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Research Paper

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INDONESIA IN THE FACE OF GREAT POWER COMPETITION

Abstract: *The escalating great power competition between the United States and China in the South China Sea has triggered tensions and potential conflicts in the region. This situation presents significant challenges for inferior power countries, such as Indonesia, in protecting their national interests. Although Indonesia is not officially a claimant in the disputes, the overlapping claims between Indonesia's Exclusive Economic Zone around the Natuna Islands and China's "nine-dash line" have placed Indonesia in a precarious position. This paper refutes Richard Betts' argument that strategy is merely an illusion by demonstrating the importance of a clear and adaptive strategy for inferior states in navigating the complex regional geopolitical dynamics. By employing Yarger's Theory, this paper analyzes Indonesia's national security objectives in maintaining regional stability and peace, as well as the balance between ends, ways, and means in formulating an effective strategy. Furthermore, the concept of combination defense by Callard and Faber is utilized to illustrate a comprehensive approach that integrates military, non-military, and supra-military elements. Through qualitative analysis and literature review, this paper aims to highlight the significance of Indonesia's national maritime strategy in aligning security, economic, and diplomatic aspects to optimize resources for safeguarding its national interests in the South China Sea.*

Keywords: *great power competition, South China Sea, strategy, Yarger's Theory, combination defense, Indonesia, national interests*

INTRODUCTION

CIA Director William Burns revealed that People's Republic of China (PRC) President Xi Jinping has instructed his military to prepare to invade Taiwan by 2027 (Hope, 2023). Such a statement could signal a looming conflict, potentially threatening peace in the Southeast Asian region, especially in the South China Sea (SCS), where the United States, with its allies and partners, is currently fighting for liberal hegemony in the Indo-Pacific Region. As one of the claimant states in the South China Sea, Indonesia must create a framework to defend its national interests.

Great Power Competition has become an increasingly highlighted topic in the landscape of global geopolitical dynamics, especially in the South China Sea region. According to Zou (2021), the SCS has become an arena for strategic competition between superpowers, particularly between the United States and the People's Republic of China. This competition not only involves military aspects but also includes economic, political and diplomatic dimensions (Lynch, 2022). This situation has the potential to trigger conflict and threaten the stability of the Southeast Asian region, given the maritime disputes involving several countries in the region. Although Indonesia is not officially a claimant state in the SCS dispute, its Exclusive Economic Zone (EEZ) claim around the Natuna Islands waters overlaps with China's "nine-dash line" claim, putting Indonesia in a delicate position (Connelly, 2016).

One of the key aspects of the SCS dispute is the People's Republic of China's claim to most of the waters. The PRC refers to historic rights and implicitly associates them with a nine-dash-line delineation that if connected would encompass an area covering 80% or more of the SCS (Zou, 2021). However, a July 12, 2016 Permanent Court of Arbitration (PCA) decision concluded that the PRC has no legal basis to claim historic rights to resources within the nine-dash-line delineation (Cogliati-Bantz, 2016). Nonetheless, the PRC continues to assert its claims and seeks to restrict the activities of other states in what it considers disputed territory. In early 2023, Indonesia ignored the PRC government's request to halt oil and gas exploration in Natuna and continued exploration in the EEZ which overlaps with the PRC's nine-dash-line claim (Allard et al., 2021). Indonesia's stance reflects its determination to maintain sovereign rights in its EEZ, as stipulated in the United Nations Convention on the Law of the Sea (UNCLOS) (United Nations, 1982).

Indonesia has taken significant steps toward developing oil and gas resources in the area that overlaps with PRC claims. In January 2023, Indonesia approved US\$3 billion in funding for plans to develop the initial phase of the Tuna Block (South China Sea Gas Block), with an estimated production rate of 115 million standard cubic feet per day (MMSCFD) (Reuters, 2023). The Tuna Block is located in Indonesia's EEZ, north of the Natuna offshore and adjacent to the Indonesia-Vietnam border (Hakim, 2024). Indonesia's decision to proceed with the development of the Tuna Block reflects its commitment to utilize the natural resources within its sovereign EEZ, in accordance with the rights written in UNCLOS 1982.

However, Indonesia's actions triggered a reaction from the PRC. In response, the PRC dispatched the world's largest coast guard vessel, China Coast Guard (CCG) 5901, near the North Natuna Sea (Indonesia's EEZ in the South China Sea) in January 2023, not far from the Tuna Block site (The Maritime Executive, 2023). This Coast Guard vessel, weighing 10,000 tons and equipped with a 76mm cannon, symbolically demonstrates the PRC's determination to protect its claims in the region (Gady, 2017). This action can be seen as an attempt by the PRC to intimidate and sway Indonesia's resolve to defend its sovereign rights.

