

Indonesia-China's Diplomatic Relations after Normalization in 1990

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Abstract- This research is studying about Indonesia-China's diplomatic relations after normalization in 1990. The long troubled diplomatic relations between Indonesia and China becomes an interesting background in analyzing their recent relations. As the current relation between Indonesia and China is getting closer, in line with the increase of Chinese economic power; it is interesting to discover the win-win cooperation offered by China.

Keywords: Indonesia, China, Diplomatic Relations

1. Introduction

Recently Indonesia-China's diplomatic ties relations become closer and closer after resumption. The two countries issued the "Communiqué on the Restoration of Diplomatic Relations between the Two Countries in 1990" which drive them to have a good cooperation in various aspects. After signing the joint agreement, Both countries set up the partnership in politic, economic, and military.

Since 1980, two countries relations has improved. China Foreign Minister QianQichen met with President Suharto in 1989 to discuss the resumption of diplomatic relations of the both countries. In December 1989, the two countries held talks on the technical issues regarding the normalization of bilateral relations. On July 1990, the two sides issued the Agreement on the Settlement of Indonesia's Debt Obligation to China and the Communiqué on the Resumption of Diplomatic Relations between the two countries.

As the current relation between Indonesia and China is getting closer, in line with the increase of Chinese economic power; it is interesting to discover the win-win cooperation offered by China. Reflecting on the above problems, my questions are as follows: What is the factor behind diplomatic relations normalizations between Indonesia and China? And How the Indonesia-China's Diplomacy after 1990?With qualitative approach and literature studies method, this research will review the current situation of Indonesia-China's diplomatic relations from the political perspective.

1.1. The Current Studies about Indonesia-China Relations

There were many peoples already done the research about this topic, such as Rizal Sukma (2009), Rahul Mishra and IrfaPuspita Sari (2010), Evan A. Laksmana (2011), Wu Chongbo (2011), SyamsulHadi (2012), Martina A. Purba (2012) and Zhao Hong (2013).

The analyzing of this topic coming from many different aspects and overviews according to the focus of study. But most of them were discussing about Indonesia-Chinese relations. The summary of their research will be conveyed here to give a description from many views of thinking.

Rizal Sukma (2009) in a study conducted by him on the Indonesian Response to the Rise of China: Growing Comfort amid uncertainty mentioned three issues might have an impact on Indonesia-China relations will develop in the future. First, there are still problems regarding the public perception of ethnic Chinese in Indonesia. For example, if there is a resurgence of anti-Chinese feelings in Indonesia, and if the issue of ethnic minorities of China once again become a political issue in Indonesia, the Indonesia-China bilateral relations may also be affected. Indonesian Chinese problem resolution obviously would remove one of the barriers in Indonesia-China relations in the future. As

Indonesia's position in the country continues to show positive development, it is expected that these factors will be less intrusive in the future of Indonesia-China relations.

Second, it was mentioned earlier that an important segment of the Indonesian elite who still do not know for certain about the role and the long-term intentions of China in East Asia. In this context, the signs that indicate the intention of China become the dominant power in the region will certainly be the restoration of the sensitivity of Indonesia. Indonesia has begun to show a willingness to believe in China, but the belief that still need to be nurtured further. A public opinion poll conducted by the Lowy Institute in July 2006, for example, revealed that Indonesia believes Japan (76%) more than China (59%). Third, the overall positive trend in bilateral relations will also be greatly affected by how China resolve differences with Indonesia. The latest case of trade disputes between the two countries on the issue of food security and toy give a good lesson for both sides. After Indonesia gives a warning in August 2007 on the safety of toys and food products imported from China, Beijing immediately retaliated by giving a ban on seafood imports from Indonesia. If this is to be a typical Chinese way to resolve the dispute, then the bilateral relations will surely face sizable obstacles the days later. So far, despite the poor flare in the beginning, a dispute has been resolved and it is hoped that this does not affect the improvement of bilateral economic relations between the two countries.

Rahul Mishra and Irfapuspita Sari (2010) who are the domestic researchers in their journals *Indonesia-China relations: Challenges and Opportunities* find the results of studies during the bilateral relations of their sixty years, Indonesia and China have gone through many ups and downs in the relationship. Most of the formative years of this relationship marred by their mutual apathy between the two countries, the lack of mutual trust. Over the last decade, however, things have started showed positive progress, with large trade flows and opening new vistas of cooperation in various sectors. At the systemic level of the sub-regional, Indonesia-China relations, for the most part, is still shaped by the ASEAN-China relations.

