G M F The German Marshall Fund of the United States

STRENGTHENING TRANSATLANTIC COOPERATION



Policy Brief

Young Strategists Forum

July 2013

Summary: The ascendance of the "middle powers" Korea, Indonesia, and Australia presents an opportunity to address some of Asia's most pressing issues from a slightly different perspective. But does Indonesia see itself as a "middle power"? As the world's attention increasingly shifts to the Asia-Pacific, it is only natural that the largest Southeast Asian nation would stand out among the others. With positive developments happening at home, Indonesia has demonstrated a genuine desire to become a more influential player in the region and beyond.

1744 R Street NW Washington, DC 20009 T 1 202 745 3950 F 1 202 265 1662 E info@gmfus.org

Indonesia and the Asia-Pacific: Opportunities and Challenges for Middle Power Diplomacy

by Santo Darmosumarto

Introduction

The theme of U.S.-China rivalry perhaps inevitably permeates policy discussions on the Asia-Pacific. Yet while great power politics may continue to dominate headlines, the ascendance of the "middle powers" known as KIA — Korea-Indonesia-Australia — presents an opportunity to address some of the region's most pressing issues from a slightly different perspective.¹

While the grouping of South Korea, Indonesia, and Australia into a caucus of "middle powers" is a concept that has only recently gained some attention, the idea of "middle power diplomacy" itself is nothing new to the Asia-Pacific. Scholars and policymakers in Australia began talking about it in the 1990s.² And recently,

2 Among others, see Australia as a Middle Power: Report of a Colloquium on "Australia as a Middle-Power," Institute of International Affairs, September 2007; James Cotton, John Ravenhill, Eds., Middle Power Dreaming: Australia in World Affairs 2006-2010, South Melbourne: Oxford University Press, 2011; Carl Ungerer, "The 'Middle Power' Concept in Australian Foreign Policy," Australian Journal of Politics and History, 3: 4, 2007, pp. 538-551. there has been a revival of this idea, as Australia recalibrates its foreign policy in this "Asian Century." Some observers are even proposing the value of betting on KIA as "one of the many new vehicles in a burgeoning multilateral motorcade."³

In South Korea, scholars and policymakers are also actively promoting a "middle power" agenda, branding their country as "a medium-sized state with the capability and willingness to employ proactive diplomacy with global visions."⁴ Numerous initiatives and think tanks have poured resources into assessing the benefits of middle power diplomacy and KIA cooperation, as was exemplified by the recent organizing of the Korea-Indonesia Forum in Jakarta, which took up the

¹ It remains debated when and where the term "KIA" first entered the diplomatic and foreign policy jargon. However one of the first publications that highlighted of its existence was Jonas Parello-Plesner, "KIA, Asia's Middle Power," *The Huffington Post*, August 10, 2009, http:// www.huffingtonpost.com/wires/2009/08/10/kia-a-brand-new-name-for-_ws_255758.html

³ Graeme Dobell, "Australia-ROK: Software Development," *The Interpreter* (Lowy Institute for International Policy, Canberra), October 17, 2011, http:// www.lowyinterpreter.org/post/2011/10/17/ Australia-ROK-Software-development.aspx

⁴ Kim Sung-han, "Global Governance and Middle Powers: South Korea's Role in the G20," *Other Reports* (Council on Foreign Relations), February 2013, http://www.cfr. org/south-korea/global-governance-middle-powers-southkoreas-role-g20/p30062

theme of "Enhancing the Korea-Indonesia Middle Power Partnership."⁵

Surprisingly, however, there has otherwise been a general lack of discussion on either middle power diplomacy or KIA cooperation in Indonesia. It therefore begs the question: are people in Indonesia doubting the appropriateness of KIA as a grouping? Or is the question more basic: does Indonesia see itself as a "middle power"? In this regard, while needing to assess the merits of KIA cooperation from Indonesia's perspective, it may actually be more valuable to first engage in (or at least, initiate) a discussion on Indonesia's potential and perceptions on a foreign policy that is based on middle power standing.

