

## Indonesia in ASEAN: regional leadership between ambition and ambiguity

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# SWP Research Paper

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*Felix Heiduk*

## Indonesia in ASEAN

Regional Leadership between  
Ambition and Ambiguity

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**Indonesia in ASEAN  
Regional Leadership between  
Ambition and Ambiguity**

Supporting regional integration processes within the framework of the Association of Southeast Asian Nations (ASEAN) is an integral part of Europe's strategic interests in South-East Asia. Hereby, Indonesia is viewed as Europe's most important partner in the region and *primus inter pares* within ASEAN. Such a view is based first and foremost on the country's sheer territorial dimension, its population of more than 240 million, its vast domestic market, and its historical role as a founding member of the organisation. Additionally, it is Indonesia's strategic location at the Strait of Malacca – one of the world's busiest shipping lanes – which accounts for its importance. But more importantly, it has been Jakarta's claim to exert regional leadership and its role as a driver of regional integration processes in ASEAN that have made Jakarta appear to be a crucial partner for Europe. The recurrent concepts of "ASEAN centrality" as well as ASEAN being the "cornerstone" of Indonesian foreign policy have been used by Indonesian academics and policy-makers to shape the understanding of Indonesia's role in ASEAN, domestically and internationally.

Under the administration of Joko Widodo ("Jokowi"), however, indications seem to be growing stronger that Indonesia is "turning away" from ASEAN. This is because a new narrative about Indonesia's role in ASEAN has apparently emerged in Jakarta since Jokowi's ascent to office in October 2014. This narrative gives priority to Indonesia's national interests over other long-standing hallmarks of Indonesian foreign policy – most notably the concept of "ASEAN centrality", which, along with other foreign policy hallmarks, is to be rigorously scrutinized in terms of its compatibility with Indonesia's national interests. Such apparent change, at least on the rhetorical level, sparked fears within the region and beyond over Indonesia disavowing ASEAN shortly before the regional organisation met for the establishment of the ASEAN Community on 31 December 2015. Bear in mind that many of the ideas behind the formation of the ASEAN Community in no small part were crafted by Indonesia itself during previous administrations. Moreover, if Indonesia were to turn away from ASEAN, it would also have potentially negative effects on the implementation of the

ASEAN Community's Post-2015 Vision and its objective of further deepening the regional integration process by 2022, as it had been assumed that Indonesia would lead the process. Fears have been raised that, without active participation by Jakarta, the regional integration process could effectively become stalled.

In order to be able to gauge changes in Indonesian foreign policy towards ASEAN under Jokowi, this research paper traces the role that ASEAN has played in Indonesian foreign policy – from the fall of Suharto up to the present day. Hereby, Indonesia's contributions to the regional integration process since the mid-2000s are of special importance to the analysis. The paper seeks to answer research questions via a comparative policy analysis. The selection of the six policy areas analysed in this study follows the three pillars of the ASEAN Community. Two policy areas were selected from each pillar:

- ▶ ASEAN Political-Security Community (APSC) – “conflict- and crisis-management” and “counter-terrorism”
- ▶ ASEAN Economic Community (AEC) – “ASEAN Single Aviation Market (ASAM)” and “labour mobility”
- ▶ ASEAN Socio-Cultural Community (ASCC) – “disaster management” and “haze and air pollution”

The analytical approach hereby is twofold. In a first step, the analysis seeks to determine whether Indonesia has acted as a visionary and agenda-setter at the regional level. In a second step, the analysis tries to assess whether the country has implemented regional agreements domestically.

The results indicate that Indonesia's role differs markedly from one policy field to the next. At times, these findings are starkly at odds with Jakarta's self-proclaimed role as the motor of ASEAN and driver of regional integration. It is mostly with regard to the first pillar – particularly in the area of regional security – that Indonesia has developed key ideas for the region, served as one of the main architects behind the APSC, and backed up its own leadership role through a flurry of diplomatic activities. Indonesia's leadership role in the APSC is based on the conviction – held by many in Jakarta, past and present – that only a well-integrated, functional ASEAN community can guarantee regional security and stability in South-East Asia. Furthermore, large parts of Indonesia's political elites share the view that Indonesia's global standing and influence is closely tied to its regional leadership position in ASEAN.

At the same time, however, Jakarta has displayed attitudes towards the AEC – ranging predominantly

from inert to negative – and largely failed to launch any ideas or policy initiatives regarding the deepening of regional economic integration in ASEAN. Out of (often well-founded) fears that Indonesia's national economy would be unable to compete with competitors from regional economic powerhouses such as Singapore and Malaysia, regional agreements have either been implemented in a very patchy manner or not been implemented at all. Moreover, there are indications that Jakarta's defensive demeanour and foot-dragging with regard to the AEC could further increase under the Jokowi administration.

Yet, Indonesia's ambiguity towards ASEAN is, as the paper shows, not at all new or a unique feature of the Jokowi administration. Quite to the contrary, the paper finds strong continuities in Indonesia's attitude towards – and behaviour in – ASEAN across different national administrations. Despite the common view that Indonesia returned to its “natural” position at the helm of ASEAN and quickly came to be regarded as the main driver of regional integration processes with Susilo Bambang Yudhoyono's (who often went by his initials SBY) ascent to power, Jakarta continued to be a difficult partner in the AEC, while at the same time exercising regional leadership in the APSC. Those fearing that Indonesia will turn away from ASEAN tend to overlook many of the continuities present in Indonesia's role in ASEAN over the last decade or so. Moreover, because of Jakarta's self-portrayal as the regional *primus inter pares*, any outright foreign policy change regarding ASEAN seems unlikely for the time being.

Nonetheless, it is apparent that Indonesia, under the Jokowi administration, has yet to develop new ideas and derive new policy initiatives for the future development of ASEAN. It is against this background that Europe would be well advised to expand cooperation with Indonesia as well as continue to beckon Jakarta to act as the motor of regional integration for the ASEAN Community post-2015.

# Ambition and Ambivalence: Indonesia's Historic Role in ASEAN

The founding of ASEAN itself in 1967, as well as Indonesia's role during and after ASEAN's founding, are inextricably linked to Indonesia's foreign policy during the era of President Suharto (1965–1998). From the late 1950s onwards, Jakarta's foreign policy had been significantly shaped by two processes: its rapprochement with the Soviet Union and China, and its growing hostility (“*konfrontasi*”) towards the Federation of Malaya (later reconstituted as Malaysia), which was denounced by Indonesia's first president, Sukarno, to be a bulwark of British imperialism and neo-colonialism. These processes raised fears that Indonesia's increasingly assertive, aggressive demeanour under the leadership of President Sukarno could destabilise the region. After General Suharto took power in 1965, Indonesian foreign policy underwent significant changes. Under Suharto, it was not the fight against imperialism and neo-colonialism but rather regional stability and cooperation that were deemed to be the prime foreign policy objectives of Indonesia. Winning back the trust of Indonesia's neighbours and the West, reviving economic development through close relations with Western donors, as well as the overall rehabilitation of Indonesia became key priorities.<sup>1</sup> Accordingly, Indonesia played a key role during ASEAN's founding, and then-Foreign Minister Adam Malik referred to the organisation as the “cornerstone” of Indonesian foreign policy.<sup>2</sup> Suharto viewed ASEAN as the right tool to tackle the tainted image of post-“*konfrontasi*” Indonesia.<sup>3</sup> Hence, Jakarta's behaviour during and after ASEAN's founding has been shaped significantly by a desire to win back the trust of its neighbours via displays of self-restraint. Accordingly, Indonesia sought to portray itself as a moderate, peaceful, and reliable partner in the region and beyond.<sup>4</sup> Next to rehabilitating Indonesia as a reliable partner, regional integration for Suharto also

included a security component. Regional integration was seen as a tool to foster peaceful, cooperative relations with Indonesia's neighbours. Moreover, it was seen as a tool to reduce the influence of external powers in South-East Asia. It is especially the latter aspect that has impacted the political elites' thinking about regional security until today.

From the perception of the Suharto regime, it was Indonesia – as the biggest state in South-East Asia and a founding member of ASEAN – that was to play a key role in the development of ASEAN and the fostering of regional integration. Indonesia's pretension to act as *primus inter pares* in ASEAN notwithstanding, a gap has existed since ASEAN's founding between Indonesia's claim to regional leadership on the one hand, and its inability or reluctance to govern regional affairs on the other.<sup>5</sup> The reasons for this gap are to be found in the norms and the *modus operandi* of ASEAN, as well as Indonesia's often highly ambivalent realpolitik *vis-à-vis* the organisation. Besides a commitment to neutrality – in order to extract the organisation from the Cold war imbroglio – a number of other basic principles are commonly referred to as the “ASEAN Way”. These include the principles of non-interference in the domestic affairs of other member states, of peaceful conflict resolution, and of consensus decision-making (instead of majority voting). The principles of non-interference and consensus decision-making, however, have hampered not only deeper regional integration but also the strengthening of regional institutions. As such, ASEAN has remained a strictly intergovernmental body, and there is no indication of interest in shared sovereignty and strong supranational institutions among its members. Hence, the organisation lacks any ability to sanction member states that break regional agreements. At the same time, the principle of consensus decision-making enables smaller states to withstand the interests and policy preferences of regional heavyweights such as Indonesia.

Taking this into consideration, the ASEAN Way massively impacts the manner in which member states can exert regional leadership. Member states' material power resources – be they military, economic, or any-

<sup>1</sup> Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism* (Singapore: Institute of Southeast Asian Studies [ISEAS], 1994).

<sup>2</sup> Adam Malik, *In the Service of the Republic* (Singapore: Gunung Agung, 1980), 272.

<sup>3</sup> Anwar, *Indonesia in ASEAN* (see note 1), 287.

<sup>4</sup> Michael Leifer, *Indonesia's Foreign Policy* (London: Allen & Unwin, 1983).

<sup>5</sup> *Ibid.*, 181.



thing else – and the exercise of power through threat of coercion or through coercive power have taken a backseat in favour of “softer” aspects of regional leadership, such as agenda-setting, mediation, and innovation. Regional leadership in South-East Asia is therefore primarily to be understood as a “social category”.<sup>6</sup> Member states that take on a leadership role in ASEAN do so on the basis of common norms and values rather than coercion. They are able to best exercise leadership if their behaviour is viewed as coherent with the perceived identities and interests as well as the objectives of the other member states.<sup>7</sup>

That said, from the beginning, Indonesia's ambiguous stance towards greater regional integration has often been viewed as being inconsistent with the country's self-perception as a regional leader and the declaration of ASEAN as being the “cornerstone” of Indonesian foreign policy. Especially in the field of economic integration, already during the Suharto era Indonesia began actively blocking or procrastinating about any measures that would deepen regional integration. To explain Indonesia's ambivalence and ambiguity with regard to regional integration, one has to consider at least three interrelated factors. First of all, economic interdependence between Indonesia and its neighbours is limited, and so are the potential benefits of further regional economic integration for Indonesia's national economy. Second, there is a view on economic cooperation in Jakarta that extends beyond the region in its search for potential partners. Third are the diverging interests of member states with regard to the key aspects of regional integration. For Thailand, Malaysia, and Singapore, the dominant prism through which regional integration has been viewed has traditionally been economic. For Indonesia, however, security aspects of regional integration – especially regional stability and regional resilience against the influence of external powers – have been the dominant prisms through which regional integra-

tion has been viewed and understood.<sup>8</sup> In retrospect, it is necessary to acknowledge that Indonesia's commitment to ASEAN – as well as its willingness to push for, or procrastinate against, regional integration – has differed significantly across policy fields. The extent of this commitment has largely hinged on whether greater integration of Jakarta into ASEAN has been viewed as being beneficial or harmful to Indonesia's perceived national interests.<sup>9</sup> Nonetheless, Indonesia's general image as regional leader and *primus inter pares* was never challenged outright during the Suharto era.

This changed with the fall of Suharto. Indonesia's “natural” leadership position in ASEAN was severely brought into question during a multitude of domestic challenges in the wake of the Asian crisis of 1997/98.<sup>10</sup> These challenges led Suharto's successors Habibie, Wahid, and Megawati to focus primarily on domestic affairs, which in turn contributed less energy and fewer resources towards the exercising of regional leadership in ASEAN.<sup>11</sup> Indonesia's leadership crisis was – at least partially – overcome by the mid-2000s under the presidency of Yudhoyono, when improved domestic stability and economic growth enabled it to return to a more active role in the region. During the Bali summit in 2003, the member states decided to deepen regional integration in order to transform ASEAN into the ASEAN Community. Especially with regard to the security aspects of the ASEAN Community, Indonesia did play a leading role. Besides, against the background of its own successful democratisation process, the country pushed for a stronger normatively orientated community by introducing a number of initiatives to strengthen the protection of human rights in ASEAN. For example, it was due to the initiative of Indonesia that the 2007 ASEAN charter provided for the establishment of a human rights commission. At the same time, Jakarta also pushed for an overhaul of ASEAN's traditional decision-making process with the aim of altering the principle of consensual decision-making. Among other things, Jakarta also pushed for the introduction of a mechanism to apply sanctions and increased financial contributions

<sup>6</sup> Daniel Flemes and Detlef Nolte, “Introduction”, in *Regional Leadership in the Global System. Ideas, Interests and Strategies of Regional Powers*, ed. Daniel Flemes (Ashgate: Farnham, 2010): 1–14; Dirk Nabers, “Power, Leadership, and Hegemony in International Politics: The Case of East Asia”, *Review of International Studies* 36, no. 4 (October 2010): 931–49.

<sup>7</sup> Daan van Knippenberg and Michael A. Hogg, “A Social Identity Model of Leadership Effectiveness in Organizations”, *Research in Organizational Behavior* 25 (2003): 243–95; Oran R. Young, “Political Leadership and Regime Formation: On the Development of Institutions in International Society”, *International Organization* 45, no. 3 (June 1991): 281–308.

<sup>8</sup> Anthony L. Smith, *Strategic Centrality: Indonesia's Changing Role in ASEAN* (Singapore: ISEAS, 2000), 24.

<sup>9</sup> Anwar, *Indonesia in ASEAN* (see note 1), 277.

<sup>10</sup> These included the secession of East Timor (Timor Leste), the eruption and escalation of several violent secessionist and inter-communal conflicts in various parts of the country, a manifest economic crisis, newly emerging terrorist threats, and a far-reaching political transformations after 1998.

<sup>11</sup> Smith, *Strategic Centrality* (see note 8), 875.

by the member states to the ASEAN secretariat to improve the dire financial resources of the secretariat. However, Indonesia's return to the fore of ASEAN during the Yudhoyono presidency also revealed the continued existence of a gap between Jakarta's ambitious rhetoric and realities on the ground. It was indeed Jakarta that heavily influenced ASEAN's reform agenda and drove demands for a deepening of regional integration, thereby performing in line with its self-ascription as the region's *norm entrepreneur* and agenda-setter.<sup>12</sup> Yet, when engaging with the concrete formulation of regional policies and their implementation, the limits of Indonesian leadership became apparent. Almost all reform initiatives fell victim to resistance from other ASEAN member states. Similarly, the 2007 adoption of the ASEAN charter did not involve an overhaul of the ASEAN Way. Quite the contrary, established norms and structures were, in fact, maintained and further codified.<sup>13</sup>

Dissatisfaction over the cumbersome regional integration process led to an intra-Indonesia controversy over the extent to which the country's foreign policy should be pegged to ASEAN, ASEAN's overall significance, and Jakarta's future role in the organisation. Some observers described ASEAN as a golden cage for Indonesian foreign policy and called for an emancipation from ASEAN.<sup>14</sup> Demands for a post-ASEAN foreign policy, however, did not materialise into actual policy during the Yudhoyono administration. The administration did not disavow ASEAN as the cornerstone of Indonesian foreign policy – even when the country started to display a more global orientation and increased activism on the global stage (e.g. through the establishment of the Bali Democracy Forum or its G 20-membership).<sup>15</sup> Among other for-

12 Susilo Bambang Yudhoyono, "Indonesia's Role as a Regional and Global Actor", Wilton Park Annual Address (London, 2 November 2012), <http://www.wiltonpark.org.uk/president-yudhoyonos-speech-at-our-annual-address/> (accessed 3 April 2015).

13 Sebastian Bersick and Felix Heiduk, *Im Krebsgang nach vorn: Die Asean hat sich eine Charta gegeben*, SWP-Aktuell 65/2007 (Berlin: Stiftung Wissenschaft und Politik, December 2007).

14 Jusuf Wanandi, "Indonesia's Foreign Policy and the Meaning of ASEAN", *PacNet* 27, 15 May 2008, <http://csis.org/files/media/isis/pubs/pac0827.pdf>; Rizal Sukma, "Indonesia Needs a Post-ASEAN Foreign Policy", *The Jakarta Post* (online), 30 June 2009.

15 "Statement by H. E. Dr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia, as the ASEAN Coordinator, at the Opening Ceremony of the Sixth ASEM Summit and Celebration of Ten Years of ASEM" (Helsinki, 10 September 2006), <http://www.kemlu.go.id/Pages/Speech%20TranscriptionDisplay.aspx?Name1=Pidato&Name2=Presiden&IDP=266&l=en> (accessed 23 October 2014); "Remarks by H. E. Dr. Susilo Bambang Yudho-

yo, the President of the Republic of Indonesia, before the 13th General Assembly of the Veterans Confederation of ASEAN Countries, State Palace" (Jakarta, 28 April 2010), <http://www.kemlu.go.id/Pages/SpeechTranscriptionDisplay.aspx?Name1=Pidato&Name2=Presiden&IDP=642&l=en> (accessed 23 October 2014); "Remarks by Dr. R. M. Marty M. Natalegawa, Minister for Foreign Affairs, Republic of Indonesia, at the Ceremony for the Transfer of Office of the Secretary-General of ASEAN" (Jakarta: ASEAN Secretariat, 9 January 2013), <http://www.kemlu.go.id/Pages/Speech%20TranscriptionDisplay.aspx?Name1=Pidato&Name2=Menteri&IDP=792&l=en> (accessed 23 October 2014).

