

Foreign Affairs Committee

Oral evidence: Implementing the Integrated Review: Tilt to the Indo-Pacific, HC 172

Tuesday 22 November 2022

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[Watch the meeting](#)

Members present: Alicia Kearns (Chair); Neil Coyle; Henry Smith; Graham Stringer; Stewart Malcolm McDonald.

Questions 148 - 181

Witnesses

[I](#): Shafiah Muhibat, Deputy Executive Director for Research, Centre for Strategic and International Studies (CSIS) Jakarta; Gregory Poling, Senior Fellow and Director, Southeast Asia Programme and Asia Maritime Transparency Initiative, Center for Strategic and International Studies (CSIS) Washington DC; Dr Patrick Abbot, UK Director, NIRAS Development Consulting, and Managing Director, LTS International.

[II](#): Ben Bland, Director of the Asia-Pacific Programme, Chatham House, and Former Director of the Southeast Asia Programme, Lowy Institute; Dr Jürgen Haacke, Associate Professor, Department of International Relations, London School of Economics (LSE); Aaron Connelly, Senior Fellow for Southeast Asian Politics and Foreign Policy, International Institute for Strategic Studies (IISS).

Examination of witnesses

Witnesses: Shafiah Muhibat, Gregory Poling and Dr Patrick Abbot.

Chair: Welcome to this session of the Foreign Affairs Committee as part of our Indo-Pacific inquiry, where we will be looking specifically at Indonesia. Thank you both ever so much for joining us. Can you kindly introduce yourselves?

Dr Abbot: My name is Patrick Abbot. I work for a company called NIRAS International (UK) Limited. I am personally based in Edinburgh and am a director for the company.

Gregory Poling: I am Gregory Poling with the Center for Strategic and International Studies in Washington DC, where I direct the south-east Asia programme.

Shafiah Muhibat: I am Shafiah Muhibat. I am deputy executive director of the Centre for Strategic and International Studies, based in Jakarta, Indonesia.

Q148 **Chair:** Before we go into questions, the whole Committee will want to express their heartfelt condolences to all those families and communities who lost loved ones in the earthquake in Indonesia. Obviously, there is still a lot of recovery and relief work taking place, but we send all strength to our Indonesian friends and all those looking to support them.

Ms Muhibat, what does Indonesia expect to achieve as it takes over chairmanship of ASEAN? How important is ASEAN when trying to understand Indonesia's foreign policy, its approach and what it seeks to achieve in its relationships internationally?

Shafiah Muhibat: For Indonesia, ASEAN basically serves as its traditional diplomatic vehicle. ASEAN has a special position in Indonesian foreign policy because the ASEAN Charter is ratified into Indonesian law. No other charters that Indonesia sign in terms of its membership in a multilateral forum are ratified legally in Indonesia.

For Indonesia's chairmanship next year, there is quite a high expectation announced by the Government. Some of the priorities are the implementation of the ASEAN Outlook on Indo-Pacific, the continuation of the code of conduct process for the South China Sea, and quite a long list of economic deliverables. That coincides with the fact that Indonesia saw success in terms of our economic agenda through our chairmanship in the G20. The Government wanted to carry over some of the issues that were the focus of Indonesia's G20 presidency into Indonesia's ASEAN chairmanship in 2023.

Of course, there are some serious challenges, including some other crises such as the South China sea, for example. Myanmar is at the top of the list. Addressing the crisis in Myanmar will be one of the hardest challenges for Indonesia next year. It remains an extremely difficult path



to tread because some of the earlier commitments were not met. There were also some challenges throughout this year during the Cambodian chairmanship. Some of the goals were not met, which means there is a long list of homework that Indonesia must do next year with regard to Myanmar.

Aside from Myanmar, of course, there are challenges for ASEAN as an institution. There were already a lot of criticisms towards ASEAN: that it is losing its relevance, its structure is outdated and so on. High on the list of priorities for Indonesia is actually carrying out some sort of reform to ASEAN as an institution.

Q149 **Chair:** Paddy, in terms of understanding Indonesia's relationship with the UK and what we value from our relationship with Indonesia, could you give us what you see as the highlights and the priorities for both countries in that relationship?

Dr Abbot: We have quite a long relationship in terms of some of the work we have been supporting around sustainability and development going back 30-plus years now. One of the interesting factors there is that it places us in quite a unique position compared to many of our partners and colleagues, because that longevity has given us quite a lot of consistency and a different long-term perspective on the relationship that we have with them.

The aspect around ASEAN is interesting, given our interest in supporting some of the ASEAN-related work next year around the presidency. There are aspects around our low-carbon development work and some of our environmental and forestry work, which has been quite significant in providing Indonesia as a demonstration of how one can take forward some of these sustainability initiatives in the region. Those are certainly areas in which we have been able to demonstrate some good relationships and unique partnerships that we have with Indonesia.

Q150 **Chair:** Are there any particular strains in the relationship?

Dr Abbot: Generally, the relationship at the moment seems pretty good. I was in Indonesia just last week, and there is a very positive set of relationships, from what I can see. There is certainly a change in the way that Indonesia sees itself in the world and in the region, and therefore a change in the relationship it has with its development partners and the expectations it has on them. It is also important that we understand and reflect that. It is much more of a partnership, and they are very clear on the sorts of things that they want from that partnership, and perhaps more assertive than they have been in the past.

Q151 **Chair:** Is that the main change? When you say they have changed their foreign approach, is that what you mean—the assertiveness and expecting a partnership rather than perhaps an unweighted relationship?

Dr Abbot: Yes, most certainly. That is right.



Q152 **Stewart Malcolm McDonald:** Greg, can I come to you first? Would you say that Indonesia has punched above its weight in ASEAN?

Gregory Poling: It is quite the opposite, I suppose. Indonesia has always been the heavyweight in ASEAN, but when you consider the fact that it accounts for well over a third of the population and that it is the only \$1 trillion economy in the region, the fact that Indonesia has not historically been the leader suggests that it punches below its weight. This is partially the result of the long trend within Indonesian foreign policy of prioritising a “friends with everyone, enemy with none” approach, with a balanced foreign policy and non-alignment.

