

Prospects for U.S.-Indonesian Relations in Jokowi's Second Term

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The inauguration of Joko Widodo (Jokowi) for a second term as president of Indonesia comes as the United States and Indonesia celebrate 70 years of diplomatic ties, providing an important milestone to assess the relationship. This essay will first address the most critical implication of the Indonesian election for the United States: the outcome. It will then assess the prospects for bilateral relations in Jokowi's second term by analyzing Indonesian foreign policy during his first term and assessing the current state of bilateral ties across the economic, security, and political arenas. The essay argues that while opportunities exist to enhance the bilateral relationship in Jokowi's second term, significant obstacles are also present.

Jokowi's Electoral Victory

The most important implication of Indonesia's 2019 presidential election for the U.S.-Indonesian relationship is that the incumbent president, Jokowi, beat Prabowo Subianto. Prabowo is Suharto's former son-in-law and a former three-star general who headed Kopassus, Indonesia's Special Forces Command. He has been credibly accused of human rights abuses in East Timor and during the 1998 protests that toppled Suharto's New Order regime. Following the demise of the Suharto regime, Prabowo was stripped of his command, forced out of the military, and denied a visa to enter the United States in 2000 over his alleged human rights abuses. In a January 2019 presidential debate, Jokowi called for voter support because he had no "past burden" related to human rights.¹ The election of Prabowo would have certainly complicated Indonesia's ties with the United States.

Foreign policy issues played a minor role in the election. Jokowi campaigned on his record of improving social programs, such as health and education, and building infrastructure. He also portrayed himself as

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¹ Resty W. Yuniar, "Indonesia Election: Concerns Over Prabowo Subianto's Human Rights Record a Five-Yearly Issue, Says Sandiaga Uno," *South China Morning Post*, April 13, 2019 ~ <https://www.scmp.com/news/asia/southeast-asia/article/3006034/indonesia-election-concerns-over-prabowo-subiantos-human>.

a defender of pluralism. Prabowo resurrected many of his 2014 campaign themes: he blamed elites for increasing income inequality, railed against foreigners for exploiting Indonesian resources, allied with conservative Islamist groups that seek to expand Islam's role in public life, and made no secret of his desire to roll back democratic reforms. Both sides ran populist, nationalist campaigns, but Prabowo adopted a nativist approach that sought to appeal to voters by identifying and condemning collective enemies. The positive implications of Jokowi's victory for Indonesia's relationship with the United States, therefore, extend well beyond Prabowo's human rights record. Even at a time when the Trump administration has lowered the priority of democracy and human rights in U.S. foreign policy, a Prabowo victory would have portended a turn toward authoritarianism and Muslim majoritarianism that would have negatively affected U.S. interests.

U.S.-Indonesian Relations under Jokowi

Under Jokowi, Indonesian foreign policy has served domestic goals much more than under his predecessor. Susilo Bambang Yudhoyono (2004–14), a former general, championed Indonesia as a model for democratic transition in Muslim-majority states and facilitated rapprochement between the United States and Indonesia. The 2008 election of Barack Obama meant that, for the first time, the two countries were led by presidents with a deep understanding and affection for the other. U.S.-Indonesian relations reached their height during the Yudhoyono-Obama era.

Jokowi, a former businessman, has little interest in foreign policy, which he contends must bring concrete benefits to Indonesia. As a result, protecting Indonesian citizens abroad, promoting economic opportunities for Indonesian companies, and soliciting foreign investment have become his key foreign policy goals. Jokowi's appointment of Retno Marsudi as foreign minister in his first term, a diplomat who lacked the multilateral experience of her predecessors, has led some analysts to lament that Indonesia has lost influence in the Association of Southeast Asian Nations (ASEAN). Although Jokowi emphasized Indonesia's status as a "maritime fulcrum" in the 2014 election and early in his first term, he largely abandoned this idea in the 2019 campaign and instead emphasized Indonesia's Muslim identity.² Whether this signifies a strategic intention to deepen relations with Muslim

² M.W. Kharisma and Shafiah F. Muhibat, "Jokowi's Second Term Needs Innovative Foreign Policy," East Asia Forum, September 4, 2019 ~ <https://www.eastasiaforum.org/2019/09/04/jokowis-second-term-needs-innovative-foreign-policy>.

countries and causes, a pragmatic desire to expand Indonesia's role in the global *halal* market, or simply an attempt to appeal to pious voters remains unclear. Jokowi has yet to announce the cabinet lineup for his second term, but his choice of foreign minister will send an important signal about Indonesia's foreign policy direction.

