

# Australia, Indonesia discuss closer economic, security ties

John Roberts, James Cogan  
15 March 2017

Australian Prime Minister Malcolm Turnbull held talks in Jakarta with Indonesian President Joko Widodo on March 7. Foreign Minister Julie Bishop and Trade Minister Steve Ciobo, who accompanied Turnbull, held more extensive meetings with their Indonesian counterparts. The discussions followed a visit to Sydney by Widodo on February 25–26, during which he held summits with Australian business leaders and a private dinner at Turnbull’s Sydney Harbour mansion.

The flurry of diplomatic activity between the two countries is in large part a response to the US Trump administration. Its unilateralist and protectionist “America First” agenda threatens to disrupt existing patterns of trade and investment, while its bellicose demands for economic concessions from China and other countries threaten to heighten already volatile strategic and military tensions in Asia.

The Australian capitalist class, one of the closest allies of the US and backers of the Obama administration’s “pivot to Asia” against China, has been beset with uncertainty. Trump has repudiated any participation in the Trans Pacific Partnership (TPP), which was aimed at further forcing open Asian markets, and ultimately the Chinese market, to foreign competition and investment. Instead, Trump has asserted his administration will seek bilateral agreements with China, Japan, South Korea and other major economies that favour US interests, at the expense of other competitors, including Australian-based corporations.

To pressure China into granting the US preferential trade arrangements, the Trump administration has flagged everything from renouncing the “One China” policy regarding Taiwan to challenging Chinese territorial claims in the South China Sea. It is dangerously escalating tensions on the Korean

Peninsula. The US would expect Canberra, which is strategically bound to Washington by the ANZUS alliance and integrated with the American military through bases and joint deployments, to join any military conflict against China—Australia’s largest export market and trading partner.

An open discussion is taking place in Australian ruling circles as to whether, after relying on the United States to enforce their mutual imperialist interests in Asia for the entire post-World War II period, they can continue to do so. In that context, the Turnbull government has ordered the recall of 113 top Australian diplomats from around the world to discuss a “foreign policy reset” and has embarked on efforts to consolidate Australia’s strategic and economic relations in the region and internationally.

No Asian country is of greater strategic significance to Australian imperialism than Indonesia, a resource-rich archipelago directly to its north, with a population of over 260 million and a history of struggle by the working class and rural oppressed against colonial and neo-colonial domination.

Working with the US and the Indonesian military, Australia played a criminal role in the 1965–66 Indonesian military coup, in which up to one million members and supporters of the Indonesian Communist Party were murdered. In 1997–1998, Australia collaborated with Washington to ensure that a mass movement against the Suharto dictatorship was channeled behind the so-called democrats headed by Megawati Sukarnoputri, who guaranteed that Indonesia would remain subordinate to the imperialist powers.

In 2017, Australia is once again seeking to shore up its interests in Indonesia. The talks with the Widodo government involved further overtures by Canberra to overcome the lingering anger in the Indonesian ruling

elite over the 2013 leak by Edward Snowden that Australian agencies were spying on top political and military figures, including then president and former Suharto-era general Susilo Bambang Yudhoyono. Relations deteriorated anew at the beginning of this year over revelations that Australian military officers had disparaged Indonesia and its military.

While a temporary Indonesian suspension on military exchanges had already been lifted before the diplomatic visits, pledges of closer ties were made. An agreement was signed for greater cooperation on combatting terrorism. Since 2001, that pretext, along with preventing “people smugglers” bringing refugees from Indonesia to Australia by boat, has been employed to justify significant activity across the archipelago by Australian intelligence and police agencies. Indonesian forces are expected to participate in the massive joint US-Australia Talisman Sabre military exercises in July.

In the only hint of possible tensions during the talks, Turnbull rejected an earlier suggestion from Widodo that the Australian and Indonesian navies could undertake joint patrols in the South China Sea, where Indonesia controls the Natuna Islands. China infuriated Jakarta last year when it issued a statement asserting that it had overlapping claims with Indonesia to the waters around the islands.

The Natuna Islands are held by Indonesia, and China does not dispute its sovereignty but claims parts of the waters in the surrounding Exclusive Economic Zone. The Indonesian navy has already fired on and boarded Chinese fishing boats in the disputed area. Questioned by journalists about whether Australia would send naval forces to operate with Indonesia in the area, Turnbull replied: “We are not going to undertake any actions which would increase tensions in the South China Sea.”

Beyond security, the main issue in the Sydney and Jakarta discussions centred on a proposed free trade pact—named the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). Talks were initiated in 2010, but little progress toward finalising a deal was made until 2016. A seventh round of negotiations is now scheduled in May.

Economic relations at present are dominated by exports of agricultural goods by Australia, and petroleum and other resources by Indonesia. Despite its close proximity, Australia’s total merchandise trade

with Indonesia in 2015–2016 was just \$11.23 billion—\$5.5 billion in exports and \$5.6 billion in imports. Australian cumulative investment in Indonesia is barely \$8.5 billion.

The primary aim of the IA-CEPA, from the standpoint of Australian corporations, is to gain greater access to Indonesia’s proportionally tiny, but numerically significant, upper middle class for not only agricultural goods, but banks, insurance companies, educational institutions and other service sector providers.

While not mentioned in any official communique or press conference, the other overriding concern of Australian imperialism is Indonesia’s political stability. The vast economic restructuring that has taken place in the country since the 1997–1998 crisis has led to staggering levels of social inequality and immense class antagonisms. The top 1 percent of the population control over 50 percent of the country’s wealth. The wealthiest four individuals own more wealth than the bottom 100 million people. An estimated 80 percent of the population have gained nothing from economic growth, and 93 million, in both urban and rural areas, earn less than \$3.10 per day—the World Bank’s definition of “moderate poverty.” Social tensions have been expressed in the growth of strikes, protests and unrest in the province of West Papua.

Australia’s ruling elite, no less than the Widodo government and Indonesia’s military-security apparatus, is anxious to ensure that social tensions do not spiral out of control.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**