The research results outlined above has been confirmed by studies conducted by Evan A. Lakshmana(2011) regarding the Dimension Ambivalence in Indonesia-China ties. Suharto has decided to un-freeze diplomatic relations in 1990. Four domestic factors led to Suharto's decision: (1) Changes in state primary legitimacy of political stability for better economic development, informed by the need to adapt to the growing economic power of China; (2) The occurrence of a change in interest in the economy, such as the decline in oil prices that forced Indonesia to emphasize industrialization and manufacturing, mostly oriented to the growing markets of China; (3) Changes in power relations in the country, as the unrivaled political rule of Suharto in 1980 allowed him to fight anti-Beijing camp in the military; and (4) The desire of Soeharto to make Indonesia play a more assertive global role, which calls for normal relations with China.

SyamsulHadi (2012) in his research on *Indonesia, ASEAN, and the Rise of China: Indonesia in the Midst East's Asia Dynamics in the Post-Crisis Global World*, he found that China's ability to realize the strategy of peaceful rise in regional affairs has contributed to the advancement of relations Indonesia-China bilateral in Post-Suharto era. Chinese rule has been accepted in Jakarta for helping Indonesia to eliminate the negative implications of the policy firmly and felt unilateralist US under President George W. Bush. Relationship between Indonesia and China in Post-Suharto era reached the peak of progress when strategic partnership agreement between them was formally signed in April 2005. In a declaration signed by President Susilo Bambang Yudhoyono and President Hu Jintao, stated that this strategic partnership will be implemented in a manner that is neutral and open to promote peace, stability, and prosperity.

By strengthening relations of cooperation with China, Indonesia opportunities not only for greater market access, but also the fact that China is becoming an alternative source to help finance the development of Indonesia. As research Martina A. Purba (2012) *The Rise of China Economic Power: China's Growing Economic Importance of Indonesia* who makes a conclusion majority of Chinese loans to finance real development project, in line with Indonesia's development strategy that focuses on developing infrastructure in six (6) economic corridors. However, the needs to use the Chinese companies may reduce the likelihood of transfer of technology to the Indonesian company. The increase in China's economic growth has benefited the economy of Indonesia because Indonesia seem to see that increase as an alternative power source. It's a win-win rhetoric is also followed by concrete

initiatives that can serve the interests of both parties. Further research on Chinese culture as part of the soft power and also the role of overseas Chinese in strengthening these relationships needed to get the whole picture of China-Indonesia relations. For China to fully trusted, needs to consistently pursue a good neighbor policy toward Southeast Asia.

Another study represents as international study came from Wu Chongbo (2011) on Closer Economic Relations Forging Sino-Indonesian and Policy Suggestions. China and Indonesia are friendly neighbors and both are large developing countries with great influence. Over the past half century, China-Indonesia relations as a whole, enjoys sustainable development, despite some twists and turns. In recent years, both sides have jointly added a new chapter for the friendship, deepen mutual understanding of each other, increase trust, and expand cooperation in bilateral relations. China-Indonesia bilateral cooperation in various fields has been increasing since the two countries normalized diplomatic relations in 1990 and signed a strategic partnership agreement in April 2005. Especially during the last three years, a partnership agreement has enabled bilateral relations in various fields to grow more rapidly.

Zhao Hong (2013) in his research of China-Indonesia Economic Relations: Challenges and Prospects written that the Post-1998 changes in Indonesian domestic politics coincides with the "good neighbor" policy of China and the "charm diplomacy" to Southeast Asia, and bilateral relations has shown signs of significant improvements and closer cooperation. Indonesia no longer see China as an ideological state that becomes a threat, but as an economic power that have a positive impact for cash-strapped neighbors in Southeast Asia. Chinese perceptions about Indonesia has also changed significantly. However, despite the recent improvement in bilateral relations, there is still uncertainty long-term strategic intention of China in Southeast Asia. While the economy has been growing cooperation, strategic cooperation between the two countries move slowly.

Indonesia and China have much to learn from their past relationship. Both countries are now basing their cooperative relationship on mutual respect, common interests and need to work together for regional stability. Indeed, the improvement of relations between the two countries over the last ten years has been the result of political re-engagement, not only in terms of Indonesia, but also from the Chinese side. Relations between the two countries becomes more mature, the ability of both countries to jointly manage their differences in bilateral relations is expected to increase.

Although Indonesia and China have experienced both critical and intimate era in their diplomatic relations, they now enjoy a close relationship, especially after the two countries signed the Strategic Partnership Agreement in 2005 and the Comprehensive Strategic Partnership Agreement in 2013. In particular, economic trade play an important role in strengthening the relationship between Indonesia and China, as the two countries began to put economic interests as the main driver of their cooperation.

