

# Indonesia's Maritime Axis and the Security of Sea Lanes of Communications (SLOCs) in the Indo-Pacific

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## Abstrak:

*Artikel ini bermaksud untuk mengelaborasi pentingnya Poros Maritim Dunia yang diterapkan oleh Indonesia dan posisi strategis kawasan Indo-Pasifik dalam hubungan internasional saat ini. Indo-Pasifik muncul menjadi salah satu teater yang signifikan dalam jalur perhubungan laut dunia atau Sea Lanes of Communications (SLOCs). Sebagai negara pantai yang ekonominya sedang berkembang, Indonesia sangat tergantung kepada SLOCs di Indo-Pasifik. Terlebih, Indonesia juga membutuhkan suplai yang stabil dalam sumber daya minyak dan gas dari negara teluk yang melewati Indo-Pasifik. Gangguan yang terjadi pada sumber daya tersebut akan mengakibatkan ancaman pada keamanan energi di Indonesia, yang berimbas pada ancaman keamanan. Indonesia selama ini telah aktif dalam menjaga keamanan di salah satu SLOC yang vital yaitu Selat Malaka. Artikel ini juga mengelaborasi Poros Maritim Dunia yang diwacanakan oleh Presiden Jokowi guna menjaga keamanan seluruh Indo-Pasifik, tidak hanya di Asia Tenggara.*

*Kata kunci: keamanan maritim, poros maritime, SLOCs, jalur perhubungan laut.*

## Abstract:

This article tries to elaborate the strategic position of Indo-Pacific in the current international relations. This region has become a new crucial theatre for the global sea lanes of communication. As a littoral country in the Indo-Pacific, Indonesia relies heavily on the SLOCs in the Indo-Pacific. Indonesia, as a developing economy, requires a steady supply in oil and gas from the Gulf. A sudden disturbance in oil resources would have a catastrophic effect on energy security in Indonesia, which could lead to other security implications. Indonesia has mostly been active in safeguarding the Malacca Strait, one vital SLOC in the Indo-Pacific. This article also elaborates President Jokowi's maritime axis as a guarantor of maritime security not only in Southeast Asia, but the entire Indo-Pacific.

Keywords: maritime security, maritime axis, sea lanes of communications.

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## INTRODUCTION

During the Cold War, the Indo-Pacific region was only another region for proxy wars between the two blocs. However in the 21<sup>st</sup> century, the Indo-Pacific region has gained a geopolitical significance due its important role in maintaining global energy security. The Indo-Pacific hosts vital sea lanes of communication (SLOCs) that are vital global economic lifelines for the advanced economies of the world, including the rising China and also the United States. Most of international seaborne cargo passing through the

SLOCs in the Indo-Pacific is valuable energy resources – oil, gas, and coal – from the Gulf petro-economies to the advanced and emerging Asian economies. In 2012, seaborne trade reached 9.2 billion tons worldwide and Asia saw the largest amount, surpassing the Americas significantly (United Nations Conference on Trade and Development, 2013). Maintaining the security of SLOCs have become an essential concern for great powers, such as China and India, and also emerging powers, i.e. littoral states, alike. As such, the

Indo-Pacific region has become an unpredictable and complex environment full of intersecting and overlapping interests from many countries.

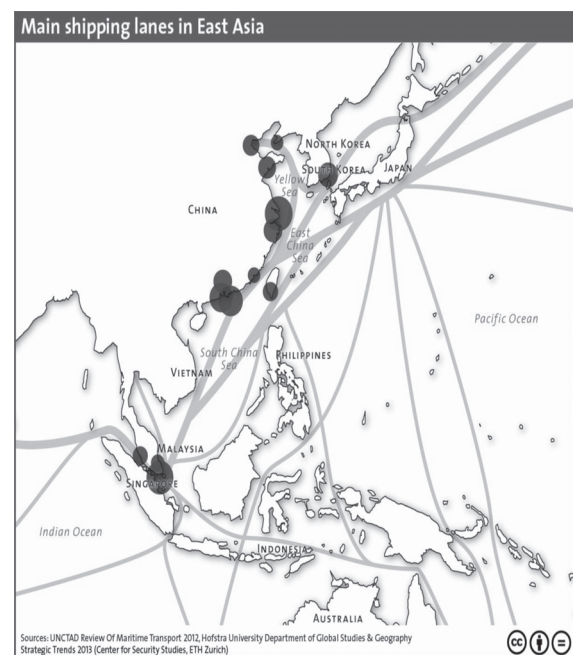
As a littoral country in the Indo-Pacific, Indonesia relies heavily on the SLOCs in the Indo-Pacific. Indonesia, as a developing economy, requires a steady supply in oil and gas from the Gulf. Statistics from the Ministry of Energy and Mineral Resources (ESDM) in Indonesia show that in 2012, oil consumption reached 595 million barrels of oil equivalent (Mboe), whereas natural gas consumption reached 255 Mboe (Kementerian Energi dan Sumber Daya Mineral, 2013a). The ESDM predicts Indonesia's total energy consumption will increase by 5.5% per year until 2035, with oil and gas making up more than 50% of the energy mix (Kementerian Energi dan Sumber Daya Mineral, 2013b). A sudden disturbance in oil resources would have a catastrophic effect on energy security in Indonesia, which could lead to other security implications. Indonesia has mostly been active in safeguarding the Malacca Strait, one vital SLOC in the Indo-Pacific. Efforts to secure the Malacca Strait began in 2004, with the establishment of the trilateral MALSINDO (Malaysia-Singapore-Indonesia) joint patrols. In 2005, the Eyes in the Sky (EIS) program were launched as part of the Malacca Strait Security Initiative (MSSI). The program was also a trilateral effort by Indonesia, Malaysia, and Singapore to curb maritime security threats in the Malacca Strait (Vavro, 2008). To further increase Indonesia's security role in the Malacca, incumbent Joko Widodo proposed his maritime axis doctrine, which seeks to expand Indonesia's role as a guarantor of maritime security not only in Southeast Asia, but the entire Indo-Pacific.