The significant shift in Indonesian foreign policy under Jokowi in 2014 was followed by an even more profound shift in U.S. foreign policy following the inauguration of Donald Trump in January 2017, roughly halfway through Jokowi's first term. Trump's "America first" transactional approach in some ways mirrors the domestic focus of Jokowi's foreign policy. In contrast to Jokowi's pragmatism, however, Trump's disruptive approach, unpredictability, and willingness to stoke conflict, particularly with China, creates challenges for Indonesia in both the economic and security domains.

Economic Relations

Economic nationalism has deep roots in Indonesia, and in the 2019 election Jokowi and Prabowo each vied to portray himself as the most committed to protecting Indonesia's economic sovereignty. To meet his goal of promoting economic prosperity, Jokowi has sought foreign investment and markets for Indonesian goods. At the same time, his administration has continued a trend toward greater protectionism. In recent years, Indonesia has passed new laws on mining, farming, and horticulture that restrict trade and increase local content rules for a range of products. This rise of resource nationalism has generated tensions since the bulk of U.S. foreign direct investment is in the oil, gas, and mining sectors.³

In 2017, the United States won a grievance against Indonesia in the World Trade Organization (WTO) and requested WTO permission to impose \$350 million in retaliatory sanctions because Indonesia had failed to comply with the ruling.⁴ In December 2018, years of acrimonious negotiations finally resulted in a \$3.85 billion deal that transferred 51.2% of the U.S. company Freeport Indonesia's shares to an Indonesian state-owned company in exchange for a special mining license to conduct operations

³ "Partners in Prosperity: U.S. Investment in Indonesia," AmCham Indonesia, U.S. Chamber of Commerce, and United States Agency for International Development Mission to Indonesia, 2013
 ~ <http://www.aiccsa.org/IndonesiaInvestmentSurvey.pdf>.

⁴ Tom Miles, "U.S. Seeks \$350 Million Annual Sanctions in Indonesia Trade Dispute," Reuters, August 6, 2018 ~ <https://www.reuters.com/article/us-indonesia-usa-wto-idUSKBN1KS0HQ>.

until 2031.⁵ Resolution of the Freeport Indonesia case removed one irritant in the relationship, but a series of regulations that have de facto nationalized Indonesia's oil industry have created others.

Despite these issues, two-way trade increased 7% in 2018 to \$28.2 billion, with Indonesian exports to the United States of \$20.8 billion far surpassing its imports of \$8.2 billion. Indonesia is on the Trump administration's list of sixteen countries with which the United States has the largest trade deficits. During his 2017 visit to Jakarta, Vice President Mike Pence made it clear that Indonesia needed to "level the playing field" for U.S. firms.⁶ In 2018, the Office of the U.S. Trade Representative initiated a review of Indonesia's eligibility for the Generalized System of Preferences (GSP), which waives tariffs on over 3,500 goods for developing countries. Indonesia is the fourth-largest beneficiary of GSP with \$2 billion of exports under the program. Reza Pahlevi, the Indonesian commercial attaché in Washington, claims that Indonesia has made progress toward a mutually beneficial solution, and some assert that Indonesia is considering major arms purchases from the United States in part to reduce the trade deficit and retain its GSP status.⁷ Clearly, a decision to remove Indonesia from GSP would negatively affect the prospects for expanding bilateral economic ties. More broadly, rising protectionism under two domestically focused presidents who have both made economic growth a priority increases the challenges of expanding the U.S.-Indonesian economic relationship. An important sign of whether Jokowi's economic policy will tilt toward greater reform or nationalism will be the appointment of key economic cabinet ministers. Jokowi has stated that the well-respected minister of finance, Sri Mulyani, will play a major role in the new administration. If Jokowi appoints respected reformers to important positions, it will not only enhance the prospects for Indonesia's economic growth but also benefit the bilateral economic relationship.

Regional Order and Maritime Security

In his first term, Jokowi's global maritime axis, designed to capitalize on the country's archipelagic status of seventeen thousand islands stretching over three thousand miles between the Indian and Pacific Oceans, had five

⁵ Wilda Asmarini and Agustinus B. Da Costa, "Indonesia Closes Long-Awaited \$3.85 Billion Freeport Deal," Reuters, December 21, 2018 ~ <https://www.reuters.com/article/us-indonesia-freeport/indonesia-closes-long-awaited-3-85-billion-freeport-deal-idUSKCN1OK0XU>.