16 Erlina Widyaningsih and Christopher B. Roberts, *Indonesia in ASEAN: Mediation, Leadership and Extra-mural Diplomacy* (Canberra: Australian National University, May 2014), <http://nsc.anu.edu.au/documents/Indonesia-Article13.pdf> (accessed 24 September 2015).

17 A Conversation with Marty Natalegawa, Washington D.C.: Council on Foreign Relations, 27 September 2011, <http://www.cfr.org/indonesia/conversation-marty-natalegawa/p26047> (accessed 23 October 2014).

18 See Seng Tan, *Indonesia among the Powers: Should ASEAN Still Matter to Indonesia?* (Canberra: Australian National University, May 2014), <http://nsc.anu.edu.au/documents/Indonesia-Article14.pdf> (accessed 24 September 2015).

19 Smith, *Strategic Centrality* (see note 8).

20 Ralf Emmers, "Indonesia's Role in ASEAN: A Case of Incomplete and Sectorial Leadership", *The Pacific Review* 27, no. 4 (2014): 543–62; Donald E. Weatherbee, *Indonesia in ASEAN. Vision and Reality* (Singapore: ISEAS, 2014).

# Indonesia in ASEAN

## Indonesia and the APSC: Conflict- and Crisis Management

Statistics show that the ASEAN region has been rather successful in preventing inter-state conflicts from escalating into full-blown wars. Compared to the pre-ASEAN period, casualty rates from armed conflicts have been reduced by 93 per cent, and no outright inter-state war has taken place since the founding of the organisation. This does not equate to a complete absence of inter-state armed conflicts in the region, but all of them have remained below the threshold of inter-state warfare. The recent Thai–Cambodian border conflict is a case in point. Hence, it is not ASEAN’s ability to resolve conflicts that best characterises the region’s “long peace”, but rather its ability to prevent them from escalating into full-blown wars.<sup>21</sup> Within this context, Indonesia has come to play a noteworthy role.

Before the founding of ASEAN, a number of countries that would later become member states were involved in military conflicts with each other. Above all, it was the military conflict between Malaysia and Indonesia during the *konfrontasi* period between 1963 and 1966 that had caught the attention of observers and policy-makers at the time. In many ways, ASEAN’s establishment was a reaction to Indonesia’s *konfrontasi* policy under Sukarno. Indonesia’s self-restraint and integration into ASEAN – and the pre-eminence of the principles of non-intervention and peaceful conflict resolution – brought a change in perceptions about Indonesia. The country went from being regarded as the leading cause of regional instability to being a “backbone” of the regional security architecture.<sup>22</sup> This view correlated with Indonesia playing a big part in the search for a diplomatic solution to the Cambodian civil war at the end of the 1980s in the lead-up to the Paris peace conference.<sup>23</sup> Aiding the change in perception was the widespread conviction among

21 Timo Kivimäki, “Southeast Asia and Conflict Prevention. Is ASEAN Running out of Steam?”, *The Pacific Review* 25, no. 4 (2012): 403–27 (409).

22 Emmers, “Indonesia’s Role in ASEAN” (see note 20), 5.

23 Amitav Acharya, *Indonesia Matters. Asia’s Emerging Democratic Power* (Singapore: World Scientific, 2014), 53.

Indonesia’s political elites that ASEAN should be at the centre of South-East Asia’s regional security architecture in order to minimise the influence of external actors and to enable the development of regional, ASEAN-led solutions for regional security challenges.

However, with the end of the Cold War – and the subsequent changes at the international and regional levels – the region was quickly facing new challenges. For one, ASEAN membership expanded due to the four Communist states of the south-east mainland joining the organisation. Moreover, many states in the region were confronted with a wide range of so-called new security threats, including terrorism, intra-state conflicts, and pandemics. Also, the perception of Indonesia as the backbone of regional security was brought into question by a number of domestic issues, such as the difficult and cumbersome transition to democracy, an escalation of secessionist conflicts, and the terror attacks of the Islamist Jemaah Islamiyah network. As a result, Indonesia appeared unstable, weak, and to some, even at the brink of disintegration.<sup>24</sup>

Likewise, the rise of China and the associated Sino-American competition over power and influence in South-East Asia put the regional security architecture to the test.<sup>25</sup> Within the region, the ASEAN states responded by tightening intra-regional cooperation. Beyond South-East Asia, they were able to maintain ASEAN’s position at the centre of the regional security architecture by embedding the United States, China, and other external powers into ASEAN-led multilateral institutions. Most notably, these include the ASEAN Regional Forum (ARF), the East Asia Summit (EAS), and the ASEAN Defence Ministers’ Meeting Plus.<sup>26</sup>

24 Tim Huxley, *Disintegrating Indonesia? Implications for Regional Security* (London: International Institute for Strategic Studies, 2002).

25 Lee Jones, “Still in the ‘Drivers’ Seat’, But for How Long? ASEAN’s Capacity for Leadership in East-Asian International Relations”, *Journal of Current Southeast Asian Affairs* 29, no. 3 (2010): 95–113.

26 Rizal Sukma, “The Accidental Driver: ASEAN in the ASEAN Regional Forum”, in *Cooperative Security in the Asia-Pacific. The ASEAN Regional Forum*, ed. Jürgen Haacke and Noel M. Morada (London: Routledge, 2010): 111–23; Hassan Wirajuda, “Keynote Address on ‘Regional Integration in the Asia-Pacific’” (Jakarta, 7 December 2007), <http://www.kemlu.go.id/Pages/SpeechTranscription>

## Regional Agreements

Ideas on developing a security community for South-East Asia materialised in the shape of the ASEAN Political-Security Community as part of the Bali Concord II (2003). The APSC is supposed to form one of the three pillars of the ASEAN Community. Faced with growing levels of interdependence due to new transnational security challenges such as terrorism, the APSC is supposed to establish regional mechanisms for enhanced security cooperation and the peaceful settlement of disputes. Additionally, the region's further "political development" on the basis of "democracy and human rights, rule of law, and good governance" is to be promoted to strengthen stability and security. By joining the Treaty of Amity and Cooperation in Southeast Asia, and through integration into multilateral institutions closely linked to ASEAN (such as the ARF), external powers are to be socialised into ASEAN's own norms and values. The Bali Concord II furthermore includes the objective of further developing a code of conduct for the South China Sea in order to peacefully manage the existing territorial conflicts between the ASEAN member states of Vietnam, the Philippines, Malaysia and Brunei, and China.<sup>27</sup>

The APSC blueprint adopted in 2009, however, contains very few concrete regional integration measures. Rather, it mainly consists of general declarations of intent. The signatories obligate themselves to resolve inter-state conflicts through peaceful means and without the threat of force or the use of force.<sup>28</sup> Such behavioural norms are to be developed and reinforced via confidence-building measures such as seminars, workshops, and regional meetings at regular intervals so that a "culture of peace" can prevail within the ASEAN. Furthermore, the usefulness of already established conventions, that is, the Zone of Peace, Freedom and Neutrality (ZOPFAN) and the Southeast Asian Nuclear Weapon-Free Zone (SEANWFZ), is highlighted. What the APSC lacks are distinctive, new initiatives or approaches to further develop the established ASEAN approach. This approach focusses heavily on conflict prevention but holds little in terms of conflict

management and conflict resolution. Developing the latter is deemed to be a precondition for developing ASEAN into a real, functioning security community with the institutional capacities to peacefully manage – and ultimately resolve – inter-state conflicts. To be able to monitor, or even implement, ASEAN's "culture of peace", the relevant regional institutions would have to be strengthened. This, however, is not provided for in the APSC blueprint.<sup>29</sup> As one observer aptly commented: "Nowhere [...] is non-compliance with norms and rules dealt with, let alone conflict resolution. It is business as usual."<sup>30</sup> As a consequence, inter-state conflicts, such as the territorial disputes between the Philippines and Malaysia over Malaysia's federal state of Sabah or the Thai–Cambodian border conflict, continue to linger.

## Who Sets the Regional Agenda?

Historically, Indonesia has always played a prominent role in the establishment of a regional, ASEAN-led security architecture in the shape of ZOPFAN and SEANWFZ.<sup>31</sup> This observation also holds true for the development of the APSC. The APSC was in large part conceptualised by the Indonesian Foreign Ministry during the time of Indonesia's ASEAN chairmanship in 2003. Also, according to the Bali Concord II, Indonesia was tasked with the preparation of a list of measures to be taken to establish the APSC.<sup>32</sup> This list was presented in 2004 and contained dozens of items, including the establishment of an ASEAN peacekeeping force, a regional counter-terrorism centre, and the "ASEANization" of military-to-military cooperation between the member states. All of this was aimed at furthering and strengthening the regional institutional capacities in the field of conflict management. Indonesia also pushed for a gradual loosening of the non-intervention principle, especially in cases where domestic security concerns of one state have destabilising effects on neighbouring states. Until then, the non-intervention principle had been considered to be

Display.aspx?Name1=Pidato&Name2=Menteri&IDP=183&l=en (accessed 21 May 2015).

<sup>27</sup> ASEAN, *Declaration of ASEAN Concord II (Bali Concord II)* (Bali, 7 October 2003), <http://www.asean.org/news/item/declaration-of-asean-concord-ii-bali-concord-ii>.

<sup>28</sup> ASEAN, *ASEAN Political-Security Community Blueprint* (Jakarta, June 2009), <http://www.asean.org/archive/5187-18.pdf>.

<sup>29</sup> Roby Arya Brata, "Building the ASEAN Political-Security Community", *The Jakarta Post* (online), 5 February 2013, <http://www.thejakartapost.com/news/2013/02/05/building-asean-political-security-community.html> (accessed 2 March 2015).

<sup>30</sup> Weatherbee, *Indonesia in ASEAN* (see note 20), 63.

<sup>31</sup> Anwar, *Indonesia in ASEAN* (see note 1), 178.

<sup>32</sup> Rizal Sukma, "Do New Democracies Support Democracy? Indonesia Finds a New Voice", *Journal of Democracy* 22, no. 4 (2011): 110–23 (114).

sacrosanct. Other member states, however, strongly resisted these plans (above all, Vietnam and Singapore), eventually foiling Indonesia's initiative. The same must be said for Indonesia's attempts to establish a regional mechanism for human rights protection at the regional level and Indonesia's idea of a regionally binding non-aggression pact.

Nonetheless, some of Indonesia's initiatives proved to be successful. Indonesia was behind much of the wording of the ASEAN Charter 2007 and successfully established normative concepts such as a normative commitment to democracy and human rights within the charter. At the same time, however, long-held ASEAN principles such as non-intervention and consensual decision-making prevailed, and a stronger institutionalisation of ASEAN for the most part failed due to the resistance of other member states. Indonesia also masterminded the establishment of the ASEAN Intergovernmental Commission on Human Rights in 2009 and the ASEAN Human Rights Declaration of 2012. Yet again, both were essentially significantly watered down versions of the original concepts developed by Indonesia due to the resistance of other member states, who feared that a stronger institutionalisation of ASEAN would essentially compromise their own national sovereignty.<sup>33</sup>

### Indonesia's Perception and Position

Jakarta's ambition to act as the "intellectual"<sup>34</sup> leader for regional conflict management is based on the widely shared conviction among Indonesian leaders that the maintenance of regional stability and security and the peaceful management of disputes is to be at the centre of Indonesian foreign policy. This is because regional security and stability are seen as preconditions for national development and prosperity.<sup>35</sup> Tied to these convictions is an expressed preference for an ASEAN-led regional security architecture that is – to

the greatest possible extent – independent from the influence of external powers over a security architecture based on bilateral military alliances with external powers. Under the Yudhoyono administration, the Indonesian preference for an ASEAN-centred regional security architecture was closely tied to the concept of a "dynamic equilibrium" for South-East Asia. Accordingly, any hegemony of an external power is to be avoided.<sup>36</sup> The Indonesian preference differs starkly from those of other ASEAN member states such as Thailand, the Philippines, and Singapore, all of which have closely linked their national security policies to military alliances with the United States. In Jakarta's view, it is ASEAN that should form the linchpin of the regional security architecture.<sup>37</sup> Derived from there, ASEAN must sit in the driver's seat in other regional forums such as the ARF and EAS, too.<sup>38</sup>

Moreover, it is a widely shared assumption in Jakarta that if ASEAN is to retain its functionality in the face of newly emerging security challenges, regional integration in the field of security and defence needs to be deepened. The fact that Indonesian initiatives for a deepening of regional integration measures have often not failed to materialise has sparked a debate within the country over the possibility of reforming and further developing ASEAN and – taking that into consideration – whether ASEAN should actually continue to form the cornerstone of Indonesian foreign policy.<sup>39</sup> Critics have argued that ASEAN principles such as consensual decision-making and norm-intervention have greatly hampered the organisation's ability to play an enhanced role in con-

<sup>33</sup> Emmers, "Indonesia's Role in ASEAN" (see note 20), 15.

<sup>34</sup> Marty M. Natalegawa, "Annual Press Statement of the Foreign Minister of the Republic of Indonesia" (Jakarta, 7 January 2011), <http://indonesia.gr/speech-of-the-minister-of-foreign-affairs-annual-press-statement-of-the-foreign-minister-of-the-republic-of-indonesia-dr-r-m-marty-m-natalegawa/> (accessed 15 January 2015).

<sup>35</sup> Retno LP Marsudi, "Discourse: RI Now Has Firm Foreign Policy Standpoint, Says Retno", *The Jakarta Post (online)*, 17 November 2014, <http://www.thejakartapost.com/news/2014/11/17/discourse-ri-now-has-firm-foreign-policy-standpoint-says-retno.html> (accessed 16 January 2015).

<sup>36</sup> Susilo Bambang Yudhoyono, *Responding to Global Challenges and Strengthening Indonesia-Japan Relations*, Tokyo, 17 June 2011, <http://www.old.setkab.go.id/berita-2074-responding-to-global-challenges-and-strengthening-indonesia-japan-relations.html> (accessed 24 September 2015).

<sup>37</sup> Marty M. Natalegawa, "Remarks at the ASEAN-United Nations Workshop on Lessons Learned and Best Practices in Conflict Prevention and Preventive Diplomacy" (Jakarta, 5 April 2013), <http://www.kemlu.go.id/Pages/SpeechTranscriptionDisplay.aspx?Name1=Pidato&Name2=Menteri&IDP=797&l=en> (accessed 16 January 2015).

<sup>38</sup> Wirajuda, "Keynote Address on 'Regional Integration in the Asia-Pacific'" (see note 26).

<sup>39</sup> Sukma, "Indonesia Needs a Post-ASEAN Foreign Policy" (see note 14); Wanandi, "Indonesia's Foreign Policy and the Meaning of ASEAN" (see note 14); Barry Desker, "Is Indonesia Outgrowing Asean?", *The Brunei Times*, 30 September 2010, <http://www.bt.com.bn/opinion/2010/09/30/indonesia-outgrowing-asean> (accessed 16 January 2015).

flict management with regard to the Thai–Cambodian border dispute or the South China Sea conflict.<sup>40</sup>

### Implementation in Indonesia

So far, Jakarta has often been unable to have its ideas on developing ASEAN into a more integrated, more effective security community accepted within ASEAN. One example of this is the resistance to the Indonesian idea of an ASEAN peacekeeping force. Even so, Jakarta has unilaterally implemented a number of measures in the field of conflict prevention and conflict management. Jakarta acted as mediator when the Thai–Cambodian border conflict, which had been simmering for a long time, escalated into a number of armed skirmishes around the Preah Vihear temple in February 2011. Equipped with a UN Security Council mandate, Indonesia, which held the ASEAN chairmanship at the time, called for an emergency meeting of the ASEAN foreign ministers. The meeting produced a ceasefire agreement and a demilitarisation of the disputed territory, both of which were mediated and respectively monitored by Indonesia.<sup>41</sup>

In addition, when the ASEAN summit of July 2012 failed to produce a joint communiqué for the first time in the history of the organisation, it was Indonesia again that played a crucial role in attempts to repair the damage through active diplomacy. The failed communiqué was the refusal of the Cambodian government to include in the communiqué what it perceived as overtly China-critical positions of Vietnam and the Philippines on their territorial disputes with China in the South China Sea. As a result, then-Foreign Minister Marty Natalegawa embarked for consultations with all the involved parties. Natalegawa's shuttle diplomacy proved to be successful insofar

as it produced ASEAN's *Six-Point Principles on the South China Sea*.<sup>42</sup>

Furthermore, Indonesia was actively involved in the peace talks between the Moro National Liberation Front (MNLF), fighting for independence for the Muslim-majority south of the Philippines, and the central government in Manila. The armed confrontation between the MNLF and Manila formally ended in 2010 with the signing of a memorandum of understanding brokered by Jakarta.<sup>43</sup> Jakarta was also instrumental in establishing the ASEAN Institute for Peace and Reconciliation (AIPR), with the purpose of advancing peaceful approaches for the resolution of intra- and interstate conflicts.<sup>44</sup> At the same time, the aforementioned attempts to institutionalise the APSC illustrate the limits of Indonesian leadership. Contrary to the demands of Indonesia, the AIPR is merely based at a Track II level, possesses no independent monitoring competencies vis-à-vis the ASEAN member states, and, with regard to its budget, essentially relies on voluntary contributions.<sup>45</sup>

### Indonesia in the APSC: Counter-Terrorism

Despite the fact that a number of South-East Asian states have been experiencing terrorist attacks for many years, it was not until the Bali bombings in 2002 that regional counter-terrorism policies made it onto the ASEAN agenda. This was mainly because, for the individual member states experiencing terrorist challenges, it was a problem that they primarily ascribed to the local and national levels. Hence, up until the Bali bombings, a joint ASEAN position – or even an ASEAN strategy – on the issue of terrorism did not exist.<sup>46</sup> Perceptions in the region did not change until the investigations that took place after the attacks on two nightclubs on Bali – as well as investigations fol-

<sup>40</sup> International Crisis Group, ed., *Waging Peace: ASEAN and the Thai-Cambodian Border Conflict* (Brussels, 6 December 2011), <http://www.crisisgroup.org/~media/Files/asia/south-east-asia/thailand/215%20Waging%20Peace%20-%20ASEAN%20and%20the%20Thai-Cambodian%20Border%20Conflict.pdf>; Munmun Majumdar, "The ASEAN Way of Conflict Management in the South China Sea", *Strategic Analysis* 39, no. 1 (2015): 73–87.