This paper reviews the maritime security challenges in the SLOCs of the Indo-Pacific. Then, we attempt to place Joko Widodo's maritime axis in the context of addressing these challenges. Joko Widodo's global maritime axis attempts to expand Indonesia's maritime influence from the Pacific Ocean to the Indian Ocean. To meet that end, Indonesia has commenced domestic, bilateral, and multilateral efforts.

## ANALYSIS

### MARITIME SECURITY CHALLENGES IN THE INDO-PACIFIC

SLOCs in the Indo-Pacific can be broken down into five distinct regions, each with their respective and distinct challenges: the Indian Ocean, the Malacca Strait, the Taiwan Strait, the East and South China Seas, and the Sea of Japan. The map below shows the importance of this SLOCs.



Map of SLOCs in Indo-Pacific. Center for Security Studies, 2013. *Strategic Trends 2013*. ETH Zurich. <http://www.css.ethz.ch/>

### THE INDIAN OCEAN

Mostly overlooked for the entire 20<sup>th</sup> century, the Indian Ocean, or sometimes named the Indian Ocean Region (IOR), has garnered significant attention from the world's great and emerging powers due to its geopolitical importance. It is the first waterway transports have to pass through to reach the Asian energy markets and is also home to the Gulf petro-economies that house over 50 percent of the global oil and natural gas reserves, making the Ocean an important waterway in the global energy supply chain. In the past, the IOR was mostly supervised by the United States as the main waterway for entering the Gulf. However, as U.S. influence declined, India and China are both competing for influence in the region. With

China seeking to expand its “string of pearls” into the Indian Ocean, an emerging India seeking a larger role in regional security, and a number of weak and failed states along the rim, the Indian Ocean has become an unpredictable and volatile ocean rife with great power politics and non-traditional security issues.

Piracy and armed robbery remains a security concern in the region, especially in the waters off the coast of Somalia. Pirates usually target merchant ships with precious cargo, or hold passenger ships for ransom. In 2008, the UN issued Resolution 1851 as a response to the frequent incidents of piracy and armed robbery. The Resolution called for states to cooperate in counter-piracy measures using naval force in Somali waters. Counter-piracy efforts have continued ever since, with 28 states and 3 dedicated coalition forces actively fighting against piracy. As a result, piracy levels have dropped. Statistics from the International Maritime Bureau shows a significant decline in attempted and actual pirate attacks in Somalia, with only 3 attacks occurring in 2014 as opposed to 139 attacks in 2010 (International Maritime Bureau, 2015).

Illicit trade is also a security concern in the region. Weak and failed states along the Indian Ocean rim are good spots to smuggle contraband – from narcotics to black market weapons – and also humans to the larger black markets in the West.

Aside from non-traditional security, the Ocean is also prone to conflicts between great powers. The Hormuz Strait is one of the most important waterways in the Indian Ocean, as 40 percent of the world’s oil passes through the Strait. Unilateral closure of the Hormuz Strait, possibly due to U.S.-Iran tensions, would substantially disrupt the global oil supply and have chaotic consequences on the world economy. Additionally, potential security challenges come from China-India rivalry in the Ocean. Experts, such as Frankel (2011) and Michel and Sticklor (2012), predict that the Indian Ocean will become the next battleground between China and India. China is advancing with their “string of pearls”, a series of port facilities in the Indian Ocean which China would use as foot-

holds to maintain their sphere of influence; whereas India is liberally increasing its defense expenditure to modernize its armed forces and pushing forward Modi’s “Act East” policy to bolster ties with countries in Southeast Asia. The Indian Ocean is also possible of becoming a nuclear ocean. In 2008, the United States and India signed a nuclear deal and has since conducted multiple arms deals and joint military exercises.

