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## India-Indonesia Relations

AN OVERVIEW

Vibhanshu Shekhar

INSTITUTE OF PEACE AND CONFLICT STUDIES

B 7/3 Safdarjung Enclave, New Delhi 110029, INDIA  
Tel: 91-1151652556-9; Fax: 91-11-51652560  
Email: officemail@ipcs.org; Web: www.ipcs.org

# INDIA-INDONESIA RELATIONS

## An Overview

*Vibhanshu Shekhar, Research Assistant, IPCS*

India-Indonesia relations have seen many ups and downs since the Bandung Afro-Asian Conference, held in 1955, when the combined voice of Jawaharlal Nehru and Sukarno was able to effectively put forward the concerns and interests of non-aligned countries at international forums. While the Bandung Conference witnessed the high watermark in the bilateral relationship, the relationship reached its nadir during the Indo-Pak War of 1965, when the Indonesian government not only supplied weapons to Pakistan but also reportedly stage-managed a mob attack on the Indian embassy in Jakarta. India's friendship with communist Vietnam and the USSR and Indonesia's domestic and regional priorities further slowed down the level of engagement between the two countries. The change in the guard in Indonesia after the accession of Suharto and the focus of both India and Indonesia on the 'China-threat theory,' somewhat mellowed down the bitterness in the bilateral relationship and helped them find some common ground for cooperation. Bilateral relations took off after India launched its Look East policy in 1993 and since then, India's relationship with the ASEAN and its bilateral engagement with Indonesia has assumed a mutually reinforcing character. While India's rising profile in Southeast Asia has brought it closer to Indonesia, the latter's strategic partnership with Indonesia has further raised India's profile in the ASEAN region. Indonesia has played a key role in getting India the ASEAN, ASEAN Regional Forum and the East Asian Summit memberships. Their constant emphasis on building up regional peace and security and the need to balance against China has further created a common ground between the two countries for building up strategic partnership in the region.

India's relations with Indonesia since have reached a new level of understanding, demonstrating shared interests in making Asia an "arc of advantage and prosperity." Building on their historical and cultural linkages, both the countries have not only consolidated their bilateral ties but also opened up new areas of cooperation, thereby, further widening and deepening the arena of cooperation. Both the countries have worked together not only on bilateral issues but also at the regional and international level. Although Indo-Indonesian economic engagement increased pace with the Look East policy, the economic crisis in Southeast Asia and India's economic growth gave a major boost to their bilateral economic relationship. India's growing strategic engagement with the US has added warmth to the bilateral relationship, providing strategic space for further maneuverability in the ASEAN region.

### **SECURITY AND DEFENCE RELATIONSHIP**

The strategic and defence partnership between India and Indonesia has received impetus from two different sources of commitment – commitment emanating from the improved bilateral relationship and India's commitment to its growing strategic engagement with the ASEAN. Apart from bilateral defence cooperation, the two countries have engaged bilaterally in addressing non-traditional security challenges facing the region such as terrorism, maritime piracy and so on. India and Indonesia signed a Bilateral Agreement on Cooperative Activities in the Field of Defence in 2001.

India has been supplying defence equipment, especially for the Indonesian navy and the two countries are exploring other areas for defence cooperation.

Indonesia has shown its keen interest in importing items such as batteries for torpedoes, engines for Parchim-class corvettes, repair facilities for Type 209 submarines and so on. India had proposed a draft Memorandum of Understanding on Defence Cooperation in 1995 with the focus on supplies, technologies, joint production and joint projects. Although the MoU has been signed by both the countries, it is yet to be ratified by the Indonesian Parliament. During the visit of the Indonesian President, Mr. Susilo Bambang Yudhoyono in November 2005, the two countries agreed to hold an annual "strategic dialogue" at the level of senior officials, with the first meeting to be held in the first half of 2006. An MoU on cooperation between the countries' diplomatic training institutes has been signed. India has been providing training to Indonesian military officers under the ITEC-I program.

India and Indonesia signed a Memorandum of Understanding on Combating International Terrorism in July 2004, which provided for the formation of a Joint Working Group (JWG) on Counter Terrorism. The JWG held its first meeting in New Delhi in February 2005 and agreed to strengthen bilateral cooperation in combating terrorism and other transnational crimes and in maritime security through exchange of information and intelligence, capacity building and legal cooperation. During the Regional Meeting of the Ad Hoc Group of Law Enforcement Practitioners, held in Bali in August 2004, India stressed devising institutional mechanisms for sharing of information relevant to each country and speedy extradition of persons involved in terrorist activities

An important area of bilateral cooperation is the issue of maritime terrorism and piracy in and around the Malacca Strait. The key components of cooperation have been visits of Indian navies to Indonesian ports and vice-versa, conducting joint naval exercises, escorts of Indonesian ships in the Andaman Sea and so on. Since 1995,

Indonesia, along with Singapore, Thailand and Malaysia has been taking part in the biennial gathering of ships known as MILAN hosted by India. India has also been conducting bilateral Search and Rescue Operations with Indonesia named Indopura SAREX. Since 1997, bilateral SAREX has been converted into a multilateral maritime operation comprising of India, Indonesia, Malaysia and Singapore. Indian naval ships have been paying goodwill visits to Indonesian ports. India has also proposed joint patrol in and around the Malacca Strait, but Indonesia has shown its reluctance in allowing extra-regional navies in the Strait. In the aftermath of Tsunami, India launched the Operation Ghambir in January 2005 and sent food and medical supplies to Indonesia through its hospital ship INS Nirupak and a corvette INS Khukri. President Yudhoyono during his visit to India in November 2005 and the Indonesian Vice President Dr. Jusuf Kalla, during his visit in January 2007, expressed their country's gratitude for India's assistance in Tsunami relief operations.

