INDIA’S ACT EAST AND INDONESIA’S GLOBAL MARITIME FULCRUM:
EXPLORING POTENTIAL FOR FUTURE MARITIME COOPERATION

Jointly Organized By

National Maritime Foundation
and

The Embassy of Indonesia

19 July 2017
Opening Remarks:
Dalton Sembering, Deputy Chief of Mission, Embassy of the Republic of Indonesia
Admiral R.K. Dhowan, PVSM, AVSM, YSM (Retd), Chairman, National Maritime Foundation

Session 1 - Security Perspective
Rear Admiral AR Radhakrishnan (Retd) – Moderator
Mr. Basilio Dias Araujo, Assistant Deputy for Maritime Security and Resilience, Coordinating Ministry for Maritime Affairs of Indonesia
Vice Admiral Anup Singh, PVSM, AVSM, NM (Retd.), Formal Commander in Chief, Eastern naval Command India
Rear Admiral Dr. Amarulla Octavian, Dean of the Defence Management Faculty, University of Defence, Indonesia

Session 2 - Security Perspective
Dr. Prabir De, Coordinator, SEAN-India Centre, RIS - Moderator
Mr. Pranay Kumar, Head-International Trade Policy, Confederation of Indian Industry
Mr. Siswanto Rusdi, Director, National Maritime Institute, Indonesia
Dr. Simrit Kaur, Faculty of Management Studies, Delhi University

Closing Session
Summing Up: Capt (Dr.) Gurpreet Khurana, Executive Director, National Maritime Foundation
Vote of Thanks: Mr. Dalton Sembiring, Deputy Chief of Mission, Embassy of the Republic of Indonesia

Rapporteurs
Ms. Vasudha Chawla, Research Associate, National Maritime Foundation
Ms. Surbhi Moudgil, Research Associate, National Maritime Foundation
Ms. Angelina Patrick, Research Associate, National Maritime Foundation
Ms. Shahana Thankachan, Research Associate, National Maritime Foundation
INTRODUCTION

The Embassy of Indonesia, in collaboration with the National Maritime Foundation, organized a one day seminar on 19 July 2017 with the theme “India’s Act East and Indonesia’s Global Maritime Fulcrum: Exploring Potential for Future Cooperation”. The seminar brought together academicians, thinkers, practitioners of security and economic fields from India, Indonesia and also from Southeast Asian nations. It provided them an ideal platform to brainstorm on the security and economic facets of maritime cooperation between the two nations.

The development of maritime sector is high on the priority list of the government of Indonesia. In the last two years, progress has been made by the Government to restructure Indonesia’s maritime potentiality and develop maritime cooperation with other countries, including India.

On the other hand, India is essentially a maritime nation with vast maritime interests. In recent years, with focus on the Act East Policy and initiatives in the maritime domain, India is emerging as a resurgent maritime nation, which provides opportunity for enhancing maritime cooperation with Indonesia.

Since the state visit of President Joko Widodo to New Delhi, India, on 11-13 December 2016, the Statement on Maritime Cooperation has become one of the key desired outcomes, and has resulted in a joint commitment between the two countries to further strengthen maritime cooperation inter alia in the field of maritime security, maritime safety and maritime industries. This is the context around which the seminar was organized.

COMMONALITIES AND CONVERGENCES

The seminar brought out the multiple commonalities and convergences between Indonesia and India. After the Cold War, both India and Indonesia have followed a multi-vectored foreign policy approach. Both nations have strong economic and development imperatives which translate into the development of
maritime economy also. Consequently, the two nations also have closely linked imperatives of maritime safety and security. There is geographic contiguity between their maritime zones at the strategic junction of Indian Ocean and the Pacific Ocean. The commonality also extends to the top down approach towards national policy making, wherein, the top leaders of both the countries have articulated a vision for their nation’s maritime resurgence.

The seminar highlighted how Indonesia’s vision of the Global Maritime Fulcrum complements India’s ‘Act East’ Policy, its vision of SAGAR and the merging quest of both countries for maritime resurgence. Indonesia can serve as a springboard for India’s Act East Policy. Whilst this is of immense geopolitical interests to both nations, the end goal of well-being and prosperity of its citizens would also be served.

**MARITIME SECURITY AND GEOPOLITICS**

The shift in the strategic balance in the region with the rise of China and the decline of the United States was a common concern expressed by most of the speakers. Apart from Non-Traditional Security threats, the concept of “Neo-Traditional Threats” was used to explain the threat posed by China’s Nine Dash Line in the South China Sea and its innovative forays into the Indian Ocean.