This situation illustrates how Indonesia's interests could be threatened by the PRC's ambitions and the potential for future conflict. As tensions rise in the SCS, Indonesia risks direct confrontation with the PRC in maintaining control over resources in its EEZ. Moreover, an escalation of tensions could negatively impact stability and peace in the Southeast Asian region as a whole, given the strategic importance of the SCS to countries in the region. Therefore, Indonesia needs to develop a comprehensive strategic approach to safeguard its national interests while managing relations with superpowers involved in competing disputes in the SCS.

This paper aims to refute Betts' theory that strategy is an illusion (Betts, 2000) and justify the importance of strategy for countries with inferior power, such as Indonesia, in the face of great power competition. Using Yarger's (2006) theory, this paper will explain Indonesia's national security objectives to maintain stability and peace in the Southeast Asian region. Yarger argues that a valid strategy must have the right balance between objectives, concepts and resources, or its success will be at greater risk (Yarger, 2006). Therefore, Indonesia needs to formulate a comprehensive and coherent strategy to achieve its national security objectives. This paper will also provide a brief overview of how to achieve these objectives using Callard and Faber's

(2002) concept of combination warfare. This concept emphasizes the importance of integrating various approaches, including military, non-military, and above military and combining strategic, operational, and tactical levels in one campaign (Callard & Faber, 2002).

Great Power Competition Background

1. Is strategy an Illusion?

Betts (2000) argued that strategy is an illusion because the plans do not lead to achieving desired results. In hindsight, there is not much of a link between how a strategy is made and how it ends, and the odds are high that a strategy will not work. It seems true

that people are more skeptical about what can be predicted and controlled. Betts premises his argument with Tolstoy's idea that people cannot control what happens, making it sound like history is a series of "accidents" whose causes and effects cannot be found or predicted. We can say that a strategy's effectiveness can be measured right after an event is done (Gardiner, 1955).

Betts stated that strategic plans fail, and sometimes careless ones do. People thought Richard Nixon and Henry Kissinger were extraordinary planners, but their big plans fell apart in a few years, and the Cold War started again. When Bill Clinton, Madeleine Albright, and Samuel Berger began a limited air war against Serbia, most people thought they messed up. Some plans work well in the short term but worsen things in the long run. Sun Tzu's focus on stratagem and strategy as alternatives to mass, frontal attack, and artless attrition is essential, but how often is the result more due to strategic magic than having more money, men, and equipment?

However, we can only say that Betts's observation is accurate if the circumstance happens in a great power country with superior resources and power to achieve their desired objective. How the simplification of a variable (means) can more likely predict a better result and avoid the 'multivariable effects' when we focus on the value of every factor, we use to dominate the adversary. This simplification, in line with what Betts says about attrition, was relatively straightforward, to show the superiority over the competitor and win it without the complexity of strategy.

2. How about inferior-power countries?

There are also historical records of inferior-power countries that won the war over the big countries and successfully counteracted attrition by the enormous power countries. Betts stated the proof in his reading that commanders who are up against agile guerrilla forces are not

always able to accomplish their goals. Even when a clear superiority in the balance of forces foreordains victory, efficacious exploitation saves lives and resources. In many wars, it is not always apparent which side has the upper hand before the event, but strategy is the only way to break a stalemate. There are situations in which nations that do not possess military superiority can nonetheless utilize methods to obtain an advantage, such as what happened in Israel's conflict with the Arabs in 1967, the Arabs' conflict with Israel in 1973, Britain's conflict with Argentina in 1982, and North Vietnam's conflict with the United States from 1965 to 1975. It shows that the inferior-power country needs a complex strategy. Otherwise, it is better than doing nothing and predicting that they are superior and have no ways to counteract aggrandizement. Again, the war in Ukraine is proof that the complex combination of strategy, military, and non-military effort can frustrate a superior power like Russia. At the beginning of the war, Russia was confident of its superiority and claimed that the war would be going easy and did not expect the reality of the current situation.