<sup>41</sup> Michael Vatikiotis, "Indonesia Ends Its Turn at the Helm with a Stronger and More Secure ASEAN", *The Jakarta Globe*, 18 November 2011, <http://thejakartaglobe.beritasatu.com/archive/indonesia-ends-its-turn-at-the-helm-with-a-stronger-and-more-secure-asean/> (accessed 22 June 2015).

<sup>42</sup> ASEAN, *ASEAN's Six-Point Principles on the South China Sea, Statement of the ASEAN Foreign Ministers* (Phnom Penh, 20 July 2012), <http://www.cfr.org/asia-and-pacific/aseans-six-point-principles-south-china-sea/p28915> (accessed 16 January 2015); Widyaning-sih and Roberts, *Indonesia in ASEAN* (see note 16).

<sup>43</sup> Ariel Hernández, *Nation-Building and Identity Conflicts. Facilitating the Mediation Process in Southern Philippines* (Berlin: Springer, 2014), 159.

<sup>44</sup> Natalegawa, "Remarks at the ASEAN-United Nations Workshop on Lessons Learned and Best Practices" (see note 37).

<sup>45</sup> Interview with a researcher at the Center for Strategic and International Studies, Jakarta, 27 March 2015.

<sup>46</sup> Nicholas Rees, "EU and ASEAN: Issues of Regional Security", *International Politics* 47, no. 3 (2010): 402–18 (411).

lowing subsequent attacks (such as the attack on a passenger ferry in Manila Bay as well as the Marriot Hotel and Australian embassy attacks in Jakarta), brought to light the existing transnational linkages between militant Islamists in Indonesia, the Philippines, Singapore, and Malaysia.<sup>47</sup> As a consequence, a number of ASEAN member states enacted anti-terror legislation and implemented counter-terrorism measures, with counter-terrorism becoming a high priority on the ASEAN agenda during the Bali Concord II in 2003.

The developments in the field of counter-terrorism policies in South-East Asia after the Bali Concord II, however, also showcase the differences between the member states in terms of their perceptions of – and their reactions to – so-called new, transnational terrorist threats. Whereas almost all states of maritime South-East Asia plus Thailand had been directly affected by terrorism, the threat perception levels, as well as the pressure to react, differed markedly with regard to Myanmar, Laos, Vietnam, and Cambodia, which had not experienced any direct threats from armed terrorist groups. Moreover, public discourse in the majority-Muslim countries of Malaysia and Indonesia was heavily influenced by narratives that equated the US-led global “war on terror” with a hidden “war against Islam”. Owing to prevailing perceptions of a hidden “war against Islam”, and subsequent domestic resistance to counter-terrorism policies, the room for political manoeuvre in the field was at first significantly narrowed down for the respective governments. Former Indonesian Defence Minister Sofjan Djalil referred to the “sensitive” social context that his country had to consider when launching a new counter-terrorism strategy.<sup>48</sup> Governments in Singapore, Thailand, and the Philippines, on the other hand, faced considerably less domestic resistance.<sup>49</sup>

<sup>47</sup> Zachary Abuza, *Militant Islam in Southeast Asia. Crucible of Terror* (London: Lynne Rienner Publishers, 2003).

<sup>48</sup> Matori Abdul Djalil, “Managing Terrorism: An Indonesian Perspective”, *The Jakarta Post* (online), 4 June 2002, <http://yaleglobal.yale.edu/content/managing-terrorism-indonesian-perspective> (accessed 12 December 2014).

<sup>49</sup> Senia Febrica, “Securitizing Terrorism in Southeast Asia: Accounting for the Varying Responses of Singapore and Indonesia”, *Asian Survey* 50, no. 3 (2010): 569–90.

## Regional Agreements

Until the Bali bombings in 2002, the issue of transnational terrorism was dealt with regionally as merely being one aspect of transnational organised crime. In 1997 the ASEAN member states had signed the ASEAN Declaration on Transnational Crime, also known as the Manila Declaration, followed by an action plan (ASEAN Plan of Action to Combat Transnational Crime) a year later. This was followed by the establishment of regional dialogue forums at the ministerial level (ASEAN Ministerial Meeting on Transnational Crime) and at the level of high-ranking officials (ASEAN Senior Officials Meeting on Transnational Crime).<sup>50</sup> Neither the Manila Declaration nor the action plan or the communiqués of the dialogue forums were legally binding. All of them were mere declarations of intent that stressed the need for a “closer regional cooperation of intelligence services” and a “harmonization of national legislation”.

The terrorist attacks on 11 September 2001, however, changed the regional political dynamics. The ASEAN Declaration on Joint Action to Counter Terrorism was issued on 5 November 2001, in which terrorism was labelled the main threat for stability and economic development in the region. The declaration also called on the member states to improve the capacities of their own security forces in the field of counter-terrorism.<sup>51</sup> The declaration furthermore called for the formulation of a legally binding counter-terrorism convention. All other measures directed at increased regional cooperation and harmonisation at the operational level fell through because of opposition from the mainland South-East Asian states, who perceived themselves as being only marginally affected by transnational terrorism and were hesitant to allow any real or perceived compromises of their national sovereignty. At the same time, Indonesia, Malaysia, and the Philippines pushed for more comprehensive regional cooperation in the field of counter-terrorism. With a comprehensive regional agreement beyond reach for the time being, what followed were a number of bi- and trilateral agreements. One example is the agreement on intelligence exchanges at the sub-regional

<sup>50</sup> ASEAN, *ASEAN Declaration on Transnational Crime* (Manila, 20 December 1997); ASEAN, *ASEAN Plan of Action to Combat Transnational Crime* (Jakarta, 1998).

<sup>51</sup> ASEAN, *ASEAN Declaration on Joint Action to Counter Terrorism* (Bandar Seri Begawan, 5 November 2001).

level signed by Malaysia, Indonesia, and the Philippines in 2002.<sup>52</sup>

Despite the continuing differences in threat perceptions, domestic politics, and strategic interests, two important agreements were completed at the regional level in the years that followed the Bali bombings. In 2004, the Treaty on Mutual Legal Assistance in Criminal Matters (MLA) set out the basic principles for legal assistance between ASEAN member states. The MLA was ratified by Indonesia in 2008. More importantly, 2007 saw the signing of the ASEAN Convention on Counter-Terrorism (ACCT), which was ratified by Indonesia in 2012. Through the ACCT, a joint definition of terrorism was established. The signatories committed themselves to share information and data with other national intelligence services, freeze bank assets of terrorist groups to inhibit terrorist financing, enhance cooperation during investigations, and cooperate in the extradition of terror suspects.

Admittedly, critics have noted that the ACCT, for the most part, simply mirrors already-existing UN conventions. They also noted that the strict interpretation of national sovereignty laid out in Articles III to V allows all signatories to label any terrorist threat with transnational dimensions a national security affair, thereby removing it from the scope of application of the ACCT.<sup>53</sup> Because of that, the ACCT – by upholding the principles of non-intervention and absolute national sovereignty – is in accordance with the ASEAN Way. In return, a legally binding ASEAN Extradition Treaty – deemed indispensable for effective regional counter-terrorism policies – has yet to move past the drafting phase.

### Who Sets the Regional Agenda?

Despite initial reluctance, which was to a large extent due to domestic pressures and sensitivities, Indonesia, together with Malaysia and the Philippines, has come to set the regional agenda since 2002. The counter-terrorism agreement that the three states signed in 2002 built on an Indonesian initiative. The same can be said for the draft of the regional counter-terrorism

convention.<sup>54</sup> And although the ACCT is largely congruent with previously established UN conventions, it does set itself apart from similar regional and international agreements through Article 11. Article 11 includes guidelines for the rehabilitation and reintegration of former terrorists by involving religious and civil society organisations. Article 11 was primarily shaped by Indonesia's political preferences and experiences in the field of de-radicalisation.<sup>55</sup> It shows how Indonesia was successful in embedding its own "soft power approach"<sup>56</sup> on the regional level – through which it has sought to emphasise the need for de-radicalisation and rehabilitation – and at the same time disassociate itself and ASEAN from the militarisation of counter-terrorism policies generated in Washington.<sup>57</sup>

### Indonesia's Perception and Position

Consideration of Indonesia's active engagement in multilateral counter-terrorism forums is closely linked to the change in threat perception in the country since 2002. Up until the Bali bombings of 2002, large parts of Indonesian society, as well as large parts of the political elite, had not come to terms with the occurrence of militant Islamist groups within the country. The domestic political conundrum was further elevated by the US-led "global war on terror", which was perceived as a hidden "war against Islam", and thus was met with strong domestic opposition. The Bali bombings in 2002, however, forced Jakarta to recognise the occurrence of – and dangers associated with – Jemaah Islamiyah ("Islamic Community") and other militant Islamist groups inside of Indonesia.

<sup>52</sup> In 2003 Thailand, Cambodia, and Brunei also acceded to the Anti-Terrorism Pact. Singapore did not accede to the pact.

<sup>53</sup> Peter Chalk and Carl Ungerer, *Neighbourhood Watch. The Evolving Terrorist Threat in Southeast Asia* (Canberra: Australian Strategic Policy Institute, June 2008).

<sup>54</sup> Abdul Khalik, "RI Pursues Counterterrorism Convention at Cebu Summit", *The Jakarta Post* (online), 4 December 2006, <http://www.thejakartapost.com/news/2006/12/04/ri-pursues-counterterrorism-convention-cebu-summit.html> (accessed 11 December 2014).

<sup>55</sup> Ralf Emmers, "Comprehensive Security and Resilience in Southeast Asia: ASEAN's Approach to Terrorism", *The Pacific Review* 22, no. 2 (2009): 159–77 (165).

<sup>56</sup> Marty M. Natalegawa, "Statement by H. E. Mr. R. M. Marty M. Natalegawa, Minister for Foreign Affairs of the Republic of Indonesia, Session I: Opening Session: Strengthening the Implementation of the United Nations Global Counter Terrorism Strategy" (Geneva, 13 June 2013), <http://www.un.org/en/terrorism/ctitf/pdfs/opening-session-stmt-Indonesia.pdf>.

<sup>57</sup> Interviews with members of staff at the Habibie Center, Jakarta, 30 March 2015.



This change in perception triggered a change of course in the country's counter-terrorism policy.<sup>58</sup>

Shortly after the terror attacks on Bali, national legislation was changed fundamentally. A special counter-terrorism police unit was founded and several dozen terror suspects were arrested. At the same time, Jakarta went to great lengths to publicly distance itself from the militarised US approach to counter-terrorism because of strong domestic opposition.<sup>59</sup> For example, Jakarta continuously emphasised the importance of moderate Islamic civil society organisations in the fight against terrorism.<sup>60</sup> Indonesia's approach to counter-terrorism, as such, rests on two pillars: On the one hand, there is the prosecution of terrorists, which is to be conducted in line with the rule of law and democracy; on the other hand, there is the "soft power approach", which aims for the de-radicalisation and rehabilitation of terrorists and seeks close cooperation between religious authorities, civil society, and state institutions (police, prisons, and judiciary). It is through the latter by which Indonesia's approach – normatively and in practice – differs markedly from those of the United States and some of its neighbours. Especially Singapore and Malaysia have, in the aftermath of 9/11, launched draconian counter-terrorism laws.<sup>61</sup>

In addition, because of the existing networks forged between Jemaah Islamiyah and other militant groups such as Abu Sayaf and the Moro Islamic Liberation Front in the southern Philippines, a regional approach to counter-terrorism has become a *sine qua non*. From Jakarta's view, especially transnational security threats such as terrorism underline the indispensability of closer regional cooperation for maintaining stability and security in the region.<sup>62</sup> Former Foreign Minister

Natalegawa, for example, repeatedly stressed the need for closer regional cooperation under the ACCT.<sup>63</sup>

### Implementation in Indonesia

In line with this, Indonesia has enacted various legislation on the national level that permutes key elements of ASEAN's regional approach to counter-terrorism.<sup>64</sup> For example, a new national counter-terrorism agency, the National Agency for Combating Terrorism (BNPT) was created in 2010, which is to devote itself specifically to prevention and de-radicalisation, was created in 2010. Indonesia has also ratified the ACCT as well as the MLA. Jakarta has furthermore pushed for a regional extradition treaty (ASEAN Extradition Treaty),<sup>65</sup> although it has been unsuccessful due to strong opposition from Singapore, among others. At the operational level, Indonesia has hosted numerous regional conferences, workshops, and trainings on themes and issues closely linked to counter-terrorism, and it is also host to the Jakarta Centre for Law Enforcement Cooperation (JCLEC). JCLEC was founded with the extensive support of international donors and offers advanced trainings courses for police officers from the Asia-Pacific region on a wide range of issues: from countering money laundering to de-radicalisation, forensics, and the latest investigation techniques. Indonesia is furthermore actively involved in international forums such as the ARF and the Global Counter-Terrorism Forum. In the latter forum, it is Indonesia, together with Australia, that is chairing the South-East Asia working group. Indonesia has also ratified a number of important international conventions for global counter-terrorism policies.<sup>66</sup>

<sup>58</sup> Jonathan T. Chow, "ASEAN Counterterrorism Cooperation since 9/11", *Asian Survey* 45, no. 2 (2005): 302–21.

<sup>59</sup> Marty M. Natalegawa, "Statement by H. E. Mr. R.M. Marty M. Natalegawa, Minister for Foreign Affairs of the Republic of Indonesia" (Secretary-General's Symposium on International Counter-Terrorism Cooperation, New York, 19 September 2011), <http://www.un.org/en/terrorism/ctitf/pdfs/indonesia.pdf>.

<sup>60</sup> Hassan Wirajuda, "Speech at a Breakfast Forum with the Carnegie Endowment for International Peace and USINDO" (Washington, D.C., 8 June 2009), <http://www.kemlu.go.id/Pages/SpeechTranscriptionDisplay.aspx?Name1=Pidato&Name2=Menteri&IDP=1&l=enl> (accessed 13 December 2014).

<sup>61</sup> Solahudin, "Jokowi's Priorities in Addressing Terrorism", *The Jakarta Post* (online), 18 September 2014, <http://www.thejakartapost.com/news/2014/09/18/jokowi-s-priorities-addressing-terror-rism.html> (accessed 13 December 2014).

<sup>62</sup> Wirajuda, "Keynote Address on 'Regional Integration in the Asia-Pacific'" (see note 26).

<sup>63</sup> Margareth S. Aritonang, "Indonesia Set to Ratify ASEAN Anti-Terror Pact", *The Jakarta Post* (online), 9 March 2012, <http://www.thejakartapost.com/news/2012/03/09/indonesia-set-ratify-asean-anti-terror-pact.html> (accessed 13 December 2014).

<sup>64</sup> This includes, among other things, the Anti-Terrorism Law No. 15/2003, the Anti-Money Laundering Law No. 8/2010, and the Prevention and the Suppression of Terrorist Financing Law No. 9/2013.

<sup>65</sup> "Indonesia Pushes ASEAN Extradition Agreement", *The Manila Standard*, 23 January 2003; Ciara Spencer, "Reflections on the Effectiveness of Extradition in the ASEAN Region", in *Cross-Border Law Enforcement. Regional Law Enforcement Cooperation – European, Australian and Asia-Pacific Perspectives*, ed. Saskia Hufnagel, Clive Harfield and Simon Bronitt (London: Routledge, 2012), 143–62.

<sup>66</sup> Irman Moad, "ASEAN Counter-Terrorism Cooperation", *Asian Defence Journal* (April 2013): 6–8.

Hence the claim that Indonesia has taken on a leading role in regional counter-terrorism policies since 2002 appears justifiable. One of the main reasons for this appears to be the fact that Indonesia has been hit hardest by terror attacks in the region. Indonesia's activism on the regional level following the Bali bombings of 2002 has been viewed by some observers as a more general indicator of an Indonesian "re-engagement" in ASEAN after years in which the nation – because of domestic instabilities following the transition from authoritarianism to democracy – had arguably punched below its weight on the regional level.<sup>67</sup> At the same time, the case of Indonesia's role in regional counter-terrorism policies illustrates the limits of Indonesia's leadership claim in ASEAN. These limits were made apparent not least by resistance from Vietnam, Malaysia, and Singapore towards making ASEAN's non-intervention principle gradually more flexible – it had been put forward by Jakarta with regard to the extradition of terror suspects in the context of closer regional counter-terrorism cooperation.<sup>68</sup> It furthermore remains to be seen whether the apparent fragmentation of militant Islamist networks in Indonesia, as well as recent strategic and operational adjustments undertaken by militant groups,<sup>69</sup> will lead to a re-adjustment of regional approaches to counter-terrorism in the future.<sup>70</sup>

## Indonesia in the AEC: The ASEAN Single Aviation Market

Besides aiming for the free movement of goods, the 2003 Bali Concord II also seeks to liberalise the service sector to the greatest extent possible. A key part of the latter is the establishment of the ASEAN Single Aviation Market (ASAM). ASAM's main purpose is to provide South-East Asia's airlines, which have experienced tremendous growth rates in the last few years,

<sup>67</sup> Emmers, "Comprehensive Security and Resilience in South-east Asia" (see note 55), 172.

<sup>68</sup> Weatherbee, *Indonesia in ASEAN* (see note 20), 64.

<sup>69</sup> These changes have manifested themselves, for example, in terms of the targets chosen by militant groups, as attackers have shifted their focus from Western targets to state security forces and government officials. See: International Crisis Group, ed., *How Indonesian Extremists Regroup*, (Jakarta and Brussels, 16 July 2012), <http://www.crisisgroup.org/en/regions/asia/south-east-asia/indonesia/228-how-indonesian-extremists-regroup.aspx> (accessed 7 January 2015).

