense: territorial structure, democracy, and non-military defense," DCAF-Lesperssi Seminar, Geneva Centre for the Democratic Control of Armed Forces, Geneva, Switzerland, Aug. 28, 2007.

¹⁰ "PT PAL gets \$250 million to build submarines," *Jakarta Post*, Feb. 18, 2014, <http://www.thejakartapost.com/news/2014/02/18/pt-pal-gets-250-million-build-submarines.html>; Novan Iman Santosa, "RI Orders 3 Submarines Worth \$1b in Regional 'Catch-up'," *Jakarta Post*, Dec. 22, 2011, <http://www.thejakartapost.com/news/2011/12/22/ri-orders-3-submarines-worth-1b-regional-catch.html>.

¹¹ "Blue Temple Vipers: Indonesia Adding F-16s," *Defense Industry Daily*, Jul. 15, 2014, <http://www.defenseindustrydaily.com/indonesia-adding-f-16-falcon-fighters-to-join-flankers-07205>; "Indonesia: F-16 Squadron in Pekanbaru in 2014," *Open Source Imagery and Geospatial Intelligence*, Nov. 18, 2013; Karen Parrish, "U.S, Indonesia Agree on F-16 Transfer," American Forces Press Service, Nov. 18, 2011; Jim Wolf, "Indonesia to buy 24 refurbished US F-16 fighters," Reuters, Nov. 18, 2011.

¹² Joyce Lee, "South Korea military chiefs endorse \$8.2 billion development plan for home-built fighters," Reuters, Jul. 18 2014; "RI sending KFX jet-fighter production team to South Korea," *Antaraneews.com*, Jul. 11, 2011, <http://www.antaraneews.com/en/news/73621/ri-sending-kfx-jet-fighter-production-team-to-south-korea>.

¹³ Indra Wijaya, "Army Sends Team to Russia to Survey Submarines," *Tempo English*, Jan. 6, 2014, <http://en.tempo.co/read/news/2014/01/06/055542554/Army-Sends-Team-to-Russia-to-Survey-Submarines>.

¹⁴ Andrew R.C. Marshall, "Remote, gas-rich islands on Indonesia's South China Sea frontline," Reuters, Aug. 25, 2014.

¹⁵ Specifically, Jokowi promised to revive Indonesia's slowing economy, rein in ballooning fuel subsidies that have stifled infrastructure spending, and deliver universal access to healthcare and education. "Indonesia: Joko's Infrastructure Upgrade," *NHK World*, Sep. 1, 2014, <http://www3.nhk.or.jp/nhkworld/english/news/asia.html>; Berni Moestafa and Sharon Chen, "China's Advance Spurs Indonesian Military Shift," *Bloomberg*, May 29, 2014.

Still, it is clear that Indonesia has reconsidered its approach to protecting its claims in the South China Sea. It has improved its ties with Japan and the United States. It has even begun to mend its rocky relationship with Australia, which was only recently dented by revelations of Australian intelligence gathering on its last president in 2013.¹⁶ Indonesia may still be reticent about becoming an acknowledged disputant in the South China Sea. But if China's ascent in the region continues as forcefully as it has over the last half decade, it will become harder for Indonesia to stay on the fence. Already, it has begun to lean forward.

¹⁶ John Garnaut, "Rise of China dampens local squabbles between Australia and Indonesia," Fairfax Media, Apr. 29, 2014.