Indeed, a few years back, some (including many in Indonesia) would argue that Indonesia lacked the capacity to be a middle power, considering its massive problems at home. This was a multi-ethnic nation of 17,000 islands still suffering from the multi-dimensional aftershocks of the 1997 Asian Financial Crisis. At the same time, others in the Indonesian foreign policy community may have argued that "middle power" status was akin to aspiring for mediocrity. What people would ever settle for a mediocre role in international affairs? Certainly not those Indonesians who proudly remember their country's central role in founding the Asia-Africa movement and the Non-Aligned Movement (NAM) in the 1950s.

But the global outlook has definitely shifted since those days of third world solidarity. And as the world's 16th largest economy and member of the G20, Indonesia is no longer at the same stage of development as many countries that were previously its peers. Indonesia's status in regional and global affairs has changed, and so have other countries' expectations of Indonesia. For some, it is about time that Indonesia stop punching below its weight, and assume a role that is more appropriate of such status.⁶ When U.S. Secretary of State Hillary Clinton pronounced her country's support for ASEAN's Six-Point Principle on the South China Sea (which was conceptualized by Indonesia), there were immediate questions about Indonesia's capacity to act as a force for peace and stability in the region.⁷ Not only that, could ASEAN, with Indonesia as one of its mainstays, demonstrate enough cohesion and resolve to face the challenges posed in the South China Sea without direct U.S. participation?

As the world's attention increasingly shifts to the Asia-Pacific, it is only natural that the largest Southeast Asian nation would stand out among the others. Maintaining ASEAN as the cornerstone of its foreign policy and diplomacy, Indonesia has been active in promoting a sense of collective leadership among Southeast Asian countries. A sense of collectivism not only in addressing issues particular to the sub-region, but also in contributing positively toward conducive conditions in the Asia-Pacific as a whole. While continuing to keep the development of regionalism as open as possible by including bigger powers such as China, the United States, and India, Indonesia appears adamant in its efforts to also solidify ASEAN's position in affecting Asia-Pacific affairs.

Indonesia has been active in promoting a sense of collective leadership among Southeast Asian countries.

Indeed, with the positive developments that have taken place at home, Indonesia, under the leadership of President Susilo Bambang Yudhoyono, has demonstrated a genuine desire to become a more influential player abroad. In a speech at Harvard University in 2009, President Yudhoyono proclaimed the 21st century as "the century of soft power" and outlined Indonesia's vision in creating the world anew. Through those words — and while not directly mentioning the word "middle power" — President Yudhoyono has

⁵ Sook-Jong Lee, South Korea as New Middle Power: Seeking Complex Diplomacy [EAI Asia Security Initiative Working Paper 25] (Seoul: East Asia Institute, May 2002). The Korea-Indonesia Forum in Jakarta, on May 16, 2013, was initiated by the Korea Foundation and co-organized with the Indonesian Centre for Strategic and International Studies (CSIS). Also, the author took part in "Roundtable on Trilateral Cooperation between Korea, Indonesia, and Australia," organized by the Korean Institute of Foreign Affairs and Security (IFANS) and CSIS in Canberra on December 20, 2011.

⁶ Joe Cochrane, "Multinationals Hasten to Invest in Indonesia," *The New York Times*, April 23 http://www.nytimes.com/2013/04/24/business/global/indonesia-sees-foreigninvestment-surge.html?_r=02013

⁷ Bruce Gilley, "The Rise of the Middle Powers," The New York Times, September 10, 2012, http:// www.nytimes.com/2012/09/11/opinion/the-rise-of-the-middle-powers. html?_r=0

opened the path toward a bigger role for Indonesia in the international community.

Middle Power Leadership: What About Indonesia? In the 1990s, middle power leadership was advocated by academics and foreign policymakers in Canada and Australia to fill in the supposed power vacuum left following the end of the Cold War. However, the notion itself dates back as far as the 15th century, when Italian philosopher Giovanni Botero described "middle powers" as states possessing "sufficient strength and authority to stand on its own without the need of help from others."⁸ In today's terms, Botero would probably be referring to countries that have a recognized, prominent place within the interdependent international system.