Indonesian leaders, with the notable exception of former President Susilo Bambang Yudhoyono, have not traditionally viewed foreign policy as a top priority. President Jokowi views foreign policy as very much a secondary priority. It is something to be engaged in transactionally, mostly to attract investment and trade opportunities for Indonesia. As a result, under this Administration—as under most prior Administrations, again with the exception of the Yudhoyono Administration—Indonesia has not sought to be the first among equals. It wants to be at the table. Obviously, that is important, as Shafiah said earlier, but Indonesia has not taken up the leadership role that one would expect in the organisation, if you just look at the numbers such as population, geographic importance and economic weight.

Q153 **Stewart Malcolm McDonald:** Paddy, do you have any thoughts on Indonesia, as Mr Poling says, maybe not punching above its weight?

Dr Abbot: It has an opportunity, perhaps, with the ASEAN presidency to show that in a different way. In some of the work we have seen, certainly in some of the environmental areas, it has had its challenges. It is now looking beyond that and trying to recast itself. The UK has been supporting dialogues and discussions on that to try to think about how it can recast itself as more environmentally sustainable in the way it goes about its development, which is something quite different from perhaps where we were a decade ago. In the context of its position in the region, I really do not know. It is not my area of expertise.

Q154 **Stewart Malcolm McDonald:** Shafiah, in an answer to the Chair, you said that ASEAN needs updating. What did you mean by that? Could you just expand on that a bit?

Shafiah Muhibat: ASEAN was established in 1967, so it was in the midst of the cold war, and ASEAN was basically a number of newly independent countries trying to solve issues among themselves within the region. Of course, it is a completely changing region. It is a completely different world, but ASEAN has not updated itself to keep on track with the current challenges.

In terms of the relations among the states, the principles held, non-interference and so on, it is clearly outdated and does not respond to the current challenges, but there is a dilemma. The 10 ASEAN countries



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decided to group together because of the looseness of the institution and the principles held. If you take that away, there is a dilemma. They might not be so willingly joined together in ASEAN. At the same time, ASEAN is not equipped to respond to the current challenges.

Gregory Poling: I wholeheartedly agree. In a way, ASEAN has fallen victim to its own successes. As the cold war ended, ASEAN did two things at once in the 1990s. First, it expanded membership beyond the initial countries to include the former communist, Soviet, or socialist states—in the case of Burma—which created a lot more dissension within the ranks. It has become far harder to reach consensus. At the same time, from the mid-1990s on, ASEAN expanded its very mission, with this idea of ASEAN centrality on all issues of regional importance, and the establishment of these extra-regional forums like the East Asia Summit and the ASEAN Regional Forum, putting things like the South China sea at the heart of ASEAN centrality.

The mission expanded at the very time that reaching consensus on any issue became all but impossible. That was papered over for a while, but those tensions have only grown as we have re-entered this era of great power competition. The fissures risk getting to the point of being unbridgeable in the coming years if there is not some kind of reformation within the way the organisation does business, which, unfortunately, is unlikely.

Q155 **Henry Smith:** Ms Muhibat, in your introductory answer you touched on the relationship that Indonesia has with Myanmar. Would you be able to say a little more about Indonesia's approach to dealing with that country?

Shafiah Muhibat: Myanmar is, of course, the biggest issue in south-east Asia right now. Indonesia's formal and official approach has been putting emphasis on the ASEAN framework. On the one hand, it is the safest route. It is clearly giving a signal that ASEAN has relevance in terms of managing intraregional issues and so on, but at the same time it also highlights the weaknesses of ASEAN that I mentioned just now, and how it is not equipped to respond to issues as serious as the Myanmar crisis.

At the regional level, Indonesia has been trying to get ASEAN members to agree on an action plan to persuade the current junta to stop the killings and violence and so on, and it has led ASEAN to come to the five-point consensus. To a certain degree, Indonesia has been following the mechanism that ASEAN allows it to do, but we see now that it has not worked in the way that we wished it would. The Myanmar junta is basically ignoring all the commitments it made through the five-point consensus. Again, it displays the weakness of ASEAN and the weakness of Indonesia in trying to do something by asserting leadership or whatever you want to call it. Basically, ASEAN has its limits, and Indonesia's insistence on working through the ASEAN framework has also met with these challenges.

Q156 **Henry Smith:** Would you say that Indonesia's policy towards Myanmar



would be more robust if it did not choose to work exclusively through the ASEAN system?

Shafiah Muhibat: We can never really know because the focus has been given to the ASEAN framework. There have not been many efforts on the bilateral level. Indonesia has sought to support efforts through the UN and so on, but that has not worked. There have been similar challenges to the ones we have met through the ASEAN framework.

We can only imagine that, if things were done in different ways, they would have worked. A lot of countries have tried different ways of approaching Myanmar as well, and none of those has seemed to work thus far.

Q157 **Henry Smith:** Could I direct a further question to Mr Poling? How does Indonesia feature in the UK's mind map, if I can put it like that? For example, is it an advantage or a disadvantage for the UK's relationship with Indonesia that it was never part of the British empire unlike, say, Malaysia or Singapore?

Gregory Poling: I can take a swing at that. Being British, though, Ben Bland will give you a better answer on the next panel. As an American, I am honestly not sure. Indonesia does not enjoy the same historic relationship as Malaysia and Singapore through the Five Power Defence Arrangements.

It may also not have the same level of imperial hangover when it comes to the British, but then again—Shafiah is better placed than me to answer this—Indonesia has a strong sense of anti-colonialism in general. It is the only country in the region that was colonised by a company, not a country. The Dutch East India Company was not a beneficent colonial overlord, by any stretch of the imagination.

Q158 **Henry Smith:** Does the UK allocate enough resource and attention to its relationship with Indonesia compared to other countries in the region?

Gregory Poling: I will be honest: I do not know exactly what the budget line is that is given to each country in the region, but my sense is that Indonesia has to be in the top tier of focus for any country engaged in south-east Asia, mine included. It does not necessarily have to be No. 1.