The Indian Ocean has only recently emerged in Indonesian foreign policy dialogue due to Joko Widodo’s vision for a global maritime axis. Indonesia seeks to revive its old geopolitical view of “between two continents, between two oceans”; a view that was once held by Mohammad Hatta (1953). As such, Indonesia’s interests in the Indian Ocean are mainly economic and are based on multilateralism. Indonesia shares 1,300 kilometres of maritime boundaries with India, Australia, Malaysia, and Thailand; and 1.5 million square kilometers of Exclusive Economic Zone (EEZ) territory in the eastern part of the Indian Ocean (Shekar & Liow, 2014). Thus, it would be in Indonesia’s interest to safeguard its EEZ territory for economic gain. Indonesia would have to be part of a multilateral platform if it were to have an influence on the issues in the Indian Ocean. Towards that end, Indonesia would have to be involved in the Indian Ocean Rim Association (IORA) to engage with India. Additionally, to engage China and their ‘string of pearls’, Indonesia would have to address unresolved issues in their bilateral relations.

#### THE MALACCA STRAIT

The second region is the Malacca Strait, where oil from the Gulf has to pass through before reaching the advanced economies of East Asia and the growing economies of Southeast Asia. More than 60,000 vessels, counting up for almost a quarter of global trade, passes through the Malacca Strait, making it a vital SLOC. As the busiest SLOC in the region and a natural naval chokepoint, the Malacca Strait needs to be consistently monitored from non-traditional security threats, mostly maritime piracy and

transnational crime.

Narrow waters and numerous islets provide safe havens for pirates to operate in the waters of the Malacca Strait. In 2004, piracy in the Malacca Strait accounted for 40 percent of maritime piracy worldwide. To address the issue, a trilateral initiative was launched by Indonesia, Singapore, and Malaysia known as the Malacca Strait Coordinated Patrols (MALSINDO). The Indian Coast Guard joined in the coordinated patrols in 2006. As a result, piracy in the Malacca Strait declined and was eventually eradicated in 2008 (Raymond, 2009). However, pirates have once again shown up in the Strait. In 2014, there were a total 141 pirate attacks in Southeast Asia, with most occurring in the Malacca and Singapore Straits (International Maritime Bureau, 2015). Considering the Strait's importance in the global oil supply chain, ASEAN has been called upon to address the issue of piracy, but ASEAN has yet to set up a comprehensive maritime security measure that involves all ASEAN members.

Smuggling is a common occurrence in the Malacca Strait, given the presence of busy ports and high traffic. Common items smuggled through the Strait include crude oil, weapons, human organs, and drugs. The estimated value of black markets in Indonesia, Singapore, and Malaysia is around USD 20 billion. Aside from contraband, over 250,000 women and 70,000 children are illegally trafficked annually through the Malacca Strait. Human trafficking is often difficult to detect as smugglers use phantom ships to conceal human cargo (Umaña, 2013).

Illegal fishing also poses a problem in the Malacca Strait and surrounding waters, especially for Indonesia. As the largest littoral state in Southeast Asia, illegal fishing has cost the country staggering economic losses and potential environmental damage. According to Susi Pudjiastuti, the Minister of Marine Affairs and Fisheries, illegal fishing costs the economy Rp300 trillion annually (Ministry of Marine Affairs and Fisheries, 2015). From an ecological standpoint, illegal fishers disregard environmental regulations that are meant to sustain the marine ecosystem by fishing in

protected areas, causing an imbalance in the ecosystem. Furthermore, illegal fishers often employ destructive methods, such as blast fishing, which causes significant ecological damage (Weatherby, 2015). So far, Indonesia has been unable to effectively address illegal fishing due to an underequipped Navy and lack of cooperation with other ASEAN members.

SLOC security has remained mostly the burden of the three littoral countries, despite the importance of the Malacca Strait; however, the burden sharing has not been proportional to ensure effective SLOC security. Singapore depends heavily on safe passage of trade vessels through the Malacca Strait, causing Singapore to invest more in maritime security; while Indonesia is least dependent and has less capabilities for maritime security. Furthermore, Indonesia remains protective of its national sovereignty and has opposed any initiative perceived as a possible threat to its sovereignty. The United States once attempted to launch the Regional Maritime Security Initiative (RMSI), which would involve the US Navy in maritime security operations in the Malacca Strait. The RMSI was considered a part of the larger U.S.-led Proliferation Security Initiative (PSI), which was launched after 9/11 to increase U.S. involvement in preventing maritime piracy and terrorism from jeopardizing U.S. energy interests (Song, 2005). Under the RMSI, the U.S. would be involved in joint intelligence gathering, patrols, and be allowed to position troops in the Malacca Strait (Vavro, 2008). The proposal was met with harsh opposition from Malaysia and Indonesia, fearing intervention from the United States and the internationalization of security in the Malacca. Thus, security measures cannot commence effectively (Acharya, 2007).