<sup>70</sup> Interview with a journalist from the *Jakarta Post*, Jakarta, 30 March 2015.

with access to new markets and flight routes. Hereby, great importance has been attached to Indonesia as being not only the most populous country of the region with a growing middle class, but also a country that possesses nearly three dozen international airports. Because of the geographic conditions in the region, especially with regard to the archipelagic nations of maritime South-East Asia, air travel has evolved as a central mode of transport. Indonesia, for example, consists of more than 10,000 islands, has numerous remote mountainous regions, and its highways and train tracks are chronically underdeveloped. The region-wide growth of a middle class that is increasingly able to afford to travel by plane has led to a steady increase in the number of passengers as well as airlines. Until very recently, however, all access to airports in the region was exclusively regulated via bilateral agreements between respective ASEAN member states. The agreements regulated passenger volumes, the numbers of arrivals and departures, as well as safety standards. With few exceptions, member states hereby generally attempted to protect national airlines by restricting market access through strict quotas for passenger numbers and the number of arrivals and departures granted to foreign airlines.<sup>71</sup>

### Regional Agreements

Ideas for a single aviation market date back to 2002, when a memorandum on air freight services (ASEAN Memorandum of Understanding on Air Freight Services) was signed. The memorandum only included cargo planes with a capacity of up to 100 tons; it has since been upgraded to include cargo planes of up to 250 tons (in 2007). The services of passenger planes, however, were to be liberalised ASEAN-wide by 2015, according to the 2003 Bali Concord II. Although discussions revolving around ASAM made frequent reference to the EU's Open Skies policy, the extent to which South-East Asian nations aimed to liberalise their skies by the end of 2015 was comparatively modest.<sup>72</sup> At its heart, ASAM is limited to the third, fourth, and fifth freedoms of the air. This means that airlines from one state may be granted the right to put down passengers

<sup>71</sup> ASEAN, *ASEAN Economic Community Blueprint* (Jakarta, January 2008), <http://www.asean.org/archive/5187-10.pdf>.

<sup>72</sup> ASEAN, *Declaration on the Adoption of the Implementation Framework of the ASEAN Single Aviation Market* (Phnom Penh, 15 December 2011), [http://www.asean.org/archive/documents/111219-17th%20ATM\\_Agenda%20Item%208%20Declaration-ASAM.pdf](http://www.asean.org/archive/documents/111219-17th%20ATM_Agenda%20Item%208%20Declaration-ASAM.pdf).

in another state (third freedom), take on passengers destined for the home state into another state (fourth freedom), and for airlines embarking in their home state to put down – and subsequently take on – passengers in another state with the destination of a third state.<sup>73</sup> A further liberalisation of air traffic, as laid down in EU law, would also enable the transport of cargo and/or passengers in the region without including the home state of the airline in the routing as well as enable airlines to transport cargo or passengers on domestic routes within a third state (“cabotage”).

The proposed Open Skies ASEAN project rests on three separate regional agreements. The Multilateral Agreement on Air Services (MAAS), struck in 2009, provided for a liberalisation of passenger transport regulations between ASEAN’s capital cities from 2010 onwards. The Multilateral Agreement on the Full Liberalization of Air Freight Services (MAFLAFS), struck in 2009, also opened up cargo traffic at all international airports in the region for competition between airlines from different ASEAN member countries. One year later saw the signing of the Multilateral Agreement on the Full Liberalization of Passenger Air Services (MAFLPAS), which made attempts to further liberalise passenger traffic ASEAN-wide by including all non-international airports as well. However, seeing that all three agreements are non-binding by nature, their implementation has hinged exclusively on the political will of the respective member states.

### Who Sets the Regional Agenda?

Specifically Singapore and Malaysia showed the political will to push for the implementation of Open Skies against the background of expanding national airlines. Yet, such attempts were met by resistance from other member states, most notably in the Philippines, and especially in Indonesia. Given the non-binding nature of the regional agreements and the reluctance of some member states to implement them, Singapore and Malaysia first began to liberalise air traffic on a bilateral level. This produced a number of sub-regional agreements, with Singapore serving as the driving force at the helm, such as the 2004 Open Skies agree-

ment between Singapore, Brunei, and Thailand. Besides this, both states made continuous attempts to have the further liberalisation of air traffic put onto the regional agenda.

### Indonesia’s Perception and Position

Such attempts have largely proven to be futile due to the resistance of Indonesia – the country with the largest potential air traffic market in the region – towards any further liberalisation. This was mainly because many in Indonesia, including the director general of air transportation at the Ministry of Transportation, Herry Bakti Singayuda Gumay, perceived the calls by Singapore and others for the full liberalisation of air traffic to be against Indonesia’s national interests.<sup>74</sup> Indonesia’s obstinance of any further liberalisation – and the protectionist attitudes it displays regarding ASAM – are, on the one hand, based on the assumption that the expanding low-price airlines in Singapore, Thailand, and Malaysia would effectively push Indonesian airlines out of lucrative domestic routes and markets. These included especially the much sought-after routes between the capital cities of Bangkok and Jakarta as well as Singapore and Jakarta. This view has been eschewed by the secretary general of the Indonesian National Air Carrier Association, Tengku Burhanuddin, who argued that any liberalisation processes going beyond the already established gradual opening of domestic markets would directly harm Indonesian airlines because “foreign airlines will be transporting our passengers to Europe, whereas we want to do that ourselves”.<sup>75</sup>

On the other hand, it has been a long-held view in Indonesia that it would effectively be the smaller ASEAN member states such as Singapore and Brunei – each of them only possessing one international airport and no domestic air traffic at all – that would benefit disproportionately from liberalisation processes. In Indonesia’s view, truly open skies would enable various Singaporean airlines to get direct market access to more than two dozen international airports in Indonesia, whereas Indonesian airlines, in return, would merely be able to head for Singapore’s lone airport,

<sup>73</sup> For a short overview on the freedoms of the air, please see: International Civil Aviation Organization, *Freedoms of the Air*, <http://www.icao.int/Pages/freedomsAir.aspx> (accessed 24 September 2015).

<sup>74</sup> “Indonesia Rejects Singapore’s Call for Aviation Liberalization”, *Asia Pulse*, 8 October 2010.

<sup>75</sup> “Govt Readies Airports for ASEAN Open Sky”, *The Jakarta Post* (online), 16 January 2010, <http://www.thejakartapost.com/news/2010/01/16/govt-readies-airports-asean-open-sky.html> (accessed 8 February 2015).

Changi. As a result, Indonesia – despite possessing the largest airspace and market for air traffic in the region with the biggest growth potential for the future – would be among the losers in the race for South-East Asia's Open Skies.<sup>76</sup>

Furthermore, Indonesian airline representatives such as Emirsyah Satar, director general of Indonesia's state-owned airline, Garuda Indonesia, complained about the lack of a level playing field in the region when it comes to Open Skies. According to Satar, other ASEAN member states would deliberately close off market access for Indonesian airlines by putting up technical barriers such as different safety regulations or by artificially reducing the number of open slots for arrivals and departures to other regional airlines.<sup>77</sup> Because of their lower safety standards, Indonesian airlines have gained a bad reputation in the region and would therefore lose out in direct competition with other regional airlines in the event of full liberalisation.<sup>78</sup>

Hence, any protectionist measures that might circumvent the spirit of regional agreements are, according to a representative from the Transport Ministry, solely implemented in order to protect Indonesian airlines from drawing the short straw.<sup>79</sup> This view is also shared by representatives of the private sector, who have argued against further liberalisation on the assumption that the expected positive effects of full liberalisation would be unequally distributed within the region. It is widely assumed that Indonesia would be among those countries carrying the burden, economically speaking, rather than reaping the benefits of truly open skies in South-East Asia.<sup>80</sup>

<sup>76</sup> Interview with an Indonesian airline consultant, Jakarta, 31 March 2015.

<sup>77</sup> "Skies Open: OBG Talks to Emirsyah Satar, CEO, Garuda Indonesia", in *The Report: Indonesia 2014*, Oxford Business Group (London, 2014), 267f., <http://www.oxfordbusinessgroup.com/interview/skies-open-obg-talks-emirsyah-satar-ceo-garuda-indonesia> (accessed 3 December 2014).

<sup>78</sup> Batari Saraswati and Shinya Hanaoka, "Aviation Policy in Indonesia and Its Relation to ASEAN Single Aviation Market", *Proceedings of the Eastern Asia Society for Transportation Studies* 9, no. 3 (2013): 7.

<sup>79</sup> "Government to Restrict ASEAN Open Sky Policy on Five Airports", *Tempo*, 9 April 2010, <http://tempo.co.id/hg/ekbis/2010/04/09/brk,20100409-239305.uk.html> (accessed 6 June 2015).

<sup>80</sup> Interview with an Indonesian airline consultant, Jakarta, 31 March 2015; "Taking Off: OBG Talks to Emirsyah Satar, President & CEO, Garuda Indonesia", in *The Report: Indonesia 2013*, Oxford Business Group (London, 2013), 237, <http://www.oxfordbusinessgroup.com/interview/taking-obg-talks-emirsyah-satar-president-ceo-garuda-indonesia> (accessed 3 December 2014).

## Implementation in Indonesia

In light of that, Indonesia's primary policy preference is to protect its national airlines against competitors from other ASEAN member states.<sup>81</sup> This policy preference has found its way into national legislation: Article 94 of Indonesia's law on aviation makes it very clear that liberalisation of air traffic is to be limited to the third, fourth, and fifth freedoms of the air and forbids any further liberalisation of the domestic market.<sup>82</sup> With this in mind, it was not until late 2014 that Indonesia become the last ASEAN member state to ratify the MAAS agreement on the liberalisation of passenger transport regulations. Indonesia, however, has yet to ratify the MAFLAFS agreement on the liberalisation of cargo transport regulations.<sup>83</sup> After extensive negotiations at the regional level, Indonesia declared that it would only partially implement the further liberalisation measures of passenger transport provided for in the MAFLPAS agreement by the end of 2015.<sup>84</sup> Accordingly, Indonesia is to grant access to airlines that are based in other ASEAN member states to only 5 of its 29 international airports. Besides Jakarta's international airport, to which access has been granted already – in line with the MAAS agreement – this includes the airports of Medan, Denpasar, Surabaya, and Makassar. Market access to other international airports and the respective flight routes will only be made possible through bilateral agreements. In addition to this, Indonesia has recently tightened the safety regulations for foreign airlines and limited the number of available slots for foreign airlines at a number of its international airports. Whereas the allocation of such slots is handled in most other ASEAN member states (with the exception of the Philippines) by an independent institution, the formally independ-

<sup>81</sup> "Discourse: RI's Aviation Growth to Skyrocket", *The Jakarta Post* (online), 27 May 2013, <http://www.thejakartapost.com/news/2013/05/27/discourse-ri-s-aviation-growth-skyrocket.html> (accessed 6 June 2015).

<sup>82</sup> For an (unofficial) translation, see: *The Republic of Indonesia's Law, Number 1, Year 2009, on Aviation*, [http://www.vertic.org/media/National%20Legislation/Indonesia/ID\\_Aviation%20Act.pdf](http://www.vertic.org/media/National%20Legislation/Indonesia/ID_Aviation%20Act.pdf).

<sup>83</sup> "AirAsia, MAHB to Benefit from Indonesia Ratification of ASEAN Open Skies Pact", *The Star*, 24 September 2014, <http://www.thestar.com.my/Business/Business-News/2014/09/24/AirAsia-MAHB-expected-to-benefit-from-Indonesia-ratification/> (accessed 8 February 2015).

<sup>84</sup> Tan, *Indonesia among the Powers* (see note 18).

ent Indonesia Slot Coordinator is headed by an official from state-owned Garuda Indonesia airline.<sup>85</sup>

Indonesia's reluctance regarding any further liberalisation of air traffic is furthermore closely linked with the current state of the infrastructure of the nation's big airports. Airports such as Surabaya, Denpasar, and especially Jakarta have been operating beyond the capacities they were initially designed to cope with for many years. For example, Jakarta's Soekarno-Hatta airport was planned and built to handle an annual volume of up to 22 million passengers. Its passenger volume for the year 2013 exceeded 60 million.<sup>86</sup> New terminals and a new airport are in planning, but their completion dates are still pending.

It is against this background that Indonesia has decided to ignore some of the regulations stipulated in the three agreements that make up ASEAN's Open Skies. Circumventing many of the overarching goals of ASEAN Open Skies, Jakarta has only opened a small number of its airports and flight routes to competitors from other ASEAN member states. In line with this, ASEAN's own AEC scorecard for the transport sector illustrates that Indonesia has achieved fewer than half of the regional integration processes that are to be implemented by the end of 2015.<sup>87</sup> The main impetus for the further liberalisation and integration of South-East Asia's air traffic has come from Singapore, and to a lesser extent Malaysia, Brunei, and Thailand. Indonesia has mainly acted as a procrastinator, which on the one hand is based on fears that a fully integrated regional aviation sector would result in the domestic market being swamped by better-positioned, highly competitive airlines from other ASEAN member states. This, in turn, would result in Indonesian airlines falling behind. On the other hand, it is based on the observation that any further liberalisation would create gridlock at Indonesia's airports, or even lead to the collapse of air traffic, due to inadequate, underdeveloped infrastructure. As a result of Indonesia's open resistance to ASEAN's Open Skies, any implementation of the envisioned further integration processes appears to be unrealistic for the time being.

<sup>85</sup> Saraswati and Hanaoka, "Aviation Policy in Indonesia and Its Relation to ASEAN Single Aviation Market" (see note 78).

<sup>86</sup> The Port Authority of NY & NJ, ed., *Airport Traffic Report* (New York, April 2014), 35, <http://www.panynj.gov/airports/pdf/traffic/ATR2013.pdf>.

<sup>87</sup> ASEAN, *ASEAN Economic Community Scorecard* (Jakarta, March 2012), 23, <http://www10.iadb.org/intal/intalcdi/PE/2012/10132.pdf>.

## Indonesia in the AEC: Labour Mobility

Freedom of labour movement is, next to freedom of services, one of the key areas of the AEC. Labour mobility is to be expanded as part of ASEAN's regional integration processes to match the increasing demand in the region for skilled, highly qualified workers. This notwithstanding, current ASEAN regulations to increase labour mobility exclude an estimated 90 per cent of all migrant labourers. The overwhelming majority of migrant labourers emanate from the low-skill sector (e.g. construction workers, farm workers), whereas existing regional agreements and corresponding regional integration processes in the field only cover a number of highly-skilled occupational groups (e.g. doctors). These highly-skilled migrant labourers, however, are only an extremely small portion of the overall number of migrant labourers in South-East Asia.<sup>88</sup> Another regional characteristic is the strong discrepancy between countries of origin and recipient countries. An estimated 97 per cent of all migrant labourers migrate to only three countries: Thailand (3.5 million), Malaysia (1.5 million), and Singapore (1 million). More than half of them originate from the Philippines (34 per cent) and Indonesia (20 per cent). These stark discrepancies are also visible with regard to demographic developments within ASEAN: Whereas population growth in Singapore and Malaysia has for the last years been below 0.5 per cent per year, Indonesia's population is growing at a rate of 3 per cent and more per year. Similar discrepancies are detectable with regards to living standards and median income levels in the region.<sup>89</sup>

### Regional Agreements

The overarching objective behind the existing ASEAN agreements on labour mobility has been to better facilitate the migration of high-skilled labour from one ASEAN member state to another. Various instruments have been employed to achieve this goal: through the easing and harmonisation of granting work permits and residency permits for highly qualified migrant labourers; and through an ASEAN-wide

<sup>88</sup> Jayant Menon, "Narrowing the Development Divide in ASEAN: The Role of Policy", *Asian-Pacific Economic Literature* 27, no. 2 (2013): 25–51.

<sup>89</sup> Guntur Sugiyarto, "Internal and International Migration in Southeast Asia", in *Routledge Handbook of Southeast Asian Economics*, ed. Ian Coxhead (London: Routledge, 2015), 270–300 (273).

recognition of trainings and qualifications in a number of specified occupation groups.<sup>90</sup>

For example, the AEC blueprint proposes a dismantling of all substantial constraints to providers of services. They shall be given permission to act ASEAN-wide and to establish businesses in other ASEAN member states, too.<sup>91</sup> With regards to regional integration measures, such policy objectives primarily contain a political-administrative dimension: Member states must provide respective visa and work permits and need to liberalise their legislation regarding foreign direct investments from other ASEAN member states. To this end, ASEAN member states signed two agreements in 2012. First, the ASEAN Agreement on the Movement of Natural Persons provides the legal framework for temporary labour migration within ASEAN. According to its regulations, visa procedures for business travellers, service providers, and the transfer of company employees from one member state to another are to be harmonised. The second is the ASEAN Comprehensive Investment Agreement (ACIA), which concerns investors, managers, and company executives. It lays out simplified and harmonised procedures for temporary work and residency permits for cases in which the aforementioned persons “have committed or are in the process of committing a substantial amount of capital or other resources” in the territory of another member state.<sup>92</sup>

Closer examination of both agreements makes it clear that the chief objective hereby is “freer” – but not “free” – migration of labour in the region.<sup>93</sup> Moreover, the agreements do not regulate individual attempts by citizens of ASEAN member states to obtain work or residency permits in another member state. The ACIA, in particular, aims to facilitate the tem-

porary transfer of labour from a company’s head office to a branch office or a subsidiary in another ASEAN country. Furthermore, ASEAN member states have agreed upon the ASEAN-wide recognition of specific qualifications and sets of skills. To this end, all member states have entered Mutual Recognition Agreements (MRAs). MRAs currently exist for six occupational groups: engineers, architects, doctors, dentists, nurses, and tourism professionals. MRAs for a number of other occupational groups, for example, accountants, are currently under negotiation. To harmonise the recognition of the respective qualifications and skill sets, “Joint Committees” were established at the ASEAN level for the respective occupational groups. These joint committees are composed of national representatives of the respective professional associations, for example the national architectural association, to define and institutionalise region-wide criteria for the provisions found in the MRAs.<sup>94</sup> The actual institutionalisation of joint provisions for the region-wide recognition of qualifications and skill sets, however, is being hampered by quarrels over which specific definitions and criteria are to be applied as part of the process.<sup>95</sup> Also, some member states still lack a coherent standardisation of qualifications and skill sets for various professions at the national level, which effectively flatlines any implementation of the respective MRAs on the regional level. Finally, in the absence of a fully integrated labour market, it is the member states that, even after the implementation of the aforementioned MRAs, retain the power to grant visas and residency permits and determine which qualifications and skill sets to recognise (or not).