From the current study previously mentioned above, the authors noticed that the relationship between Indonesia and China that began in 1965 has gone through many ups and downs and face many challenges, such as the political situation in Indonesia, trust Indonesia to China, and trade disputes between the two countries. As far as we know, anti-Chinese feelings in Indonesia and China's ethnic minorities issue often becomes a political issue in Indonesia affecting Indonesia-China bilateral relations. This opinion is based on research of Luo Xiao and Gu Xing Bin (2005), which pointed to four reasons of occurrence of anti-Chinese riots in Indonesia. The fourth reasons are: situations factor, political factor, socioeconomic factors, and factors of cultural values.

1.2. Theoretical Framework

To analyze the dynamics of Indonesia and China relations, the writer use two theory: diplomacy theory and national interest concept. That theory seems to be the most reliable tools in analysing China and its contemporary relations with Indonesia

Diplomacy can be done in a various kind of level dimensions such as bilateral, regional and international. Very important element of the diplomacy power is to keep and maintain the independent state integrity. Diplomacy has becoming an integral part of each state in implementing international relations. The strength of diplomatic ties will be very useful for a country to maintain the defence of national.

Diplomacy became a more general and main rule in the eighteenth century. When system of power balance required constant vigilance and mutual interaction. Diplomacy is one of the most important instrument of foreign policy. As an instrument of foreign policy, diplomacy can not be separated from the task of achieving the national interest.

The national interest is the overall value to be fought for or defended in international forums. Therefore, the national interest is key to foreign policy. The central position of national interests in foreign policy analysis led to this concept is often regarded as the key words (key concept) or sometimes as the starting point of foreign policy.

The national interests of a country is based on the national objectives of each country and because every country has a national objective country. The national interests of a country can be used as a reason to take foreign policy.

National interests influence any activity of a country whether it a relationship of power or control through cooperation or coercion. Therefore the national interest is considered as a tool and purpose of the actions of a country to survive in international politics.

National interests are the basic of a country to explain the foreign behavior as well as a measure to determine the success of the foreign policy of a country. The concept of interest also become a basic evaluation of foreign policy. National interest is very important for a country because it is the control of a state against another.

2. The Historical Background of Indonesia-China's Diplomatic Relations

In the modern era, the relationship between Indonesia and China reached the phase of post-independence Indonesia proximity. Similarly, the initial period of bilateral relations between the two countries occurred in the period of 1950-1967. Indonesia is the first country to recognize the founding of new China under communist rule. Indonesia formally recognized the sovereignty of China on April 13, 1950.

Start loosening the relationship between Indonesia and China exacerbated their radical political change in China (in the period 1966 to 1969) which was then under the leadership of Mao Zedong. In addition, through radio broadcasts Peking and Xinhua news agency, China's active attack against the reactionary agitation Indonesian Army who was accused of being followers of the imperialist United States (US). With the Chinese radical changes then lead to attitudes Indonesia under President Suharto, who froze relations with China on Oktober 1967.

The both countries relations began to ease since in 1980s. In 1989, China Foreign Minister Qian Qichen met with President Suharto. They discuss about the resumption of diplomatic relations of the both countries. In December 1989, the two countries held talks on the technical issues regarding the normalization of relations. Indonesia Foreign Minister Ali Alatas visited China on invitation in July 1990. The both country issued the Agreement on the Settlement of Indonesia's Debt Obligation to China. After that, sign and issued of the Communique on the Resumption of Diplomatic Relations between the both countries.

After the normalization of diplomatic ties, the two countries leaders gradually paid state visit. Both countries leaders visit frequency increased from 1991 to 2000. After that, the bilateral cooperation between two countries received a strong encouragement when Indonesian President Susilo Bambang Yudhoyono and Chinese former President Hu Jintao signed a "strategic partnership" agreement between the two countries on 25 April 2005 in Jakarta. During Yudhoyono's visit to China in July the same year, both countries' officials concluded several major agreements covering many aspects, not only traditional areas of cooperation in trade and investment but also defence technology cooperation, suggesting that China Indonesia relations have resumed significantly.

3. Analysis

3.1. The Key Factors of Normalization Diplomatic Relations between Indonesia and China

This sub-chapter captures the changes of the internal and external environments that has created a favourable condition in resuming diplomatic ties between Indonesia and China. From the internal perspective, there are some major factors that previously worked to prevent the normalization were no

longer existed. Two major obstacles that prevent normalization are the threat from the rest of the rebels PKI and the problems of the Chinese ethnic minority had been more or less removed. The domestic political condition has also become more steady to set up normalization of two countries' relations. The challenges are coming from anti-Chinese riot which makes less harmonious relations between the two countries. It served as concrete factor in preventing the New Order government from moving towards normalization relations with China. Therefore, by the end of 1980s the negative domestic conditions in moving towards restoration of diplomatic relations with China were no longer as great as it has been existed in the past.

