

# CHINESE - INDONESIAN RELATIONS

## THE PAST, PRESENT AND FUTURE

MACIEJ MAÇKOWIAK

essay

ANALYZING CHINESE – INDONESIAN RELATIONS IS A HARD TASK INDEED, NOT ONLY DUE TO THE FACT THAT THE FIRST LEADER OF LIBERATED INDONESIA – SOEKARNO, WAS PERCEIVED BY SOME AS A “PUPPET”<sup>1</sup> OF THE CHINESE GOVERNMENT AND ACCORDING TO OTHERS A CIA AGENT (THESE EXTREMES WILL BE PUT ASIDE), BUT ALSO DUE TO PERTURBATIONS THE BILATERAL RELATIONS HAD UNDERGONE DURING THE SUHARTO ERA. THE PAPER THUS WILL TRY TO EXPLAIN THE HISTORY AS WELL AS THE CURRENT TRENDS IN THE COOPERATION BETWEEN THESE TWO COUNTRIES. NEEDLESS TO SAY, THE SITUATION IS CHANGING RAPIDLY. HOWEVER THERE ARE SOME PATTERNS THAT ONE CAN OBSERVE, BECAUSE INDONESIA IS KNOWN TO DEMONSTRATE THE ABILITY TO BLEND POLICY WITH FLEXIBILITY AND PRAGMATISM.

\* Indonesians tend to think that politics is similar to *wayang* theater, where politicians are merely puppets and someone powerful pulls the strings.

## SOEKARNO ERA

Indonesia declared independence on the 17<sup>th</sup> of August 1945 (de facto acknowledged in December 1949) and established diplomatic relations with China on April 13, 1950.<sup>1</sup> However the *Orde Lama* (Old Order—a term used to describe the country’s politics between 1945 and 1965) had a strong tendency to be pressured by anti-communist tendencies within Indonesia on the one hand, and by critics of the first government (led by Mohammad Hatta, and his *bebas-aktif*<sup>2</sup>-independent and active *policy*) doctrine on the other. However, the relations were rather low-key due to the fact that prime minister Hatta and Soekarno did not want to fully engage in a relationship with a communist country, thinking that it would cause a negative view of their country in the West. The politics of the 1950’s was very demanding due to the fact that a balance had to be preserved between the following forces:

- **Masyumi Party** – (Council of Indonesian Muslim Associations) a Muslim political group.
- **Army**<sup>3</sup> – as a rule nationalist and anti-Chinese.
- **Pribumi** – Ethnic Indonesians.
- **Tionghoa**- Chinese Indonesians.

The policy had to be extremely careful in the first years of free Indonesia because a spark between any of these groups might have led to violence and disintegration of the state. Unfortunately brutal actions took place in 1967. Soekarno however played games in international politics flirting in turns with the Soviets, the Chinese and the West. He ordained “Guided Democracy”<sup>4</sup> and “Guided Economy”<sup>5</sup> for the achievement of Indonesian Socialism. His neo-Marxist, crypto-communist ideology was partially welcomed by the government in Beijing. However, strict Indonesian law affecting Chinese-Indonesians, discriminatory in every way towards the minority, made the Chinese in Indonesia more and more loyal towards Beijing. Thus the government in Jakarta became doubtful about the loyalty of the aforementioned ethnic group.

1 Sukma Rizal 1999.

2 Hatta Mohammad 2002.

3 Also known as ABRI.

4 Demokrasi Terpimpin.

5 Lev 2009.

## THE COUP OF 1965

The coup of 1965 was a turning point in Indonesian-Chinese relations.<sup>6</sup> It started with the combination of factors, the supposed PKI coup and the Cultural Revolution in China, which led to the suspension of diplomatic relations between the two countries. Worsening of the Indonesia-PRC relations seemed inevitable. PKI collapsed and because anti-Chinese racism was on the rise (on the excuse that Ahmad Aidit<sup>7</sup> – the leader of the Partai Komunis Indonesia had brought the party closer to China) most of communist leaders were killed alongside many Chinese communist sympathizers.