### Who Sets the Regional Agenda?

The regional agenda on labour mobility has thus far been largely dominated by the three main recipient countries: Singapore, Malaysia, and, to a lesser extent, Thailand. The policy preferences of these states are shaped by the prevalence of industrialised and highly dynamic national economies with large service sectors. They are also shaped by low birth rates and a cor-

<sup>90</sup> Guntur Sugiyarto and Dovelyn Rannveig Mendoza, *A “Freer” Flow of Skilled Labour within ASEAN: Aspirations, Opportunities, and Challenges in 2015 and Beyond*, Policy Brief (Washington, D.C.: Migration Policy Institute, December 2014), 2, <http://www.migrationpolicy.org/research/freer-flow-skilled-labour-within-asean-aspirations-opportunities-and-challenges-2015> (accessed 22 June 2015).

<sup>91</sup> Sanchita Basu Das, “The ASEAN Economic Community’s Labour Policy Needs Work”, *East Asia Forum*, 27 September 2014, <http://www.eastasiaforum.org/2014/09/27/the-asean-economic-communitys-labour-policy-needs-work/> (accessed 22 June 2015).

<sup>92</sup> The agreement is accessible under the following URL: <http://www.asean.org/resources/publications/asean-publications/item/asean-comprehensive-investment-agreement> (accessed 23 June 2015).

<sup>93</sup> Sugiyarto and Mendoza, *A “Freer” Flow of Skilled Labour within ASEAN* (see note 90), 3.

<sup>94</sup> Sarah Huelser and Adam Heal, *Moving Freely? Labour Mobility in ASEAN*, Policy Brief, no. 40 (Bangkok: Asia-Pacific Research and Training Network on Trade, June 2014), <http://artnet.unescap.org/pub/polbrief40.pdf>.

<sup>95</sup> Australian Agency for International Development (AusAID), ed., *Free Flow of Skilled Labour Study*, Final Report (Canberra, 10 October 2010), 27.

responding lack of qualified, specialised workers in some sectors of the economy. As a result, these states have viewed the influx of qualified workers from other ASEAN member states as being advantageous for their own economic development. Singapore, for example, hosts about 1.3 million foreign workers, and the concerted and highly selective recruitment of professionals is perceived to be an instrument for enhancing innovation and driving economic growth.<sup>96</sup>

States with high birth rates, high unemployment levels, and a surplus of labour, such as the Philippines and Indonesia, have taken more conservative positions – vis-à-vis the prospect of an increasing regionalisation of labour migration – in order to protect their own domestic labour markets from any influx of foreign labour. In line with this, Indonesia's Minister of Education, Anies Baswedan, described the country's demographic development as a potential future "time bomb" for the country's volatile labour market.<sup>97</sup> What Indonesia has done, however, is to put the issue of low-skilled migration, which for the most part originates from Indonesia, the Philippines, and Myanmar, onto the regional agenda. Over the last few years, critical reports on the fate of Indonesian migrant workers in Malaysia and Singapore have been steadily appearing in the domestic press.<sup>98</sup> More specifically, it has been report topics that range from missing payments, the denial of basic labour rights, to outright abuse of Indonesian migrant workers that have increased the pressure on Jakarta to advocate for the rights of low-skilled labourers on the regional level.<sup>99</sup> Recent policy proposals by Jakarta – which tried to push for a binding code of conduct that would go beyond the non-binding ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, signed in 2007 – fell through due to the resistance of the three main recipient states: Singapore, Malaysia, and Thailand.<sup>100</sup>

<sup>96</sup> Interview with a member of staff at the ASEAN Secretariat, Jakarta, 30 March 2015.

<sup>97</sup> Adelia Anjani Putri, "In Education Sector, Myriad Investment Opportunities, Minister Says", *The Jakarta Globe*, 12 November 2014.

<sup>98</sup> Interview with a member of staff at the Human Rights Working Group, Indonesia, Jakarta, 31 May 2015.

<sup>99</sup> International Organization for Migration, ed., *Labour Migration from Indonesia* (Jakarta, 2010), [http://www.iom.int/jahia/webdav/shared/shared/mainsite/published\\_docs/Final-IM-Report-English.pdf](http://www.iom.int/jahia/webdav/shared/shared/mainsite/published_docs/Final-IM-Report-English.pdf).

<sup>100</sup> Amarjit Kaur, "International Labour Migration Dynamics and Inequality in Southeast Asia", in *Migration and Inequality*, ed. Tanja Bastia (London: Routledge, 2013), 65–92.

## Indonesia's Perception and Position

Indonesia's rather conservative position on labour mobility in ASEAN is based on a perception that focusses heavily on the perceived disadvantages that would result from a more fully integrated regional labour market for Indonesia's own domestic labour market and for the standing of qualifications and skill sets acquired in Indonesia. It is especially the fears over the loss of jobs for Indonesians if domestic jobs were to become available to highly qualified, professional workers from other ASEAN member states that is driving the domestic debate on labour mobility in the AEC. Indonesia's Labour Ministry recently announced that – despite the fact that Indonesia is generally supportive of the goal of creating an AEC as well as the migration of foreign labour to the country – current legislation is not to be changed to better suit the stipulations found in the respective regional agreements. Indonesia's current legislation sets strict boundaries on labour migration into the country from abroad. For example, work permits as well as residency permits generally expire after one year and, thus, have to be renewed on an annual basis. Companies hiring foreign workers are obligated to demonstrate to the authorities why the respective positions cannot be filled with Indonesian citizens. In addition, employers need to demonstrate that each foreign worker who fills a position is shadowed by two deputies – both of whom need to be Indonesians. The latter is to ensure a "knowledge transfer" from foreign professionals working in Indonesia to the domestic workforce. Thereby, Indonesian professionals are to benefit from the expertise and experiences of foreign professionals.<sup>101</sup>

Moreover, with millions of Indonesians without work or proper education, unions in Indonesia have repeatedly called for the government to shift its focus away from stronger regional integration of the labour market towards policies that will create jobs and reduce the rampant poverty within the country.<sup>102</sup> This is not a position exclusively held by unionists though: Numerous business representatives have echoed similar misgivings. The deputy head of the Indonesian chamber of commerce in Jakarta, Sarman Simanjorang, has

<sup>101</sup> "Indonesia Aims to Cut Expat Workforce", *The Nation*, 8 October 2013, <http://www.nationmultimedia.com/aec/Indonesia-aims-to-cut-expat-workforce-30216542.html> (accessed 19 June 2015).

<sup>102</sup> Satria Sambijantoro, "Indonesia Spoils Workers: WB", *The Jakarta Post* (online), 9 May 2014, <http://www.thejakartapost.com/news/2014/05/09/indonesia-spoils-workers-wb.html> (accessed 19 June 2015).

publicly voiced his apprehension over a possible influx of foreign labour into the domestic labour market. Examples used by Sarman – for which he failed to give further specifics, however – are from reports about large numbers of Filipino nurses who had allegedly begun to study Bahasa Indonesia.<sup>103</sup> Hence, the possible advantages for Indonesia from a region-wide liberalisation of labour migration – such as job opportunities for skilled Indonesia labour or the knowledge transfer into Indonesia via foreign workers – are often overshadowed by fears that Indonesians would inevitably lose out when competing for jobs with professionals from other ASEAN member states.<sup>104</sup>

Accordingly, Indonesia's Komite Nasional Ekonomi, an association of prominent economists, in its annual report for 2014 highlighted the danger of Indonesia becoming mainly a market for other member states in the context of it entering the AEC.<sup>105</sup> These apprehensions do not appear to be completely unfounded if one considers the analyses conducted by international organisations such as the World Bank. In their reports, international organisations have repeatedly pointed to the poor quality of Indonesia's schools and its wider education system as one of the main causes for the country's volatile labour market. Almost 70 per cent of Indonesia's workers have not graduated from high school – a finding widely regarded as one of the explanatory factors behind the shortages of highly qualified professionals, particularly in occupations such as engineering.<sup>106</sup> In contrast, more than 80 per cent of Singaporeans and Malaysians graduate from high school.<sup>107</sup> Besides the low number of high school graduates in Indonesia, issues such as Indonesia's comparatively low levels of productivity and competitiveness are frequently raised in the respective reports, too.

**103** Corry Elyda, "City Prepares Local Workers to Compete after AEC", *The Jakarta Post* (online), 21 October 2014, <http://www.thejakartapost.com/news/2014/10/21/city-prepares-local-workers-compete-after-aec.html> (accessed 19 June 2015).

**104** AusAID, ed., *Free Flow of Skilled Labour Study* (see note 95), 12.

**105** Ngurah Swajaya, "Indonesia Must Get Ready Now for the ASEAN Economic Community", *Strategic Review*, no. 6 (April–June 2014), <http://www.sr-indonesia.com/in-the-journal/view/indonesia-must-get-ready-now-for-the-asean-economic-community> (accessed 19 June 2015).

**106** World Bank, ed., *Indonesia: Avoiding the Trap. Development Policy Review 2014* (Jakarta, May 2014), <http://www.worldbank.org/content/dam/Worldbank/document/EAP/Indonesia/Indonesia-development-policy-review-2014-english.pdf>.

**107** Nadine Sumedi, "Education Hampering Indonesia's Preparations for AEC in 2015", *The Jakarta Globe*, 24 June 2014, <http://thejakartaglobe.beritasatu.com/news/education-hampering-indonesias-preparations-aec-2015/> (accessed 19 June 2015).

The shortage of highly qualified professionals in Indonesia is accompanied by an increasing domestic demand for highly skilled workers.<sup>108</sup> A survey of Indonesian employers revealed that more than 70 per cent of respondents in the manufacturing sector had difficulties finding suitably skilled workers.<sup>109</sup> With the launch of the AEC at the end of 2015 in mind, business associations and labour unions have called for improvements in the training of Indonesia's workforce so that it can compete with skilled workers from other ASEAN member states.<sup>110</sup> In general, the domestic debate on labour mobility almost exclusively focusses on the negative effects of regional economic integration and the potential for Indonesia's workforce to fall behind those of other ASEAN member states. To make matters worse, Indonesia has been recording high population growth rates for years. More and more young employees are coming into the labour market in search of employment opportunities, which in turn has rendered any debate on the liberalisation of the domestic labour market a highly sensitive topic.

### Implementation in Indonesia

The overwhelmingly critical views on labour mobility are attended by the patchy, incomplete implementation of regional agreements. Although MRAs for seven occupational groups have been signed at the regional level, their implementation has been hampered by a number of domestic constraints and limitations. According to a law amendment issued in 2008 by the Ministry of Manpower (with a number of further extensions made in 2013), foreign workers must provide proof of no less than five years of work experience, be able to speak Bahasa Indonesia, and be able to transfer their skill set and knowledge to an Indonesian worker during the course of their stay as part of a traineeship. On the other hand, companies wanting to employ foreign labour are obliged to outline the exact reasons as

**108** Daniel Suryadarma, "Can Indonesia Educate Itself out of Middle-Income Status?", *East Asia Forum*, 12 February 2014, <http://www.eastasiaforum.org/2014/02/12/can-indonesia-educate-itself-out-of-middle-income-status/> (accessed 19 June 2015).

**109** Emanuela di Gropello, Aurelien Kruse and Prateek Tandon, *Skills for the Labour Market in Indonesia. Trends in Demand, Gaps, and Supply* (Jakarta: World Bank, 2011), <http://elibrary.worldbank.org/doi/abs/10.1596/978-0-8213-8614-9> (accessed 19 June 2015).

**110** Lona Olavia, "Indonesia Must Boost Skilled Labour before 2015, Says Kadin", *The Jakarta Globe*, 30 May 2013, <http://thejakartaglobe.beritasatu.com/news/boost-skilled-labour-before-2015-says-kadin/> (accessed 19 June 2015).



to why the respective positions cannot be filled with Indonesian staff. Companies hiring foreigners are furthermore obliged to draw up detailed schedules on how and when foreign workers will be able to transfer their skill sets and knowledge to their Indonesian trainees. All of these documents are subject to approval by the Ministry of Manpower. Companies hiring foreigners are also required to file regular reports on the implementation of their respective trainee programmes to the Ministry of Manpower.

Additional restrictions exist for a number of occupational groups. For example, all medical personnel working in public hospitals and clinics by law have to be Indonesian. The labour mobility for engineers from other ASEAN member states is effectively restricted via quotas imposed on the number of foreign workers that can be employed in certain sectors as well as restrictive visa regulations.<sup>111</sup> In the oil and gas sector, foreign workers above the age of 55 cannot be hired according to a law amendment issued in 2013.<sup>112</sup> According to the Minister of Manpower, Muhaimin Iskandar, the objective behind these and other similar measures is to bring more Indonesians into the upper echelons of companies while at the same time reducing the dependency on foreign workers.<sup>113</sup> According to data published by the Ministry of Manpower, the law amendments were successful, in that they have led to a continuous reduction in foreign workers (both from ASEAN states and non-ASEAN states) over the last several years. For example, whereas in 2012 the number of Malaysian citizens working in Indonesia was around 5,300 people, their number sank to 3,425 in 2013. The data shows similar developments with regard to the number of Thais (2012: 4,146; 2013: 2,779) and Filipinos (2012: 3,588; 2013: 2,168) working in the country.<sup>114</sup>

The findings support the claim that Jakarta has been primarily implementing protectionist policies

**111** Brenda S. A. Yeoh and Miriam Ee, "Labour Migration and Integration in ASEAN", in *Migration and Integration. Common Challenges and Responses from Europe and Asia*, ed. Wilhelm Hofmeister et al. (Singapore et al.: Konrad-Adenauer-Stiftung et al., 2014), 13–30.

**112** American Chamber of Commerce in Indonesia, ed., *New Indonesian Rule Targets Foreign Workers in Energy Sector*, 20 November 2013, <http://www.amcham.or.id/nf/features/4384-new-indonesian-rule-targets-foreign-workers-in-energy-sector> (accessed 18 May 2015).

**113** "Indonesia Aims to Cut Expat Workforce" (see note 101).

**114** Tassia Sipahutar, "RI Cuts Back on Expat Workers", *The Jakarta Post* (online), 16 September 2013, <http://www.thejakartapost.com/news/2013/09/16/ri-cuts-back-expat-workers.html> (accessed 14 April 2015).

recently in order to safeguard the domestic labour market against any potential influx of foreign workers. Various national regulations and laws directly undermine regional agreements aimed at increasing intra-ASEAN labour mobility. To be sure, domestic opposition by business associations and trade unions is not the only factor that explains Indonesia's protectionist stance; regional agreements have also been formulated in vague terms (e.g. with regard to the mutual recognition of qualifications) and lack clarity. Nonetheless, it seems safe to state that Jakarta's main policy priority has been to protect its domestic labour market against any potential influx of foreign workers. This position is based on a perception that views labour mobility primarily as a threat to its domestic workforce. To be fair, this is certainly nothing unique to Indonesia. A similar discourse is taking place in almost all other ASEAN member states.<sup>115</sup> Nevertheless, it seems safe to state that the richer, economically more developed ASEAN member states have by and large followed more liberal, open policy preferences when it comes to labour mobility. Poorer, less economically developed states, on the other hand, have implemented more protectionist policies. The respective policy preferences and their enactment, first and foremost, seem to correlate with national levels of supply and demand for skilled labour. Behind all of this lingers ASEAN's broad development gap. Whereas developed countries such as Singapore have among the highest per capita income levels in the world and a modern, highly functional state apparatus, countries such as Laos are still classified as least developed. Indonesia is certainly not classified as a least developed country. Nonetheless, the common focus in Indonesia is on the need to safeguard its domestic labour market against foreign competitors. This explains the fact that even numerous Indonesian business associations have ranged from being indifferent to being outright negative in their attitudes towards the AEC.<sup>116</sup> As a result, Indonesia's role in the AEC can for the most part be described as that of a foot-dragger rather than a driver of regional integration.<sup>117</sup>

**115** Interview with a member of staff at the ASEAN Secretariat, Jakarta, 25 March 2015.

**116** Widdi Mugijayani and Pratiwi Kartika, "Perspective of the Indonesian Business Sector on the Regional Integration Process", in *Achieving the ASEAN Economic Community 2015. Challenges for Member Countries and Businesses*, ed. Sanchita Basu Das (Singapore: ISEAS, 2012), 196–223.

