

# **STRENGTHENING INDONESIA'S ROLE IN INDIAN OCEAN THROUGH INDIAN OCEAN RIM ASSOCIATION CHAIRMANSHIP IN 2015-2017**

## **MEMPERKUAT PERAN INDONESIA DI SAMUDERA HINDIA MELALUI JABATAN KETUA INDIAN OCEAN RIM ASSOCIATION (IORA) DI TAHUN 2015-2017**

Ari Setiyanto<sup>1</sup>

Universitas Pertahanan Indonesia  
(ari.setiyanto12@gmail.com)

**Abstract** – Indonesian government concerned to determine the future of the Pacific and Indian Ocean Region through new vision as the world maritime fulcrum. The elected President, Joko Widodo realized the importance to strengthen the priority in maritime sector. Expanding globalization and growing needs of energy security leads Indian Ocean region as an important area for the global security. Regionalism has implications for both security and development in a region. Significant growth in Indian Ocean region urges a cooperation approach between littoral countries located around the Indian Ocean and lead the establishment of Indian Ocean Rim Association (IORA). As Indonesia will be a chairman in IORA by the third quarter of 2015, Indonesia can play an important role and influence the region with its chairmanship in IORA, both in terms of economy and security. Indonesia could develop a comprehensive maritime cooperation through the IORA. The cooperation will lead to accomplishment of the Indonesia's national interests. On the other side, the potential trade volume in the Indian Ocean region cannot be reached because of limited maritime infrastructure that facilitate the current trade. IORA should develop a master plan or blueprint on connectivity that will provide the infrastructure development agenda with the Public-Private Partnership to accelerate the infrastructure development. By this situation, the development of maritime infrastructure can be a double advantage for Indonesia because it will connect APEC and IORA. The important things to consider in terms of security is a potential threat both in security and defense if the government decided to open and build a deep seaport in Western Sumatera and Java Island. It is important to evaluate the potential threats and challenges if Indonesia wants to be a fulcrum of world maritime activity.

**Keywords:** IORA, diplomacy, maritime security, regional integration, maritime fulcrum, regionalism

**Abstrak** – Pemerintah Indonesia saat ini menyatakan keinginannya untuk terlibat dalam menentukan masa depan Samudera Pasifik dan Hindia melalui visi baru sebagai poros maritim dunia. Presiden terpilih, Joko Widodo menyadari pentingnya memberikan prioritas pada sektor maritim. Perkembangan globalisasi dan kebutuhan akan keamanan energi membuat Samudera Hindia menjadi kawasan yang penting dalam mewujudkan keamanan global. Regionalisme yang ada saat ini telah memberikan dampak langsung di suatu kawasan, baik dalam bidang keamanan dan pembangunan. Pertumbuhan yang signifikan di kawasan Samudera Hindia mendesak negara-negara

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<sup>1</sup> Ari Setiyanto obtained his bachelor degree in Political Science at the University of Indonesia in 2012. He is currently taking a master program at the Indonesia Defense University, majoring in Defense Diplomacy.

di kawasan Samudera Hindia untuk membentuk sebuah forum kerja sama regional, yang kemudian menjadi landasan terbentuknya Indian Ocean Rim Association (IORA). Sehubungan dengan Indonesia yang akan menjadi ketua IORA pada kuartal ketiga di tahun 2015, Indonesia dapat memainkan perannya dan memberikan pengaruh melalui jabatan ketua IORA, baik dalam bidang ekonomi maupun keamanan. Indonesia dapat mengembangkan kerja sama maritim yang komprehensif melalui IORA. Kerja sama yang terjalin dapat berdampak pada tercapainya kepentingan nasional Indonesia. Di sisi lain, potensi volume perdagangan di kawasan Samudera Hindia belum tercapai karena terbatasnya infrastruktur maritim yang memfasilitasi perdagangan saat ini. IORA ke depannya harus mengembangkan konsep konektivitas yang akan menyediakan agenda pembangunan infrastruktur dengan pola kemitraan pemerintah-swasta untuk mempercepat pembangunan infrastruktur. Dengan demikian, pembangunan infrastruktur dapat menjadi manfaat ganda untuk Indonesia karena akan menghubungkan APEC dan IORA. Hal utama yang harus dipertimbangkan dalam sisi keamanan adalah potensi ancaman, baik dalam sisi pertahanan dan keamanan jika pemerintah memutuskan untuk membuka dan membangun pelabuhan besar di bagian barat Sumatera dan Jawa. Pemerintah harus mengevaluasi potensi ancaman dan tantangan jika Indonesia ingin menjadi poros dari aktivitas maritim dunia.