### **ECONOMIC ENGAGEMENT AND TRADE RELATIONSHIP**

The centuries old economic relationship between India and Indonesia have been formalized and firmly established through a number of agreements, declarations and MoUs. The first trading agreement was signed in January 1953, further extended in June 1978, when the two countries agreed to develop mechanisms in order to strengthen and diversify trade and commercial links. Both the countries signed a bilateral Agreement on Avoidance of Double Taxation in January, 1986. The two countries also signed an Agreement for the Promotion and Protection of Investments, during the G-15 meeting in Jamaica in February 1999 and which came into force in January 2004. An India-Indonesia Joint Commission Meeting (JCM) was held in Yogyakarta in September 2003, which mandated the promotion of bilateral economic and commercial relations and the setting up of an "India-Indonesia Expert Working Group." The expert working

group is expected to recommend directly to the JCM on finding out ways and mechanisms to further expand their economic cooperation. During the 2005 visit of the Indonesian President, the two countries also signed a Memorandum of Understanding on setting up of a Joint Study Group to examine the feasibility of entering into a Comprehensive Economic Cooperation Agreement.

The total value of bilateral trade has gone up from US\$1.12 billion in 1995-96 to US\$2.5 billion in 2003-04 and reached US\$4 billion in 2005. The bilateral trade target has now been set at US\$10 billion by 2010. India imports palm/vegetable oil – crude and processed – coal, petroleum and paper products, and spices whereas major Indonesian imports are textile yarn, chemicals, electric power machinery and parts, refined petroleum products, iron and steel goods, wheat, rice and sugar. India is the largest importer of crude palm oil and Indonesia has become India's second largest trading partner in ASEAN after Singapore. Energy forms another important area in which the two countries are exploring the possibility of cooperation. During her visit to India in 2002, then Indonesian President, Sukarnoputri, addressing a joint meeting sponsored by the FICCI and the CII in 2002, had expressed her country's willingness to supply oil and gas to India. India is now studying the possibility of procuring natural gas from Indonesia through an undersea pipeline from Aceh to the Nicobar Islands. The bilateral trade has gone further up with Indonesia's economic recovery and a growing realization between the two countries about the strategic necessity of strong economic bilateral relations.

### **SCIENTIFIC AND TECHNOLOGICAL RELATIONSHIP**

Although the two countries signed an agreement on Technical and Scientific Cooperation as early as 1982, their cooperation on the ground began to take place only after India's active participation in ASEAN affairs, the success stories of India's Information and Technology

revolution and the economic crisis in Indonesia. During the last ten years, the two countries have opened up new areas for scientific and technological cooperation, including areas such as remote sensing, satellite launching, and space technologies, thereby, further strengthening and diversifying their bilateral engagement. The Indian Space Research Organisation (ISRO) and the National Institute of Aeronautics and Space of Indonesia (LAPAN) signed a MoU on cooperation in 2002 in space application, capacity building, remote sensing and space technologies. The LAPAN has provided logistical and technical support to the ISRO for the setting up of its second Telemetry, Tracking and Command Centre at Biak in West Papua, the easternmost province of Indonesia. On 10th January 2007, ISRO successfully launched Indonesia's micro-satellite LAPAN TUBSAT piggyback on its Polar Satellite Launch Vehicle.

India and Indonesia have agreed to establish a Joint Committee with equal representatives from both sides to negotiate and agree on a MoU for a Programme of Cooperation, as proposed under the Agreement on Technical and Scientific Cooperation. During his visit President Yudhoyono called for more scientific development oriented cooperation such as the development of rockets for scientific purposes and satellite technologies; the utilization of Indian remote sensing satellites, tele-education and tele-health. The two countries have also been deliberating both on bilateral and regional cooperation in developing early warning systems against natural disasters such as the early Tsunami Warning Systems and disaster management. India has also agreed to assist Indonesia in setting up of a vocational training centre in Aceh, the Tsunami-devastated province of Indonesia. Apart from the bilateral collaboration in the space technology and disaster management, the two countries have also engaged in cooperation in the field of bio-technology, pharmaceutical industries and information and technology.