Some define middle powers as countries whose material capabilities are neither great nor small, yet seek to bolster international institutions as a means to manage power relations.⁹ In addition, middle power leadership is defined by a country's political clout within a region or sub-region as well as its ability to show expertise and push forward a particular issue that is of interest to the international community.¹⁰ Therefore, the strength of middle powers draws not only from their actual material capabilities, but also their geographical positioning vis-à-vis other countries and functional status within the international relations framework.

Middle power leadership is also determined by whether or not a country is considered a responsible global citizen. This particular criterion is controversial because countries do not always share the same values in determining "global citizenship." Nevertheless, the belief is that because of limited material capability, middle powers must resort to value-based appeals in exerting influence.¹¹ As suggested by Joseph S. Nye, credibility is a key source of power.¹² A

11 Alfred Cooper, Richard Higgott, and Kim Nossal, *Relocating Middle Powers* (Vancouver: University of British Columbia Press, 1993), p. 16.

12 Joseph S. Nye, Soft Power: The Means of Success in International Politics (New York: Public Affairs 2004), p. 8-10.

middle power that stands on the moral high ground will have greater success in achieving its foreign policy goals.

With the world's fourth largest population, a comparatively high rate of economic growth, as well as achievements in political reform, democracy, and human rights, Indonesia is increasingly regarded as an emerging force in international relations. However, even if Indonesians wanted to, having a "middle-sized" economy and/or a "middle-sized" military does not immediately translate into their country calling itself a middle power. To be regarded as such and to make middle power status actually mean something, Indonesia needs to "act" as a middle power. And this Indonesia has done on many fronts.

The size and recent success of Indonesia's economy may be a significant factor in assessing Indonesia's middle power potential. However, more significant is Indonesia's desire to make use of its current economic status to push for changes beneficial to the international community as a whole. As part of the G20, Indonesia has frequently voiced the views of other developing countries by making sure that development issues are continually discussed among the world's top-earning countries. Furthermore, President Yudhoyono's role as co-chair of the UN High Level Panel on Post-2015 Development Agenda has allowed greater Indonesian say on pressing "third world" issues such as sustainable development, poverty, inequality, and the protection of the environment. In a "flat world," Indonesia recognizes that linkages must not only be established, but also maximized, between the economically powerful and the economically challenged.

Indonesia has frequently voiced the views of other developing countries by making sure that development issues are continually discussed among the world's top-earning countries.

⁸ John Welsh, "Canada in the 21st Century: Beyond Domination and Middle Power," *The Round Table*, 93:376, 2004, pp. 584-586.

⁹ Robert Cox, "Middlepowermanship, Japan, and the Future World Order," International Journal, 44, Autumn 1989, pp. 826-827.

¹⁰ Hussein Solomon, "South African Foreign Policy and Middle Power Leadership," Fairy-Godmother, Hegemon, or Partner?: In Search of a South African Foreign Policy [Monograph No 13], Hussein Solomon, ed. (Pretoria, Institute for Security Studies, 1997).

Post-Suharto reforms and democratization, as well as a better human rights record, have also enhanced Indonesia's image as a "global citizen," and thus its middle power credentials. Yet, to become a responsible global citizen, Indonesia's success in political reform, democracy, and human rights should be able to encourage similar achievements among the developing world, particularly in Asia. This has been carried out in part by organizing the annual Bali Democracy Forum (BDF), which aims to share best practices on issues of democracy among Asia-Pacific countries. When it was first established in 2008, many may have questioned the idea of a democracy forum involving some of the least-likely "democracies" in the region. However, when observing recent developments in Myanmar as well as other subtle democratic changes unfolding across the region, it is difficult to argue that BDF has merely been a "talk-shop."