**Kata Kunci:** IORA, diplomasi, keamanan maritim, integrasi kawasan, poros maritim, regionalisme

## Introduction

Indonesia concerned to determine the future of the Pacific and the Indian Ocean Region. Indonesia wants the Indian Ocean and the Pacific remained peaceful and safe for the world trade, not for the seizure of natural resources, conflict regions and maritime supremacy. President of the Republic of Indonesia, Joko Widodo saw that the utilization of maritime potential is far from ideal. Regarding to this issue, Jokowi realized the importance to strengthen the priority of maritime sector to be developed, including the maritime diplomacy.

Expanding globalization and the growing needs for energy security lead the Indian Ocean region as an important area for the global security. Nowadays, major political conflicts are taking place around this region, where concern for security against threats of terrorism, as well as piracy, drugs and people smuggling, and illegal fishing are being witnessed.<sup>2</sup> Significant growth in Indian Ocean region urges a cooperation approach between littoral countries located around the Indian Ocean. Therefore, an open-regionalism is needed and its form of cooperation should be supportive, mutually

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<sup>2</sup> M. Hery Saripudin (Ed.), *Indonesia dan Indian Ocean Rim Association (IORA) Tahun 2015-2017: Peluang dan Tantangan*, (Jakarta: Pusat Pengkajian dan Pengembangan Kebijakan Kawasan Asia Afrika – BPPK Kementerian Luar Negeri RI, 2014), p. 3.

complementary, and non-competitive.<sup>3</sup> The needs of combating and preventing some major issues in Indian Ocean region are realized by the littoral countries in the region to create Indian Ocean Rim Initiative and Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). IOR-ARC established in Mauritius in 1997. At the 13th Council of Minister Meeting in Perth in November 1st 2012, IOR-ARC change its name to Indian Ocean Rim Association (IORA).

World maritime fulcrum's vision initiated by Jokowi make the oceans' role becomes important for Indonesia. As the world's largest archipelago nation surrounded by two big oceans, Indonesia has a variety of potential such as fish, minerals, oil, gas, and other resources that are beneficial to the people of Indonesia. According to the vision, Indonesia's leadership in IORA can be used as a momentum to be able to make Indonesia as a maritime country that prosperous and dignified. As Indonesia will be a chairman in IORA by the third quarter of 2015, Indonesia can play the important role and influence the region with its chairmanship in IORA, both in terms of economy and security. Therefore, according to the background, this paper will examine:

- What is Indonesia's interest in IORA ?
- How can Indonesia strengthen its role in the Indian Ocean region through the IORA Chairmanship?

## **Theoretical Framework**

### ***Regionalism***

Regionalism as a political project has been a significant phenomenon in post-1945 international relations. The 1950s and 1960s witnessed the rise of many regional groups in different parts of the world – the European Economic Community (EEC) in Western Europe, the Organization of Africa Unity (OAU) in Africa, the Organization of Petroleum Exporting Countries (OPEC) in the Middle-East, and the Association of Southeast Asia Nation (ASEAN) in Southeast Asia. The aims and objectives of each of these were

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<sup>3</sup> Vijay Sakhuja (Ed.), *Reinvigorating IOR-ARC*, (New Delhi: Pentagon Press, 2012), p. vii-viii.

different. Some were created for security objectives, some for political objectives, while some other were for economic purposes.<sup>4</sup>

Scholars of regionalism have tended to distinguish between regional cooperation and regional integration. Cooperation implies measures taken to solve specific problems, be that for short-term or for long-term. Regional cooperation does not necessarily aim at creating a larger, supra-national entity. Regional integration, on the other hand, strives towards it. The presence of a supra-national decision-making body distinguishes regional integration from mere cooperation.<sup>5</sup>

Regionalism has implications for both security and development in a region.<sup>6</sup> In the first case, it aims at transforming “a security complex with conflict generating inter-state and intra-state relations” into “a security community with cooperative external relations and domestic peace”. In the second case, it refers to “concerted efforts from a group of countries within a geographical region to increase the complementarity and capacity of the total regional economy as well as finding the right balance between function and territory”. The different regions can be classified into three categories, namely core regions, intermediate regions, and peripheral regions.<sup>7</sup>

### **The Political Economy of Regional Integration**

The movement toward economic regionalism and regional trade was accelerated in the mid 1980s and produced an impact on the shape of world economy. New regionalism had much significance for the world economy. The new regionalism involves economic integration and FDI. The initiatives in developing regional free trade area had been followed by multilateral trade negotiations. The European Single Market Act (1986) triggered the “new regionalism” and stimulated development of other similar efforts. In Asia Pacific, Japan intensified its own efforts to create and lead a regional economy. The