In the end of 1984, Indonesian government began to aware that China's economic development which introduce "open door policy" in 1978 would provide a great opportunity for Indonesia to set up cooperation in order to achieve sustainable economic growth. This view was expressed by Indonesian Foreign Minister Mochtar in his statement before China's government coming to Indonesia to resume Indonesia's direct trade with China. This indicates that Indonesian Government did not want to be left behind of Malaysia and other countries in taking advantage of China's economic development and China's potential market.

Bilateral relations between Indonesia and China began to ease in 1985. The Indonesian government gave the opportunity to the business community to re-open direct trade relations between Indonesia and China. It became a crucial step toward normalization of relations wherein bilateral trade immediately increased as the expectation of both countries.¹

The rising of various difficulties and challenges in economic aspects faced by the Indonesian government, especially due to the declining in oil prices, has led Indonesian government to re-think about the normalization of relations between the two countries. Because Indonesian government aware that economic problems if could not be solved immediately, it would be more difficult for Indonesian government to deal with such a political problem. Economic difficulties in the early 1980s as a result of declining in oil income forced Indonesian government to restructure its economy. Indonesian government began to boost non-oil exports and China was became a potential market for Indonesia's non-oil commodities. The resumption of direct trade between Indonesia and China on July 1985 assist to boost relations and create a better atmosphere for normalization diplomatic ties.

From the external perspective, the main reason to resume diplomatic relations with China found a justification which caused by the rising of assertiveness in Indonesian government foreign policy. New Order government began to aware that it was Indonesian time to play significance role in international stage.²

In the context of this issue, the resumption of diplomatic relations between Indonesia and China is a necessary of Indonesian government to be able playing its role in international affairs. This was reinforced by two factors. First, the declining of Beijing's link to Indonesian regional communist party or PKI. Second, the changing of China's policy toward local ethnic minorities, such as Hui and Uyghur. Indonesian government aware the changes of China's policy was occurred since 1970, but the urgent policy changes in 1980. The decision of Indonesian government to re-start normalization of relations coming after China's governments promised will not be involved and provide support for the communist rebel movement or PKI in Southeast Asia.

3.2. The Building Relations Between Indonesia and China

3.2.1. The Last Period of President Suharto (1990-1998)

In 1985 trade relations between Indonesia and China officially opened, owing to the important breakthroughs made through the efforts of the Chamber of Commerce Sukamdani. Based on 1988 statistics, import-export activities between the two countries had increased three-times compared to 1985.

Domestic and international factors play an important role to encourage the process of normalization of Indonesia and China, including the willingness of Suharto became the leader of the Non-Aligned Movement. In February 1989 in Tokyo, the Chinese foreign minister, Qian Qichen met

¹Chongbo, Wu. Forging Closer Sino-Indonesia Economic Relations and Policy Suggestion (J). Ritsumeikan International Affairs Vol.10, 119-142

²Sukma, R. Indonesia and China: The Politics of a Troubled Relationship (M). London: Routledge. 2004, 53

with President Soeharto while attending the funeral of Emperor Hirohito. Through these meetings, Qichen represent China to announce that China does not interfere with the affairs of the PKI. Since then the normalization of the two countries began to be voiced. On August 8, 1990, the Chinese prime minister's visited Jakarta, Li Peng officially signed a memorandum of improvement of relations between the two sides.

In the other side on November 14, 1990, President Suharto also visited China.³ Political softening of attitudes towards China is also based on several processes and causes. First, the power under the leadership of Deng Xiaoping's China prefers regarding improvements in the country instead of the propaganda of communist ideology that carried by Mao Zedong. Second, overseas Chinese ethnicity has been successfully controlled by the Indonesian government. Third, the willingness of the Government to take role in international affairs, including becoming the leader of the Non-Aligned Movement. And fourth, the willingness of Indonesia to boost non-oil exports are not only entered the market Western countries and Japan, but also China as the most populous country which has a huge market potential for Indonesian products. With the fourth because it is the main basis of normalization of Indonesia in China, where the concept of Suharto that emphasizes economic factors through the non-commodity sector revenues.

Indonesia and China relations had been strained due to suspicions of China to the Indonesian military that supports the United States and signed a security pact with Australia in 1995. However, China still sees the possibility of improving that relations.⁴ With the downfall of Suharto in May 1998, Indonesia experienced a financial crisis which drastically lowers the Indonesian economy. With the unstable political situation plus the rampant corruption make Indonesia more not taken into account in the international sphere. But in the eyes of China, Indonesia remains a strategic partner and it is believed that Indonesia will be able to play an important role in ASEAN.