Outside parties bring different comparative advantages, including being able to leverage their historical relationships. It is perfectly reasonable to expect the UK or Australia, as a fellow member of FPDA, to engage more with Malaysia or Singapore, given the access and long history of military and economic co-operation.

We do not necessarily need to rank and order countries by population and say that Indonesia gets to be No. 1 for everybody. The Americans do not treat Indonesia as No. 1; we treat the Philippines as No. 1. That is for much the same reason that the UK engages with FPDA.



Henry Smith: It is about historical engagement.

Gregory Poling: Yes.

Q159 **Graham Stringer:** I have a simple question for Gregory. What opportunities are there for UK businesses to develop trade and investment in Indonesia? What are the UK's unique selling points in its approach? We have touched on imperial relationships. What currently are the best and unique selling points the United Kingdom has?

Gregory Poling: Indonesia is not an easy place for foreigners to do business—period. It never will be. It is never going to enjoy the open investment climate, tax benefits and so on that you will get in Malaysia, Singapore and Thailand, or maybe even Vietnam or the Philippines. What Indonesia does have is a population that will very soon be 300 million people. It is a domestic market that is too big to ignore. All foreign companies engaged in Asia have to have a presence in Indonesia.

In the future, the comparative advantages are going to lie increasingly in high-tech manufacturing. Indonesia has made clear, as a matter of regulation and policy, that it is no longer going to be primarily a mineral exporter. The biggest foreign investment has historically been in extraction, and that is no longer going to be viable. The Indonesian Government are moving that into the domestic sphere. They want foreign investment in the downstream industries: in processing and particularly in manufacturing.

Just last week at the G20, you saw billions of dollars more investment coming in from the US, China and Korea for battery manufacture and high-end nickel processing. Eventually, Indonesia is going to bootstrap its own electric vehicle industry largely for domestic production.

The other area I would flag is the digital economy. It is not the most open or easy digital economy in the region, but it is the largest digital economy in the region. Companies that want to make money in the digital services space have to have a presence in Indonesia.

Shafiah Muhibat: I completely agree. There are huge challenges to doing business in Indonesia. Looking at the current political trends, it is seemingly becoming more and more protectionist. In a way, there is a contradiction between what the Government have been saying to invite investment and the actual campaign they run domestically to get public attention. In two years we will have an election, which means you will hear more and more nationalistic sentiments coming from political parties and so on.

You are absolutely right: the potential is there. Any country would be unwise to disregard Indonesia as a potential market simply due to the size of the population. The spirit is there for Indonesia to open up, but the sentiment here is that we realise we are losing more and more to Vietnam, which is something the Government are reluctantly admitting as



well. In terms of popularity for investment, we are losing more and more to Vietnam. That is something the Government are trying to handle.

Q160 **Chair:** Forgive me; Vietnam must be a much tougher climate to do business in. I am extrapolating from civil society and my experience of civil society. From my experience, Vietnam is a very difficult country in terms of civil society, human rights defenders and transparency, whereas my experience of Indonesia has always been better when it came to transparency and the ability to do business. Am I mistaken in that thinking?

Gregory Poling: I am happy to jump in. It is certainly true that the space for civil society in Vietnam has shrunk considerably over the last few years and will continue to do so under General Secretary Trọng. The business climate has been very different. The country has prioritised attracting foreign investment for decades now since the Đổi Mới opening, and that has only continued.

It has invested far more in economic zones for export and for infrastructure. It is a lot easier to get things from factory to port now in Vietnam than almost anywhere else in south-east Asia. The tax system has been set up to benefit foreign manufacturers and exporters. The rule of law and the fidelity of contracts in Vietnam for foreigners and for businesses is far more secure than it is in Indonesia or, for that matter, the Philippines.

If you are a foreign business, you are far more likely to have your company eventually nationalised in Indonesia than you are in Vietnam. That is particularly important for high-end and very capital-intensive manufacturing, where companies have to make 30-year bets. A 30-year bet in Indonesia is tough. It is quite easy in Vietnam by comparison.

Q161 **Neil Coyle:** Greg touched on electric cars as one example. Paddy, I wanted to bring you in. Is there anything more that you wanted to add about the opportunities for the UK Government and UK business to support the development of a greener economy in Indonesia? Are there any opportunities you might be able to identify?

Dr Abbot: From a business perspective, we have already touched on some of the regulatory challenges in terms of the enabling environment, particularly for long-term investments. There are a number of areas where there are certainly opportunities for UK business and where perhaps UK business has some differentiating experience in terms of our own experience around the UK.

The digital economy, which has already been mentioned, has taken off quite significantly post pandemic. The level of use of digital transactions is really significant. There must be significant opportunities there. There are probably opportunities around digital health as well, which is something we have developed quite a lot in the UK.



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As an island nation—we are also an island nation—there are probably opportunities. I know there is a keen interest in port development and port infrastructure in Indonesia. I know there are interests and concerns around coastal and marine management. Again, we have capabilities and expertise around that. The same goes for the interconnections between islands.

We have a lot of experience with offshore energy production and renewable energy. We know there is this big push—there was a commitment last week at the G20—on the Just Energy Transition Partnership, which the UK is part of, to see a process of transitioning out of coal to other technologies, which will be a challenge for Indonesia. We have that experience. Again, that is something where we can bring some expertise to the table and businesses can support there.

The point around some of the infrastructure was well made. At the moment, there are potentially better places in the region, such as Vietnam or Korea, where some of the significant infrastructure investment may happen in terms of manufacturing. That would require a revision of regulatory systems. That is something, from a development perspective or from a technical advisory perspective, we can help with. We can help make the processes for investment and the attractiveness of investment a little more enabling than they are at the moment.

Q162 Neil Coyle: TheCityUK makes similar points. Is there a sense that there is enough co-ordination within the UK on identifying and awareness-raising about opportunities? Is there enough support to tackle them, be it from BEIS, DFT, FCDO or whoever? Is there a sense that the co-ordination is there or not?