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<sup>4</sup> Uttara Sahasrabuddhe, *Regionalism: How Successful? Inadequacy of Theories*, in Vijay Sakhuja (Ed.), *Reinvigorating IOR-ARC*, (New Delhi: Pentagon Press, 2012), p. 18

<sup>5</sup> Soren Dosenrode, “Regional Integration: Bringing the Classical Theories Back In?”, *The IUP Journal of International Relations*, Vol. IV, No. 1-2 January & April 2010, p. 11.

<sup>6</sup> Hettne and Soderbaum, “Theorising the Rise of Regionness” in Shaun Breslin (et. al.), *New Regionalism in the Global Political Economy: Theories and Cases*, (London: Routledge, 2002), p. 34

<sup>7</sup> Bjorn Hettne, “Globalism, Regionalism and the New Third World” in Nana Poku & Lloyd Pettiford (eds.), *Redifining the Third World*, (London: Macmillan, 1998)

expanding movement toward regional integration can be characterized as a “security dilemma”.<sup>8</sup>

In Europe, market-driven regionalism has increase Europe’s international standing and strengthening its bargaining position. In Asia Pacific, political consideration played significant roles in integrating the economy. Asia Pacific and North American regionalism do not have common market and only have few formal institutions. In contrast, Western Europe has created an integrated political/ economy entity that established an external tariff and highly institutionalized.

Unilateral liberalization is the preferred policy in economic theory. Several factors can explain governments’ failure to practice free trade. Governments are lacking in knowledge, unaware of the purported benefits of trade liberalization. Governments keen to reject of the accompanying policy. These objections based on economic theory on government that give higher priority to non-economic objectives than to the purported gains to be made from trade liberalization. Neoclassical economic theory allows several other exceptions to the prescription of free trade.<sup>9</sup>

### **Economic Security and the International System**

The international economy, and in particular the way in which it interacts with the state structure of the system, is one of the major mediating factors that shapes the security consequences of anarchic structure. The international economic system presents a more balanced structure in which substantial elements of division are matched by powerful forces of integration. International economy as a whole is powerfully tied together by patterns of trade, production, finance, communication, and transportation.<sup>10</sup> The efficient production, for example, affects the ability of other to pursue similar activity elsewhere. Technological innovations create impact on production costs, and by their effect on

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<sup>8</sup> Robert Gilpin, *Global Political Economy: Understanding the International Economic Order*, (New Jersey: Princeton University Press), p. 342.

<sup>9</sup> John Ravenhill, “APEC and the WTO: Which Way Forward for Trade Liberalization?”, *Contemporary Southeast Asia*, Volume 21, Number 2, August 1999, p. 220.

<sup>10</sup> Barry Buzan, *People, State, and Fear: an Agenda for International Security Studies in the Post-Cold War Era*. (Colchester: ECPR Press, 2007), p. 230.

consumer preferences. Stock market jitters, interest rate fluctuations, and flows of hot money quickly make their impact throughout the system.

Economic dynamics have generated a powerful trend towards increasing wealth and even larger conglomerations of activity which have in some senses paralleled, and in other sense outstripped, the simultaneous aggregation process in the political sphere. Their end result to date has been the progressive expansion of locally rooted economies, and an increase in the level of exchange among them. This, in turn, has led to global economy in which many patterns of production, consumption, finance, and class operate on, and can only be understood in the context of, a planetary scale. International economy has grown up through, and transcended, the state system so that, as Robin Murray argues, international capital is becoming increasingly independent of state interests.<sup>11</sup> Economic activity forces states to interact with each other, and thus provides a major behavioral force with the international political system.

On the economic side, international fragmentation permits the competition of the market, in which producers are forced to vie with each other in term of innovation, quality, and prices in order to pursue their own welfare. On the political side, international anarchy, especially when pressured by differential rates of economic development, creates the pervasive unease of the power-security dilemma. Rising and declining powers threaten each other's security, and the economic and military measures states take to preserve their security are easily, and often rightly, seen by others as threatening. Competition for the strength in the qualities of survival thus has to be added to competition for wealth in the market. Both types of competition stimulate technological innovation, which in turn continuously redefines the requirements for successful and unsuccessful economic and strategic behavior.<sup>12</sup>

Economic security has acquired a firm place on the political agenda. The idea that economic security represents an absolute value with wide application is an illusion. The reality of economic security is a slippery relativity combined with a peculiarly intense nexus of contradictions and trade-offs. The elusive quality to apply the idea to the dominant mode of economic organization in the system is capitalism. Capitalism is a

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<sup>11</sup> Ibid, p. 232.