3. Luck vs. Genius

Betts emphasized that strategy is like the "random walk" theory of the stock market, which says that some fund managers regularly do better than the market but that their streaks are also due to luck (Betts, 2000). The shadow of Great Power competition (GPC)⁴ and looming conflict is potentially threatening the peaceful region of Southeast Asia. Indonesia, a relatively small power among its great power competitors, needs to think of the best way to face the potential conflict in the future. Indonesia must initially set a particular objective and initiate ways to make a better prediction of success. Compared with the great power countries, Indonesia is better at complex strategy with multivariable ways to counter the superiority of great powers and the domination of its interests. By understanding the current situation of the GPC in the Southeast Asia region, and determining the objective of the country, thus Indonesia does not have to put its interests aside to appease those of great powers.

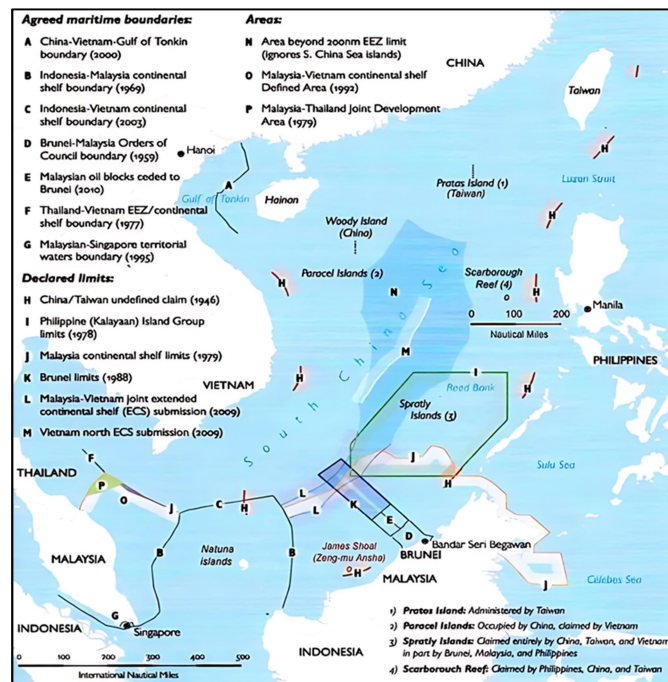
Indonesia's Present and Future Challenges

The PRC refers to historical rights and implicitly links them to the depiction of the nine dash-line that if connected, would enclose an area that news stories often say is 80% or more of

⁴ GPC a well-known term for analyzing relations between states that dominate global political affairs. Competition exists on a continuum of interactions; it incorporates aspects of collaboration and cooperation. However, competition is not the same as conflict or confrontation between states (or armed conflict). Thomas Francis Lynch and National Defense University Institute for National Strategic Studies, *Strategic Assessment 2020: Into a New Era of Great Power Competition* (Washington, D.C: Institute for National Strategic Studies, National Defense University, 2020).

the SCS (Zou, 2021). However, The Permanent Court of Arbitration (PCA) ruling on the South China Sea dispute on July 12, 2016, concluded that China had no legal basis for claiming historic rights to resources within the depiction of the 'nine-dash line' (Cogliati-Bantz, 2016).

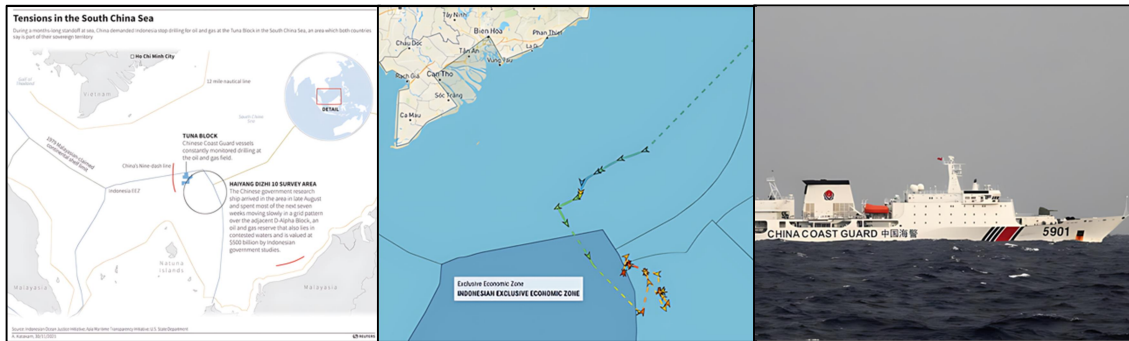
Figure 1 Claimed islands and boundary agreements between disputing countries.



Source: US Department of Defense Annual Report on China to Congress, 2012.