**117** Junianto James Losari and Joseph Wira Koesnaidi, *Indonesia and the Establishment of the ASEAN Economic Community in 2015*:

## Indonesia in the ASCC: Disaster Management

Next to security policy, disaster management is actually one of the earliest policy fields to require regional cooperation within ASEAN. The first regional expert meeting on natural disasters took place as early as 1971; the meeting was followed by the joint ASEAN Declaration on Mutual Assistance on Natural Disasters in 1976. Natural disasters and their management have directly affected – at different times and to different extents – all ASEAN member states. After all, South-East Asia has been one of the most disaster-prone parts of the world in the last several decades. Hence, what distinguishes disaster management from other policy fields such as labour mobility or counter-terrorism – where, at least according to some member states, the advantages and disadvantages of regional integration are unequally distributed within ASEAN – is that ASEAN, with regard to disaster management, is not split into two or more camps with competing policy preferences.<sup>118</sup>

Since the mid-2000s, almost 350,000 people have fallen victim to natural disasters in the region. Moreover, mega-catastrophes such as the Boxing Day tsunami of 2004, Cyclone Nargis in 2008, and Typhoon Hainan in 2013 were not only costly in terms of human lives lost. They also generated immense negative repercussions in economic terms, in terms of human security, and in terms of reconstruction and development. Moreover, natural disasters have also proven to be costly in political terms: In cases of missing or inefficient emergency relief, local and national political elites have been confronted with mounting domestic and international criticism, at times accompanied by the complete loss of political legitimacy. And the future looks gloomy: The region has witnessed a steady increase in the frequency and severity of natural disasters over the last 10 years, with no signs of the trend reversing. Indonesia has been one of the countries in South-East Asia hit the hardest by these developments. Aside from mega-disasters such as the Boxing Day tsunami of 2004, which destroyed large parts of the province of Aceh in northern Sumatra and cost up to 170,000 lives in Indonesia alone, various parts of the country have been hit almost on

*Are We There Yet?*, Policy Brief, no. 7 (Manila: Asian Development Bank, March 2014).

<sup>118</sup> Linda Quayle, “National and Regional Obligations, the Metaphor of Two-Level Games, and the ASEAN Socio-Cultural Community”, *Asian Politics & Policy* 5, no. 4 (2013): 499–521 (512).

an annual basis by earthquakes, mudslides, volcanic eruptions, and floods.<sup>119</sup>

### Regional Agreements

The high frequency and severity of natural disasters in Indonesia and other parts of the region notwithstanding, ASEAN cooperation in the field of disaster management did not move beyond vague, non-binding declarations of intent until 2005. In line with this, institutional capacities for disaster management and early warnings at the regional level were also not developed. As a consequence, ASEAN proved to be absolutely impotent and incompetent with regard to the organisation of humanitarian aid, disaster relief, and reconstruction when confronted with the devastations caused by the tsunami on Boxing Day of 2004, which not only destroyed large parts of Aceh in Indonesia, but also cost the lives of thousands in Malaysia and Thailand. In the face of ASEAN’s failure to provide aid and relief, and under the eyes of the world, humanitarian aid and relief missions to the affected areas were coordinated by the United States. It was not until much later that ASEAN, through Singapore’s initiative, called an emergency meeting.<sup>120</sup> In the face of the regional organisation’s apparent failure to effectively deal with a large-scale natural disaster, Singapore launched a new diplomatic initiative for increased regional coordination in disaster management, which resulted in the signing of the ASEAN Agreement on Disaster Management and Emergency Response (AADMER). AADMER is not only one of the few legally binding ASEAN agreements, it is also the first legally binding regional agreement on disaster management in the world.<sup>121</sup>

AADMER came into effect in 2009 with the aim of creating a number of preventive measures at the regional level to reduce the vulnerability of ASEAN as well as to establish a joint approach to regional cooperation for emergency relief and disaster management. Hence, AADMER does not simply focus on emer-

<sup>119</sup> Alan Collins, *Building a People-Oriented Security Community the ASEAN Way* (London: Routledge, 2013).

<sup>120</sup> Tim Huxley, “The Tsunami and Security: Asia’s 9/11?”, *Survival* 47, no. 1 (2005): 123–32 (124).

<sup>121</sup> Lillianne Fan and Hanna B. Krebs, *Regional Organisations and Humanitarian Action: The Case of ASEAN*, HPG Working Paper (London: Overseas Development Institute, Humanitarian Policy Group [HPG], 2014), <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9207.pdf>.

gency relief but give equal attention to the establishment of capacities for risk monitoring, prevention, and reconstruction, too.<sup>122</sup> Furthermore, the agreement's appendix contains a so-called work programme. In the work programme, a number of specific steps towards increased regional cooperation and regional integration are listed, including timelines and set targets. Signatories to the agreement are obliged to report frequently on the implementation of the targets. Moreover, the agreement stipulates the establishment of a regional coordination centre for disaster relief – the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre) – to facilitate coordination between national authorities, third states, and international organisations. The AHA Centre was inaugurated in 2011 and is based in Jakarta. Although AADMER is one of the few legally binding ASEAN agreements, nonetheless it does not provide for any sanctioning mechanisms for cases in which member states fail to comply with the terms of the agreement.

### Who Sets the Regional Agenda?

Besides the aforementioned leading role played by Singapore in the aftermath of the 2004 tsunami, Indonesia has been most actively engaged in the development of regional disaster management. Indonesia's regional leadership has undoubtedly been shaped by years of first-hand experience with natural disasters and has led Jakarta to actively push for closer cooperation at the regional level. Although some observers have rightly pointed out that disaster management is, politically, one of the least sensitive policy fields for regional cooperation in which there is usually little to no domestic opposition by special interest groups,<sup>123</sup> reactions by governments to regional cooperation in the case of natural disasters have differed greatly. Whereas the Philippines and Indonesia were generally open to intra-regional cooperation as well as to cooperation with third states and international organi-

sations, Myanmar's military junta effectively closed the country off from external aid and emergency relief in the wake of Cyclone Nargis over fears of interventions into the country's international affairs and a concerted destabilisation of the military regime.<sup>124</sup> It was not until the ASEAN secretary-general – who subsequently played the role of mediator between the junta and the international community after a number of closed-off talks with the junta – together with the foreign ministers of Singapore and Indonesia put pressure on Myanmar that the military leadership caved in and allowed humanitarian aid to flow into the country. Indonesia's then-Foreign Minister Hassan Wirajuda, even went as far as to publicly insinuate the possibility of activating the UN's Responsibility to Protect (R2P) in case there was a protracted refusal by the junta to let humanitarian aid into the affected areas.<sup>125</sup> It has been acknowledged that it was partly due to this resolute approach that the junta changed its position, which in turn made the establishment of the Tripartite Core Group for the coordination of external aid possible.<sup>126</sup>

Jakarta also showed strong engagement with regard to the implementation of AADMER, and specifically the establishment of the AHA Centre. For instance, the Indonesian government offered to host the Centre in Jakarta and provided the needed premises and technical equipment, as well as most of the current members of staff, who are Indonesian. To ensure the region-wide implementation of ADDMER, the ASEAN Committee on Disaster Management, which is comprised of representatives of national disaster management agencies, set up working groups for specific aspects of disaster management to coordinate regional cooperation. Each of these working groups is headed by a lead nation, so-called lead shepherds. Indonesia serves as lead shepherd in the fields of "early warning",<sup>127</sup> "dis-

<sup>122</sup> ASEAN, *The ASEAN Agreement on Disaster Management and Emergency Response* (Vientiane, 26 July 2005), <http://www.asean.org/communities/asean-socio-cultural-community/item/the-asean-agreement-on-disaster-management-and-emergency-response> (accessed 4 June 2015).

<sup>123</sup> Angela Pennisi di Floristella, *Building the ASEAN Center for Humanitarian Assistance and Emergency Response*, KFG Working Paper Series, no. 62 (Berlin: Freie Universität Berlin, Kolleg-Forscherguppe [KFG], January 2015).

<sup>124</sup> Daniel Petz, *Strengthening Regional and National Capacity for Disaster Risk Management: The Case of ASEAN* (Washington, D.C.: Brookings-LSE Project on Internal Displacement, November 2014), <http://www.brookings.edu/research/reports/2014/11/05-south-east-asia-disasters-petz> (accessed 4 June 2015).

<sup>125</sup> Alex J. Bellamy and Mark Beeson, "The Responsibility to Protect in Southeast Asia: Can ASEAN Reconcile Humanitarianism and Sovereignty?", *Asian Security* 6, no. 3 (2010): 262–79.

<sup>126</sup> Fan and Krebs, *Regional Organisations and Humanitarian Action* (see note 121), 13.

<sup>127</sup> ASEAN, *ASEAN Agreement on Disaster Management and Emergency Response (AADMER), Work Programme 2010–2015* (Jakarta, November 2010), <http://www.asean.org/resources/publications/asean-publications/item/asean-agreement-on-disaster-manage>

aster risk financing”<sup>128</sup> as well as “recovery”, in conjunction with Myanmar.<sup>129</sup>

### Indonesia’s Perception and Position

Indonesia’s perception and its policy preferences, with their emphasis on a strong need to enhance regional cooperation on disaster management, have been shaped significantly by the Boxing Day tsunami of 2004. The tsunami illustrated in a very drastic manner the inadequacy of existing national and regional capacities for disaster management in the face of a mega-disaster. In Jakarta’s view, this spurred a necessity for an enhanced, better integrated, and stronger institutionalised regional cooperation mechanism for disaster management. Up until then, Jakarta had eyed any further regional integration with suspicion due to fears of breaching national sovereignty and possible external intervention in internal affairs. Faced with mega-disasters such as the 2004 tsunami, these fears began to take a back seat.<sup>130</sup>

After 2004 the dominant view in Jakarta was one that, in the words of then-President Yudhoyono, had turned disaster management into a “national priority” because “natural disasters in all its forms – tsunamis, earthquakes, forest fires, floods, landslides, volcanic eruptions – have been the greatest threats to our national security and public well-being. They have caused more damages to property and to citizens’ lives than any other factors.”<sup>131</sup> The Yudhoyono government became a strong supporter of regional integration in the field of disaster management on the basis of the assumption that increased regional and international cooperation would make Indonesia “stronger” and “more secure”.<sup>132</sup>

Because of this – and the corresponding political will to change national legislation, in line with the norms and set targets of regional agreements on disaster management – the implementation of AADMER

has, according to observers, not met any noticeable domestic opposition so far. This is an experience that has not been shared by all other ASEAN member states. In Indonesia, the overwhelming majority of the political elites as well as the bureaucracy regard the implementation of AADMER, which has been for the most part in the hands of Indonesia’s National Board for Disaster Management (BNPB), as a useful step for improving domestic capabilities. At the same time, it appears to be widely believed that Indonesia’s own experiences and capabilities can be of use for developing enhanced capabilities for disaster management at the regional level as well as in other ASEAN member states.<sup>133</sup>

### Implementation in Indonesia

The 2004 tsunami has certainly been a catalyst for the growing urgency to develop new – as well as upgrade existing – capabilities for disaster management and emergency relief, nationally and regionally. Since then, Indonesia has come to play a key role in the definition of the concrete terms of AADMER at the regional level while also implementing them at the national level. The National Action Plan for Disaster Risk Reduction (NAP DRR) was developed in 2006, followed by the enactment of the Disaster Management Law 24/2007 the following year. The latter is congruent with the key terms of the regional agreement. Moreover, changes on the institutional level were also undertaken in line with the terms of AADMER. Jakarta created a national board for disaster management BNPB in 2008, including the establishment of BNPB field offices at the provincial level.<sup>134</sup>

Besides the legal and institutional changes, Jakarta also raised the budget for disaster management and relief. Between 2010 and 2013 alone, the BNPB’s budget and staff almost tripled. Indonesia’s efforts earned the country a lot praise and recognition at the international level, too. The United Nations awarded the honour of “Global Champion for Disaster Risk Reduction” to then-President Yudhoyono in 2011 for leading the first state in the world towards compliance with the UN’s Hyogo Framework for Action at the national level in the form of the aforementioned Disaster Management Law.

ment-and-emergency-response-aadmer-work-programme-2010-2015-4th-reprint (accessed 5 June 2015).

<sup>128</sup> Ibid., 46.

<sup>129</sup> Ibid., 64.

<sup>130</sup> Collins, *Building a People-Oriented Security Community* (see note 119), 144.

<sup>131</sup> Susilo Bambang Yudhoyono, “Opening Speech at the Fifth Asian Ministerial Conference for Disaster Risk Reduction” (Yogyakarta, 23 October 2012), <http://www.unisdr.org/archive/29378> (accessed 5 June 2015).

<sup>132</sup> Yudhoyono, *Responding to Global Challenges* (see note 36).

<sup>133</sup> Petz, *Strengthening Regional and National Capacity* (see note 124), 25.

<sup>134</sup> Ibid., 36.

Furthermore, Indonesia organised a number of regional disaster management trainings and manoeuvres, most of them within the ARF framework. Examples include the ASEAN Regional Forum for Disaster Relief Exercise in 2011 in Manado; the ARF Inter-Sessional Meeting on Disaster Relief in 2012; a conference at the ministerial level on disaster risk reduction (Asian Ministerial Conference on Disaster Risk Reduction) in 2012 in Yogyakarta; and the Mentawai-Megathrust earthquake simulation in 2014 in Padang, in which more than 20 different states participated. Hence, Indonesia has generally played a key role regionally in the field of disaster management since the mid-2000s. It was especially the 2004 tsunami, which took the lives of more than 160,000 Indonesians, which rendered the importance of regional and international cooperation and the need to improve the respective capacities to the country's political elites. Since then, Indonesia has not only successfully placed disaster management on the regional agenda but also played an active role in shaping regional and international cooperation in the field.

### Indonesia in the ASCC: Haze and Air Pollution

The haze that engulfs large parts of maritime South-East Asia – and the massive amounts of air pollution that come with it – is to a large extent caused by illegal slash-and-burn land clearing on Sumatra and the Indonesian part of Borneo (Kalimantan). The haze has been a recurring problem since the 1990s for Indonesia and its neighbours. It is caused by clearing peatland with fire and is a health hazard for an estimated 70 million people, which is reflected in the increase of haze-related skin and eye problems and chronic respiratory illnesses.<sup>135</sup> It has caused significant economic damage, too, impeding the transport sector, especially air transport. Schools, universities, factories, and government buildings have to be closed time and again because of exorbitantly high levels of air pollution. Tourist numbers have also been dropping in the affected areas.<sup>136</sup> In addition, the

<sup>135</sup> Gianna Gayle Amul, *Haze and Air Pollution: The Potential Health Crisis*, RSIS Commentaries, no. 122 (Singapore: S. Rajaratnam School of International Studies [RSIS], 2013).

<sup>136</sup> Mely Caballero-Anthony, "Challenging Change: Nontraditional Security, Democracy, and Regionalism", in *Hard Choices: Security, Democracy, and Regionalism in Southeast Asia*, ed. Donald K.

increase in illegal slash-and-burn land clearing activity has accelerated climate change. Indonesia is by now the world's third-largest producer of CO<sub>2</sub>. To a large extent, the emissions are the result of large-scale forest fires being used to transform peatland into palm oil plantations.<sup>137</sup>

When air pollution levels first skyrocketed as the result of the haze in 1997, two of Indonesia's neighbours most affected by it, Singapore and Malaysia, attempted to put the issue of haze on the regional agenda. As a result of external pressure and skyrocketing air pollution levels, the Suharto government felt pressured to declare the haze a "national catastrophe". In response, a number of new laws and decrees were passed that penalised land clearing by fire as well as the main purpose behind them: the illegal transformation of woodlands into palm oil plantations. Plans were made to improve the equipment and training of the fire brigades. In addition, the pressure from Singapore and Malaysia at the regional level in reaction to the severe economic and health repercussions that the haze caused led to the launch of the Regional Haze Action Plan in December of 1997. On the basis of the action plan, the ASEAN Agreement on Transboundary Haze Pollution was signed by all ASEAN member states in 2002.

### Regional Agreements

The ASEAN Agreement on Transboundary Haze Pollution was preceded by numerous regional meetings and workshops on transnational air pollution that were held during the 1980s and 1990s. A Haze Technical Task Force was established in 1995, which sought to improve the coordination of the monitoring of forest fires between ASEAN member states. Generally, through the aforementioned working plan, attempts had been made to improve regional coordination since 1997. The working plan, however, was devoid of any legally binding guidelines. This shortcoming was to be amended through the signing of the ASEAN Agreement on Transboundary Haze Pollution in 2002.

Emmerson (Baltimore: Brookings Institution Press, 2009), 191–218.

<sup>137</sup> J. Jaenicke et al., "Determination of the Amount of Carbon Stored in Indonesian Peatlands", *Geoderma* 147, no. 3–4 (2008): 151–58; Kristell Hergoualc'h and Louis V. Verchot, "Stocks and Fluxes of Carbon Associated with Land Use Change in Southeast Asian Tropical Peatlands: A Review", *Global Biogeochemical Cycles* 25, no. 2 (2011): 1–13.

In contrast to the majority of ASEAN agreements, which tend to be non-binding, the agreement is one of the few legally binding ASEAN documents. It came into effect at the end of 2003 after it had been ratified by a majority of member states. Member states committed themselves to monitor the spread of forest fires and haze, as well as to extinguish fires and prevent their outbreak where possible. Among other things, by signing the agreement, member states committed themselves to legally prohibit land clearing through fire at the national level; to improve national fire prevention and management capacities; to strengthen local fire brigades; to increase awareness of – and education on – the impacts of illegal slash-and-burn land clearing and fire prevention; to improve national fire-monitoring capacities; and to set up research programmes on the causes and consequences of air pollution and haze. Although this long list of provisions is effectively legally binding, it is set in rather vague language, thus giving individual member states a lot of scope with regard to actual interpretations and implementation. For example, all signatories committed themselves to take on all necessary legal and bureaucratic steps to implement the agreement. However, the necessary steps were never precisely laid out and defined – neither in qualitative nor in quantitative terms. Because of this, a precise examination of the degree of an individual member state's compliance with the agreement (or lack thereof) is almost impossible. Furthermore, the agreement is devoid of any sanctioning mechanisms in cases of non-compliance, which, along with conflicts between signatories, are solely to be resolved through consultations and negotiations. To improve the monitoring of existing fires, and to improve the coordination of fire management at the regional level, the agreement also stipulates the creation of a coordinating body, the ASEAN Coordinating Centre for Transboundary Haze Pollution Control. It is to collect data on the outbreak of fires, the development of haze, and the fire management capacities for all the member states. Finally, the agreement calls for the establishment of a help fund – the ASEAN Haze Fund – to which member states can make contribution on a voluntary basis.