<sup>12</sup> Ibid., p. 234.

competitive system, the whole dynamic of which depends on the interplay of threats, vulnerabilities and opportunities within the market. Yet, the competitive capitalism is thus built on a considerable degree of permanent insecurity for all the units within individuals, firms, states – making the idea of economic security within capitalism seem a contradiction in terms.

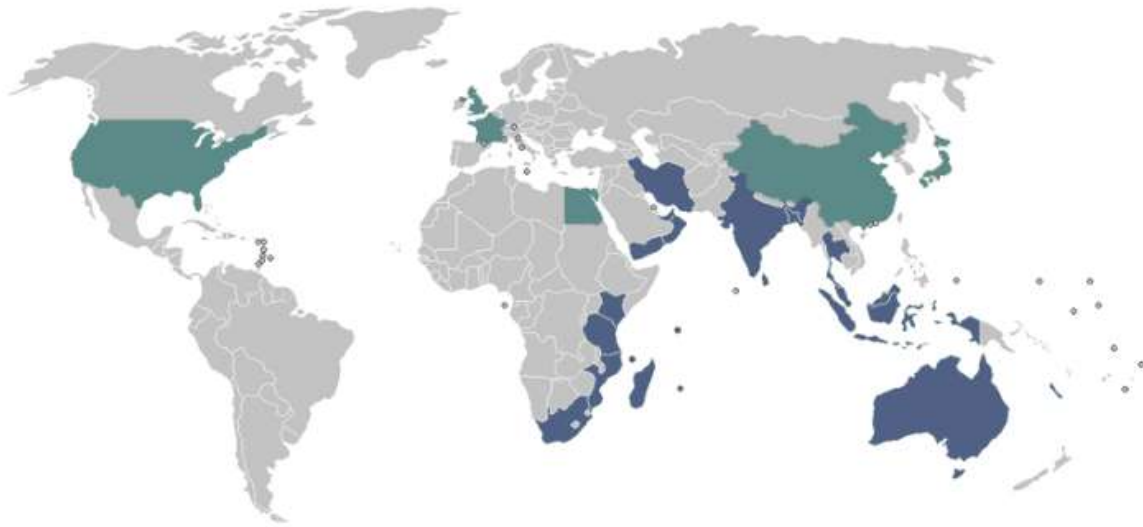
If the state is taken as the referent object, then economic security becomes part of the national security agenda. The health and even the survival of a state depend not on sustaining a static condition, but on adapting towards the most advanced and successful practices elsewhere in the international system. Adam Smith remarked about defense being more important than opulence. To extent that states fear being attacked, they are attracted towards industrialization not only for economic reason, but also in order to provide the financial technological, and production foundations for military strength. The valid linkage between economic and military security can be spun out in such a way as to bring much of the economy under the command of a national security imperative.

Part of the international economic security problem arises because of the disjuncture between the global operation of the market, and the fragmented structure of political authority under anarchy. The scale of the international economy far outreaches both the capability and the legitimacy of any national political authority to manage it. Only a global government could do this, but that is the one thing that the international political system in its anarchic form cannot provide. The secure operation of the global market networks can be threatened in two ways: either by external forces attacking the interaction flows of trade, investment and finance; or by internal instabilities arising from the operation of the market itself. The main external threats are piracy and war. Piracy is a major parasite to a peripheral problem.<sup>13</sup>

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<sup>13</sup> *Ibid*, p. 250.

**Figure 1.** IORA Members and Dialogue Partners  
Analysis: Strengthen Indonesia's Role in Indian Ocean through IORA Chairmanship



Source: Australian Department of Foreign Affairs and Trade

### General Overview of IORA

IORA is an apex pan-regional organization for the Indian Ocean,<sup>14</sup> consists of developed and developing countries as well as emerging economy which directly adjacent to the Indian Ocean.<sup>15</sup>As stated in the IORA Charter, IORA's objectives are to promote the sustain growth and balanced development of the region and of the Member States, and to create common ground for regional economic co-operation. Cooperation within the framework of the association will be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence, and mutual benefit.<sup>16</sup>