In early 2023, Indonesia ignored the PRC government's request to stop exploring oil and gas and was willing to continue its exploration in their EEZ, which overlapped with the PRC's self-claimed nine-dash line (Allard et al., 2021). The UNCLOS clearly states Indonesia's right of sovereignty to exploit and reserve the resources within its EEZ (United Nations, 1982). Indonesia approved the USD 3 billion financing for the initial development plan for the Tuna Field (South China Sea Gas Block). About 115 million standards cubic per day (MMSCFD) production rate is estimated in the future (Reuters, 2023). However, the PRC responded by sending the largest coastguard vessel in the world. China Coastguard 5901 was seen near the North Natuna Sea (Indonesian claimed EEZ area of the South China Sea) In January 2023 near Tuna Field (The Maritime Executive, 2023). The event illustrates that Indonesia's interest can be threatened by PRC ambition and potentially looming conflict in the future.

Figure 2 The position of Tuna Block in Indonesia's EEZ. PRC is also surveying this location (left), Marine traffic past track of PRC CCG 5901, on Dec. 29-Jan. 4, 2023 (middle), and the view of PRC coastguard vessel from Indonesian warship bridge, off the Natuna Islands on January 2024 (right).



Source: U.S. State Department, 2021; Radio Free Asia, 2023; Radio Free Asia, 2024.

Defining Strategy by Yarger's Theory

Yarger's (2006) theories are the best suited to map what kind of strategy for Indonesia's national security objective in maintaining stability and peace in Southeast Asia. As a complement of Lykkes theory of 'strategy = ends + ways + means,' he explained that "a valid strategy must have an appropriate balance of objectives, concepts, and resources or its success is at greater risk" (Bartholomees, 2012). Indonesia has the primary objective of maintaining sustainable peace, stability, and prosperity beyond the region (what?); to conduct 'combination warfare' under the regional cooperation as the way (how?); and the ASEAN framework, maritime domain awareness, naval strength, and economy in the region are the means.

Indonesia and the Concept of Combination Defense

Combination defense is a suitable strategy for Indonesia to secure its interests. Combination defense was constructed by the concept of Combination warfare introduced by Callard and Faber (2002). They argued that this way of combination warfare could influence and pull on almost every aspect of human activity. It has this capability because it uses military, non-military, and above-military measures to promote, prevent, extend, localize, and vitiate or neutralize diverse threats. This warfare aims to overwhelm others by assaulting as many domains of population activity as feasible. The notion works well if the strategy successfully combines both "horizontal" and "vertical" approaches by combining '*supra-national*,' which refers to combined uses of the national, international, and non-state organizations to pursue

cooperation in the region; 'supra-domains,' which form military/non-military/above-military approach; and 'supra-means,' which is the integration of all available means; and 'supra tier', which combines the strategic, operational, and tactical levels of combat into a single campaign (Callard & Faber, 2002).

As the chair of the ASEAN 2023, Indonesia has an excellent opportunity to enhance the 'supra-national' combination. During the ASEAN Summit on 10-11 May 2023 in Labuan Bajo, Indonesian President Jokowi, in his press release, clearly stated that ASEAN is committing to strengthen its unity and promote peace, security, and stability in the region (ASEAN, 2023). He mentioned that ASEAN reaffirms its strong commitment to upholding regionalism and multilateralism, emphasizing the importance of international cooperation.

From the economic point of view, Indonesia is working with ASEAN partners to decrease dependency on US and Chinese currency. The ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting was held in Korea on May 2, 2023 (Japan MoF, 2022). One of the decisions made by Indonesia and the countries was welcoming the Chiang Mai Initiative of Multilateralism (CMIM)⁵, which enables the members to trade with their local currency under the voluntary and demand-driven principle (Japan Ministry of Finance, 2022). By doing so, Indonesia and other ASEAN members are seeking the first step alternative to avoid dependency on foreign currency. Suppose the GPC escalates the competition into a conflict. In that case, it will not significantly impact the stability of the local currency. However, it needs a long-term commitment with the region since the PRC still has the most considerable economic influence in the area, and most of the commerce in the region still uses USD.