Dr Abbot: There is some co-ordination. We have interactions with the embassy around opportunities and we liaise with BEIS, the Department for Transport and others. In my case, being based in Edinburgh, we liaise with Scottish Development International.

Those interactions are often regional, coming out of Kuala Lumpur, but there is certainly that interest to see how they can support development, create networks and do business-matching. It is that sort of thing. It is those kinds of opportunities, as well as supporting on trade events, trade fairs and that sort of thing, which is perhaps quite standard.

Q163 Neil Coyle: There is a sense, certainly from commentary, that there has been development or progress in human rights issues in Indonesia, particularly towards those of Chinese heritage, but there are also concerns about indigenous populations and some of the separatist movements. What is the balance there? Is there a role for the UK in working with Indonesia to improve performance on human rights?

Dr Abbot: I will give an opinion. I am sure my colleagues will have a view from the academic angle. There are elements of progress. They have adopted certain human rights-based approaches around labour,



disability, inclusion and diversity, for example. Those aspects are coming into regulation and being applied. That is very constructive.

There are some aspects around indigenous people, as you mentioned. The link between social justice and environment justice is really important in that context because many of the issues for these people are around environmental degradation, loss of resources, access to resources and that sort of thing. There is definitely a linkage there.

In the UK, we have supported this by helping ensure that there are standards put in place for forest products or commodity products that we are bringing into the UK. We have helped to ensure there are standards in place that account for aspects around social and environmental justice. There is more we can do in that area. That creates an incentive, from a business angle as well, to start to be more responsible and to be a responsible business.

Q164 Neil Coyle: I am happy to hear from others on that, but perhaps I could link that to the earthquake. As the Chair has already mentioned, that may be a specific example. Does anyone want to chip in on where UK aid to Indonesia might be best targeted? That could perhaps be linked to human rights or environment development protections.

Dr Abbot: At the moment, UK aid is already quite well targeted from what I see of it. I do not know the full portfolio of what we are doing there, but generally we are quite well targeted. We are aware of some of these issues and challenges.

I know the focus is primarily around climate, low-carbon development and so on. The recipients are perhaps not the traditional ones we might see in other countries in Africa and so on. The focus is slightly different, but there are certainly ways we can influence through that process. Should we do more? We probably could. How we dialogue that around aspects of social justice is a good question. We need to understand how we can do that better.

Q165 Neil Coyle: I would welcome other thoughts. I know LSE IDEAS and the British Council have suggested education as one further example. Do Shafiah or Greg want to make any other points linked to that?

Shafiah Muhibat: I am not quite familiar with the details regarding aid to Indonesia, so I cannot really comment on that.

Chair: In which case, I am aware that we have to wrap up. That leaves me to thank you all ever so much for your time today.

Examination of witnesses

Witnesses: Dr Jürgen Haacke, Ben Bland and Aaron Connelly.

Chair: We are again starting the Foreign Affairs Committee hearing on



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the Indo-Pacific, looking specifically at Indonesia. Could you both kindly introduce yourselves?

Aaron Connelly: I am Aaron Connelly. I am a senior fellow for south-east Asian politics and foreign policy at the International Institute for Strategic Studies. I mostly work on Myanmar, Indonesia and ASEAN.

Ben Bland: I am Ben Bland. I run the Asia-Pacific programme at Chatham House here in London. In my career, I have focused on studying Indonesia.

Q166 **Henry Smith:** Mr Bland, how do you feel that Indonesia features in the UK mind map?

Ben Bland: It is a big gap, for the most part. If you wandered the streets—or even this building, dare I say—with a map and asked people to find Indonesia, it would be a struggle. A lot of people have been to Bali, but not that many would realise that it is part of Indonesia. For the UK, I would say that no country is as important but as little understood as Indonesia. That is at a societal level. The economic relations are thin; political relations are quite thin, though they are improving.

There have only been nine bilateral head of state or prime ministerial visits in the history of both countries. Many of the challenges we face in the bilateral relationship today are the same ones people would have been talking about 40-plus years ago on the first state visit here in 1979.

Q167 **Henry Smith:** You have answered a subsequent question that I was going to ask. I take it that you feel we are not allocating enough effort or resource to the relationship with Indonesia. It is funny that you should mention Bali. Has the recent G20 meeting, even though it was in the context of the G20, been an opportunity perhaps to improve that relationship in a bilateral sense?

Ben Bland: The relationship is improving, to be clear. The ASEAN dialogue partnership and the effort that went into getting that entailed a lot of visits to Indonesia and south-east Asia more generally, which was good.

Indonesia's presidency of the G20 is a good example of the kind of leadership Indonesia can offer in the world, which is an asset to the UK. It is not necessarily exactly what we want to see, which is a non-aligned country trying to balance different competing forces and not always agreeing with us, but there is great value for us in building out a relationship with a country that will not always see eye to eye with us but also will not always see eye to eye with other great powers in the world. It is a good example of how Indonesia can balance different pressures from China, the US and Russia, and ensure there is at least a degree of conversation we can have as the world's 20 biggest economies. That shows what Indonesia can do and it should show us why we should put much more effort into that relationship.



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I would acknowledge that efforts have increased in the last few years. I just hope we can commit the resources in terms of ministerial time, investment at a Government level and investment in the UK in our knowledge about Indonesia in the years going forward, which is what we will need if we want to push to the next level, rather than repeating these lines about how important Indonesia is but not living up to the ambition.

Q168 Henry Smith: As Indonesia grows in influence, economic strength and arguably international presence, is the fact it was not a British colonial possession, for want of a better expression, an advantage or a disadvantage, or is that ancient history?

Ben Bland: It is not ancient history. The UK did have a small but not insignificant intervention at the end of the second world war when British troops—mostly Indian troops in the British Army—put down an Indonesian independence uprising and passed control back to the Dutch before they were kicked out shortly afterwards. We do have history that is somewhat messy. There were a few other occasions too.

By and large it is an advantage. The relationship is underdone. We do not have the same familiarity we have with Singapore, Malaysia or Brunei. That is an opportunity to do new things. Indonesia is so big. As I am sure you heard earlier from other witnesses, there are so many different areas of economic co-operation where we can work together. That is true on diplomatic issues as well. The fact we do not have the history is an advantage so long as we put resources in, but it does mean it is harder because there is not the same natural familiarity as we have with other countries.