⁶ John McBeth, "To Pacify Trump, Indonesia Seeks American Arms," *Asia Times*, May 20, 2019 ~ <https://www.asiatimes.com/2019/05/article/to-pacify-trump-indonesia-seeks-american-arms>.

⁷ Ibid.

pillars: a cultural pillar to revive Indonesia's maritime identity, an economic pillar to manage sea resources, a development pillar to improve maritime infrastructure, a diplomatic pillar to promote resolution of maritime conflicts, and a maritime defense pillar. Over the course of Jokowi's first term, it became clear that his primary focus was on expanding maritime infrastructure and protecting Indonesian resources, particularly fish. Like the maritime axis, the Trump administration's "free and open Indo-Pacific" strategy focuses on linkages between the Indian and Pacific Oceans.

The two sides do engage in a significant number of bilateral maritime exercises, and the United States has helped Indonesia enhance its maritime defence and maritime domain awareness capacities. Indonesia is one of five Southeast Asian states that receive funding under the five-year \$425 million Maritime Security Initiative, and at the 2018 ASEAN meetings, Secretary of State Mike Pompeo pledged an additional \$300 million in funding for security cooperation in the Indo-Pacific region. Indonesia welcomes these initiatives because they strengthen its ability to protect national maritime resources. They also enhance Indonesia's capacity to defend its exclusive economic zone (EEZ) that encompasses the Natuna Islands, home to one of the world's largest recoverable gas fields. Part of the Natuna Island EEZ falls within China's nine-dash-line claim to virtually the entire South China Sea. In July 2017, Indonesia changed the name of waters northeast of the Natuna Islands to the North Natuna Sea as a signal of its determination to protect its maritime rights from Chinese encroachment.

Beyond maritime capacity building, however, Indonesia remains wary of the Trump administration's free and open Indo-Pacific strategy. The strategy was first publicized in the Trump administration's 2017 National Security Strategy, which labeled China as a peer competitor and called for creating a network of allies and partners to provide a counterweight.⁸ China is Indonesia's largest trading partner, and Jokowi is seeking significant Chinese investment for infrastructure projects. Though Indonesia is determined to protect its maritime claims from China, it has no desire to become embroiled in Sino-U.S. competition. Furthermore, the free and open Indo-Pacific strategy has become conflated with the Quadrilateral Security Dialogue (the Quad), the U.S.-Japan-India-Australia framework for security cooperation that was revitalized in 2017. Indonesia fears that the Quad not only militarizes the Indo-Pacific but also threatens ASEAN centrality.

⁸ White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017)  <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

U.S. officials, including Pence, have attempted to address these concerns by reiterating that ASEAN is at the center of the Indo-Pacific strategy, yet Indonesia fears that the strategy and rising great-power competition will reduce the autonomy of Southeast Asian states in their own region.⁹

In an effort to prevent outsiders from dominating Indo-Pacific discourse, Indonesia took the lead in developing the “ASEAN Outlook on the Indo-Pacific” statement. In contrast to the United States, which wants a “free and open” Indo-Pacific, Indonesia seeks an “open and inclusive” region and avoids the term “free,” which Beijing views as anti-China.¹⁰ Through the outlook statement, Indonesia is attempting to play its traditional role of bridging great-power differences in its quest to protect Southeast Asian autonomy.

The United States and Indonesia both want a stable, rules-based Indo-Pacific maritime region governed by the United Nations Convention on the Law of the Sea (UNCLOS). Nevertheless, divergent maritime interests, Indonesia’s commitment to an independent foreign policy stance, and its belief that rising Sino-U.S. tensions are antithetical to its interests complicate the prospect for greater maritime cooperation in Jokowi’s second term. The United States’ key interest in Southeast Asia is freedom of navigation, and the main mechanism it uses to promote this interest is freedom of navigation operations. Some Indonesian officials have voiced wariness of these operations because they raise tensions with China but appear to have no impact on its behavior. Coordinating Minister of Maritime Affairs Luhut Binsar Panjaitan has stated that “we don’t like any power projection,” and other government officials have urged the U.S. to “exercise restraint.”¹¹ Beyond these fears, there is a distinct divergence of interests between the two countries. The United States has an interest in freedom of navigation through Southeast Asian waters while Indonesia has a direct interest in the defense of its own waters, which U.S. freedom of navigation operations do nothing to promote.