“

DURING THE INDONESIAN KILLINGS IN 1965-66 ABOUT 500.000 TO 1.000.000 PEOPLE WERE KILLED-HOWEVER THE ACTUAL NUMBER STILL CANNOT BE GIVEN.

And so Soekarno's careful balance of the so-called NASAKOM<sup>8</sup> was destroyed. The PKI, which strongly supported him and (during his later career) had a strong influence on his decisions, was eliminated both politically and physically from the scene. The players that remained were the army and Islamic politicians.

The PKI was later portrayed both as an increasingly ambitious, dangerous party and as mastermind of the 30th September Movement. Books and newspapers told horrific stories about Chinese minority in Indonesia, Chinese government and PKI. All were accused of the following: castration, rape and murder. Those terms became keywords when talking about the aforementioned groups. During the “Indonesian Killings” in 1965-66 about 500 000 to 1 000 000 people were killed.<sup>9</sup> However, the actual number still cannot be given.

6 Vickers 2005.

7 Shot on the 22<sup>th</sup> of November 1965.

8 Term derived from the words Nasionalisme, Agama and KOMunisme.

9 Friend 2005.

## SUSPENSION OF INDONESIAN-CHINESE TIES

There was and partially still is an opinion among politicians in South-East Asia that when the PRC is strong enough, it will try to meddle with the other countries internal affairs. This point of view is very popular in Indonesia, where most political scientists claim that if China is powerful enough it will “eat you alive.” What also should be pointed out is that the suspension reflected the image of the Order Baru (New Order) as anti-communist, furthermore the new rulers wanted to reinforce their legitimacy and produce the atmosphere of mistrust towards anyone of Chinese origin and to the PRC itself. Increased vigilance was introduced. The Pribumi<sup>10</sup> were supposed to inform the police about any suspicious activity by the Chinese (or communists). At the same time the Chinese businessman Bob Hassan who had close ties with the Suharto family was able to profit from them widespread corruption (also known as KKN – Korupsi, Kolusi Nepotisme) and a system of “contributions” and mob-like ties of the regime, Hassans' birth name is The Kian Seng.<sup>11</sup> But the sole fact that the businessman managed to profit from the system did not make the situation any better. On the contrary, Hassan became a symbol of the money-laundering, greedy Chinese. This stereotype casts a shadow on today's relations between both native Indonesians and Chinese-Indonesians, as well as between the two countries. This factor is still relevant because of the fact that, despite their notable financial position, Chinese-Indonesians are not a strong force on the Indonesian political scene.

However since 1990s, the two countries' relations have been growing fast, especially in the fields of politics, economics and culture. Direct links took some time to materialize, as there was opposition from the nationalist quarter and the military. Both groups were allowing the private sector to play a larger role in national life during this period. However, as always, it did not go smoothly due to a big problem over the claims to the South China Sea (specifically the claim to the natural gas fields northeast of the Natuna island group). After the Asian Financial Crisis and the fall of gen. Suharto things started to work faster in the field of bilateral cooperation. At that time while Indonesia's economy shrunk by 13.7 percent, China still managed to reach a high level of economic growth.

10 Term used by the Dutch colonial administration. Pribumi are those population groups, which were considered native to the country, in contrast to “Europeans” and “Foreign Orientals.” (Editor's note – JvdB)

11 Mallet 1999: 181.

## POST SUHARTO ERA...

As mentioned earlier Indonesia, as the largest ASEAN country with ambitions to be the most influential in the region (despite its obvious social and economical shortcomings), cooperates with China in the field of trade. However it is always watching whether the PRC is not trying to meddle in its internal affairs. In particular, the establishment of China-ASEAN Free Trade Area in 2010 (which was said to positively change China-ASEAN cooperation), met with lukewarm reaction in Indonesia. For various reasons the government in Jakarta failed to inform the public about the implementation of this agreement and the results it will have. Indonesia is constantly flooded with cheap, not always legal, imports from China. That may be an important factor facilitating aggression towards the Chinese.