Indonesia's interests in the Malacca Strait are mostly in the area of maritime security. Since the Strait is an important energy thoroughfare for Gulf oil, as a littoral state, Indonesia – along with Malaysia and Singapore – is responsible for ensuring safe passage. Related to energy security, there are issues such as piracy and illegal fishing that pose as non-traditional security threats towards Indonesia. Addi-

tionally, the vicinity of the Strait are still Indonesia's territorial waters, meaning that it is in Indonesia's vital interest to safeguard the Malacca Strait.

#### THE TAIWAN STRAIT

The third region is the Taiwan Strait, where oil supplies from the Malacca Strait continue into China and Taiwan. China is mostly interested in securing the Taiwan Strait due to its dependence on oil supplies from the Gulf. Statistics show that in 2012, China imported a total of 271 million tonnes of crude oil, 20 percent of which were imported from Saudi Arabia. On a global scale, China's oil consumption ranked second with a total 3,751 million barrels in 2012 (China Energy Group, 2014). The main issue in the Taiwan Strait is mostly related to Taiwan-China military tensions.

China and Taiwan are still locked in political tensions with one another. Taiwan will continue to stand for its sovereignty, while China will persist on integrating Taiwan with the mainland. Taiwan is seeing a more democratized government along with an increasing sense of a "Taiwan identity". In light of this, along with increasing Chinese nationalist fervor, China is developing a "military option" for a Taiwan scenario. The military option is suspected to have implications on security in the Taiwan Strait as a response to a worst-case scenario involving an uncontrolled arms race between China and Taiwan. These heightened political tensions have security implications on the Taiwan Strait (Saunders, 2005).

As a result of political tensions between China and Taiwan, the Taiwan Strait is at risk of being a battleground between the two countries. In 1996, US warships stood off against the Chinese Navy. Known as the Taiwan Strait Crisis, the arrival of US warships helped bolstered Taiwan's defenses, but at the cost of heightened tensions between China and Taiwan. To further assert its power over Taiwan, China has installed ballistic missiles along the Strait and has been enhancing its amphibious warfare capabilities. Taiwan, on the other hand, is still heavily reliant on the US security umbrella. The Taiwan Ministry of National

Defense estimated that by 2020, China would be able to launch a full-scale missile attack on Taiwan (The Taipei Times, 2013).

Though Indonesia is situated far from the Taiwan Strait, the problems in the Strait – should tensions escalate – would have an impact on Indonesia's economic relations with China and Taiwan. China is among one of the top investors in Indonesia, with a total of USD 75.1 million invested in 200 projects (The Jakarta Post, 2015a). Previously, Indonesia and China have already been engaged in mutual trade in 2005 to 2013. During that period, bilateral trade and investment reached USD 66 billion and USD 2 billion respectively (Parameswaran, 2015). Taiwan also enjoys a beneficial economic relationship with Indonesia. In July 2011, bilateral trade reached USD 7.041 billion, while Taiwanese investment reached USD 14.046 billion (Antara News, 2012). Considering these relations, an escalation of tensions in the Taiwan Strait would cause significant losses to Indonesia's economy as bilateral trade declines.

#### THE EAST AND SOUTH CHINA SEA

The fourth region includes the East and South China Sea, where oil supplies depart from the Malacca to the Philippines and Japan. Both seas are currently in a state of conflict. In the South, China is aggressively claiming territory, exacerbating tensions with four ASEAN members; whereas in the East, China-Japan tensions are constantly flared due to a territorial dispute between China and Japan over the Senkaku/Diaoyu islands.

Both the East and South China Sea have been claimed to store abundant amounts of hydrocarbon fuels. In the South China Sea alone, it is estimated that there are 11 billion barrels of oil and 190 trillion cubic feet of natural gas; whereas in the East China Sea, the EIA estimates reserves around 200 million barrels of oil and around 2 trillion cubic feet of natural gas, making the regions lucrative spots for extraction (U.S. Energy Information Administration, 2014).