Furthermore, Indonesia has worked assiduously to conduct active diplomacy on other key issues such as the environment and inter-civilization harmony. In 2004, Indonesia and Australia launched the first Asia-Pacific interfaith dialogue, which would later be emulated by similar dialogues through the Asia-Europe Meeting (ASEM) mechanism, the NAM, and even the UN. And on environmental issues, Indonesia hosted the UN Climate Change Conference in 2007, which pushed for greater global commitment in addressing climate change. The Bali Plan of Action resulting from the conference highlighted, among others, the developing world's call for greater technology development and transfer to support action on mitigation and adaptation. And in an effort to persuade more ambitious commitments by the global community, President Yudhoyono announced Indonesia's voluntary commitment to reduce greenhouse gas emissions by 26 percent or up to 41 percent with international support by 2020.¹³

These achievements in diplomacy have indeed set Indonesia apart from other countries in Southeast Asia. However, foreign policy observers are possibly most keen on understanding Indonesia's potential role in promoting peace and stability in the region. In particular, they focus on Indonesia's effort to materialize its foreign policy strategy of "dynamic equilibrium" in many regional hotspots as well as To become a responsible global citizen, Indonesia's success in political reform, democracy, and human rights should be able to encourage similar achievements among the developing world, particularly in Asia.

its approach to the continued U.S.-China rivalry. Much of this has to do with Indonesia's status as the largest country and economy in Southeast Asia. But this interest also has to do with Indonesia's role in ASEAN, as Indonesia strives to enhance the sub-regional grouping's leverage in its engagement with the rest of the world.

Indonesia, Middle Power Leadership, and the Asia-Pacific

Views favoring the ascending role of middle powers such as KIA are not entirely far-fetched. As the fourth, fifth, and sixth largest economies in the region, respectively, South Korea, Indonesia, and Australia, have every potential to play a larger role not only in the region's economy, but also in international politics. And most importantly, moved by new developments in their respective domestic spheres, these countries, are demonstrating newfound ambitions for regional leadership and increased multilateralism.

The voice of KIA would arguably be given the proper amount of attention if the three countries were to act in a concerted manner. With all three countries part of the Asia-Pacific Economic Cooperation (APEC), the East Asia Summit (EAS), and the ASEAN Regional Forum (ARF), a more cohesive and coherent voice among them would do well in efforts to manage regional politics and economy. It would also provide the strength needed to overcome the challenges resulting from jostling among the bigger powers in the region, particularly the United States and China.

^{13 &}quot;Yudhoyono Signs Decree to Reduce Greenhouse Gas Emissions," *The Jakarta Globe*, November 26, 2011, http://www.thejakartaglobe.com/archive/yudhoyono-signs-decreeto-reduce-greenhouse-gas-emissions/

However, finding common ground on which Indonesia, Korea, and Australia could work in concert may prove to be trickier than expected. Some argue that the three countries could together make a difference in the G20 and the development of free trade arrangements in the region.¹⁴ While the desire to strengthen economic cooperation may indeed be there, each country approaches regional economic integration differently. Indonesia, for example, presently faces a growing domestic resistance toward trade liberalization. But the Koreans, having already achieved a higher economic development compared to Indonesians, may be less skeptical of free trade and globalization.¹⁵

The grounds placing these three "middle powers" on a common platform also appear rather shaky when considering the uniqueness of each country's relations with one another. While Indonesia-Korea relations over the years have focused on trade and investment, Indonesia-Australia cooperation has been dominated by political and security matters, ranging from human rights to terrorism to boatpeople. Indeed, there is a new dimension evolving in the Indonesia-Korea relations, with more attention being given to defense industry cooperation. However, when it comes to enhancing economic ties between Indonesia and Australia, a recent spat over the trade in live cattle is indicative of the distance still existing between the two countries' economic actors.

Not only that, Australia remains perceived in the region as an "outsider."¹⁶ The Australian government's recent white paper on Australia in the Asian Century reflects the country's uncertainty over its place in the region. Based on its economic and political capacities as well as credibility in pushing for progress in the international system, Australia appears well positioned as a regional middle power. However, for the moment, its European heritage and its alliance with the United States sets it apart on some of the issues in the region.

Meanwhile, Korea also has limitations; it is continually plagued with security problems coming north of its borders.

Furthermore, as a country that continues to host over 28,500 U.S. troops, it remains difficult for South Korea to refute the perception that it is more than just an extension of the United States in the region. In fact, such a perception is also seen of the Australians.

