



Jokowi's Visit Will Highlight Why Indonesia Is a Natural U.S. Partner

By Brian Harding | October 21, 2015

On October 26, Indonesian President Joko Widodo, known universally as Jokowi, will visit the White House to meet with President Barack Obama, capping a busy season of presidential-level diplomacy with East Asia.¹ Jokowi will also give a speech to business leaders in Washington and will visit San Francisco to meet with tech executives during his trip.

To the business leaders, Jokowi will make the case that 12 months into his administration, he has improved the foreign investment climate and that Indonesia is open for business. To President Obama, he will stress that Indonesia is a key partner on a range of regional and global issues and that the nation is not turning inward, as many observers fear. Throughout the visit, Jokowi and his advisors will seek to tell his personal story—a journey that should resonate with any American willing to listen.

Jokowi elected as vanguard of change

In October 2014, Jokowi became the president of Indonesia, succeeding Susilo Bambang Yudhoyono, who stepped down after a constitutionally limited two terms in office.² This transition of power demonstrates the extraordinary progress Indonesia has made since the bloody end of authoritarian President Suharto's 33-year reign in 1998.³

In defeating Prabowo Subianto, a scion of the Jakarta establishment, Jokowi's election also marked a repudiation of business as usual. It was Jokowi's down-to-earth credentials and political-outsider persona that appealed to voters wary of the influence of political elites who sustain a culture of rent-seeking and patronage. Despite his relatively limited experience—10 years ago, he was a furniture salesman, and three years ago, he was mayor of a small city—Jokowi was seen as a reformer capable of improving the lives of average Indonesians, despite a political environment dominated by money politics. His rags-to-riches story and personal understanding of the challenges facing tens of millions of Indonesians brought hope that he could be a new type of Indonesian political leader.⁴

In the broader context of Asia's political culture, it was notable that Jokowi ran as a progressive and won amid a sea of conservative Indonesian political elites and leaders throughout East Asia. A principal thrust of Jokowi's campaign message was the need to reduce inequality in Indonesia by investing in health care and education to help level the playing field for low-income Indonesians. He has been able to make progress on this front: Some of his first acts as president were to phase out fuel subsidies that disproportionately benefited the rich and to redirect the savings to education and health care for the poor.⁵ Jokowi also ran as a clean reformer, and after gaining office, he took the unprecedented step of vetting his cabinet choices with Indonesia's Corruption Eradication Commission.⁶ While Jokowi's ambitious plans to rapidly improve infrastructure largely have yet to materialize, a key underlying principle of his vision is to increase connectivity throughout the Indonesian archipelago and thereby reduce inequality between relatively prosperous Java and Sumatra in the west and the poorer islands in the east.⁷

Headwinds

Unfortunately, Jokowi's election came with unreasonable expectations given strong headwinds for Indonesia's economy and Jokowi's relative lack of stature with the country's political and business elite.

While largely out of Jokowi's control, the economy has not done well during his tenure. His 12 months in power have coincided with a slowing Chinese economy and a related decline in prices of the commodities that had fueled 6 percent annual gross domestic product, or GDP, growth in Indonesia from 2010 to 2013.⁸ As a result, GDP growth has slowed to 4.7 percent⁹ and unmasked deep underlying problems in the Indonesian economy, including an underdeveloped manufacturing sector.¹⁰ While attracting foreign investment has been a major priority for Jokowi, international investors have remained wary of Indonesia's regulatory environment, bureaucratic red tape, and lengthy negative investment list. To its credit, the Jokowi administration has been focused on improving licensing procedures and other barriers to entry, but it remains to be seen whether investors will respond. The Indonesian rupiah falling to its lowest level since the 1997–1998 Asian financial crisis has added to difficulties.¹¹

A highly complex political environment has also been a drag on Jokowi's policy agenda. Despite winning 53 percent of the vote,¹² his party—the Indonesian Democratic Party of Struggle, or PDI-P—only controls 19 percent of parliament seats¹³ and is therefore in a coalition with five other parties, each of which holds cabinet positions. Even within his own party, Jokowi wields only moderate influence, with former President and current party Chairwoman Megawati Sukarnoputri calling the shots and effectively controlling several ministers.¹⁴ Vice President Jusuf Kalla, who was chosen by the party, is yet

another power center, with deeply entrenched personal interests and strong ties to a major opposition party.¹⁵ In every relationship, Jokowi is the newcomer to Jakarta, trying to navigate a highly complex web of personal, political, and business alliances, many of which benefit from business as usual.