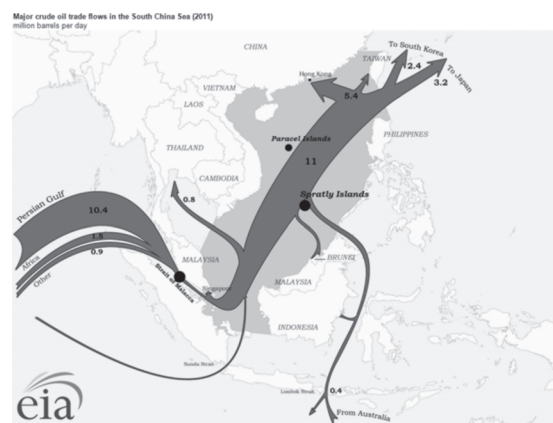
China, Taiwan, and four ASEAN members (Viet-

nam, Brunei, Malaysia, and the Philippines) are involved in a prolonged territorial dispute over the Spratly and Paracel islands. The conflict shows no signs of abating and is becoming increasingly worrying as China continues to assert its naval power in the region. Tensions between ASEAN members have increased in 2014. Anti-China protests have been conducted in Vietnam as a response to China's assertive behaviour in the South China Sea, which includes a clash between the navies of the two countries. The Philippines are seeking for help from the United States to balance an aggressive China (National Institute for Defense Studies, 2015). ASEAN has been expected to resolve the dispute; however, ASEAN has yet to draft a Code of Conduct to regulate behaviour in the South China Sea and prevent further land reclamation by China. Recent efforts to reach a conclusion on the Code of Conduct have failed. In November 2015, ASEAN defense ministers, including from the U.S. and China, failed to agree on a joint declaration to the South China Sea dispute. The failure was attributed to China's reluctance to have clauses related to the South China Sea put in the final joint declarations (Reuters, 2015a). The prolonged dispute calls to question ASEAN's dispute settlement mechanisms and its role in regional security.

In the East China Sea, China and Japan are balancing one another militarily. Military tensions between the two countries are fuelled by overlapping territorial claims over the Senkaku/Diaoyu islands. In 2013, China established an Air Defense Identification Zone (ADIZ) over the East China Sea, further exacerbating tensions between the two countries. Later, in 2014, Chinese fighter aircraft almost collided with Japanese Self-Defense aircraft (National Institute for Defense Studies, 2015).

In the South China Sea, there is an overlap in interests between China and Indonesia that continue to hinder the development of better bilateral relations. Though not a claimant state, Indonesia still has security concerns in the area. The prospect of the South China Sea becoming a regional flashpoint has caused Indonesia to increase its border defenses on the

island of Natuna, which is in close proximity with the disputed waters. In September 2015, Indonesia's Defense Minister, Ryamizard Ryacudu, called for increased defenses on the island which included a port, an extension of its pre-existing military base, an inspection of existing weapons systems, and acquiring new weapons systems (The Jakarta Post, 2015b). Moreover, Indonesia claimed that it would bring China to an international tribunal if the issue cannot be resolved through dialogue (Reuters, 2015b), a move will likely set relations back. As Indonesia develops a more assertive stance, it risks its bilateral relations with China. Nelson and Sulaiman (2015) argues that Indonesia's stance "...could pave the way for a clash with China..." and also attract other countries in the Asia-Pacific that share similar concerns for China's ambitions such as Japan and the Philippines. However, the inclusion of additional interests in the South China Sea would only serve to muddle the issue further. Hence, it would be wise for Indonesia to continue bilateral engagement with China and maintain amicable relations, as Indonesia still requires Chinese investment for advancing the global maritime axis.



Map of Southeast China Sea. US Energy Information Administration. 2013. *The South China Sea is an important world energy trade route* <http://www.eia.gov/todayinenergy/detail.cfm?id=10671>

## THE SEA OF JAPAN

The last region is the Sea of Japan, where oil supplies are received by Japan and then continued to the United States through the Tsugaru Strait. Issues in the Sea of Japan involve territorial disputes between South Korea and Japan over the Takeshima/Dokdo

islands, and also tensions between South Korea, Japan, and an ambitious North Korea. As a country highly dependent on imports, especially oil, the SLOCs in the vicinity of the Sea of Japan are Japan's vital economic bloodlines. Maintaining SLOC security around the Sea of Japan has long been the task of Japan's Maritime Self-Defense Force (MSDF) along with the U.S. Navy.

Bilateral relations between South Korea and Japan have been cold due to the ongoing territorial dispute over the Takeshima/Dokdo dispute. Since the early 2000s, the disputed islands have frequented political agendas in both South Korea and Japan and have caused strains to bilateral relations (Choi, 2005). While both countries are attempting to normalize relations, the dispute has a potential to become a flashpoint in the Sea of Japan, as both Japan and South Korea continue to modernize their military.

A larger threat looms over the Sea of Japan which threatens both countries. North Korea has long been considered a threat to the stability of East Asia. Since 2006, North Korea has conducted multiple nuclear tests. In 2013, tensions between North Korea and South Korea increased following a successful nuclear test and the North's declaration of war against the South. The nuclear test also exacerbated tensions with Japan. In 2014, North Korea showed no signs of backing down as it declared a fourth nuclear test and continued with missile launches near the Sea of Japan (The Guardian, 2014).