Frankly, if Ministers spent more time in Indonesia than in Singapore, which is a much easier place to visit, that would be good. We do not need to spend as much time in Singapore because those relationships are pretty smooth. We understand how their system works and we have great relationships. It is a challenge to convince people to put resources into the unknown, but it would be very rewarding.

Q169 Graham Stringer: Most people in this country would find it surprising that Indonesia is the most populous Muslim country in the world. Is there a role for Indonesia, with its rather milder interpretation of Islam, to be a link between the west—Europe and the United States—and those countries with a much tougher interpretation of Islam?

Ben Bland: I do not know whether it is a specific role, but Indonesia is a country that mixes many different religions. It is a democracy; it has flaws in its democracy, as we all do. It is an economy that has been growing rapidly but has economic challenges, as you heard earlier.

It symbolises the challenges we all face to fit different types of people, and different economic and political systems, together. I am not sure it is a model in a sense, and I am not sure the Indonesian Government or people would necessarily want to be seen as a model. It is a unique case



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with a unique history, and Indonesia has a lot of domestic challenges, which is where it focuses most of its energy.

It certainly has played a role in the wider Muslim world on some issues. They have played a role in the background in some of the negotiations with the Taliban on Afghanistan. They did not necessarily come up with any easy solutions to that problem because there is none, as people in this room know well. Indonesia can definitely play a greater role, but that is something that has to come from within Indonesia—from within the Indonesian people, the body politic. The Indonesian Government have to take that role. It is not necessarily something that outsiders can encourage them to do.

Generally, I would give you a word of warning. While Indonesians and the Indonesian Government are very proud of their democracy, they do not necessarily divide the world into good and bad, democratic versus authoritarian, in the same way we do. They have quite good relationships with Syria, Iran and even North Korea—countries where we would hesitate in terms of our relationships.

That is why Indonesia is important, and that is often where people get frustrated, because it does not fit into an easy model of tolerant Islam that connects the Muslim world to the western world. It does not fit into those roles; it has its own position as an interlocutor between different systems on its own terms. It is important that we engage and learn from them. To a certain extent it can be helpful, but not in a very simplistic way.

Q170 Chair: To follow up on that, Indonesia is proud of being non-aligned. We have heard that quite strongly from the Indonesian interlocutors we have dealt with. Beyond the fact they can be this interlocuter for different systems, what other benefits are there for the UK to the fact it takes this non-aligned and more neutral stance? It did abstain for a while at the UN; it has now come towards being with the UK and the west in terms of Russia. What are those benefits?

Then, Mr Haacke, I will turn to you and ask you kindly to introduce yourself. I will then go straight into a question for you. How does Indonesia fit into the UK's Indo-Pacific tilt that we have heard so much about?

Ben Bland: The advantage of Indonesia as an independent player depends on your view of the world. If you believe in good versus evil and that it is a fight to the death, maybe there is not much use for non-aligned countries that pick and choose how they feel about different issues and align with different people on different questions depending on what it means for their own domestic politics.

That is not how I think of the world. If you understand the world as a much more complex place, it is helpful to have a democracy like Indonesia, which sometimes will stand with us on some questions and



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sometimes stand against us, but will ultimately stand in its own national interest. That is one important piece of a more complex, multipolar world.

If we have different countries—middle powers like Indonesia—that are able to project their power, it means there is more balance. Ultimately, China, for example, will not be as dominant in Asia if countries such as Indonesia have bigger voices. We have to accept that Indonesia having a bigger voice will sometimes mean it has a voice against us on some elements of how they see Russia and on some elements of cyber-governance, for example.

These are not questions where we naturally see eye to eye, but it is really important to understand how they see things and to help them develop their resilience, as much as they need any help or ask for our help with that. That will mean a more balanced Asia and a more balanced Indo-Pacific, which is ultimately in the UK's interest.

Just lastly, countries such as Indonesia are going to have a bigger say in our world in the next 20, 30 or 40 years whether we like it or not. Simply better understanding how they see things is a great advantage to us, even if we are not able to convince them to see things from our perspective on a few more issues. Certainly, we can hope to do that on an issue-by-issue basis.

Dr Haacke: My name is Jürgen Haacke. I am an associate professor in international relations at the London School of Economics and Political Science. Thank you for the invitation.

The answer I would like to give to the question is to do with the pre-eminent standing of Indonesia within south-east Asia as a leader—at least from behind, let us say—for decades already. Indonesia offers the UK a different vision of regional order than perhaps some other countries would advocate. It is one that is closely connected to what ASEAN does. It is Indonesia that really propagates the ASEAN-centred vision of regional order, which has been in place for a while. It is also an advocate of a particular model of security that focuses on co-operative security and common security in ways that other models maybe do not.

The integrated review, of course, gave some space to ASEAN as an important element of what the UK position should be like in future, but there are particular challenges, in the case of Indonesia, resulting from the focus that Indonesia now has on the ASEAN outlook on the Indo-Pacific, which is the kind of response that Jakarta would like to offer to the strategic situation in which the whole region and of course Indonesia finds itself. Though the UK supports it, that may be something that is difficult to actualise or to help Indonesia support.

If the UK wants to offer something to the region, it can do so in relation to ASEAN as an organisation. It may also be about supporting Indonesia's cause on the AOIP. It has to be said that what is on offer here is not seen as equally important from the view of other members of ASEAN. If one



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dedicates energy on that, it may well be that one needs to think very hard about how to bring different interests together.

- Q171 **Henry Smith:** Mr Connelly, if I may follow on from that and touch on ASEAN, what is the view of ASEAN towards the UK, other European countries and north America?

Aaron Connelly: The fact the UK was able to achieve dialogue partner status very rapidly is an indication of the importance that ASEAN members place on the United Kingdom's engagement with the region. You will hear some people say it was a foregone conclusion. I do not think that was the case. It was something that diplomacy had to work towards. The UK is seen as a partner with an important stake in the region. The UK stands for certain values that are broadly respected in south-east Asia.