3.2.2. President Habibie (1998-1999) and Abdurrahman Wahid period (1999-2001)

The third President of the Republic of Indonesia is Bacharuddin Jusuf Habibie, who is also the former vice president of Suharto. Post-New Order era, Habibie had to work hard to improve the country still scarred and recovery in various fields, especially the economy. Habibie work done in overcoming the ethnic Chinese minority in Indonesia by doing a code initials K-1 are listed in KTP (identity cards) and use the word "Chinese" as the term citizen of Chinese descent. As well as several other plans such as the recognition of Confucianism and Chinese language (Mandarin) allowed taught in schools as a foreign language subjects. But the plan did not prove to be done well. Moreover issued Presidential Instruction (Instruction) No. 26/1998, which contains the abolition of the term indigenous and non-indigenous.

With a short period of Habibie government, foreign issues, especially on China has not received much attention and significant settlement. After ending the reign of Habibie, the Assembly convened and held a presidential election that ultimately Abdurrahman Wahid (Gus Dur) was elected as the fourth president of the Republic of Indonesia. Previously, Gus Dur as a politician who founded the political party agreements and engage in legislative elections until he became a candidate in the presidential election. During Gus Dur served can bring big change impacts, one of which is the creation of democracy in the life of the Indonesian nation.

When GusDur leadership that took place in the period 1999-2001, has political agenda to welfare the Indonesian economy in the international community that the way a visit to countries in the world including China, to attract investors to be willing to invest in Indonesia.⁵

China became the privileged country in Indonesian foreign policy and also the first country visited by GusDur impact on the rate of increase of diplomatic relations between Indonesia and China become growing rapidly. On December 1 to 3, 1999, through visits Gusdur into a new era in the improvement of bilateral relations as well as being the basis of the statement of economic cooperation, political and security. China is willing to channel aid of US \$ 5 billion and provide credit facility of

³ A Main Chronology of China-Indonesia Bilateral Relations, in <http://indonesian.cri.cn/481/2009/09/30/1s102390.htm>

⁴ Leifer, Michael. *Indonesia and the Dilemmas of Engagement* (M). London and New York: Routledge, 2002, 87-108

⁵ Indonesia Foreign Policy and Gus Dur Political Style, in <http://politik.kompasiana.com/2012/04/23/politikluar-negeri-indonesia-gaya-perpolitikan-dandominasi-politik-luar-negeri-gus-dur/>

US \$ 200 million for the purchase of groceries. It also agreed on financial cooperation, technology, fisheries, promotion of tourist visits and cooperation in the form of counter trade in the energy sector through the exchange of Indonesian LNG to China products.

As for domestic affairs, GusDur to make a breakthrough to raise the Chinese ethnic minorities in particular, such repeal Presidential Decree No. 14, 1967 and replace the issuance of Presidential Decree No. 6 2000 about religion, beliefs and customs of ethnic Chinese.

So with the official rules are a way for ethnic Chinese to revive their culture will be more open. Gus Dur looked at the ethnic Chinese have significant potential to assist the recovery of the Indonesian economy. But look at the situation in the country that still tends racist ethnic Chinese is much less likely to be easily and smoothly also involved in helping the Indonesian economy. So according to Gus Dur, a system of government which removed so that the owners of the average capital is the Chinese elite can safely invest back in Indonesia. Many things are done GusDur connection with China and raised the issue of minority ethnic Chinese in Indonesia so that GusDur was dubbed the "Father of Chinese"

3.2.3. Megawati Soekarnoputri period (2001-2004)

On June 23, 2001, the Assembly positioned Megawati Sukarnoputri to replace Abdurrahman Wahid became the fifth President of the Republic of Indonesia. Megawati influx into the political world has opposed the deal his family for not dabbling in politics. But his efforts fruitless, Megawati was elected to the Assembly (DPR / MPR) and then went on to become chairman of the Indonesia Democratic Party (PDI). From there eventually Megawati may be the number one at the same time the first female president in Indonesia period 2001-2004.

During the administration of President Megawati Sukarnoputri increasingly close ties with the visit of Prime Minister Zhu Rongji in Jakarta in 2001 and vice versa Megawati visit to China on March 24 to 27, 2002, resulted in an agreement to boost economic and political cooperation with China.

In addition, the cooperation between Indonesia and China continues to grow with the signing of the MoU for the establishment of a second energy forum state precisely on March 24, 2002. Through this cooperation be parasol Chinese investment in Indonesia in the field of energy.

Achievement of cooperation between Indonesia and China, among others, evidenced by the opening of a new consulate general in a number of cities in both countries. Indonesia also sell natural gas to China since 2002 for the supply of Fujian province with the agreed sales price of US \$ 2.4 per tonne with Indonesia's commitment for 20 years.⁶

3.2.4. President Susilo Bambang Yudhoyono period (2004-2009) and (2009-2014)

Susilo Bambang Yudhoyono (SBY) is the sixth president of the Republic of Indonesia. SBY is the first Indonesian president elected directly by the people in the presidential election (second round) on September 20, 2004. SBY is a retired military with the rank of four-star generals highest ie. The steps in the political world first occurred when he served as Minister of Mines and Energy during the reign of President Abdurrahman Wahid, thus making it chose early retirement from his military career. Until finally elected president SBY Indonesia pairs with Jusuf Kalla who received voting results above 60%.