While there are no immediate Indonesian interests in this particular region, North Korea still poses a large threat due to its unpredictable behaviour and possession of WMD. Former Indonesian Foreign Minister Marty Natalegawa (2013) noted a "trust-deficit" in the Sea of Japan between North Korea and its neighbours could cause the region to descend into conflict as countries "... pursue guarantees of their own security at the expense of the other and, indeed, ultimately, to itself". Conflict in the Sea of Japan would surely jeopardize the cordial partnership with Japan that Indonesia has fostered for a long time, causing significant economic turbulences.

Reviewing the maritime security challenges in the Indian Ocean shows that Indonesia holds major interests in three of the five important SLOCs in the Indian Ocean; the Indian Ocean, the Malacca Strait, and the South China Sea. In the two remaining SLOCs, Indonesia's interests are not immediate, but still need to be taken into account. Indonesia possess vital interests in the Malacca Strait due to its proximity with Indonesian territory and the urgency of the problems in the Strait, making the Malacca Strait one of the most important SLOCs in Indonesia's priority list. Second is the South China Sea. Indonesia, along with other members of ASEAN, are struggling to conclude a peaceful resolution to end the conflict. There is also a conflict of interests between Indonesia and China regarding the issue of Natuna. Finally, in the Indian Ocean, Indonesia looks forward to becoming more involved in multilateralism and building a regional architecture in the region.

#### THE GLOBAL MARITIME AXIS AND INDONESIA'S ROLE IN SLOC SECURITY

Indonesia is and has been dependent on SLOCs in the Indo-Pacific, especially the Malacca Strait and the South China Sea. There are also minor SLOCs within Indonesia's territory, such as the Lombok and Sunda Strait, which are often used as alternatives to the Malacca Strait. SLOC security has gained a renewed place in Indonesia's political agenda, especially in Joko Widodo's proposed "global maritime axis" policy.

Joko Widodo's foreign policy lies on branding Indonesia as a "global maritime axis". The policy works on two fronts: the strategic and economic.

On the strategic front, the global maritime axis envisions Indonesia as an Indo-Pacific maritime power through the enhancement of maritime defense capabilities. The plan is to increase defense expenditures by 1.5 percent over the next 5 years to procure the necessary defense equipment and improve Indonesia's naval capabilities. Despite its size, Indonesia's naval capabilities are subpar to smaller countries in South-east Asia. Plans on modernizing Indonesia's fleet have been around since the Yudhoyono era. In 2005,

Yudhoyono approved the Minimum Essential Force, a long-term plan to develop Indonesia's overall military power by 2024. The plan envisions five fleets, totaling 274 vessels, with sufficient patrolling and striking capabilities (Shekar & Liow, 2014). Aside from budget increases and military procurement, developing Indonesia's shipbuilding industry is also one of Joko Widodo's agenda. Joko Widodo aims for the shipbuilding industry to be able to produce not only military-grade equipment, but also vessels fit for civilian use. The shipbuilding industry is an integral part to the global maritime axis as it would allow Indonesia to depend less on external parties for supplying the much needed logistics required to develop Indonesian maritime power. Despite its importance, the shipbuilding sector remains underdeveloped due to taxes and insufficient funding (Jakarta Post, 2013). Given these conditions, a defense revolution, though expected, has yet to take place as reforms are advancing at a slow pace.

On the economic front, the global maritime axis seeks to capitalize on Indonesia's geopolitical advantage as an economic maritime trade hub by bolstering port infrastructure and improving inter-island connectivity. The objective is twofold. First, on a domestic level, enhancing inter-island connectivity by improving ports across the archipelago would provide the economic boost the outer islands desperately need. Mostly, economic development is concentrated in the western islands (Java and Sumatera) while the Eastern islands suffer from logistics problems, causing a wide development gap and economic inequality. As a result, these islands have often been alienated from national economic activity and opt to become self-sufficient economies. The most cited problem is lack of adequate transportation facilities. Since land transport is inefficient and ineffective, the best mode of supplying the eastern islands is by sea. However, many port facilities across Indonesia have fallen into disrepair due to negligence and inadequate funding from the government (Shekar & Liow, 2014). Thus, Joko Widodo proposed a "sea highway" (*tol laut*), which takes form of large carrier ships capable of mobilizing large

amounts of goods and people throughout the archipelago, in an attempt to cut transportation costs and connect the eastern islands to the economic centres of Java. Second, on an international level, improving port facilities would allow Indonesian ports to handle more economic activity from domestic and international shipping. Major ports in Indonesia, such as Tanjung Priok, suffer from inadequate storage facilities which cause long dwelling times for cargo. The World Bank (2014) reported that in 2013, the average dwelling time at Tanjung Priok reached 6.4 days. Longer dwelling time inevitably leads to additional costs, which increases prices of goods. Measures have been taken to introduce a more efficient system based on computerisation; however, it will require more time for the system to be fully implemented.