ASEAN is very focused on what it sees as a bipolar competition between the United States and China. Middle powers and other permanent members of the UN Security Council that are not present in Asia in the way the United States is, for example, can play a role in diversifying ASEAN's strategic portfolio, but they are very focused on what they see as that bipolar competition.

- Q172 **Henry Smith:** Again coming back to an earlier discussion we had in terms of the colonial past, as we were saying, the UK has a colonial history with some countries in ASEAN; it does not with others. What is the assessment of that in terms of the view of ASEAN towards the UK more broadly? Is it a factor? Is it positive, negative or mixed?

Aaron Connelly: The UK's colonial heritage more broadly, regardless of sentiment towards the UK as a result of that heritage, has left its mark on south-east Asia in so many ways. If you look at the negotiations that are going on between different coalitions in Malaysia over forming a majority coalition in Parliament following Saturday's elections, it is very clear that the UK heritage runs through that.

In terms of sentiment, the one country in south-east Asia where there is still quite a negative residue of the colonial era is Myanmar. That is primarily because of the way the UK governed Myanmar. It was not a colony; it was a particular form of colonial governance. It was fairly rapacious and extractive. Aung San famously took Myanmar out of the Commonwealth; he did not want Burma, as it then was, to become a member of the Commonwealth. That is a position that Aung San Suu Kyi continues to uphold; she has always said that, because her father took Burma out of the Commonwealth, she would not bring it in. Myanmar is set apart from the other south-east Asian countries on that question.

- Q173 **Henry Smith:** If I could just conclude, does ASEAN share the same view of democracy as perhaps we would understand it here in the UK, Europe or North America? What would you say is ASEAN's relationship with democracy?



Aaron Connelly: I will just make two points. You will find champions of democracy in various places in south-east Asia. Sometimes it is in surprising places. Indonesians tend to be very proud of their democracy, as you heard previously; Malaysians and Singaporeans are also proud in their own way, as are Filipinos.

The ASEAN member states have to work together and meet with each other. When they do that, to some extent they set that aside. The democracies, which are primarily maritime countries, are often referred to as "the maritime countries", not "the democratic countries". They have to work with the mainland countries, which are more authoritarian. There is a modus vivendi they have reached, where they set aside the political system.

The second point I would make is that oftentimes we try to predict what ASEAN member states and ASEAN itself are going to do based on regime type. We think that, because mainland states are primarily authoritarian, ASEAN, for instance, will not be very hard on the junta in Myanmar. That is the wrong way of looking at how ASEAN makes decisions. It has been able to set aside regime type in that way.

What ASEAN member states are focused on now, when they speak about their mutual interests, is primarily about keeping ASEAN at the centre of regional diplomatic institutions: hosting the East Asia Summit, which just occurred last week, or the ASEAN Defence Ministers' Meeting Plus, which is going on today. Lloyd Austin and Wei Fenghe are both attending that and meeting on the sidelines. That gives them an influence over geopolitical competition that they would not have otherwise and that they would not have if they were very focused on political system or regime type.

Ben Bland: If I could add to that, there is a link here to your earlier question about the colonial legacy. While in the former colonies and outside it does not, by and large, influence how countries view the UK, the colonial history of most of south-east Asia—every country apart from Thailand was a colony of a western power—has influenced this sort of thinking.

In the end, they are very opposed to the idea of exporting systems and looking at other countries on the basis of what type of political system they have. They are very focused on maintaining their sovereignty and territorial integrity and combating separatism. It affects this sense of not seeing the world in black and white terms. That is very important.

Q174 **Henry Smith:** Is that a mistake being made in London, Washington, Paris, Brussels and Berlin?

Ben Bland: It is a big mistake. It is really important to understand that a country can be proud of its own democracy but not necessarily see the world as democracy versus authoritarianism. Particularly if you read the way the US talks about the world now, it is a big issue. The latest version



of the current Government seem to have slightly shifted rhetoric here, which is a positive thing. It is about getting that balance right and understanding that, to some extent, the democracies want to be appreciated for what they have done in building democracy, but it is not necessarily that they see the world through the same lens.

When we talk about like-mindedness, rather than just listing countries, we should ask, "What are we like-minded with Indonesia on? What are we like-minded with Vietnam on?" There may be some things—of course there are—where we can work together, but it is important to understand where we probably should not work together, where we will not see eye to eye, or where there will be fierce disagreement.

Dr Haacke: I have two points. First of all, in terms of colonial overhang, I wanted to say that Myanmar seems not to have "voted" against dialogue partner status or at least has not in some sense put up opposition to the UK's dialogue partner status, which is perhaps useful to note.

On the point of democracy, good governance and all these things, I would like to note that ASEAN does have the ASEAN Charter. That is its most important document, really. It subscribes to certain principles such as democracy, which are translated in political practice in line with the different political identities that member states have.

If you look at the principles, they still give more importance to security, in many ways, than to democracy, good governance and constitutional government. If we read the ASEAN Charter, where the priorities lie will become very clear.

Q175 **Chair:** Before I move on to Graham, I just have a quick question. In terms of that frustration about how we or the west might see it in black and white as democracy versus authoritarianism, what would you say are the main frustrations Indonesia has with the UK when it comes to our foreign policy? As a sub-question, it would be interesting to know how the Indonesians see the Indonesia-China relationship?

Ben Bland: I might go first. I did some public opinion polling in Indonesia at the end of last year on all these questions. It is good to have data. It is really interesting when it comes to Indonesia and China.

When we asked people what they thought the biggest threat to Indonesia's security was in country terms in the next decade it was China, but the US and Australia—their near neighbour, with a sometimes somewhat troubled history in the past—were not far behind China. Interestingly, when we ask people what Indonesians thought their country should do in the event of a military conflict between the US and China, 84% wanted Indonesia to stay neutral. Very few would support either the US or China.



