

# Indonesia to join US-Australia military exercises

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The Australian government has unveiled plans to include Indonesian forces in US-Australian military exercises in northern Australia. The announcement came during a three-day visit by Indonesian President Susilo Bambang Yudhoyono to the Australian city of Darwin. US Marines have already arrived in Darwin this year, as part of a deal with Washington, signed last November, to base up to 2,500 American troops there annually.

Australian Defence Minister Stephen Smith revealed that planning was under way for an Australia-US-Indonesia military exercise early next year in the nearby training area set aside for the Marines. Clearly, the announcement would not have been made without the approval, if not strong prompting, of Washington. It amounts to another link in the Obama administration's aggressive push to counter China's influence in Asia.

In an apparent bid to blunt concerns in Beijing, Smith said China would be invited to send military observers to the exercises. "Australia, the United States and Indonesia are indicating to China that, as we start to see trilateral and multilateral exercises emerge out of the presence of marines in Darwin, we will want China involved in those," he said.

Smith and his Indonesian counterpart, Purnomo Yusgiantoro, signed deals on military cooperation, including an Australian grant of four aged C-130H heavy transport aircraft, originally supplied by the US. Smith noted that US permission had been given for the transfer of the planes.

In an interview with the *Australian Financial Review*, Smith elevated the status of Australia's military ties with Indonesia. He said Indonesia was one of four countries, along with the United States, Britain and Japan, with the highest level of defence consultation with Australia.

The Australian minister's comments echoed Washington's push to promote other Asian allies as counterweights to China. Outlining a supposed new strategic landscape, Smith said: "It's not just the rise of China. It's

the rise of India, it's the rise of the Asian nations."

Smith announced an early date—2013—for a new government Defence White Paper. The current version, issued in 2009, declares that Australia has an enduring strategic interest in preventing any attempt by nearby states (code for Indonesia) to develop the capacity to challenge Australia's military dominance in the region.

There are signs that US pressure was applied to both Canberra and Jakarta in the lead-up to Yudhoyono's Australian trip, which was his second in as many years.

Last November, when the stationing of US troops on Australian soil was first announced during a visit by President Barack Obama to Darwin, Indonesian Foreign Minister Marty Natalegawa expressed concern that the move would create a "vicious circle of tension and mistrust" in the region.

Yudhoyono's government has since shifted ground somewhat—embracing the US troop presence in Australia, while still anxious not to offend Beijing.

*Sydney Morning Herald* international editor Peter Hartcher commented yesterday on Yudhoyono's choice of Darwin for his current Australian visit. An unnamed Indonesian diplomat told Hartcher: "I think it's his way of commenting on the decision to put US Marines near Darwin," adding: "He is showing that he's not unhappy" with the move, and "might even be endorsing it."

Nonetheless, Yudhoyono's language at the conclusion of his visit was significantly different to that of his Australian hosts. Speaking at a joint media conference with Australian Prime Minister Julia Gillard, he said the defence relationship was "unfolding very, very well," but reiterated his insistence that the military activity be focussed on disaster management, and that China be involved as much as the US.

No new formal military deal was signed. Instead, the final

communiqué stated that Gillard and Yudhoyono hoped to sign a further defence cooperation arrangement soon. The two countries already have long-standing military ties, but these currently focus on counter-terrorism, maritime patrolling, intelligence-sharing and training.

The Indonesian ruling elite, like its counterparts throughout Asia, is confronted by an acute dilemma. It has close economic, strategic and military ties to the US, dating back to the bloody US-backed coup that installed the Suharto dictatorship in 1965-66. Yet, it has become increasingly reliant on China for export markets. China's rapid growth over the past decade, combined with the economic decline of the US, has intensified these contradictions.

Between 2006 and 2010, Indonesian exports to China rose almost three-fold, making it Indonesia's second largest market. Indonesia supplies 80 percent of China's imports of nickel ore, half its bauxite and a third of its coal. Total Chinese-Indonesian trade increased by nearly 15-fold between 2003 and 2011, to \$US61 billion.

Chinese investment in Indonesia rose from a trickle to \$170 million in 2010, still far behind the US, whose companies committed \$930 million, making it the country's third-largest investor behind Singapore and the United Kingdom. But the past two years have seen multi-billion Chinese investments, including in key railway projects.

China's burgeoning role has helped make Indonesia, with an annual total gross domestic product (GDP) of more than \$1 trillion and a population of 240 million, the biggest economy in Southeast Asia. It is now a G20 member—one of the largest 20 economies in the world—and ranks not far behind Australia, which has a GDP of about \$1.4 billion. This is a far cry from the 1980s, when Australia's economy was larger than the Association of South East Asian Nations (ASEAN) combined.

These developments no doubt contributed to the push for the Gillard government to include Indonesia in its military arrangements with the US. Recent months have also seen Australia's failure to improve relations with Indonesia stridently criticised within US and Australian foreign policy think tanks.

In March, for example, Fergus Hanson of Australia's Lowy Institute, who is a visiting fellow at the Brookings Institution in Washington, wrote in the *Australian*: "Australia's relationship with Indonesia must rank as one of our greatest foreign policy failures. Our politicians treat a country with a population 10 times the size of Australia's as

though it is a miscreant Pacific atoll."

Such accusations were highlighted in a *Wall Street Journal* article on July 1 that previewed Yudhoyono's Australian visit. It said the critics charged Canberra with treating "its closest Asian neighbor more like a poor cousin than as an equal player in a strategically volatile region." The article continued: "Australia is too much focused on its biggest trading partner, China, they argue—a diplomatic misstep they predict could prove costly as Indonesia becomes increasingly conscious of its political and economic clout."

Throughout the Australian media, coverage of the Darwin talks focussed primarily on Gillard's efforts to intensify Indonesia's military, police and intelligence collaboration in her government's operations to prevent refugee boats from sailing to Australia. In their final communiqué, Yudhoyono and Gillard promised to increase efforts to combat "people smuggling"—the term employed to demonise the desperate voyages of asylum seekers. At the same time, for his own political reasons, Yudhoyono extracted from Gillard a pledge to speed up the release of another 54 teenage Indonesians detained as alleged people smugglers.

This enhanced cooperation against refugees serves another purpose. It provides a pretext for extensive military surveillance and activity near the vital sea lanes between the Indian Ocean and the South China Sea—routes on which China depends heavily for its trade, particularly its imports of energy resources and other raw materials. These economic lifelines are central to the US strategy of having the capacity to impose a blockade on China in the event of any war.



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