From the 'supra-domain' perspective, Indonesia needs to prioritize the development of naval strength to be present in the hot spot and assess the future threat in the South China Sea. The number of foreign military vessels and operations in the disputed area currently needs special attention and observation to ensure the security of Indonesia's Interest in the Natural resources and fisheries in Indonesia's EEZ (Exclusive Economy Zone). To avoid escalating conflict, Indonesia could enlarge its *Bakamla* (*Badan Keamanan Laut/Indonesia Coast Guard*) as a power balance with what the PRC deploys to protect its claim (O'Rourke, 2020). Building the capacity of *Bakamla* vessels that is sustainable to the weather of SCS and longer endurance, equipped with surveillance radar and UAV (Unmanned Aerial Vehicle) onboard, can prolong the presence and become 'the eye' of the current situation environment. The coastguard must

⁵ The Chiang Mai Initiative (CMI) is the first regional currency swap arrangement launched by the ASEAN+3 countries in May 2000 at an annual meeting of the Asian Development Bank to address the short-term liquidity difficulties in the region and to supplement the existing international financial arrangements. CMI is composed of: (a) the ASEAN Swap Arrangement (ASA) among ASEAN countries, and (b) a network of bilateral swap arrangements (BSAs) among the ASEAN+3 countries. amroasia, "AMRO and the CMIM," AMRO ASIA, accessed May 15, 2024, <https://www.amro-asia.org/about-amro/amro-and-the-cmim/>.

also be trained to conduct MIO (Maritime Interdiction Operation) and VBSS (visit, board, search, and seizure). The sustainability of presence will give a safe feeling to every Indonesian who explores the resources (offshore refineries and fisheries) and clearly state to every stakeholder that Indonesia still maintains its presence and protects their interest in the SCS.

Indonesia can use a "Supra-Mean" approach to maintain sustainable peace, stability, and prosperity beyond the region. As the chair president of ASEAN, Indonesia can initiate an integrated and joint security framework in the SCS. This concept can be discussed in ADMM+(Asian Defense Ministry Meeting) as the continuation of the result of the 2023 ASEAN summit, in which the members agreed to promote peace, security, and stability in ASEAN (ADMM ASEAN, 2024). Indonesia can make the model of the IFC (International Fusion Centre), which succeeds in providing maritime domain awareness in the Singapore-Malacca Straits to integrate the command and control of operations (IFC, 2024).

CONCLUSION

Potential looming conflict from GPC is endangering the stability of the Southeast Asia region, particularly in the South China Sea (SCS). Indonesia should establish a framework to protect its national interests. Refuting Betts' argument, we can demonstrate why strategy by lesser-power countries, such as Indonesia is critical. Using Yarger's theory, it then discusses Indonesia's national security goal of maintaining stability and peace in Southeast Asia. Then it outlines how to achieve the goal by employing Callard and Faber's combination warfare.

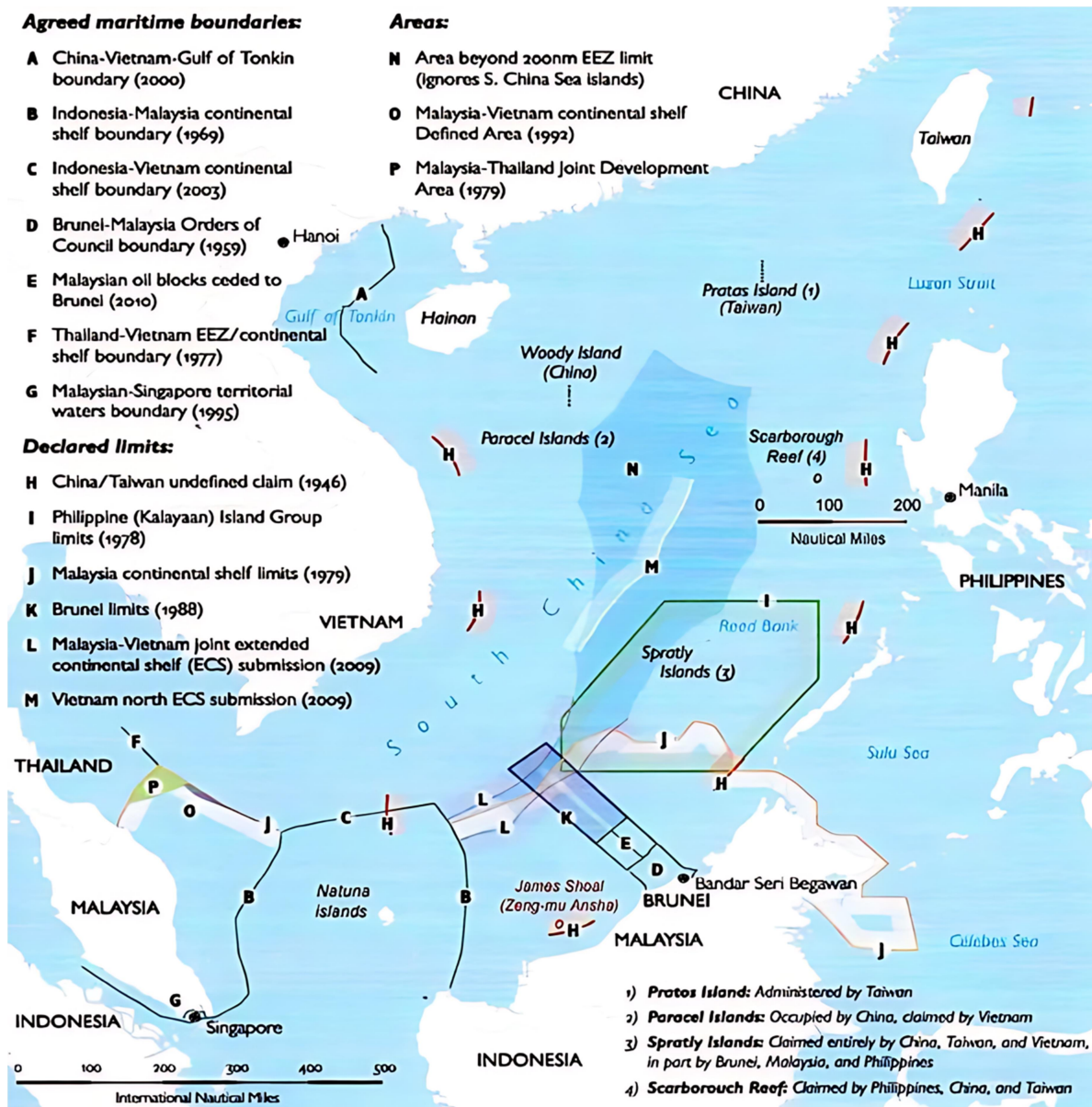
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ADDITIONAL