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What we saw coming out of the data—it fits with the Government's positioning—was that Indonesians are wary about China. They are particularly wary about China's growing economic influence and what that implies for their future. They are wary about China's growing military power, but they also have a lot of wariness about the US. That is more to do with the history of the US and US values, potentially. There is a certain balance there where you see wariness on different sides and different questions, which is interesting.

The UK is held in reasonably high regard. The frustration I hear from people within the Indonesian Government is really about access and wanting there to be a more regular flow of high-level visits. As I said, there have only been nine bilateral visits at head-of-state or PM level since 1945 either way, so it is pretty thin. With the recent turnovers of Government here, even the junior Ministers who have been working on Indonesia from time to time have tended to change.

The other thing is that when the Foreign Secretary goes to Indonesia, we would expect courtesy calls on the President and other top leaders, and that is not normally reciprocated over here. That is about trying to make sure that, when there are visits here by senior Indonesians, we work hard to ensure they get access to a wider range of senior people. There is a lot more we could do at the political level.

Aaron Connolly: It is important to recognise that although Indonesia is a democracy, it is a cartelised democracy, with leaders of political parties who are generally social elites making decisions about Indonesian policy on a broad range of issues, sometimes in a way that is less connected to popular democracy or what the people might want in any given instance.

Over the last eight years of the Jokowi Administration, Indonesia has, within the constraints of where Indonesia might move in any given moment—it is a large country; it carries its own centre of gravity with it—moved closer to China, largely because of the investment that China was able to provide for Jokowi's big infrastructure push. This is his marquee accomplishment, and there is some concern that Jokowi's plans for a \$34 billion new capital in Kalimantan will be funded to some extent by Chinese funding again. They seem alert to how that would look and are looking for funding from other places, primarily the Persian Gulf—the UAE in particular.

There is a broad sense within the Indonesian political and business elite that their interests are best served by a slightly closer alignment with China than with the United States because they are able to provide that kind of largesse and an indifference to the security threat that China presents to Indonesia, say, in the north Natuna sea or the Natuna islands.

Dr Haacke: I concur with that. I would just like to note that over time the relationship has vastly improved, given where we were at the end of the cold war, if you would take that comparison. China has emerged both



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as a major trading partner as well as a source of investment for Indonesia.

Maybe one can also look, however, at the ways in which the Government-to-Government relations differ somewhat from the people-to-people relations. The feelings and sentiments that Indonesians have vis-à-vis the Chinese could well problematise some of the approaches taken by the Government in Jakarta.

Ben Bland: As a slight corrective, I would add that Indonesia still has very close relationships with the US in military terms and in other aspects. To some extent Indonesia is far more critical of the US, Australia and other western powers than it is of China, but to my mind that partly reflects a trust in those relationships.

The fact Indonesia feels confident enough to criticize AUKUS, for example, speaks to the strength of its relationships with the US, Australia and the UK, rather than the weakness. The fact they are not willing to openly call out China's military modernisation and expansion of its nuclear-powered submarine programme speaks to a lack of trust in the relationship with China. There are some countervailing tendencies here as well that it would be good to highlight.

Q176 **Neil Coyle:** I just have a quick follow-up. It links to your point because you talked about the polling. It sounds like you are suggesting that, where there is wariness or concern about China, it is purely as an economic competitor rather than anything else. Where does awareness stand in Indonesia around Xinjiang and the issues there, for example, and the dismantling of democracy in Hong Kong? Are these just not issues that the majority of Indonesians are aware of or motivated about at all?

Ben Bland: In our polling, we did ask these questions. First of all, when we asked Indonesians what they wanted their foreign policy to be about, they said the sorts of things most British voters would say: a focus on creating jobs, protecting citizens overseas and supporting their economy. There were only very few people who thought the Indonesian Government should focus on peace and stability-building overseas.

When we asked about the issues they cared about, Xinjiang and democracy in Hong Kong were pretty low. The top was Palestine, of course, and supporting the creation or maintenance of an independent Palestinian state, which is really important to the Indonesian people. Those issues came quite low down. There was some awareness, but even those who were aware did not think they were the most important priorities. The context is important. Overall, most people do not think their Government have the capacity to focus on these sorts of external issues.

Aaron Connelly: Can I perhaps just add on to that? The Xinjiang case study is really interesting. There was a lot of hope amongst Uighurs and



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people who were advocating on their behalf around 2018-19 that Indonesia, as the world's largest Muslim-majority country, would speak up about what was happening, and it did not. There was great disappointment about that.

When you look at the reasons why—first, there was fairly effective Chinese diplomacy in Indonesia at the time. We often caricature Chinese diplomats as wolf warriors, but broadly in south-east Asia Chinese diplomats over the last several years have behaved in a pretty professional way and a pretty savvy way. They have developed strong links to Muslim organisations in Indonesia. They provided largesse and aid to those organisations.

They also made a really important analogy to these organisations. They said that Xinjiang was not a religious issue; it was an issue of separatism, just as Indonesia has issues of separatism in Papua. Given the absence of effective American diplomacy in Indonesia during that period, that was a very compelling argument. There was no counterargument, and Indonesia decided to move in that direction and to shelve the dispute. That is an example of effective Chinese diplomacy but also of how Indonesia interprets these issues and the priority it places on territorial integrity as opposed to religious solidarity.

Dr Haacke: If I may also add, one of the reasons why Indonesia does not speak about these issues—of course, it also does not speak up about Taiwan in the way that others do—is perhaps to do with the lack of interest in Parliament itself and calculations that have to do with what the response would be if they did. There are examples that have been set elsewhere in the region to do with economic coercion. The risk of not attracting the same level of interest in economic co-operation may also be relevant in this regard.

[Stewart Malcolm McDonald took the Chair]

Chair: Gents, forgive us for a couple of people leaving. We have the President of South Africa in Parliament this afternoon, who Alicia and Neil are going to hear.

Q177 **Graham Stringer:** I just want to follow up on what Aaron was saying. Is there such a thing—I do not even know whether this question has real meaning—as a formal Indonesian policy in respect of the Uighurs in China? You have given us a very interesting interpretation of how you view it. Is there a formal statement of that policy?