Non-Traditional threats continue to pose one of the biggest challenges to securing the seas. Maritime terrorism as a threat was highlighted through incidents like attacks on USS Cole in 2000 and the Mumbai Attack in 2008 among others. The locus of maritime crimes, as non-traditional threats, has shifted back to the Malacca Straits after 2013. The incidents not just of armed robbery but of actual and attempted hijacking have beset the waters of Malacca. Drugs and weapons smuggling also are big menace and there is a criminal
exchange nexus that exists between the two. Human smuggling and trafficking were also mentioned as non-traditional threats to maritime security of both nations.

Protection of the Sea lines of communication remains one of the top priorities for both the nations, threats to which are both traditional and non-traditional. Use of the sea lines of communication more effectively comes with the challenge of training the human resources more efficiently in marine and scientific research.

There is a key challenge of knowing the ocean in terms of the content and resources. Aspects of marine climate, marine resources, marine health must be understood better to overcome this challenge. Using the ocean sustainably is another challenge that was highlighted. Also the challenges posed to ocean sustainability by Illegal, Unreported and Unregulated (IUU) Fishing was stressed.

Maritime Pollution is another major cause of concern for both the nations which affects ocean sustainability. It was highlighted that there exists no international instrument that deals with maritime trans-boundary pollution originating from offshore sites and hence remains a major challenge to all coastal states.

There is a need to expeditiously resolve the outstanding issue of a segment of the EEZ boundary between the two countries. Indonesia has resolved its maritime boundaries with most of its maritime neighbors and hopes to do the same with India, too.

**MARITIME ECONOMY AND TRADE**

Bilateral trade between India and Indonesia is not very large. It is currently estimated to be around 16 billion US dollars but both the countries expect to reach a target of 50 billion US Dollars by 2025. India’s trade with Indonesia as a percentage of its GDP is much lower that what Indonesia has with India. Amidst global economic slowdown, global trade for India is experiencing a downward trend. Once this corrects, India’s trade with Indonesia is also expected to pick up. There is a high degree of volatility in the growth pattern of
trade between India and Indonesia, this prevents the traders from investing intensively in each other’s countries.

Indonesia’s exports to India are more than India’s exports to Indonesia as a percentage of their respective GDPs. In this regard there is scope for India to export its expertise in the IT sector to Indonesia. Similarly for Indonesia, it could share with India its expertise in plantation and low cost housing sector.

There are numerous Free Trade Agreements (FTA) that Asia as a region has within itself, but, not a single bilateral FTA exists between India and Indonesia. Also, it emerges that South East Asia has stronger trade ties with the rest of Asia than South Asia has with the rest of Asia.

The logistics are very unfavorable in terms of efficiency of trade for both India and Indonesia when compared to countries like China. For instance, it was highlighted that whilst China takes twenty hours to export/import a product, India takes 150 hours to export and 350 hours to import a product. On the other hand, Indonesia takes 125 hours to export and 243 hours to import the same product. Indian and Indonesian companies are not part of the Global Value Chain of production. To develop trade substantially, both the countries need to make substantial progress in this regard.

As far as India’s trade in services is concerned, it is only strong in the IT sector. India needs to diversify its Services trade basket. This could be done in cooperation with Indonesia. The connectivity between India and Indonesia is also not very good in terms of passenger traffic, cargo and air connectivity. There exist no direct flights from India to Indonesia, preventing greater people-people interaction and consequent cooperation between the two nations.
NEED FOR AN APEX LEVEL COORDINATING AGENCY

In the Indian context, there are many stakeholders which have direct interests in the maritime domain. These include Ministry of Shipping; Ministry of Defence; Ministry of New and Renewable Energy; Ministry of Earth Sciences; Ministry of Petroleum and Natural Gas; Ministry of Agriculture(for fisheries); Ministry of Tourism, Ministry of Home Affairs; Ministry of Environment, Forest and Climate Change; and Ministry of Science and Technology. Apart from these ministries, the Indian Navy and Coast Guard provide the Security umbrella to protect India’s Maritime Interests and interact with other agencies such as customs, port authorities, intelligence agencies and police forces of coastal states to coordinate the critical aspect of coastal, offshore and maritime security. While each agency plays a specialized role, there is an overarching need for coordination between various sectors and agencies. In this regard, India has much to learn from Indonesia which has a Coordinating Ministry for Maritime Affairs. It is imperative to synergise the efforts of the multiple agencies in the government and other stakeholders at the apex level in order to develop our full maritime potential.

