



## **Renewing the India-Indonesia Bond**

by Rupakjyoti Borah

*Rupakjyoti Borah [rupakj@yahoo.com] is a senior lecturer at the Department of Geopolitics and International Relations, Manipal University, India. The views expressed here are his own.*

Indonesian President Susilo Bambang Yudhoyono's recent visit to India, where he was chief guest at India's 62<sup>nd</sup> Republic Day celebrations on Jan. 26, was an important step in renewing ties between these neighbors. With ties that go back over two millennia, it is not surprising that India and Indonesia share characteristics and concerns. They have common maritime boundaries, along with concerns about terrorism, are pluralist democracies, and rapidly developing economies. Indonesia has the largest Muslim population in the world, India is number two.

Nonetheless, since the end of World War II, the relationship has been slow to develop. India's first prime minister, Jawaharlal Nehru, played an important role in Indonesia's struggle for independence in the late 1940s and Indonesian President Soekarno was the chief guest at India's first Republic Day celebrations in 1950. The bonhomie continued into the 1950s, as was apparent at the 1955 Afro-Asian Conference held in Indonesia, before foundering during the Cold War. India's "Look-East Policy," which seeks to reach out to the countries of Southeast Asia and East Asia with whom India had historical and cultural links, played a major role in bridging the gulf between the two countries. India's successful economic reforms in the early 1990s brought it closer to ASEAN as it became a sectoral dialogue partner of ASEAN in 1992 and a full dialogue partner in December 1995.

The post 9/11 period has highlighted their strategic complementarities. Both India and Indonesia have an interest in ensuring the safety of the sea lines of communication (SLOCs) in the larger Indian Ocean region, especially the region around the Straits of Malacca. The Indian Navy occupies a commanding position in the region between the Straits of Hormuz and the Straits of Malacca, home to some of the world's most important and vulnerable SLOCs. Every day, 15.5 million barrels of oil, roughly 40 percent of the global oil trade, passes through the Strait of Hormuz, while an estimated 11 million barrels pass through the Malacca and Singapore Straits every day. Besides military threats like sea mines, maritime terrorism, and internal conflicts, India and Indonesia share an interest in combating nonmilitary threats like piracy, accidents, and oil spills.

Indonesia is critically important for meeting India's energy requirements. Almost half of India's coal imports come from Indonesia. India is looking at the possibility of procuring natural gas from Indonesia.

Consistent with those shared concerns, the two countries are formalizing their relationship. They signed a Memorandum of Understanding on Combating International Terrorism in July 2004 that provided for the establishment of a Joint Working Group (JWG) on Counterterrorism. The Indonesian Anti-Terrorism Attachment (ATA) has been very successful and India could draw upon its experience. During President Yudhoyono's last visit to India in 2005, he and Prime Minister Manmohan Singh signed a bilateral strategic partnership agreement. In 2006, a defense cooperation agreement was signed. The economic partnership between the two countries has also recorded steady progress. India's Free Trade Agreement in goods with ASEAN has been in effect since October 2010.

During last month's visit, Yudhoyono and Singh set an ambitious target of raising bilateral trade from \$12 billion in 2010 to \$25 billion by 2015, and the two sides formally started talks on a Comprehensive Economic Cooperation Agreement (CECA). The visit resulted in the signing of 18 agreements worth \$15.1 billion in sectors ranging from mining, infrastructure, and manufacturing. It produced pacts to increase air connectivity, an extradition treaty, and a mutual legal assistance treaty that will boost security cooperation.

Both countries also see the value in improved relations with Washington. US President Barack Obama visited both India and Indonesia during his November 2010 Asia tour, underscoring the importance of these countries to the US. There has been a remarkable turnaround in India's ties with the United States since the Cold-War while Indonesia has been close to the US, a relationship that has accelerated with President Obama, who spent a few years of his childhood in Indonesia.

India and Indonesia also share apprehensions about China. Indonesia is wary of Chinese moves in the South China Sea. There are many cases of illegal Chinese vessels entering Indonesian waters and reports indicate some were equipped with sophisticated weaponry. Indonesia's bilateral relations with China were in limbo for 25 years following the Sept. 30, 1965 coup attempt in Indonesia for which it accused China. Diplomatic relations were restored only in July 1990. Bilateral trade reached the \$30 billion mark in 2010 with China surpassing the US as Indonesia's second largest trade partner, but Indonesia has been running huge trade deficits with China since the Indonesia-China Free Trade Agreement was signed in 2004.

Indian strategic planners voice concern over the so-called Chinese "string of pearls" strategy. China has funded ports and refueling stations in Pakistan (Gwadar), Sri Lanka (Hambantota), Bangladesh (Chittagong) and Burma (Sittwe and Kyaukpyu). In response, India has reached out to countries in East Asia and Southeast Asia. Prime Minister Singh visited

Japan, Malaysia, and Indonesia in October 2010. India has also been expanding land connectivity to the ASEAN countries. During the 8th ASEAN-India Summit in Hanoi on Oct. 30, 2010, leaders from ASEAN countries acknowledged India's contribution, particularly for the India-Myanmar-Thailand Trilateral Highway and the construction of a new India-Myanmar-Laos-Vietnam-Cambodia highway. In a confidence-building measure, India has extended the visa on arrival facility to citizens of Vietnam, Laos, Cambodia, and Philippines.

Defense ties between the two countries are also very close. After the Cold War, Indonesia turned to India for spare parts, pilot training, and servicing of its MiG-29 fighters. The two countries signed a Bilateral Agreement on Cooperative Activities in the Field of Defense in 2001. The main aspects of that cooperation have been port visits by the Indian and Indonesian navies, joint naval exercises, and escorting Indonesian ships in the Andaman Sea. Indonesia, along with Singapore, Thailand, and Malaysia, has been participating in an Indian-hosted biennial gathering of ships known as *MILAN* since 1995. India has also been holding joint search and rescue operations with Indonesia in exercises named *Indopura SAREX*. Since the initial exercise in 1997, the bilateral SAREX has become a multilateral maritime operation involving India, Indonesia, Singapore, and Malaysia. In the aftermath of the devastating 2004 Boxing Day Tsunami, India provided \$1 million worth of assistance to Indonesia, sending food and medical supplies to Indonesia through its hospital ship *INS Nirupak* and a corvette *INS Khukri*.

As India readies to play an increasingly important role in Southeast Asia, Indonesia is crucial to Delhi's efforts to reach out to this region. President Yudhoyono's visit to India is destined to leave its mark not only on India-Indonesia ties, but also on the pace of India's engagement with the broader Southeast Asian region.

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