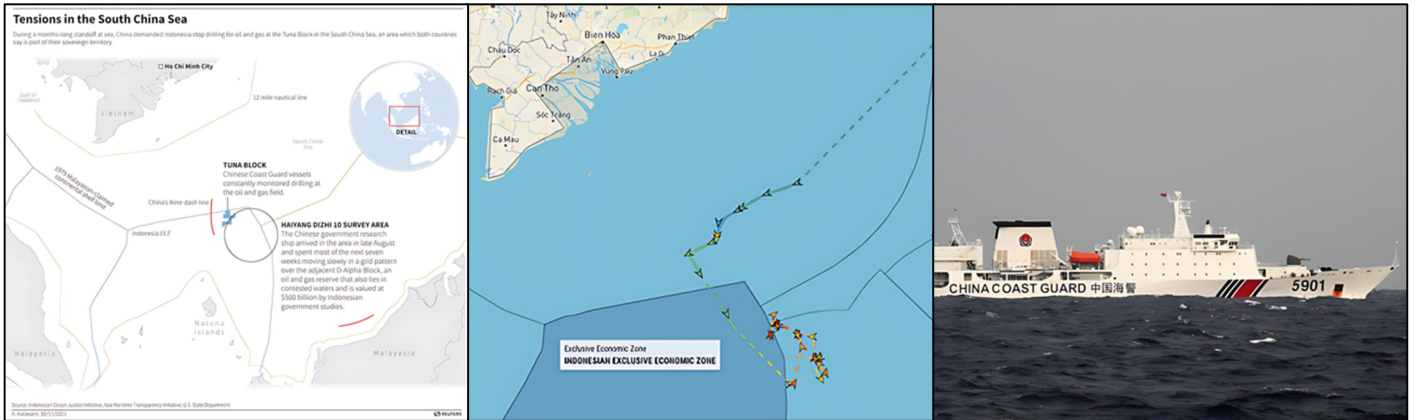
Figure 1 Claimed islands and boundary agreements between disputing countries



Source: US Department of Defense Annual Report on China to Congress, 2012.

URL: <https://seasresearch.wordpress.com/2014/08/19/china-versus-vietnam-an-analysis-of-the-competing-claims-in-the-south-china-sea-2/>

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Source: U.S. State Department, 2021; Radio Free Asia, 2023; Radio Free Asia, 2024.

URL: <https://www.reuters.com/world/asia-pacific/exclusive-china-protested-indonesian-drilling-military-exercises-2021-12-01/> (left)
<https://www.rfa.org/english/news/china/china-patrols-indonesian-gas-field-01052023030518.html> (middle)
<https://www.rfa.org/english/news/southchinasea/china-monster-ship-disputed-shoal-philippines-06252024142055.html> (right)