Articulating a National Maritime Doctrine and an Ocean Policy is the first step towards providing a coherent approach to maritime affairs. In this regard to India has much to learn from Indonesia which has a National Ocean Policy. The vastness, complexity and uncertainty of the ocean environment call for a coordinated, centralized and highly sophisticated development response.

SUGGESTIONS AND POLICY RECOMMENDATIONS
Several recommendations which have immense policy relevance were made by the distinguished speakers. The following sums up the concrete ways in which India and Indonesia can cooperate to fully develop their potential as maritime powers.

- In order to pre-empt the threats in the maritime domain, cooperation in the area of Maritime Domain Awareness is required. This can be done by sharing information and shareable intelligence between the two countries. In this context, India and Indonesia are already working towards a White Shipping Agreement.

- There is a need to capitalize on geographical advantage emanating from the proximity between the Andaman & Nicobar group of islands and the Indonesia.

- Promotion of more joint HADR exercises not only to tackle natural but also man- made disasters.

- Combined exercises should grow in terms of their content and frequency, also aiming at sharing best naval practices and capability enhancement.

- Development of Naval Hydrography is an important area where there is sizeable scope for cooperation. To take this forward, exchange of officers from both countries would be a welcome step. Thus far, only Indonesian officers were coming to India for training, however, the same could be revised to bilateral exchange of officers.
• There is a need to build maritime infrastructure and enhance people to people contact through all means, including tourism.

• Obtaining Intelligence, Surveillance and Reconnaissance through mutual efforts including initiating agreements. An agreed mechanism on Information Sharing, for monitoring and surveillance of ships, between the two nations could be arrived at.

• Capacity building through co-production of hardware and transport technology. This should include industry to industry cooperation. ISRO and LAPAN have made a good start and this must continue to be encouraged. R&D Cooperation must be expanded to include that between private institutions of both countries.

• Indonesia could emulate India in its Warship building program.

• The area of cooperation under the India-Indonesia Coordinated Patrol (CORPAT), could be extended geographically from the northern part of Bay of Bengal to the southern part of the Indian Ocean along the west coast of Sumatra, to deal with transnational crimes more effectively. The CORPAT should also include prevention of illegal research not just on the surface but also under the sea and in the air.

• There is a need for having an official Joint Maritime Search and Rescue Operations Mechanism and cooperation in ensuring the safety of Sea lines of communication.

• Illegal, Unreported and Unregulated (IUU) Fishing must be curbed. This could be done by including IUU Fishing in India-Indonesia CORPAT and by extending its monitoring to civilian maritime organizations of both countries.

• Indian Navy and Indian Coast Guard could assist the Indonesian Coast Guard.

• Indonesia and India could borrow from each other’s respective initiatives to connect their inland water transport with its coastal shipping, to improve its intra-island connectivity.
India could give preference to Indonesian National shipping lines or Tol Lauts to carry the Indian trade to Indonesia as Indonesia local trade is very low currently. This will lead to Indonesian businessmen investing in bigger vessels for trade.

India could initiate direct calls from Indian ports to Indonesia bypassing third parties like China India, Hong Kong etc.

India should invest in Indonesian ports to improve their automation and technological capability as India has an expertise in this sector.

A maritime transportation attaché could be set up in both countries to better facilitate trade and transportation.

There is a need for introspection on the implementation of the numerous MoU’s signed between India and Indonesia.

The stalled Comprehensive Economic Cooperation Agreement set up in 2011, needs to be restarted.

Reduction of Non-Tariff Barriers to trade between India and Indonesia.

There should be more dialogues/interaction between the two countries on climate change, agriculture and food security, anti-poverty programmes and inclusive growth, improving governance and Corporate Social Responsibility. In the arena of Climate Change, India and Indonesia could cooperate in protecting coral reefs and in the removal of plastic waste.

Areas where the private sectors of India and Indonesia can cooperate are mining, manufacturing, drugs and pharmaceuticals, and in the arena of services, IT and tourism.
India needs to be part of the Global Value Chain; this requires improvement in infrastructure and improvement in the standards of our products. India and Indonesia can cooperate in this regard by developing a South-South Model of Value Chain.