### Who Sets the Regional Agenda?

Pressure to make the haze a regional issue as well as attempts to establish regional approaches and modes of coordination for its reduction were primarily made

by those member states most affected by it. These were first and foremost Indonesia's direct neighbours, Singapore and Malaysia, and to a lesser extent Brunei and Thailand. From the viewpoints of Singapore and Kuala Lumpur, the haze was an issue that could only be resolved through the close cooperation of all affected countries. It was the two aforementioned states that were the first to ratify the ASEAN Agreement on Transboundary Haze Pollution. Small states such as Singapore have long favoured regional approaches to tackle the issue, mostly because they are aware of their limited capabilities (e.g. population size and economic power) to bilaterally influence Indonesia's behaviour in accordance with their policy preferences. Hence, they have continued to work together with other ASEAN states in an attempt to resolve the issue at the regional level. The former Foreign Minister of Singapore, Kasiviswanathan Shanmugam, emphasised the importance of ASEAN by stating that it was not possible for Singapore to exert much pressure on Indonesia until the "haze" became a regional issue.<sup>138</sup> In general, the "haze agreement", as well as the respective regional institutions (e.g. the Haze Technical Task Force), came into existence through Singaporean leadership. This also includes the Sub-Regional Ministerial Steering Committee on Transboundary Haze Pollution, which is supposed to improve coordination between the affected states regarding the haze. It was also thanks to another initiative of Singapore during its Steering Committee chairmanship that the decision was taken to implement a monitoring system (Sub-Regional Haze Monitoring System), with the purpose of documenting hotspots all over maritime South-East Asia.<sup>139</sup> Furthermore, Singapore (in 2007) and Malaysia (in 2008) signed memorandums with Indonesia on the provision of technical assistance to fight fires. Moreover, Singapore and Malaysia, as the two states most affected by the haze, continuously exerted pressure on Indonesia to actually ratify the haze agreement. Almost annually, Singapore and Kuala Lumpur addressed protest letters to Jakarta

<sup>138</sup> Ministry of Foreign Affairs, ed., "Transcript of Minister for Foreign Affairs and Minister for Law K Shanmugam's Press Conference on the Haze Issue", Press Release (Singapore, 22 June 2013), [http://www.mfa.gov.sg/content/mfa/media\\_centre/press\\_room/pr/2013/201306/mfa-press-release-transcript-of-minister-for-foreign-affairs-an.html](http://www.mfa.gov.sg/content/mfa/media_centre/press_room/pr/2013/201306/mfa-press-release-transcript-of-minister-for-foreign-affairs-an.html) (accessed 5 June 2015).

<sup>139</sup> National Environment Agency, ed., *Factsheet on Transboundary Haze Pollution*, Singapore 2014, <http://www.nea.gov.sg/docs/default-source/corporate/COS-2014/transboundary-haze-pollution.pdf?sfvrsn=0> (accessed 5 June 2015).

demanding a more vigorous response to the problems associated with illegal slash-and-burn land clearing in Indonesia. They also badgered Jakarta to hold various ministerial-level meetings about the haze every year. These efforts were also being made due to the rising levels of domestic pressure on the governments of Singapore and Malaysia to get tougher on Indonesia. A recent study on news reporting on transnational air pollution found that the number of articles openly criticising Indonesia for its failure to ratify the haze agreement and to prosecute the culprits behind the illegal fires had sharply risen since the mid-2000s. One can infer that these media reports shaped public opinion towards Indonesia in an equivalently negative way, thus exerting additional pressure on the respective governments to act.<sup>140</sup>

### Indonesia's Perception and Position

The external pressure put by Singapore and Malaysia on Jakarta was condemned across party lines and institutions as illegitimate meddling into Indonesia's internal affairs. In reaction to what was perceived as attempts to compromise Indonesian sovereignty, sand exports to Singapore, among other things, were halted.<sup>141</sup> An example of the brusque manner in which Indonesia reacted to the criticism of its inertia on the haze issue from other ASEAN states is a statement by then-Minister for Welfare and Social Security, Agung Laksono, who in 2013 depicted Singapore's complaints as being "childish" and described the haze as a mere "natural phenomenon".<sup>142</sup> In the spring of 2015, Vice-President Jusuf Kalla made headlines by publicly dismissing Singaporean complaints over the haze by stating: "For 11 months, they enjoyed nice air from Indonesia and they never thanked us. They have suffered because of the haze for one month and they get upset".<sup>143</sup>

**140** Tim Forsyth, "Public Concerns about Transboundary Haze: A Comparison of Indonesia, Singapore, and Malaysia", *Global Environmental Change* 25 (March 2014): 76–86.

**141** Jeff Ooi, "Haze: Balls on UN Table, Indonesia Upset", *Asian Correspondent*, 6 November 2006, <http://asiancorrespondent.com/6717/haze-balls-on-un-table-indonesia-upset/> (accessed 7 June 2015).

**142** "Indonesian Minister Says Singapore 'Behaving Like a Small Child' over Haze", *The Straits Times*, 20 June 2013, <http://www.eco-business.com/news/indonesian-minister-says-singapore-behaving-small-child-over-haze/> (accessed 7 June 2015).

**143** Novianti Setuningsih, "VP Kalla Slams Neighboring Countries over Haze Complaints", *The Jakarta Globe*, 3 March 2015,

Jakarta's often rather brusque and broad-brushed public reaction across party lines and institutions should, however, not belie the fact that, with regard to the haze issue, the Indonesian polity has been split into various camps. During the two tenures of President Yudhoyono, the executive has been a vocal supporter of the rapid ratification of the haze agreement. In 2006 Yudhoyono called for a "war against haze", made apologies to Indonesia's neighbours, and called on his government to move decisively against illegal land clearing.<sup>144</sup> For Yudhoyono the haze was not just a health issue or an economic issue, he also perceived it as tainting Indonesia's international image.<sup>145</sup> Yudhoyono furthermore linked the haze issue with the debate on climate change<sup>146</sup> by drawing a direct connection between more sustainable forestry management in Indonesia and lowering CO<sub>2</sub> emissions.<sup>147</sup>

However, attempts by the Yudhoyono administration to push for a rapid ratification of the haze agreement failed. The respective bill failed to pass Indonesia's parliament because a majority of parliamentarians thought it would violate Indonesia's national sovereignty. It was also criticised for essentially only serving the interests of Indonesia's neighbours, while at the same time neglecting Indonesian demands for stronger regional efforts against other transnational phenomena, such as illegal logging and timber trade and illegal fishing, which were largely being ignored at the regional level.<sup>148</sup> Many parliamentarians viewed the blockade of the ratification of the haze agreement as a way to increase Indonesia's leverage to push for a

<http://thejakartaglobe.beritasatu.com/news/vp-kalla-slams-neighboring-countries-over-haze-complaints/> (accessed 7 June 2015).

**144** "Yudhoyono Apologises for Haze Situation", *Singapore Business Times*, 12 October 2006, <http://www.ytlcommunity.com/commnews/shownews.asp?newsid=25524> (accessed 7 June 2015).

**145** Susilo Bambang Yudhoyono, "Keynote Speech at The Forest Indonesia Conference: Alternative Futures to Meet Demands for Food, Fibre, Fuel and REDD+" (Jakarta, 27 September 2011), <http://www.presidentri.go.id/index.php/eng/pidato/2011/09/27/1715.html> (accessed 8 June 2015).

**146** Susilo Bambang Yudhoyono, "Speech at The Center for International Forestry Research (CIFOR)" (Bogor, 13 June 2012), <http://www.presidentri.go.id/index.php/eng/pidato/2012/06/13/1870.html> (accessed 8 June 2015).

**147** Susilo Bambang Yudhoyono, *Update Indonesia: Vibrant Democracy, Emerging Economy, Crucial Carbon Sink* (Berlin, 16 December 2009), <http://www.presidentri.go.id/index.php/eng/pidato/2009/12/16/1272.html> (accessed 8 June 2015).

**148** Interview with an advisor to the Indonesian Vice-President, Jakarta, 25 March 2015.

broader environmental protection agreement at the regional level. That agreement was to include other issues aside from the haze issue, such as illegal fishing and illegal logging. The fact that some of the palm oil companies allegedly involved in illegal land clearing were owned by Singaporean and Malaysian businessmen was also repeatedly raised in parliament in order to further prolong the ratification process.<sup>149</sup>

### Implementation in Indonesia

Until the Indonesian parliament finally ratified the haze agreement in September 2014, after a 12-year delay, the country was widely perceived as being a foot-dragger. Although the Indonesian parliament's foot-dragging and Jakarta's often abrasive rhetoric were rightfully criticised, it needs to be noticed that Jakarta had effectively implemented various regulations of the haze agreement long before it finally ratified the agreement in 2014. For example, a "zero burning policy" had been established as early as 2001 via a country-wide ban on fire clearing (Government Regulation 4/2001). Another example is the Law on Environmental Management and Protection from 2009, which criminalised fire clearing. Those found guilty of fire clearing face prison sentences. Also, fire regulations for plantation owners were tightened and non-observance became punishable by fines or, in extreme cases, prison sentences.<sup>150</sup>

The fact that Indonesian laws in many ways corresponded with the haze agreement's regulations was, however, not tantamount to a reduction in haze. Quite the contrary, various studies point out that the number of incidents of fire clearing, as well as their size and scope, has actually increased over the last few years.<sup>151</sup> In 2014 a record number of fires were counted on Indonesian soil. At the time of writing (autumn of 2015), large parts of Sumatra and Borneo are engulfed in the haze because of dozens of illegal incidents of

fire clearing.<sup>152</sup> At the same time, other studies illustrate how the number of hectares of woodland and peatland converted into palm oil plantations on Sumatra and Kalimantan almost tripled between 2001 and 2011.<sup>153</sup> Indonesia, however, has not just failed to reduce the number of fires; it has also fallen behind with regard to other key aspects of the haze agreement. The capacities of the fire brigades were not boosted in a noteworthy manner, fire clearing was not systematically monitored, and effective fire prevention mechanisms were not implemented. Cooperation with other ASEAN member states only takes place when fires have already broken out – and even then, cooperation is usually very slow and ineffective.<sup>154</sup>

It needs to be mentioned at this point that Indonesia's failure to fully implement the haze agreement and reduce the number of fires is not simply due to a lack of political will in Jakarta. The situation is further complicated by a decentralisation of decision-making authority on environmental governance as part of Indonesia's general decentralisation process after the fall of Suharto. Decision-making authority on a number of important issues, for example the issuing of plantation permits, has been shifted from the national to the district level (or in some cases to the province level). According to two laws (Law No. 22/1999 and Law No. 32/2004), the management of natural resources as well as key aspects of environmental protection became heavily decentralised. Decision-making authority on the conversion of woodlands into plantations up to a size of 1,000 hectares has been taken from the hands of government officials in Jakarta. The same is true for the criminal prosecution of fire clearing and illegal land conversions, on which authority now also rests with local government agencies.<sup>155</sup> The diffusion of decision-making authority has opened the door for collusion between local officials, security forces, and

**149** Paruedee Nguitragee, *Environmental Cooperation in Southeast Asia. ASEAN's Regime for Transboundary Haze Pollution* (London: Routledge, 2010), 165.

**150** Environmental Investigation Agency/Telapak, ed., *Testing the Law. Carbon, Crime and Impunity in Indonesia's Plantation Sector* (London, July 2012), 5.

**151** Giorgio Budi Indrarto et al., *The Context of REDD+ in Indonesia: Drivers, Agents and Institutions* (Bogor: Center for International Forestry Research, 2012); Helena Varkkey, "Patronage Politics as a Driver of Economic Regionalisation: The Indonesian Oil Palm Sector and Transboundary Haze", *Asia Pacific Viewpoint* 53, no. 3 (2012): 314–29.

**152** "Hazing Rituals", *The Economist*, 12 September 2015, <http://www.economist.com/news/asia/21664231-after-all-meetings-and-promises-smog-south-east-asia-still-proves-ineradicable-hazing> (accessed 29 September 2015).

**153** Lian Pin Koh et al., *Remotely Sensed Evidence of Tropical Peatland Conversion to Oil Palm*, *Proceedings of the National Academy of Sciences* 108, no. 12 (Washington, D.C., 7 March 2011): 5127–5132.

**154** Lee Poh Onn, *No End in Sight to Haze Dilemma*, *ISEAS Perspective* 39/2013 (Singapore: ISEAS, 24 June 2013).

**155** Marcus Colchester et al., *Promised Land: Palm Oil and Land Acquisition in Indonesia: Implications for Local Communities and Indigenous Peoples* (Moreton-in-Marsh et al.: Forest Peoples Programme et al., 2006); Luca Tacconi and Yayat Ruchiat, "Livelihoods, Fire and Policy in Eastern Indonesia", *Singapore Journal of Tropical Geography* 27, no. 1 (2006): 67–81.



palm oil plantations, which is at least partly to blame for Indonesia's piecemeal implementation of the haze agreement. Furthermore, Yudhoyono in many ways thwarted his very own "war against haze" by simultaneously calling for an expansion of palm oil production in Indonesia, which currently is the world's biggest palm oil producer.<sup>156</sup> According to plans made by his successor, Jokowi, palm oil production is even predicted to double by 2020. Hence, political priorities in Jakarta have to some extent shifted away from a narrative emphasising a "war against haze", sustainable forest governance, and a reduction of CO<sub>2</sub> emissions, and towards a focus on rapid economic growth. This has only further hampered the full implementation of the haze agreement in Indonesia.

**156** Yoga Rusmana, "Indonesia Must Boost Palm Use to Support Prices, Yudhoyono Says", *Bloomberg Business*, 28 November 2013, <http://www.bloomberg.com/news/2013-11-28/indonesia-must-boost-palm-use-to-support-prices-yudhoyono-says.html> (accessed 8 June 2015); World Growth, *The Economic Benefit of Palm Oil to Indonesia* (Arlington, February 2011).

## Recent Developments under the Jokowi Administration

According to some observers, indication of a change in Indonesian foreign policy was already visible shortly after Jokowi took office in late 2014. Jokowi, who was widely deemed to be inexperienced in international affairs, openly criticised “Western dominated” international institutions such as the United Nations and the International Monetary Fund. He also gave orders to sink fishing vessels, mostly from other ASEAN member states, caught fishing illegally in Indonesian waters. In addition, he ended the moratorium on executions for drug traffickers, which had been established during the term of his predecessors. The execution of two Australian citizens caused a firestorm of criticism in Australia and led to Canberra recalling its ambassador to Indonesia. Both moves – the executions of drug traffickers and the hardline policy against illegal fishing – were favourably received by the majority of the Indonesian public and the press though. Within months of Jokowi taking office, major differences started to emerge between Jokowi’s “national interest”-driven foreign policy and the “1000 friends, zero enemies” foreign policy paradigm established under his predecessor.<sup>157</sup> With regard to the ASEAN Economic Community, Jokowi stated that he would only support regional integration measures if they did not run counter to Indonesia’s national interests. According to various media reports, the president also has so far shown very little understanding of ASEAN’s protracted, drawn-out decision-making process.<sup>158</sup> One of his close foreign policy advisors bluntly argued that ASEAN was not “the” cornerstone of Indonesian foreign policy anymore but merely “one” cornerstone of many.<sup>159</sup> At the heart of the Jokowi administration’s foreign policy

is Jokowi’s very own idea of Indonesia as a “maritime fulcrum”. It is aimed at rapidly developing the maritime resources and maritime connectivity of the archipelagic state as well as towards cooperating more closely with Indonesia’s littoral states in the Indian Ocean and Pacific Ocean. To achieve these aims, maritime infrastructure, especially the country’s many dilapidated ports, is to be restored and strengthened, its navy upgraded, and its national fishery industry is to be better protected from neighbouring states’ fishing fleets illegally operating in Indonesian waters. All the aforementioned developments have been interpreted as signs of an increasingly inward-looking Indonesian foreign policy, which in turn has the country turning away from its leadership role in ASEAN.<sup>160</sup>

If one moves beyond the often unemotional, matter-of-fact rhetoric on ASEAN, Jokowi’s ASEAN policy is actually no more or less ambivalent towards regional integration than that of his predecessors. With regard to the APSC, there are few, if any, indicators of Indonesia turning away from ASEAN under Jokowi. In the context of debates on issues relating to regional security, Vice-President Jusuf Kalla and Foreign Minister Retno Marsudi have repeatedly referred to ASEAN as the most important instrument for Indonesia’s attempts to foster regional security and stability in Asia.<sup>161</sup> Jakarta also emphatically supported efforts to forge a unified ASEAN position on the South China Sea conflict during the ASEAN summit in Kuala Lumpur in 2015. Very much like her predecessor, Foreign Minister Marsudi urged the conflicting parties to conclude a legally binding Code of Conduct for the South China Sea, which Indonesia continues to view as the key tool to manage tensions there. Indonesia has made

<sup>157</sup> Yudith Ho and Rieka Rahadiana, “Indonesia under Widodo Shifts From ‘Zero-Enemies’ Diplomacy”, *BloombergBusiness*, 23 April 2015, <http://www.bloomberg.com/news/articles/2015-04-23/indonesia-under-widodo-steps-away-from-zero-enemies-diplomacy> (accessed 24 August 2015).

<sup>158</sup> “A Thousand Jilted Friends”, *The Economist*, 2 May 2015, <http://www.economist.com/news/asia/21650173-new-president-charts-markedly-different-course-thousand-jilted-friends> (accessed 24 August 2015).

<sup>159</sup> Rizal Sukma, *Indonesia’s Foreign Policy and Security Issues: Continuity, Evolution, or Change* (Video file) (Washington, D.C., 11 December 2014), <https://vimeo.com/album/3185978/video/115271536>.

<sup>160</sup> Prashanth Parameswaran, “Is Indonesia Turning Away from ASEAN under Jokowi?”, *The Diplomat*, 18 December 2014, <http://thediplomat.com/2014/12/is-indonesia-turning-away-from-asean-under-jokowi/>; Tantowi Yahya, “Has Jokowi Put ASEAN on the Sidelines?”, *The Jakarta Post (online)*, 1 June 2015, <http://www.thejakartapost.com/news/2015/06/01/has-jokowi-put-asean-sidelines.html>.

