

Indonesia Is Quietly Warming Up to China

Once inching toward war, the Asian giants are getting closer—while Washington seems unserious and disengaged.

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In late 2019 and early 2020, China and Indonesia were inching toward armed conflict. China's coast guard and fishing militia were making continued incursions into Indonesia's exclusive economic zone in the Natuna Sea, a region of the Pacific Ocean located between Borneo and Sumatra and considered a traditional Chinese fishing region by Beijing. The intrusions into Indonesian waters prompted Jakarta to dispatch warships and F-16 fighter jets, and to call for Indonesian fishing vessels to relocate to the area. In the end, China decided to pull back, though occasional incursions still occur.

Since that potentially explosive confrontation, Chinese-Indonesian relations have quietly and steadily healed. This could have profound geostrategic significance for the United States and its competition with China in the Indo-Pacific. Washington views Indonesia—the world's fourth-most-populous nation, whose more than 17,000 islands straddle the Pacific and Indian Oceans—as an increasingly important economic and security partner willing to stand up to Beijing. China likewise seeks to enhance engagement with Indonesia to have a friend in regional disputes, secure access to Indonesian resources, and perhaps leverage Indonesia as a strategic bulwark against Australia. For its part, Indonesia, like most other Southeast Asian nations, has traditionally followed a policy of nonalignment to avoid angering either the United States or China while simultaneously accruing benefits from both. From the U.S. vantage point, improving China-Indonesia relations—even if they don't fundamentally depart from nonalignment—would be very much unwelcome.

China's pandemic diplomacy certainly helped defrost relations. As COVID-19 began to ravage the globe in early 2020, Indonesia turned to China, which became its main supplier of much-needed personal protective equipment. Jakarta was grateful. Once vaccines became available in late 2020, China provided Indonesia with millions of Sinovac doses. As of May, 90 percent of Indonesia's 75.9 million vaccine doses received have been Sinovac vaccines. Indonesian President Joko "Jokowi" Widodo prominently received his Sinovac jab on live television—with the broadcast clearly showing the box labeled "Sinovac," an important public show of trust for Chinese-made vaccines. China further plans to help Indonesia become a regional hub for Sinovac production and exports.

Meanwhile, Indonesia has continued to benefit significantly from economic relations with China, where Beijing remains Jakarta's No. 1 trading partner. While Indonesian exports to China—including commodities such as petroleum, iron ore, and palm oil—rose from 2019 to 2020, Indonesian demand for Chinese products dropped due to the pandemic. The resulting decline in the trade deficit has put bilateral trade on a healthier footing. Both countries' participation in the Regional Comprehensive Economic Partnership is likely to accelerate trade further.

Jakarta is also a key Asian partner in Beijing's Belt and Road Initiative, which is building and investing in infrastructure projects throughout Indonesia. In April, Beijing announced the completion of a major milestone in the construction of the Jakarta-Bandung High-Speed Railway, Indonesia's flagship Belt and Road project. While the project has been ongoing since 2015, and many complain that it is behind schedule, this has not stopped Indonesia from considering additional Belt and Road proposals such as Chinese financing for the Lambakan Dam in East Kalimantan. In an April phone call with Chinese President Xi Jinping, Jokowi reportedly referred to China as a "good friend and brother"—likely related to Beijing's Belt and Road Initiative and vaccine support.

In other moves that suggest refreshed bilateral ties, Beijing early last month announced it would be sending three ships to assist in the mission to salvage the sunken Indonesian attack submarine KRI Nanggala. Although the submarine wreckage is located in the geostrategically sensitive Lombok Strait, and China very likely collected valuable oceanographic data during the failed salvage mission that ended in early June, Jakarta still accepted Beijing's offer—perhaps because China footed the entire bill. Washington had also offered to help, but Beijing swooped in more quickly. Since then, the Chinese and Indonesian navies have conducted joint naval exercises in waters off Jakarta, including search and rescue, formation, and communications drills. This exercise suggests that the Natuna Sea dispute—ongoing at a less intense level—can be compartmentalized in the interest of securing greater trust. Then, on June 5, China and Indonesia held their inaugural "high-level dialogue cooperation mechanism"—a clear sign that Beijing and Jakarta are working to take bilateral ties to the next level. Indonesia's presidential envoy and coordinator for China, Luhut Binsar Pandjaitan, met with Chinese foreign minister Wang Yi in Guiyang in southwest China Province to reaffirm their cooperation.

Taken together, these developments strongly indicate that Chinese-Indonesian relations are not just back on track but perhaps even improving. At the same time, however, China and Indonesia continue to face significant constraints that will likely limit the potential of their relationship.

Indonesia, for example, hasn't forgotten the Natuna spat—not least because of China's continued maritime brinkmanship in Southeast Asia. Jakarta plans to expand its naval fleet of submarines and corvettes in the coming years, primarily to counter the Chinese threat in the Natuna Sea. It has also established a new military base at Natuna Besar, the region's largest island, and beefed up maritime patrols to address illegal activities, such as China's, in Indonesian waters