In the reign of President Susilo Bambang Yudhoyono (SBY) during the two periods 2004-2009 and 2009-2014, the relationship between Indonesia and China increasingly boomed. The strategic partnership between Indonesia and China not only strengthen the bargaining power of the economy, culture and education between the two countries in international scope. Politically, this partnership will help Indonesia out of the pressure of the Northern states, which tend to ignore the principle of equality and mutual agreement on relationship with Indonesia. SBY himself convinced that China can become a pioneer Asian Century.

The peak increase in relations between Indonesia and China was marked by the signing of the "Strategic Partnership" Agreement between Indonesia and China that occurred on April 25, 2005, when President Hu Jintao was in Indonesia. In the strategic partnership agreement covering economic

⁶ China's on Indonesia, in http://www.unisosdem.org/ekopol_detail.php?aid=3721&coid=3&caid=31&p=3

cooperation and development, politics and security, as well as socio-cultural cooperation. Indonesia and China's potential as an economic partner of mutual promises, Indonesia saw the decision maker with the dense population of China could be one of the sources that can help improve the country's economy.

Through the signing of the Strategic Partnership Agreement or the Strategic Partnership Declaration by the President of Indonesia, Susilo Bambang Yudhoyono and China President Hu Jintao in April 2005 was a milestone in the progress of relations between the two countries and establishing the basis for implementing a broader bilateral cooperation in various fields. The focus of the strategic partnership is intended to enhance and expand bilateral cooperation in the fields of social, political, economic, including trade and investment, culture, agriculture, forestry, energy, defense and security.

After the Joint Declaration of Strategic Partnership in Jakarta on April 2005. Partnerships between both countries is getting strengthened with the signing of the Strategic Partnership Plan of Action 2010-2015 and increased Strategic Partnership Indonesia-China into a "Comprehensive Strategic Partnership" is outlined in the Future Direction of Indonesia -China Comprehensive Strategic Partnership in 2013.⁷

Both countries had aims to strengthen economic cooperation based on win-win solution for each party. The win-win solutions is the constant rhetoric of her soft power that continually emphasized in attracting developing countries to have intense relations with China.⁸ Through the Agreement on Expansion and Deepening of Bilateral Economic and Trade Cooperation as part of the Strategic Partnership Agreement, both parties have agreed on the establishment of Working Group on Trade Resolution and Working Group on Economic Cooperation to further discuss technical arrangement in implementing the agreement. This strategic partnership after-wards opens more opportunity for Indonesia to get more investment and aid as well as market access to Indonesian products. The value of bilateral trade in 2013 reached US \$ 52.45 billion, an increase from the previous year, amounting to US \$ 51.05 billion. The trade value is expected to increase to US \$ 80 billion in 2015. In the investment sector also recorded significant progress. In 2013, the value of China's direct investment in Indonesia amounted to US \$ 292.1 million, while the previous year amounted to US \$ 141 million.

3.3. The Current Relations Between Indonesia and China

3.3.1. Indonesia-China Cooperation in Economics and Space Technology

The former Indonesian Ambassador for China and Mongolia Imron Cotan, explained that since the normalization of diplomatic ties in 1990, the relations between two countries increased and become more intimately, especially after the signing of the declaration of strategic partnership in 2005.

China begins aware that Indonesia is not just a close friend but as well a strategic partner that has a significant role in global level including the scope of bilateral relations and widely in regional and domestic cooperation. Beside, for strengthen the ties and relations between Indonesia and China, the other attempt were created, beginning from the approach between leaders of two countries, between businessmen and even up between members of the public.

One proof of increasing ties and relations between two countries, showed in the rapid improvement of cooperation in economic and trade in recent years. On 2009 the value of trade between two countries reached US \$ 22.5 billion to US \$ 42.5 billion (2010), and increased to US \$ 60.5 billion (2011).⁹

Economic cooperation and trade between Indonesia and China is continuously getting increased in positive trend. One of Indonesia's cooperation with China in the economics field is incorporation Indonesia in ASEAN-China Free Trade Agreement (ACFTA) that exists in connection with the Indonesia membership in ASEAN

Indonesia in China's view is a country that has large area which could not be separated from China's security interests in Southeast Asia region. Through technology and science in the space field

⁷ Visiting Foreign Minister Wang Yi, together with Foreign Minister Retno Lestari Priansari Marsudi of Indonesia On November 3, 2014, met with the press in Jakarta http://www.fmprc.gov.cn/mfa_eng/wjzb_663304/wjzb_663308/activities_663312/t1207480.shtml

⁸ Indonesian Ambassador to China Imron Cotan when giving a lecture at the "Tsinghua University Ambassador Talks", at Tsinghua University, Beijing, <http://www.kemlu.go.id/Pages/Embassies.aspx?IDP=14288&l=id>

⁹ Utomo, Aris Heru. Menghapus Salah Paham Indonesia-China, in <http://sosbud.kompasiana.com/2012/05/30/menghapus-salah-paham-indonesia-china-466925.html>

become one of China's superiority to attract potential alliance partners in Indonesia. In order to establish a strategic partnership with Indonesia, China try to Indonesia joined APSCO he leads, especially seeing that Indonesia may have some plans in the field of space development, especially from the West.