<sup>161</sup> “Indonesia to Raise Four Point Issue in ASEAN Summit: Minister”, *Antaranews.com*, 27 April 2015, <http://www.antaranews.com/en/news/98672/indonesia-to-raise-four-point-issue-in-asean-summit-minister>.

no territorial claims in the South China Sea and, thus, is not a claimant state. Jokowi himself has recurrently tried to draw attention to Indonesia's possible role as an honest broker in the conflict. And Defence Minister Ryamizard Ryacudu suggested the establishment of "joint peace patrols" in the South China Sea at the Shangri-La Dialogue in May 2015. Regarding the recent "migration crisis" involving mostly Rohingyas arriving by boat, as well as the connections between local Islamist militants and ISIS, the Jokowi administration has also stuck to long-established foreign policy patterns by actively seeking to foster increased regional cooperation in ASEAN and beyond on these issues.<sup>162</sup>

Moreover, a few months after Jokowi took office, Indonesia finally ratified the ASEAN haze agreement. To reduce the overlapping of competencies between the Ministry of Environment and the Ministry of Forestry over issues such as land use rights or the licensing of palm oil plantations, both ministries have been merged into the Ministry of Environment and Forestry. Additionally, the highly complex licensing processes for the establishment of palm oil plantations were streamlined. Prior to that, the process involved numerous government agencies with at times overlapping competences, thus opening up multiple avenues for corruption and collusion. In conjunction with local and national disaster management agencies, the fire brigade, and the Ministry of Environment and Forestry, Jokowi's cabinet tried to identify areas at high risk from an outbreak of forest fires in order to be able to take precautionary measures to prevent so-called hotspots. A number of corporate executives have been arrested in connection with illegal forest fires on Sumatra and Kalimantan.<sup>165</sup> Furthermore, under the Jokowi administration, a hotspot tracking system has been established, whose datasets are publicly accessible via the internet.<sup>163</sup> All these measures, however, did not prevent the outbreak of large fires in the autumn of 2015. Much less activism has been displayed by the Jokowi administration in other fields of the ASCC such as disaster management. Jokowi did pay a visit to a refugee camp inhabited by people displaced from their homes due to the outbreak of Mount Sinabung volcano, but other than that, little is known

<sup>162</sup> Ryamizard Ryacudu, "New Forms of Security Collaboration in Asia" (Singapore, 30 May 2015), <http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/shangri-la-dialogue-2015-862b/plenary2-a5ab/ryacudu-048e>.

<sup>163</sup> For more information on the hotspot tracking system, go to <http://sipongi.menlhk.go.id/home/main>.

so far about his priorities and plans in the field of disaster management.<sup>164</sup>

What has been frequently observed is a reinforcement of Indonesia's general reluctance over increased economic integration in the context of the AEC, and the protectionist economic policies launched by Jakarta in response to that under Jokowi. For example, in July 2015 the import tariffs for a large number of consumer goods – ranging from food to automobile parts – were raised (in some cases quite drastically). The government stated dwindling local demand coupled with increased foreign competition as the reason for the tariff hikes, arguing that local producers needed to be protected from foreign competition. The non-tariff trade barriers and restrictive controls on foreign investments have also been maintained by the current administration.<sup>165</sup> Quite the contrary, it was reported that the Ministry of Trade is currently working on a draft bill that would establish domestic content requirements for the telecommunications and automobile sectors. Moves like these have been unanimously supported by the national trade association.<sup>166</sup> Moreover, the Indonesian Chamber of Commerce in 2015 put increased pressure on the government to protect local products via new tariffs and non-tariff trade barriers before the AEC came into power on the 31 December 2015. At the same time, trade union representatives voiced their concerns over the negative effect that increased labour mobility – as part of the AEC – would have on the Indonesian labour market. Hence, so far the Jokowi government has by and large acted on general apprehensions over the AEC and fears over the country's lack of competitiveness and it becoming little more than a marketplace for producers based in other ASEAN member states in particular. A number of cabinet members have made public statements calling for a sluggish, protracted implementations of various AEC regulations in order to protect Indonesian companies and workers from foreign competitors. During a discussion on the AEC in early 2015,

<sup>164</sup> Dicky Pelupessy, "National Disaster Risk Reduction under Jokowi", *The Jakarta Post* (online), 16 March 2015, <http://www.thejakartapost.com/news/2015/03/16/national-disaster-risk-reduction-under-jokowi.html#sthash.rgDloTrD.dpuf>.

<sup>165</sup> Creina Day and Yose R. Damuri, "Economic Reform in Jokowi's Indonesia", *East Asia Forum*, 20 May 2015, <http://www.eastasiaforum.org/2015/05/20/economic-reform-in-jokowis-indonesia/>.

<sup>166</sup> Siwage Dharma Negara, "Will Jokowi Restrict Imports Even Further?", *The Straits Times*, 6 August 2015, <http://www.straitstimes.com/asia/se-asia/will-jokowi-restrict-imports-even-further>.

Jokowi seconded this particular discourse by reiterating his apprehension over the prospect of Indonesia becoming a mere playground for incoming foreign businesses that would squash local businesses. He also stated that if this scenario were to unfold, he would cease to support the implementation of the AEC immediately. Therefore, it seems safe to state that, for the time being, the discourse on the AEC can to a large extent still best be characterised as apprehensive. The focus of the debate in Indonesia is primarily on how Indonesian businesses and workers might be able to not lose out, rather than on how they could win or profit from the AEC. Thus, business representative and trade union representatives alike are pushing for greater protection from the government.<sup>167</sup> Therefore, Jokowi currently appears to be trapped between two currently contradictory policy preferences. On the one hand, he has made calls to open up the Indonesian economy to foreign investments and has tried to woo investors at international forums. His speech at the Asia-Pacific Economic Cooperation summit in late 2014, for example, ended with a direct plea for foreign investors to come to Indonesia. Yet, on the other hand, he needs to please domestic interests by portraying himself as a president that protects Indonesian companies and workers and does not sell the country out to foreign interests. Thus far, the focus of the Jokowi government seems to be more on the protectionist side of things. Indonesia's growing protectionism has observers worried over the future trajectory of the AEC, which took effect at the end of 2015, and its key objective of creating a common market for goods, services, capital, investments, and (highly qualified) labour.<sup>168</sup>

**167** Vanitha Nadaraj and Ardi Wirdana, "Does AEC Need Indonesia More Than Indonesia Needs AEC?", *The Establishment Post*, 28 May 2015, <http://www.establishmentpost.com/aec-need-indonesia-indonesia-needs-aec/>.

**168** Arianto Patunru and Sjamsu Rahardja, *Trade Protectionism in Indonesia: Bad Times and Bad Policy* (Canberra: Lowy Institute for International Policy, 30 July 2015), <http://www.lowyinstitute.org/publications/trade-protectionism-indonesia-bad-times-and-bad-policy>.

## Conclusions and Recommendations

Indonesia's main policy preferences and interests vis-à-vis ASEAN in general, and regional integration in particular, historically lie in the area of security and defence. This study has shown that this is still the case to this day. Close examination of the two policy fields of counter-terrorism and conflict management revealed Indonesia's crucial role in the development of the APSC – the ASEAN Community's first pillar – by providing ideas and policy concepts, as well as serving as an agenda-setter, at the regional level. In line with this, the country has implemented the relevant regional agreements. Jakarta has also launched a number of regional initiatives in the field of foreign and security policy. Moreover, worries that Indonesia under Jokowi could turn away from ASEAN appear to be (at least to an extent) hyperbolic, because no convincing evidence for such assessments was found in the area of security and defence. ASEAN is still viewed by Jakarta as being the centre of the regional security architecture. It is also still viewed as the main tool to maintain regional security and stability. Accordingly, Indonesia's key interest and policy preferences in the field of security and defence at various points converge with those of Germany and the EU in East Asia. This convergence could become the basis for developing further close cooperation.

One example is Jakarta's preference for the peaceful resolution of conflicts and the basis of international law, which is also shared by Germany and the EU. In line with this, Indonesia has identified the diverging positions and policy preferences of the ASEAN member states – and the lack of an ASEAN institutionalised mechanism to offset these – as major stumbling blocks in the way of a coherent ASEAN policy on the South China Sea conflict. Jakarta has furthermore consistently decried the lack of a coherent ASEAN policy on the South China Sea as being detrimental to the region's security and stability. In order to support Indonesia in its efforts to establish avenues for conflict resolution in the South China Sea, the EU would be well advised to prioritise the issue of intraregional conflict resolution mechanisms on the agendas of future EU-ASEAN High-Level Dialogues on Maritime Security. To enhance trust and confidence-building efforts in the region and beyond – a point repeatedly

stressed by Jakarta – policy-makers in Europe should consider the possibility of joint manoeuvres and joint trainings of European and South-East Asian coast-guards in the field of search-and-rescue operations. It would certainly be helpful to strengthen the exchange of ideas and experiences between Europe and South-East Asia on issues such as intelligence cooperation and de-radicalisation. In all these fields, Indonesia certainly has the potential to serve as a close partner of Europe in the region.

Close cooperation with Jakarta, however, is not necessarily to be limited to the first pillar (the APSC). There are various policy fields in the third pillar, the ASCC, in which Indonesia's policy preference and interests converge with those of the EU, and in which the country has taken on a regional leadership role. This is true, for example, for the field of human rights as well as for the field of disaster management, which has undergone close scrutiny as part of this study. With regard to the latter, the EU would be well advised to expand its efforts in the ASEAN Crisis Centres Project with its purpose of capacity-building for the AHA Centre. Supporting the establishment of regional institutions such as the AHA Centre in Jakarta – in whose establishment Indonesia has played a leading role – appears to be a good way to keep the country committed to its leadership role, while at the same time providing additional benefits for the whole region. There are other policy fields in the ASCC, however, where Indonesia has played a not so commendable role regionally. This is especially true for air pollution and the haze issue. It is the ever-expanding transformation of pristine peatland and rainforests into palm oil plantations via illegal slash-and-burn tactics that is at the core of the haze that engulfs large parts of archipelagic South-East Asia annually. This is for the most part because Indonesia still lags far behind in its implementation of, and compliance with, best practices. Not only was Indonesia the last ASEAN member state to ratify the ASEAN Agreement on Transboundary Haze Pollution in late 2014, but the country is also an underachiever with regard to various crucial aspects of the agreement. Against this background, it appears to be of great importance for international donors such as the EU to expand their

existing pilot projects on sustainable forestry management. Next to standing cooperation with local partners in the area of sustainable forestry management, additional resources should be earmarked for local capacity-building to better monitor new concessions. Besides that, European donors should consider launching capacity-building programmes on forest fire fighting to help Indonesia bolster its own capacities. Seeing that the boom in the palm oil sector is not simply supply-driven, Europe – as a major importer of biofuel – should commit itself to limit the ratio of biofuels of the so-called first generation (wheat, rapeseed, corn, and palm oil) to no more than 5 per cent – the ratio originally tabled by the European Commission but later raised to 7 per cent due to pressures from member states with high biofuel usage. Additionally, European states should enact clearer sustainability criteria for the import of palm oil nationally and at the European level. Currently, a number of loopholes exist, especially in the food industry, which need to be closed.

With regard to the ASEAN community's second pillar, the ASEAN Economic Community, Indonesia's self-portrayal as a driver of regional integration processes does not mirror its specific policy preferences and its observable behaviour. Indonesia's policies on the AEC are predominantly protectionist. Large parts of the country's elite – political and economic – are apprehensive towards more regional economic integration over fears that this would compromise Indonesia's sovereignty and harm the interests of local businesses and workers. These fears have clearly come to shape Indonesian perceptions and policies in the two fields under study in this paper: labour mobility and the single aviation market. The implementation of regional agreements to liberalise air traffic among the member states was either delayed (MAAS) or severely limited (MAFLPAS) by Jakarta. Access to Indonesia's domestic aviation market for foreign carriers was further constrained by tightened security regulations and the reduction of takeoff and landing positions available at some of Indonesia's international airports. A similar impression unfolds when studying Indonesia's attitudes and regional behaviour in the field of labour mobility. Attempts at the regional level to facilitate greater mobility of high-skilled workers within the ASEAN region have been met with tacit (and at times open) refusal by Jakarta. Indonesia has been very hesitant to implement the respective regional agreements over widespread fears that the country's own workforce would be unable to compete with those of other ASEAN member states such as Malaysia

and Singapore, and thus end up at the losing end with regard to freedom of movement. Various integration measures laid out in the AEC blueprint have only been partially attended to by Jakarta, whereas others have been met with outright neglect. Hence, it is the AEC, which is deemed most important by Europe as well as most of Jakarta's neighbours, for which few (if any) future policy initiatives towards a deeper regional integration are to be expected from Jakarta. On the contrary, the findings of this study suggest that the long-held protectionist attitudes in Jakarta might harden throughout Jokowi's term of office. Therefore, European policy-makers in general need to grapple with Indonesia's apprehensiveness towards deeper economic integration with ASEAN and how this might possibly impact on the future of the AEC. For example, the assumption that the establishment of the ASEAN Community by the end of 2015 would breathe new life into EU-ASEAN talks over an inter-regional free trade agreement, which has been effectively gridlocked since 2009, might have to be revised given the findings of this study. Instead, any resumption of talks should take into account Indonesia's hesitant attitude and associated policy preferences. Where necessary, partnerships with other South-East Asian states should be intensified and further developed. Another example is the proposed comprehensive air transport agreement between the EU and ASEAN, in which policy-makers can expect Indonesia to play the role of restrainer, rather than driver, of the process.

This, however, should not suggest that all possible avenues for cooperation with Jakarta are essentially closed off. Because of issues such as labour mobility being so politically sensitive, cooperation should take a detour via higher education. More precisely, under the banner of "Indonesia pintar" (smart Indonesia), the internationalisation of Indonesian universities has been part and parcel of Jokowi's presidential camp. One of the main factors hampering a further internationalisation of Indonesian universities, as desired by the Jokowi administration, is the lack of mutual recognition of university degrees, examination requirements, and credit points within ASEAN. This could be taken up by the EU by offering an exchange of ideas and best practices on how to improve student mobility regionally. To be sure, the European experience in the shape of the Bologna process is certainly not directly transferrable to South-East Asia as ASEAN strives for a region-wide standardisation of university degrees and credit points (European Credit Transfer and Accumulation System). Nonetheless, an exchange

of ideas, best practices, and concrete experiences on the prospects and the stumbling blocks of a range of specific internationalisation measures that were taken by European universities in the past could be of interest to Indonesia and other ASEAN member states.

On the operational level, the existing EU programmes promoting economic integration in ASEAN should be reviewed while keeping the widespread apprehension and resistance in Indonesia towards the AEC in mind. So far, the majority of EU programmes have focussed on capacity-building in the ASEAN secretariat, that is, with regard to the harmonisation of technical standards, while largely ignoring the individual member states and their respective business communities. In Indonesia the latter largely consists of small and medium-sized enterprises, which is very similar to how the business community is structured in EU member states such as Germany. Although capacity-building within the ASEAN secretariat is important, more could be done to directly involve South-East Asian business communities. This could be done through an open, hands-on-oriented exchange forum between, for example, German and Indonesian businessmen on the prospects and perils that the establishment of a single market can bring for companies.

At the time of finalising this study (early 2016), Indonesia has failed to deliver concrete ideas on the future development of the ASEAN Community and ASEAN as a whole from 2016 onwards. The Jokowi administration has been rather remiss with regard to crafting a vision of the direction of ASEAN's mid- and long-term development. Diplomatic circles have maintained that the main reason behind this is a general lack of interest within the administration on all things ASEAN in particular – and foreign policy in general.<sup>169</sup> European policy-makers in meetings with their Indonesian counterparts should therefore raise expectations about Indonesia's role as a driver of the regional integration processes. In international forums such as the G20, Indonesian membership and global status should be linked to its role in ASEAN. The EU should openly convey the opinion that Indonesia's global status is tightly intertwined with its regional role to prevent Indonesia turning away from ASEAN. Therefore, existing cooperation schemes with Indonesia as well as ASEAN should be carefully maintained and, if possible, expanded. Hereby, Europe is in a special position: For the time being, no other external

actor has shown so much interest in fostering regional institutions and integration processes in South-East Asia. With this position comes a particular responsibility. Hence, Europe would be well advised to closely engage with Indonesia, with whom it shares key values and strategic interests, in order to better pursue its own future ambitions in South-East Asia.

## Abbreviations

AADMER	ASEAN Agreement on Disaster Management and Emergency Response
ACCT	ASEAN Convention on Counter-Terrorism
ACIA	ASEAN Comprehensive Investment Agreement
AEC	ASEAN Economic Community
AHA Centre	ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management
AIPR	ASEAN Institute for Peace and Reconciliation
APSC	ASEAN Political-Security Community
ARF	ASEAN Regional Forum
ASAM	ASEAN Single Aviation Market
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
BNPB	Badan Nasional Penanggulangan Bencana (National Board for Disaster Management)
BNPT	Badan Nasional Penanggulangan Terorisme (National Agency for Combating Terrorism)
EAS	East Asia Summit
G20	The Group of Twenty
ISEAS	Institute of Southeast Asian Studies (Singapore)
MAAS	Multilateral Agreement on Air Services
MAFLAFS	Multilateral Agreement on the Full Liberalization of Air Freight Services
MAFLPAS	Multilateral Agreement on the Full Liberalization of Passenger Air Services
MIA	Treaty on Mutual Legal Assistance in Criminal Matters
MNLF	Moro National Liberation Front
MRA	Mutual Recognition Agreement
SEANWFZ	Southeast Asian Nuclear Weapon-Free Zone
ZOPFAN	Zone of Peace, Freedom and Neutrality

<sup>169</sup> Talks with representatives of Indonesia's Ministry of Foreign Affairs, Berlin, 16 June 2015.