Aaron Connelly: The Foreign Minister, Retno Marsudi, has called in the Chinese ambassador to explain events in Xinjiang several times now. After those meetings, she has generally said, "The ambassador explained the situation in Xinjiang", without making any particular statement one way or the other—at least, she has not been forthcoming enough that we would consider it a real policy position.



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Indonesia has not signed on to some of the letters the OIC countries have signed defending China. It has occupied more of a middle ground compared to those countries, alongside Malaysia.

Q178 Graham Stringer: All of the panel have given clear answers on Indonesia's attitudes towards China. Is there a unity of purpose or view across ASEAN in relationships to China? If there is not, what are the major variations?

Ben Bland: Every country in south-east Asia has grown closer to China politically, economically and in travel terms before covid. That is not surprising, given the centre of gravity China represents in the region. There is a spectrum of different concerns about the direction of travel. Even the countries that are considered closest to China, like Cambodia or Laos, have their concerns. They are trying to balance other big countries around them, like Thailand and Vietnam.

There is a whole different game going on in each country, but there are a load of shared concerns. There is also a different sense to the one in the UK. If you are a near neighbour of China, ultimately you are going to have to live with the big beast whether you like it or not. It is about finding ways to live with it. Sometimes that will involve pushing back; sometimes that will involve bringing in outside powers to help balance against China; sometimes it is going to involve being deferential to China. It varies issue by issue. That is a better way to understand it, rather than trying to label countries more pro or anti-China.

Dr Haacke: There is a level of ambivalence as regards China across the whole region. On some issues there will be co-operation and there will even be, at least in rhetorical terms, statements that emphasise friendship with China.

If you think about Myanmar, for instance, they would be happy about the support they receive in international fora, but at the same time they might also have huge concerns about the Chinese role in the north of Myanmar, given the support they see Chinese citizens or organisations give to ethnic armed groupings up there. I would say there is not a single lens through which China is viewed. It really depends on the domestic situation and the various contexts in which Governments take decisions.

Q179 Graham Stringer: In hard cash terms, China is the biggest imperial power in the region. Does that affect defence budgets in terms of the cash different countries spend on defence?

Aaron Connelly: Much of the uptick in defence spending we have seen in south-east Asia since the mid-2000s, which has continued at pace despite covid, is really generated more by a nervousness about south-east Asian countries' own neighbours. That is within ASEAN, for instance between Singapore and Indonesia or Singapore and Malaysia.

It has also been generated by the purchase of prestige equipment such as submarines, which most defence analysts would argue Thailand, the



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Philippines and Myanmar do not need. These are important things for armed forces in the region to have for domestic political reasons

With the exception of the Philippines, which just purchased the BrahMos missile system from India, for instance, we have not seen a big uptick in defence spending. I might add Vietnam to that as well. We have not seen a big uptick in defence spending outside those two countries as a result of concerns about China.

Q180 Graham Stringer: I have one final question about trade links between China and Indonesia and the other countries. What sort of order of magnitude is that trade in percentage terms?

Ben Bland: I do not have the figures to hand, but China is the biggest trading partner for every country in the region and it is one of the biggest emerging sources of foreign direct investment as well.

Aaron Connolly: I would add a comment on the investment picture. We tend to focus a lot on trade, but investment is arguably much more important for political leaders and business elites. When they think about where they are going to get their next dollar of financing, oftentimes they are looking to China.

Q181 Henry Smith: You mentioned earlier, very interestingly, that Indonesia is not willing to articulate opposition to China when it comes to the Uighurs or the situation with Taiwan. You were saying that this is due to an interest in territorial integrity and against separatism that perhaps drives that rather than sort of kinship on a religious basis when it comes to the Uighurs, certainly.

You also mentioned Papua as well, and Indonesia stating its concerns about AUKUS. Twenty years ago, East Timor became independent after a very long and difficult struggle. Is there any juxtaposition between Indonesia's willingness to criticise AUKUS, Papua's move for independence and the proximity of Australia?

Ben Bland: On AUKUS, there is obviously a bit of history with Australia. There are some in Indonesia who still blame Australia for separating off East Timor, even though Indonesia is now a strong advocate of the independent Timor-Leste's place in the world. It is a bit contradictory.

To be honest, their concerns about AUKUS are a bit more specific. One is to do with this question of proliferation, which is a technical question. The Australians have given some answers to that.

Secondly, there is a sense that there is a build-up of arms in the region. Of course, the Australians and people in our Government would say, "China is driving that. China is expanding its submarine fleet by much more". From the Indonesian perspective, having another power adding nuclear-powered submarines that are probably going to transit through its waters to get to the South China sea or Chinese waters is a concern.



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The last thing is the communication. AUKUS was announced as a secret thing. No one in the UK public or here was consulted, and no one in Australia was either. Certainly, no one in Indonesia was. There was a sense that it was pulled out on them as a surprise. There was a bit of embarrassment there that they are still overcoming.

On all those fronts, there is work that Australia, the US and the UK can do to reassure the Indonesian Government. There are splits. Some people within the Foreign Ministry are a bit more supportive of it. Some people in the Defence Ministry in Indonesia are quite supportive of the balance AUKUS might help to bring to the region as well. There are different views. It is a complex country.

Dr Haacke: We did see an instinctive reaction in Indonesia when the Americans announced rotational deployments to Darwin some years ago. I have not seen their reaction as to the likely deployment of B-52 bombers close to Darwin. What I mean by “instinctive reaction” is that there is clearly the ongoing thinking that you need to keep south-east Asia as free as possible of the great power rivalry and the more you see of that, the more you have to speak out against it.

There will be some variation. The people who deal with Indonesian defence may not take exactly the same view as the people who work in the Ministry of Foreign Affairs.

Ben Bland: It is contradictory. These are different messages even from the same people. Malaysia often speaks out against great powers militarising the region, but it hosts an Australian airbase that hosts maritime surveillance missions. They want to keep that ongoing. There is a degree to which all countries in the region and all of us speak differently to different audiences at different times.

Chair: We will end this session of the Foreign Affairs Committee. Thanks to each of you for joining us this afternoon.