In regard to SLOC security, Indonesia has shown that it means serious business. Since Joko Widodo's inauguration, concentrated efforts have been made to make the global maritime axis a reality. We stress three important efforts: the "sink the vessels" policy, revitalization of the shipbuilding industry, and Indonesia's security relations with India. These efforts mark significant progress in Indonesia's approach to maritime security in the Indo-Pacific and the global maritime axis.

#### "SINK THE VESSELS"

Economic losses due to illegal fishing in Indonesian waters have prompted Joko Widodo to start a "war against illegal fishing". The Indonesian government began its "sink the vessels" policy, where illegal fishing boats, were sunk. The most striking display of the policy was Indonesia's choice to sink an illegal Chinese vessel detained in 2009 near the South China Sea. On 20 May 2015, the *Gui Xei Yu 12661* (a 3,000 gross tonnage vessel) was destroyed, along with 40 other detained ships from ASEAN countries, to commemorate National Awakening Day. Minister Susi Pudjiastuti denies the act as a "show of force" and insists it an enforcement of Indonesian law (Jakarta Post, 2015).

Indonesia's extreme approach to illegal fishing



raises questions on how Joko Widodo approaches regional relations. It is unclear whether Joko Widodo wants to pursue populism or regional cordiality. As the deadline for the ASEAN Community draws near, members of ASEAN are expected to ideally maintain harmonious relations to proceed with regional economic integration. Sinking vessels of fellow ASEAN members is deviant to Indonesia's benevolent regionalism since the Yudhoyono era and has caused uncertainty among other ASEAN members, raising questions on Indonesia's regional intentions. An editorial in *The Straits Times* (2014) called for an "eloquent point man to put the scope of Indonesia's nationalism in the proper perspective" and for Indonesia to "ensure diplomatic relations in the region are safeguarded". Beijing has also expressed concerns over the destruction of the Chinese vessel. Hong Lei, spokesman for the foreign ministry, stated that China is "gravely concerned" and asks for clarification of Indonesia's actions. Hong Lei further called for the safeguarding of "legitimate rights and interests of Chinese companies" (Channel News Asia, 2015). Thayer (2014) also cautioned Joko Widodo from sacrificing long-term relations with ASEAN in favour of populist policies. While the act of sinking Chinese ships shows consistency on enforcing its policy, it is feared that the incident would only serve to heighten tensions with China and jeopardize attempts to bring order to the South China Sea.

#### Revitalizing the Shipbuilding Industry

Despite Indonesia being an archipelago, the shipbuilding industry remains underdeveloped. There are around 100 shipyards in Indonesia. A majority are used for repairs and commerce, while only a few are used for shipbuilding. The shipbuilding industry is dominated by four major state-owned enterprises: PT PAL, PT Dok dan Perkapalan Surabaya, PT Industri Kapal Indonesia, and PT Dok dan Perkapalan Kodja Bahari. Production is relatively small; only 100 vessels per annum are produced (Lee, 2015).

Despite being an essential industry for the success of the global maritime axis, the industry faces cumbersome taxes and a severe lack of human resources.

In 2013, Indonesian shipbuilders struggled to meet their production targets. Shipbuilding components are mostly imported and are subject to additional import tax, resulting in higher production costs and ultimately, higher prices. A ship produced in an Indonesian shipyard can cost up to thirty percent more than a Chinese ship (Jakarta Globe, 2015). High taxes have caused the industry to be concentrated in Batam, where due to its status as a Free Trade Zone, import taxes are not imposed.

According to Susilo Bambang Sulisto, Chairman of the Chamber of Commerce and Industry (Kadin), the shipbuilding industry requires more "professional human resources" skilled in engineering, financing, and law if Indonesia's shipbuilding industry wants to have the capacity to meet global demand (Antara News, 2015). In 2013, Indonesia and South Korea signed a technology transfer agreement between PT PAL and Daewoo. However, according to M. Firmansyah Arifin, Chief Director of PT PAL, the technology transfer would not fully benefit Indonesia. Based on the terms of the agreement, the Indonesian experts sent to South Korea were only limited to observing submarine blueprints and were not given a hands-on experience in the production of submarines (Tempo, 2013). Indonesia still lacks the expertise needed to engineer new blueprints and adopt foreign technologies into the domestic shipbuilding industry.