### CULTURAL RELATIONSHIP

Cultural linkages between India and Indonesia date back to the early centuries of the Christian era. Signifying their ancient cultural relations, the two countries signed a Cultural Agreement as early as 1955, which has acted as the central guideline for bilateral cultural interaction. The cultural agreement has been updated regularly through the Cultural Exchange Programme (CEP), which has facilitated inter-institutional linkages and collaborative research programmes between the two countries. Much of the cultural activities are either sponsored or undertaken by the Indian Council of Cultural Relations (ICCR), which oversees India's cultural relations with other countries. The Indian government set up the Jawaharlal Nehru Indian Culture Centre (JNICC) in Jakarta in 1989 to conduct cultural activities in Indonesia. Indian films have a large viewership in Indonesia and they are regularly telecast, dubbed in Bahasa Indonesia. During Yudhoyono's visit, the two countries agreed to establish an Indonesia-India Friendship Association (IIFA), based in New Delhi and Jakarta. Comprising of community leaders from the two countries, the IIFA will aim to forge greater people-to-people cultural linkages.

ICCR through its education programmes and scholarships provide an institutional support system for cooperation in human resources development. While experts and officials have received training and scholarship under ITEC programmes and the Colombo Plan, Indonesian students have received scholarships to study in India under the General Cultural Scholarship Scheme and Hindi Scholarship programmes.

### CHALLENGES AND OPPORTUNITIES

While the 'China threat' theory has helped India gain Indonesia's cooperation in regional strategic deliberations and entry into forums such as ASEAN, ARF and the East Asian Summit, the Pakistan factor has limited their bilateral cooperation. Although India and Indonesia have worked together in international forums such as

WTO, they have adopted competitive approaches on certain issues such as the issue of Asian candidature in an expanded UN Security Council. The existing visa regime has also been a matter of unease between the two countries. In the economic sector, issues of comprehensive trade agreement or preferential trade agreement have been delayed due to difference over the listing of protected goods. While Indonesia wants palm oil in the free trade list, India has kept it in the list of protected items to provide security to palm oil producers in its south. The limited nature of international transportation between the two countries has been another matter of concern in the area of bilateral economic and trade links. While Air India flies only once a week to Indonesia, Air Garuda, Indonesia's national carrier does not have any flight to India.

Nevertheless, over the years the two countries have moved closer to each other and engaged in cooperative initiatives on bilateral and multilateral issues. Despite challenges, the two countries have reassured each other of continued cooperation in different sectors without letting divergences hinder their bilateral engagement. For example, during his visit to India in 2000, the then Indonesian President, Abdurrahman Wahid, decided not to go to Pakistan as a major political gesture to Indian establishment. India's rising profile in the ASEAN region has come about not only because of its great power projection but also because of the acceptance of that stature by the major ASEAN countries such as Indonesia.

**BILATERAL AGREEMENTS SIGNED BETWEEN INDIA AND INDONESIA**

<b>S. No.</b>	<b>Agreement</b>	<b>Year</b>	<b>Status</b>
1.	Treaty of Friendship	March 1951	Operative
2.	Trade Agreement(Extended in 1978)	30.01.1953	Operative
3.	Agreement on Cultural Relations	29.12.1955	Operative
4.	Agreement on Air Services between and beyond respective territories	08.09.1968	Operative
5.	Agreement on Continental Shelf Boundary (Extended in 1977)	08.08.1974	Operative
6.	Agreement between GOI and Government of Indonesia and Thailand concerning determination of trijunctions point and delimitation of related boundaries in Andaman Sea	22.06.1978	Operative
7.	Agreement on Cooperation regarding utilization of nuclear energy for peaceful purposes	09.01.1981	Operative
8.	Agreement on Technical and Scientific Cooperation	10.02.1982	Operative
9.	Agreement on Agricultural Cooperation	07.08.1982	Operative
10.	Agreement on Avoidance of Double Taxation	16.01.1986	Operative
11.	Agreement on Promotion and Protection of Investment	10.02.1999	Operative
12.	MoU on Cooperation in the field of Tourism	08.02.2000	Operative
13.	MoU for establishing Joint Commission	11.01.2001	Operative
14.	MoU for cooperation in the field of Science and Technology	11.01.2001	Operative
15.	Work Plan for cooperation in the field of Agriculture(Extension to 2007 recommended by JCM)	11.01.2001	Operative
16.	MoU on Defence Cooperation	11.01.2001	Cooperation ongoing but MoU yet to be ratified by Indonesian Parliament.
17.	Agreement on Visa exemption for Diplomatic and Official passport holders	03.04.2002	Operative
18.	MoU between National Institute of Aeronautics of Space of Indonesia(LAPAN) and ISRO on Cooperation in the field of outer Space Research and Development	03.04.2002	Operative
19.	MoU on setting up of Vocational Training Centre for Construction Sector	03.04.2002	Operative
20.	MoU on Cooperation to Combat International	02.07.2004	Operative

	Terrorism		
21	MoUs on Marine and Fisheries Cooperation.	23.11.2005	operative
22	MoU on Establishment of a Joint Study Group to examine the feasibility of a Comprehensive Economic Cooperation Agreement (CECA).	23.11.2005	operative
23	MoU on Cooperation in Education and Training between the Indonesian Ministry of Foreign Affairs and Indian Ministry of External Affairs.	23.11.2005	operative

Source: *Indian Embassy of Jakarta*

URL: <http://www.embassyofindiajakarta.org/content.php?sid=205>

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