3.3.2. Indonesia-China Cooperation on Security and Defence

The signing of a strategic partnership framework by Indonesia and China in 2005. Became the starting point of defence cooperation between the two countries. Meanwhile, according to China, Indonesia is also included as one of China's largest partner countries. In the field of security and defence, the two countries do not have a problem in terms of territory but rather support each other. China recognized Indonesian sovereignty as the Republic of Indonesia (NKRI), and Indonesia were also recognized one-China policy.

The impact of bilateral cooperation between the two countries indicate the quality of relationships and trust between the two countries so that selected bilateral communication as a solution to the possible problems that occur both between them and in the ASEAN region.

Indonesia and China has built a commitment to strengthen bilateral strategic partnership. The results of the implementation among others, such as, cultural exchange (promotes cultural exchange), increase interaction among individuals (people-to-people interaction), and continues to expand international cooperation in the container Indonesia-China strategic partnership.

3.3.3. Comprehensive Strategic Partnership

The relations between the two countries is growing rapidly after the signing of the Strategic Partnership between the Indonesian president and China president. From 2005 to 2009 both countries marked by several important achievement. The establishment of a consultation mechanism level Coordinating Minister for Political, Legal and Security by the council of state, Maritime Cooperation Consultation Forum and the Extradition Treaty. Then on January 21, 2010, in Jakarta, held Dialogue Meeting 2nd Level Coordinating Minister for Political-Legal Council of State, signed the Plan of Action (PoA) is a joint declaration Strategic Partnership Indonesia-China which contains many program activities as a concrete realization of pointscooperation in the Joint Declaration for a period of five years from 2010 to 2015.

During President Xi Jinping paid visits to Indonesia in October 2013, China-Indonesia relationship level has been increased become a Comprehensive Strategic Partnership. Two countries have formed the Five-Year Development Program for Trade and Economic Cooperation and set up opportunity for further cooperation.¹⁰ These further cooperation is aimed for some purposes; First, to enhance coordination and communication on global and regional actual issues such as food security, energy security and regional economic integration. Second, to strengthen for balanced and rapid development of both countries trade, to promote Chinese businesses to invest in the construction of six economic corridors in Indonesia, to extend investment in infrastructure construction and other fields, to increase investment cooperation, to set up Indonesia-China Integrated Industrial Parks as soon as possible and to cooperation on agriculture, energy and tourism.

The third, to promote financial cooperation, to enhance multi-level regional financial safety net, to support use of local currency settlement in both countries trade and investment, and to give more facilitation for businesses of both countries to invest in each other's markets. Now, China has exceeded the US and stands as the second largest trade partner of Indonesia after Japan.

3.3.4. Cultural Exchange and People-to-People Contact

The both sides reviewed the important achievements of bilateral people-to-people exchange, reached consensus on the role, target, operation mechanism as well as the future exchange and cooperation plan of the exchange mechanism and released a joint communique.

The exchange mechanism is not only a major strategic decision to focus on the future, but also a commemoration to the 65th anniversary of the establishment of China-Indonesia diplomatic ties, and it

¹⁰ Consulate-General of the People's Republic of China in Sydney in <http://wcm.fmprc.gov.cn/pub/ce/cgsy/eng/zgxw/t1085027.htm>

will produce a profound and far-reaching influence on China-Indonesia ties as well as regional cooperation.

The both sides agreed that “partnership for peace and prosperity” be the overarching theme of the 65th Anniversary. The two sides further agreed to jointly plan and hold celebration activities, sum up good experience, deepen mutual understanding and trust, and carry forward traditional friendship.

The two sides recognized the positive role of cultural centers in promoting national culture and enhancing mutual understanding, and stood ready to negotiate and sign at an early date the MOU on the establishment of cultural centers. The two sides also explore to the possibility of signing an inter-governmental cultural cooperation agreement and action plan on cultural exchanges to continuously enhance cultural exchanges between the two countries.