To address the issue, Joko Widodo, in line with the global maritime axis, has devised a five-year plan to revitalize the shipbuilding industry. Three fiscal incentives were provided i.e. a revision of tax laws to abolish value-added tax on shipbuilding facilities, subsidization of import tariffs, and tax allowances on income tax. Rent waivers are also included for state-owned enterprises as a non-fiscal incentive (Kementerian BUMN, 2014). As for the issue of human resources, a large amount of investment in research and development is required before Indonesia's shipbuilding industry can get on its feet.

#### RELATIONS WITH INDIA

Joko Widodo envisions Indonesia as an Indo-

Pacific maritime power, capable of safeguarding not only Indonesian waters, but also SLOCs in the Indian Ocean and Pacific. To a large extent, Indonesia would have to consider the existence of India as an emerging power in the Indian Ocean region. At the 2014 India-ASEAN Summit, Narendra Modi announced an upgraded version of Narasimha Rao's "Look East" policy, called "Act East". The policy indicates India's intentions to be more involved in Southeast Asia to balance a rising China. Furthermore, Indonesia would also have to engage bilaterally with China, especially considering China's influence in the Indian Ocean through its 'string of pearls'.

India and Indonesia, aside from sharing a long history together, have shared security interests, especially related with SLOC security in the Indian Ocean region. In 2001, India and Indonesia signed a defence cooperation agreement, which was later renewed and expanded in 2013. The agreement covered outer space, nuclear energy, food security, counterterrorism, defence, maritime security, and trans-border security (The Hindu, 2013). India has also given Indonesia a special seat in their high-level annual summits. Such positions were only provided for Japan and Russia, marking Indonesia's significance in Indian foreign relations. In SLOC security, India and Indonesia have started maritime security cooperation since 2006. In 2006, India offered to help Indonesia in dealing with piracy in the Malacca Strait by providing naval assistance (Valencia, 2007). Furthermore, India has stepped up its involvement in SLOC security in the Malacca Strait through its naval bases in the Andaman and Nicobar islands. Established in 2001, the Andaman and Nicobar Command (ANC) has become important location for India's "look east" policy and to secure the Malacca Strait. In the recent years, the ANC has become an important strategic asset for India, serving not only to secure SLOCs, but as a focal point for India's military diplomacy with ASEAN and also to balance the rise of China. India has been upgrading the ANC with fighter jets, helicopters, and transport planes, which would allow India to exercise amphibious tactics in Southeast Asia (The New Indian

Express, 2014).

A mutual convergence of interests between Indonesia and India is imminent. As Indonesia "looks west" to become more involved in the Indian Ocean, Indonesia would have to engage with India. Likewise, if India wishes to continue its engagement in Southeast Asia, it would have to consider Indonesia's presence. The convergence is visible not just on a bilateral level, but also the multilateral level. During India's term as chair of the Indian Ocean Rim Association (IORA), maritime security and safety was added as one of six priorities to the IORA agenda. This agenda nicely fits Joko Widodo's regional interests in the Indian Ocean. Moreover, Indonesia is set to chair the IORA in 2015. Retno Marsudi, Indonesia's foreign minister has insisted that Indonesia will focus on contributing, within its capabilities, to the organization (Ministry of Foreign Affairs, 2015). Through the IORA, it is expected that the global maritime axis concept will be able to fit into larger and more comprehensive regional maritime security architecture. Currently, the IORA lacks developed regional security architecture (Agastia & Perwita, 2015). No single "great power" is available in the IORA; only "middle powers". In the face of an assertive China, strategic cooperation between Indonesia and India is likely as Indonesia seeks equilibrium in the region, while India seeks to balance China. By chairing IORA, Indonesia would have the clout to engage in diplomacy with other smaller powers in the region and push for the development of a security architecture that can address the emerging security issues in the region. Additionally, the IORA has the potential to balance China's "string of pearls" in the region.

## CONCLUSION

Under Joko Widodo, Indonesia has started its first step to becoming a maritime power in the Indo-Pacific as SLOC security becomes an increasingly vital agenda for great powers and developing economies in the region. Indonesia has made it clear that it will no longer tolerate infringement of its territorial waters and has begun to modernize its navy to ensure it has

the capabilities required to secure SLOCs in the Indo-Pacific. Additionally, Indonesia has started to build multilateral initiatives to achieve its goal. All in all, SLOC security has definitely become a top priority for the Joko Widodo administration.

Additional challenges, however, await Indonesia. In commencing its “sink the vessels” policy, Indonesia would do best not to jeopardize relations with neighbours and China, especially given the hostile situation in the South China Sea. As for revitalizing the shipbuilding industry, Indonesia still requires adequate human resources to develop ships before achieving self-sufficiency. On the multilateral level, Indonesia still has ways to go before integrating the global maritime axis into regional security architecture.

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