⁹ Amy Searight, “The ‘Indo-Pacific’ Region Takes Center Stage at Shangri La,” Center for Strategic and International Studies, June 4, 2018 ~ <https://www.csis.org/analysis/indo-pacific-region-takes-center-stage-shangri-la>.

¹⁰ Amitav Acharya, “Why ASEAN’s Indo-Pacific Outlook Matters,” East Asia Forum, August 11, 2019 ~ <https://www.eastasiaforum.org/2019/08/11/why-aseans-indo-pacific-outlook-matters>.

¹¹ Mark J. Valencia, “ASEAN Support of FONOPs Unclear,” *Japan Times*, November 2, 2018 ~ <https://www.japantimes.co.jp/opinion/2018/11/02/reader-mail/asean-support-fonops-unclear/#.XEXr59Xw%20a9Z>.

Defense and Military Ties

In 2019, the two sides reached a milestone when the United States removed the last restrictions on military-to-military ties with Kopassus. The United States restored most military ties with Indonesia in 2005, and today the two sides participate in over two hundred joint exercises each year and cooperate extensively on counterterrorism.¹² Nevertheless, the remaining restrictions on ties with Kopassus had been a long-standing irritant for Indonesia.

Indonesia has purchased U.S. military equipment since the embargo was lifted. In February 2018, the Indonesian Air Force took delivery of 24 F-16 fighter jets—the largest arms deal between the two countries ever—and the two sides have discussed additional F-16 sales.¹³ In early 2018, Indonesia also signed a \$1.1 billion contract for 11 Russian Sukhoi Su-35s to complement earlier purchases of Su-27s and Su-30s.

Restoration of full ties with Kopassus may have removed one thorn in the defense relationship, but the 2017 Countering America's Adversaries Through Sanctions Act (CAATSA) has added another. CAATSA requires sanctions on countries that maintain significant defense or intelligence relationships with Russia. It was reported that waivers would be granted for Indonesia, India, and Vietnam, but the final legislation failed to include them.¹⁴ Whether Indonesia's planned purchase of Sukhoi Su-35s will generate sanctions has been the topic of extensive bilateral discussions.¹⁵ An ominous sign for Indonesia was Secretary of State Mike Pompeo's Senate testimony in which he stated that the United States had made it clear to Egypt that a planned purchase of Su-35s would entail sanctions.¹⁶ According to one authority, Indonesia has backed away from its plans to buy the Sukhoi Su-35s, but whether the purchase has been abandoned or simply delayed

¹² "U.S. Embassy Celebrates 70 Years of U.S.-Indonesia Relations in Manado," U.S. Embassy and Consulates in Indonesia, June 21, 2019 [~ https://id.usembassy.gov/u-s-embassy-celebrates-70-years-of-u-s-indonesia-relations-in-manado](https://id.usembassy.gov/u-s-embassy-celebrates-70-years-of-u-s-indonesia-relations-in-manado).

¹³ Prashanth Parameswaran, "U.S.-Indonesia Defense Relations in the Spotlight with F-16 Fighter Jet Ceremony," *Diplomat*, March 7, 2018 [~ https://thediplomat.com/2018/03/us-indonesia-defense-relations-in-the-spotlight-with-f-16-fighter-jet-ceremony](https://thediplomat.com/2018/03/us-indonesia-defense-relations-in-the-spotlight-with-f-16-fighter-jet-ceremony).

¹⁴ Paul McLeary, "Mattis Makes New Plea to HASC for Russian Sanctions Relief," *Breaking Defense*, July 25, 2018 [~ https://breakingdefense.com/2018/07/mattis-makes-new-plea-to-hasc-for-russian-sanctions-relief](https://breakingdefense.com/2018/07/mattis-makes-new-plea-to-hasc-for-russian-sanctions-relief); and "U.S. to Exempt India, Indonesia and Vietnam from CAATSA Sanctions," *Defense World*, July 24, 2018 [~ https://www.defenseworld.net/news/23031/US_to_Exempt_India_Indonesia_and_Vietnam_from_CAATSA_Sanctions#.XYKfEzKkUk](https://www.defenseworld.net/news/23031/US_to_Exempt_India_Indonesia_and_Vietnam_from_CAATSA_Sanctions#.XYKfEzKkUk).