Given this complex political terrain, Jokowi understood from day one that he would need bureaucratic savvy and strong public backing in order to get things done. On the bureaucratic front, Jokowi has been somewhat successful, particularly in centralizing decision-making.¹⁶ However, Jokowi's honeymoon with the Indonesian public was short lived, largely due to his refusal to stand up for the Corruption Eradication Commission—previously the most respected institution in the country—when it named a police general who Jokowi had nominated to be national chief of police, at the behest of Megawati, a graft suspect.¹⁷ Nine months later, Jokowi's approval ratings have marginally recovered, but many Indonesians now long for stronger leadership.¹⁸

Jokowi and the world

With the world's fourth-largest population, membership in the G-20, and de facto leadership of the Association of Southeast Asian Nations, or ASEAN, Indonesia is a major regional player with global importance. Its example as a large Muslim-majority nation with a highly successful democracy¹⁹ is an important demonstration to the world of the inherent compatibility between Islam and democracy. Under Yudhoyono, Indonesia emerged from the ashes of the Asian financial crisis to become a key international player, perhaps most importantly working successfully to hold ASEAN together when crises threatened to pull it apart.²⁰

Jokowi's clear focus on domestic policy issues has created concerns internationally and among Indonesia's foreign policy elite that the country will turn inward and discontinue its emergence as a major actor in the international system. This has come at a time when progress toward a diplomatic solution to the South China Sea dispute and the Rohingya migrant crisis necessitate more ASEAN cohesion, making Indonesian leadership more important than ever. Yet Jokowi has explicitly downgraded the importance of ASEAN in Indonesian foreign policy and refused to call Indonesia's leadership in ASEAN its top foreign policy priority, as it had been in the past.²¹ His appointment of Retno Marsudi—a Europe specialist chosen largely because Jokowi believes that she understands the concerns of average Indonesians,²² much like Jokowi himself—as minister of foreign affairs does not suggest an ambitious role for Indonesia in Asia. Taken together, many in the international community are concerned that Indonesia might not be able to play the role of troubleshooter when problems arise, as it often did when former President Yudhoyono and former Foreign Minister Marty Natalegawa were at the helm.²³

In a break from tradition, Jokowi has set his sights both more broadly and more narrowly in the conduct of foreign policy by prioritizing bilateral relations with major powers with the overarching aim of achieving practical gains for Indonesia. Most notably, Jokowi has focused on increasing foreign investment in Indonesia, particularly in infrastructure.²⁴ However, continued uncertainty in the regulatory environment, including concerns over state-investor dispute settlement issues,²⁵ have hampered investment realization.

One major policy platform that has international implications is Jokowi's pledge to turn Indonesia into a "global maritime fulcrum."²⁶ While this is primarily a domestic policy initiative—aimed at increasing connectivity throughout the Indonesian archipelago and accruing more economic benefits from Indonesian littoral waters—it provides hope that Indonesia will play an increasingly prominent role in broader regional maritime affairs.

U.S.-Indonesia relations

U.S.-Indonesia relations are warm and growing, having improved markedly in recent years. This has particularly been the case since Presidents Obama and former President Yudhoyono signed the U.S.-Indonesia Comprehensive Partnership agreement in 2010, which created an annual meeting between the U.S. secretary of state and the Indonesian foreign minister and institutionalized cooperation between the two governments across a range of fields.²⁷ President Obama's and President Yudhoyono's deep personal interest in the relationship—partly the result of significant time spent in one another's countries—provided ballast to the relationship during the five and a half years the two overlapped in office. Warm personal ties between Obama and Jokowi, which have been plainly evident in their exchanges on the sidelines of several regional summits over the past year, continue to contribute to a positive atmosphere in bilateral relations.²⁸

After nearly 15 years of frozen military-military ties due to the Indonesian armed forces' human rights abuses during the 1990s, cooperation on defense and security issues has emerged as a highlight of bilateral relations, with dozens of annual military exercises, counterterrorism and law enforcement cooperation, and several U.S. defense equipment sales to Indonesia.²⁹ On political security affairs, the United States and Indonesia are working closely together in international forums.³⁰ People-to-people ties are also growing, and the United States and Indonesia have begun to work together on economic development projects in third countries, such as Myanmar and Papua New Guinea.³¹ Unfortunately, economic ties have lagged behind, with bilateral trade at only approximately \$30 billion and trade policy a perennial issue of disagreement.³²

Jokowi visits the White House

President Jokowi's visit is set to produce numerous tangible results. Tracking closely with his mission to advance Indonesia's stature as a maritime-centric power, maritime cooperation will be at the top of the agenda, which will include a new agreement on coast guard cooperation.³³ Defense industry cooperation will also be high on the list, with U.S. firms interested in benefiting from a growing defense budget and Indonesia seeking to develop its own indigenous defense industry.³⁴

Commercial deals may also be concluded, which would be an important signal that recent reforms to the investment climate mean that Indonesia is indeed open for business.³⁵ If so, this would breath new life into an economic relationship that lags behind other parts of the partnership.

With deliverables nearly finalized, Jokowi will now focus on projecting an image of himself as a global leader with a human touch, the one that his supporters—both Indonesian and international—have hoped he could be. While ties between the United States and Indonesia improved dramatically under President Yudhoyono, President Jokowi's personal charisma provides an opportunity to demonstrate why the United States and Indonesia share so much in common. While it has been difficult for Jokowi to meet the expectations thrust on him by the 71 million Indonesians who voted for him, he represents their collective optimism and hope for a better future, as well as a belief that one can rise from poverty to the presidency just as he did. It is hard to imagine a more natural partner for the United States.

Brian Harding is the Director for East and Southeast Asia for the National Security and International Policy team at the Center for American Progress.

Endnotes

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