The two sides shared the view that youth is the future of bilateral relations, and enhancing youth exchanges could help carry forward the traditional friendship between the two countries into future generations and ensure the long-term sustainable development of China-Indonesia comprehensive strategic partnership. The two sides agreed to continue the annual 100 Youth Exchange Program. The Chinese side will continue to invite outstanding Indonesian youth representatives to participate in the ASEAN youth cadre training program.

The Indonesian side commended the important role of Confucius Institutes in promoting the Chinese language. The Chinese side the establishment of Indonesian Studies Centers in Beijing and Guangzhou. The Indonesian side offered the Chinese participants to take part in the Indonesian Arts and Culture Scholarship program as well as in the Senior-Level Diplomatic Training in Indonesia. The Chinese side will continue to provide scholarships to Indonesia through various channels, and welcome more Indonesian students to study in China.

China welcomed the recent announcement by the government of Indonesia to waive tourist visa requirements for Chinese citizens. The two sides agreed to further promote tourism cooperation so as to reach the annual target of over 2 million exchange of visits at an early date. Also agreed to promote cooperation in cultural heritage tourism. Indonesia invited Chinese tourists to appreciate its new tourism package to trace the voyage of Admiral Zheng He in Indonesia. The two sides were committed to exploring mutually beneficial projects and initiatives through the Indonesia-China Joint Working Group on Tourism Cooperation and enhancing consultation and coordination to synergize their positions on tourism issues discussed in multilateral fora.

4. Conclusion

The bilateral relations began to ease since 1980s. Foreign Minister of China QianQichen met respectively with President Suharto and State Minister Moerdionoon 1989 to discuss the resumption of diplomatic relations of the two countries. In December 1989, the both sides held talks on the technical issues regarding the normalization of bilateral relations.

The main basis of normalization of Indonesia in China. From the internal perspective, there are some major factors that previously worked to prevent the normalization were no longer existed. Two major obstacles that prevent normalization are the threat from the rest of the rebels PKI and the problems of the Chinese ethnic minority had been more or less removed. The domestic political condition has also become more steady to set up normalization of two countries' relations. The challenges are coming from anti-Chinese riot which makes less harmonious relations between the two countries. It served as concrete factor in preventing the New Order government from moving towards normalization relations with China. Therefore, by the end of 1980s the negative domestic conditions in moving towards restoration of diplomatic relations with China were no longer as great as it has been existed in the past.

From the external perspective, the main reason to resume diplomatic relations with China found a justification which caused by the rising of assertiveness in Indonesian government foreign policy. New Order government began to aware that it was Indonesian time to play significance role in international stage. The bilateral relations developed steadily since the resumption of diplomatic relations of the two countries. The leaders of the two sides have maintained exchange of visits and contacts. As a result, mutual understanding and trust had been increasing, laying the foundation for the healthy and steady

development of bilateral relations. The two Ministries of Foreign Affairs set up a consultative mechanism and have held five rounds of consultations by 1999.

On April 25, 2005 both countries more increase relations was marked by the signing of the "Strategic Partnership" Agreement. During President Hu Jintao was in Indonesia. That agreement covering economic cooperation and development, security and politics, as well as socio-cultural cooperation.

After that, Partnerships Indonesia - China is getting strengthened with the signing of the Strategic Partnership Plan of Action 2010-2015 and increased from Strategic Partnership Indonesia-China into a "Comprehensive Strategic Partnership" is outlined in the Future Direction of Indonesia -China Comprehensive Strategic Partnership in 2013.

Over the past ten years, relations between Indonesia and China is at best condition throughout history. However, subsequently, in addition there are opportunities, relations between the two countries does not mean without challenge.

There are at least four challenges facing Indonesia today in bilateral relations with China. First, balance the trade deficit unresolved since 2009. The early 2014 Indonesia Statistic Board (BPS) data showed, throughout 2013 the total value of trade between Indonesia and China amounted to USD 50.85 billion from 2012. Details, Indonesian exports to China USD 21.28 billion, while imports from China reached USD Indonesia 29.57 billion.

Second, in People-to-People Contact, Chinese tourists still little potential absorbed. The government is targeting three million Chinese tourists to Indonesia until 2016. While Indonesia, on the whole the 2013, only able to attract 750.000 people.

Third, in the field of education, Indonesia has not yet become the destination of Chinese students. When compared with neighbouring countries such as Singapore (88.457) and Malaysia (12.712), the number of Chinese students in Indonesia is still very few. Data from the Embassy in Beijing shows, in 2013 there were only 327 Chinese people are studying in Indonesia. Away with Indonesian students in the China which reaches more than 13,000 in the same year. Finally, the dispute between China and four ASEAN members (Vietnam, Philippines, Malaysia, and Brunei), related to sovereignty in the South China Sea, is still in need of Indonesia as a "peacemaker who has no interest". Beyond that, Indonesia also should make sure there is no national sovereignty is violated China with nine dotted line in the maps.

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