¹⁵ McBeth, "To Pacify Trump."

¹⁶ Donald Greenlees, "Russia Sanctions Putting Strain on U.S. Relationship with Indonesia," *Australian Strategic Policy Institute, Strategist*, June 17, 2019 [~ https://www.aspistrategist.org.au/russia-sanctions-putting-strain-on-us-relationship-with-indonesia](https://www.aspistrategist.org.au/russia-sanctions-putting-strain-on-us-relationship-with-indonesia).

is unclear.¹⁷ Minister of Defense Ryamizard Ryacudu believes the fate of the purchase will be “solved this year.”¹⁸

Indonesia also signed a deal in April 2019 to purchase 43 Russian amphibious armored personnel vehicles, worth \$170 million, but it is unclear whether this sale is a CAATSA trigger. Though Ambassador Joseph Donovan has stated that the goal is to change Russian behavior and not to punish U.S. partners, the issue rankles Indonesia. Indonesia is also discussing with the United States the purchase of 32 new F-16 Viper jets and 6 C-130J cargo aircraft. Beyond its military significance, such a purchase would also be aimed at shielding Indonesia from CAATSA sanctions and reducing the U.S. trade deficit to retain GSP.¹⁹

Political Engagement

Jokowi made a state visit to Washington in 2015, during which the two sides elevated the bilateral comprehensive partnership to a strategic partnership. The annual meetings called for in a strategic partnership, however, have not occurred recently. Jokowi and Trump have both skipped multilateral summits that provide opportunities for bilateral consultations on the sidelines. Some expected that Indonesia’s election to the UN Security Council for the 2019–20 term would bring Jokowi to the United States, but Indonesia in Jokowi’s first term was represented by Vice President Jusuf Kalla. Trump, for his part, skipped the 2018 ASEAN summit. Asian officials, including those in Indonesia, interpret presidential absences at regional summits as an indication of a lack of U.S. commitment to Southeast Asia.

Treatment of global Muslim issues has resurfaced as a matter of political contention. Indonesia’s strong support for the Palestinians has long been at odds with staunch U.S. support for Israel. The Trump administration’s decision to move the U.S. embassy in Israel to Jerusalem, therefore, generated outrage in Indonesia. Thousands of Indonesians protested in front of the U.S. embassy in Jakarta, and Foreign Minister Marsudi traveled to Jordan to demonstrate Indonesian support for the Palestinians.²⁰ The rising salience of political Islam in Indonesia, combined with the Trump administration’s ban

¹⁷ Greenlees, “Russia Sanctions Putting Strain.”

¹⁸ *Ibid.*

¹⁹ McBeth, “To Pacify Trump.”

²⁰ Fergus Jensen, “Thousands of Indonesians Again Protest Trump’s Jerusalem Move,” Reuters, December 9, 2017. ~ <https://www.reuters.com/article/us-usa-trump-israel-indonesia-idUSKBN1E405Y>.

on Muslim immigration and other actions that are perceived in Indonesia as anti-Islamic, could have adverse effects on relations.

By contrast, the recent appointment of Mahendra Siregar, a highly respected diplomat with extensive economic experience, as ambassador to the United States bodes well for bilateral ties. Ambassador Siregar previously served as chairman of the Investment Coordinating Board, vice minister of finance, vice minister of trade, and chairman and chief executive officer of Indonesia Eximbank. He is therefore extremely well-placed not only to deliver on Jokowi's demand that diplomacy bring concrete benefits to Indonesia but also to help manage economic issues in the relationship.

Conclusion

As the United States and Indonesia celebrate 70 years of diplomatic relations, the relationship is stable and cordial. Nevertheless, the two sides find themselves at odds across a range of economic, security, and political issues such as the GSP review, the Indo-Pacific concept, the threat of CAATSA sanctions, and the Israeli-Palestinian conflict. Indonesia has always resented conditionality, and finding itself a potential target for both trade and military sanctions only reinforces long-standing perceptions of the United States as a unilateral power, a sentiment that has bedeviled relations in the past. Many in both the United States and Indonesia believe that significant scope exists to expand bilateral ties. Whether the two sides can manage the tensions in the relationship in a way that enhances the prospects to expand U.S.-Indonesian cooperation remains to be seen. 