Booth states: “(...) *China is forcing several ASEAN countries back to what could be termed a ‘colonial pattern of trade’ whereby they produce raw materials in exchange for manufactured imports. If this is in fact the case, especially for Indonesia, what are the longer term consequences for Indonesia’s economic development in the medium term?*”<sup>12</sup>

It is no surprise that economic factor plays the most important role in relations we are talking about. However, PRC is always keen on proving it has strong ties with Indonesia:

“(...) China’s exports to Indonesia in 2012 reached \$34 billion, making Southeast Asia’s largest economy China’s 14th-largest export destination comprising 1.7 percent of China’s total exports that reached \$2.04 trillion. Meanwhile, Indonesia’s exports to the world’s second-biggest economy might reach around \$32 billion, a tiny portion of China’s record \$1.81 trillion in imports.

Based on the latest data from the Central Statistics Agency, Indonesia’s trade with China surged to \$46.43 billion — comprising \$19.59 billion in exports and \$26.84 billion in imports — during the first 10 months of 2012, up to 4.26 percent from \$44.53 billion during the same period in 2011.”<sup>13</sup>

Similarly to Indonesia’s relations with Singapore and Taiwan, which are based on economic factors, politics does not play a large role. In Indonesia’s relationship with China political and economic interests can be separated.

<sup>12</sup> Booth 2011: 1.

<sup>13</sup> Jakarta Post 2013.

From the Chinese perspective, Indonesia plays a key role not only due to the fact that the country is the largest ASEAN member. The PRC also thinks of the ASEAN as a pole in its multipolar order theory. Due to its status as a key player in Asia, as well as worldwide, Chinese domination is even more keenly felt than usually and the countries of South-East Asia are afraid of its growing nationalism. The biggest manifestation of this so far is the continuing Chinese naval activity in the South China Sea (ongoing for decades), which can lead to growing tensions between the two countries.

Therefore we can sketch out at least four types of possible problems between the two countries:

1. Different economies in terms of:
  - size
  - economic system
  - strategy of economic development
2. Sea disputes
3. Historical problems
4. The issue of Chinese-Indonesians

Needless to say, the PRC will try to impose its leading position using economic statecraft. This country’s activity within the WTO and on the China-ASEAN forum is seen in Indonesia both as a chance and a threat. It stems from the fact that the two economies have a history of non-complementing each other. They exported and imported similar products on world markets. The diversification of Chinese products in the mid 2000s caused a need for change in economic relations. However, lobby groups often warn the Indonesian public about the threat of Chinese products, yet for example the mining industry sees China as a “heavyweight” partner:

“The nation was the biggest buyer of Indonesian coal in 2011, accounting for 25 percent of shipments of 258 million tons, according to data from Indonesia’s energy and mineral resources ministry. Indonesia is also China’s biggest supplier of thermal coal, providing 57 million tons, or 36 percent, of imports in the first 11 months of this year.”<sup>14</sup>

<sup>14</sup> Jakarta Globe 2012

“

FROM THE CHINESE PERSPECTIVE INDONESIA PLAYS A KEY ROLE NOT ONLY DUE TO THE FACT THAT THE COUNTRY IS THE LARGEST ASEAN MEMBER, THE PRC ALSO THINKS OF THE ASEAN AS A POLE IN ITS MULTIPOLAR ORDER THEORY.

Obviously, there are positives and negatives in this situation. Economic stability is an important factor for both of those countries and for similar reasons:

1. China seeks to strengthen its position as competition to the American hegemony.
2. Indonesia wants to be seen as the leader of ASEAN, due to its size and ambitions

When talking about the Indonesian ambition we have to take under considerations the following:

- A relatively weakly equipped army compared to other ASEAN countries.<sup>15</sup>
- Domestic problems – Separatist movements in Papua and Aceh.
- Unresolved corruption problems.

The third factor is of course common to Asia as a whole. However, according to the public, corruption and nepotism are the most serious problems facing the country.<sup>16</sup> For the PRC these problems of course exist, however, obviously, the political system is different. The role of the president cannot be downplayed, in a system where the President is head of state, head of government and chairman of the ruling party<sup>17</sup> at the same time. Thus the presidential stance can often shape the policy between the two countries.