Indeed, Korea and Australia's positions as close allies of the United States differ from that of Indonesia, which has experienced more freedom in embracing both Washington and its rival in the region, Beijing. There have been suggestions that KIA cooperation should build on the three countries' democratic credentials. However, Indonesia has resisted such calls, most likely to avoid the perception of building a coalition against "non-democratic" countries in the region. Not only because the democratic credentials of some of Indonesia's partners in ASEAN remain questionable, but also because such a front would definitely create anxiety for ASEAN's neighbor to the north.

Korea and Australia's positions as close allies of the United States differ from that of Indonesia, which has experienced more freedom in embracing both Washington and its rival in the region, Beijing.

For some, this situation may be a precarious one for Indonesia, as it could be squeezed in the middle of a growing U.S.-China rivalry in the region, including on issues very close to Indonesia's interest such as the South China Sea dispute. Although Indonesia is a non-claimant in this territorial dispute, it has been active in promoting efforts to prevent an escalation of conflict and to build confidence among the disputing parties. Since 1991, Indonesia has supported a track-two diplomacy forum to manage potential conflicts in the disputed waters.¹⁷ Indonesia's focus on

¹⁴ Jonas Parello-Plesner, "KIA – Asia's Middle Powers on the Rise," *East Asia Forum*, August 10, 2009, http://www.eastasiaforum.org/2009/08/10/kia-asias-middle-powers-on-the-rise/

¹⁵ James Dixon, "Korea's Embrace of Globalization," *The Korea Times*, July 24, 2011, http://www.koreatimes.co.kr/www/news/biz/2013/05/348_91475.html

¹⁶ Baogang He, "The Awkwardness of Australian Engagement with Asia: The Dilemmas of Australian Idea of Regionalism," *Japanese Journal of Political Science*, 12:02, August 2011, pp 267-285

¹⁷ In 1990, the Workshop on Managing Potential Conflicts in the South China Sea was organized among ASEAN members at the time. In 1991, the Workshop grew in participation to include Vietnam, China, and Taiwan. Hasjim Djalal, "South China Sea Island Disputes" *The Raffles Bulletin of Zoology*, No. 8, 2000, 9-21.

the issue may be attributed to self-interest, as its gas-rich Natuna Islands lie at the southern end of the South China Sea. At the same time, Indonesia recognizes the potential for regional conflict that could emanate from the dispute, a conflict that would involve four of its ASEAN partners and one of its major trading partners, China.

Exercising its political clout as the largest, most-populated economy in Southeast Asia, Indonesia has pushed for the South China Sea issue to be addressed within the context of ASEAN-China cooperation. This has at times put Indonesia at odds with fellow ASEAN members, which prefer the inclusion of the United States as a balancer to China's growing hegemony in the region. Indonesia appreciates the United States' recent rebalancing strategy in Asia. If anything, Indonesia was one of the strongest voices in favor of U.S. participation in the EAS, which the Americans finally fulfilled during the 2011 EAS in Bali. However, on the issue of the South China Sea, Indonesia has continued to insist on ASEAN working things out with China, without necessarily the active participation of other actors.

If Indonesia can manage being tugged back-and-forth by the region's two giants, navigating this challenge may actually further raise Indonesia's significance in regional affairs. As well, it should enhance ASEAN's profile in taking a lead on addressing regional issues of common concern through its own means and approaches. In doing so, Indonesia will be able to further consolidate its ideals on developing a regional architecture that is centered on ASEAN.

Conclusion

Foreign policymakers in Jakarta have yet to brand Indonesia as a middle power, let alone devise a strategy to be implemented with other middle powers in the region. There could be concern that by branding Indonesia's role in international affairs as such, Indonesia would confine itself in a box, thus limiting its maneuver space not only in pursuing the country's national interest, but also the general interest of the international community. As well, a middle power status would distinguish Indonesia from smaller powers, thus alienating it from countries whose interest it is supposedly representing in the international arena.

However, Indonesia has demonstrated foreign policy activism on issues that are often associated with middle power leadership such as inter-faith harmony, climate change and the protection of the environment, and the promotion of democratic ideals. As a result of the multidimensional achievements that have been made at home since the post-*reformasi* era, Indonesia has gained a sufficient moral high ground to take a lead on efforts to address these issues.