A factor rarely analyzed is the role of Australian-Indonesian relations in shaping the Indonesian-PRC relationship. Mutual cooperation is seen by both countries as a counterweight to Chinese expansion (of

<sup>15</sup> Efforts to modernize the army are still under way, however there still is a large problem in terms of Armored fighting Vehicles as well as Air force

<sup>16</sup> One example for the popularity of anti-corruption activities is korupedia (www.korupedia.org) that aims to diminish corrupt practices by providing a list of corruptors, their names and surnames, as well as a short description of the case. The page is immensely popular among Indonesians.

<sup>17</sup> Since March 30, 2013

course the official version mentions only reasons such as eliminating piracy etc.). Australia has to define its position in this area. However, as mentioned earlier, PRC's intentions are analyzed by Indonesia (as well as Malaysia, Singapore and other countries of the region) through the prism of its actions in the South China Sea. Oil and gas that lie beneath it are of course important factors shaping relations and their importance will rise, due to the fact the “the well runs dry”. In order to balance cooperation and competition in this field certain actions have to be taken within ASEAN and in Indonesian-Chinese relations.

Both journalists and politicians state that it is very important for China to change the language of its pronouncements which is often harsh towards other countries. This Chinese nationalism is often seen in media reports. However, a change has to be made also on the Indonesian side due to its misunderstanding of the Chinese culture and the prejudice held against Chinese – Indonesians.

Indonesian cooperation with the Chinese is right now the only way to properly function. Key word here is *balance*. Chinese have a strong tendency to interfere in other countries' politics, as soon as they feel they are able to. As Sun-Tzu put it:

“The supreme art of war is to subdue the enemy without fighting.”<sup>18</sup>

---

**Maciej Maćkowiak** finished law at Adam Mickiewicz University. He works as an Asian business cooperation consultant and specializes in Indonesia.

<sup>18</sup> Sun Tzu, Giles 2009.

## BIBLIOGRAPHY

- Booth 2011** Booth, A., "China's Economic Relations with Indonesia: Threats and Opportunities", *Journal of Current Southeast Asian Affairs*, vol. 30, no 2, 2011.
- Friend 2005** Friend, T., *Indonesian Destinies*, Harvard University Press, Cambridge, 2005.
- Hatta Mohammad 2002** Hatta, Mohammad, *Satu abad Bung Hatta: demokrasi kita, bebas aktif, ekonomi masa depan* [*Thoughts of Mohammad Hatta, the first Vice President of the Republic of Indonesia on the economics and politics in Indonesia*], Penerbit Universitas Indonesia, Jakarta, 2002
- Jakarta Globe 2012** "Coal Three-Year Low Sees Indonesia Rethink China," *Jakarta Globe*, 27-12-2012. (<http://www.thejakartaglobe.com/archive/coal-three-year-low-sees-indonesia-rethink-china/>). (Accessed 24-05-2013)
- Jakarta Post 2013** "China sees new energy in its ties with RI," *The Jakarta Post*, 7-02-2013, (<http://www.thejakartapost.com/news/2013/02/07/china-sees-new-energy-its-ties-with-ri.html>). (Accessed 22-05-2013)
- Lev 2009** Lev, D., *The Transition to Guided Democracy: Indonesian Politics, 1957-1959*, Equinox Publishing, Singapore, 2009.
- Mallet 1999** Mallet, V., *The Trouble With Tigers: The Rise and Fall of South-East Asia*, HarperCollins, New York, 1999.
- Sukma Rizal 1999** Sukma, Rizal, *Indonesia and China The Politics of Troubled Relationship*, Routledge, London, 1999.
- Sun Tzu, Giles 2009** Sun, Tzu, Giles L., *The Art of War*, Thrifty Books, Blacksburg, 2009.
- Vickers 2005** Vickers, A., *A History of Modern Indonesia*, Cambridge University Press, Cambridge, 2005.

find out  
where are we from

R/evolutions: Global Trends &  
Regional Issues,  
Volume 1, Issue 1, June 2013.  
Copyright by R/evolutions Research  
Center, Poznan, 2013  
[r-evolutions.amu.edu.pl](http://r-evolutions.amu.edu.pl)