Indonesia's bid for a greater role in international affairs has also gone beyond these issues, as the country becomes more involved in security matters in the region. And unlike some of its ASEAN partners, Indonesia has avoided engaging in strategies simply aimed at hedging against China's influence in the region. Nor has Indonesia become reliant on a possibly U.S.-based security guarantee. Instead, Indonesia appears to be seeking security on its own terms, supported by the ASEAN-centered regionalism that it has nurtured over the years.

Indonesia appears to be seeking security on its own terms, supported by the ASEAN-centered regionalism that it has nurtured over the years.

Kevin Rudd may have claimed Australia as the new middle power in international affairs.¹⁸ However, it is not difficult to see that in view of the many problems plaguing the region, Indonesia would have more reasons to call itself the regional, and probably even the international community's key balancer, mediator, and mobilizer. At least, there is a greater likelihood that it would gain acceptance among the developing and developed world, the North and South, and Muslim and non-Muslim-majority countries.

In the Asia-Pacific, unlike Australia or South Korea (which have security pacts with the United States), Indonesia is perceived as a more "neutral" player, capable of engaging other regional players more independently. While

¹⁸ Warren Reed, "Middle Power Status for Australia: Mind over Rhetoric," *News Weekly*, April 26, 2008, http://newsweekly.com.au/article.php?id=3273

welcoming the U.S. "pivot" in the region, Indonesia has stressed that this would not affect its relations with China, which have been raised to a "strategic partnership" since 2005. At the same time, the existence of this strategic partnership did not prevent the Indonesians and Americans from coming up with their own "comprehensive partnership" in 2010.

And while the potential for KIA cooperation among the region's rising middle powers has received some attention among scholars, there are inherent obstacles preventing this ideal from truly taking off. As well, the lack of any discussion on KIA cooperation among policymakers in Jakarta should be indicative of Indonesian perspectives on this option. What we are seeing are efforts to project Indonesia as an influential regional player primarily because of its position in ASEAN. As the largest country in Southeast Asia, Indonesia is at the heart of ASEAN's bid to become the foundation on which an Asia-Pacific regional architecture for cooperation somewhat pales in comparison to the benefits of playing a central role in ASEAN's potential ascendance.

Therefore, the time has never been better for Indonesia to truly realize the nation's forefathers' ideal of an "independent and active foreign policy." In the past, this had been difficult to achieve considering Indonesia's ideological proximity with the eastern bloc in the 1950s and 1960s, which would later be substituted with close ties with the United States and the West in the 1970s and 1980s. Today, the East-West rivalry has gone. But it is replaced with a plethora of problems ranging from North-South tensions to international terrorism to uncertainties in the world's most vibrant region, the Asia-Pacific.

Developments in Indonesia's economic and political spheres provide the capacity and moral high ground for the country to consolidate and act on its view of the world. A democratic and economically viable Indonesia is potentially beneficial not only for the pursuit of Indonesia's national interests abroad, but also in ameliorating some of the tensions, conflicts, and problems that we see in the region, and probably the global community. Indonesia is now arguably in a better position to confidently assert its independent status and active diplomacy. Through such activism, and continuously pushing for change and progress, there is much hope for Indonesia to maximize on its newfound status, thus becoming a true "middle power."

About the Author

The author is the assistant special staff on international relations for the president of Indonesia. The views expressed are his own.

About the Young Strategists Forum

The Young Strategists Forum aims to develop a new generation of strategic thinkers in the United States, Europe, and Asia through a combination of seminars, simulations, and study tours. The project is led by transatlantic fellow Daniel M. Kliman with non-resident senior fellow Aaron Friedberg serving as faculty. The first Young Strategists Forum was convened in Japan with the support of the Sasakawa Peace Foundation. This initiative is part of GMF's Asia Program, which addresses the implications of Asia's rise for the West through a combination of convening, writing, strategic grants, study tours, fellowships, and partnerships with other institutions.

About GMF

The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 as a non-partisan, nonprofit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, Warsaw, and Tunis. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

About The Sasakawa Peace Foundation

The Sasakawa Peace Foundation (SPF) is a private non-profit organization established in September 1986. It seeks to contribute to the welfare of humanity and the sound development of international community, and thus to world peace, through activities that foster international interaction and cooperation.