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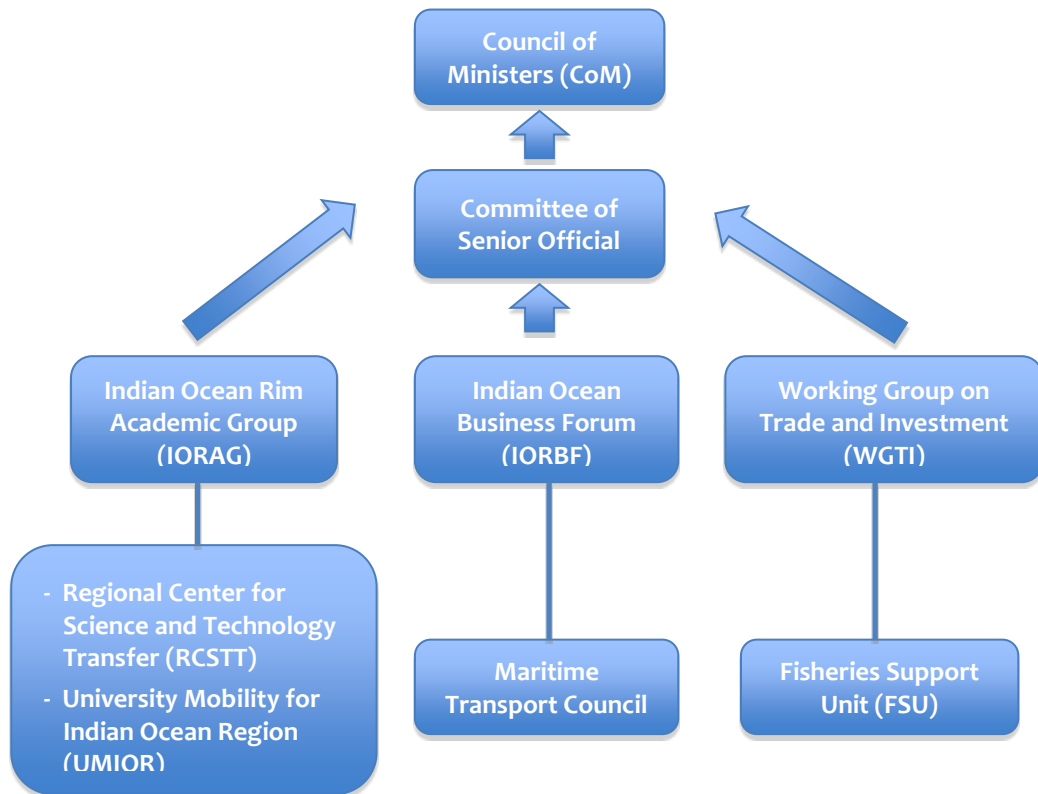
<sup>14</sup> Jagranjosh, "13<sup>th</sup> Council of Ministers Meeting of the Indian Ocean Rim Association was held in Australia", <http://www.jagranjosh.com/current-affairs/13th-council-of-ministers-meeting-of-the-indian-ocean-rim-association-was-held-in-australia-1383910704-1>, retrieved July 14, 2015.

<sup>15</sup> IORA consists of 20 countries, such as Australia, People's Republic of Bangladesh, Union of the Comoros, Republic of India, Republic of Indonesia, Islamic Republic of Iran, Republic of Kenya, Republic of Madagascar, Federation of Malaysia, Republic of Mauritius, Republic of Mozambique, Sultanate of Oman, Republic of Seychelles, Republic of Singapore, Republic of South Africa, Democratic Socialist Republic of Sri Lanka, United Republic of Tanzania, Kingdom of Thailand, Uni Arab Emirates, and Yemen. Moreover, IORA also interlace dialogue partners with People's Republic of China, Egypt, France, Japan, the United Kingdom, and United States of America. "IORA Membership", from *Indian Ocean Rim Association* website at: <http://iora.net/about-us/membership.aspx>, retrieved July 1, 2015.

<sup>16</sup> "IORA Charter", from *Indian Ocean Rim Association* website: <http://www.iora.net/charter.aspx>, retrieved July 4, 2015.



**Figure 2.** Organization Chart of IORA



Source: KSI Aspasaf, Kemlu RI

The IORA institutional mechanism carried out through Council of Minister (CoM) which held annually. Committee of Senior Official (CSO) held twice a year.<sup>17</sup> Besides that, there is a meeting with four Working Group, namely Working Group on Trade and Investment (WGTI), IOR Academic Group (IORAG), IOR Business Forum (IORBF), and Working Group on Head of Missions (WGHM).<sup>18</sup> Secretariat of the IORA manages, coordinates, services, and monitors the implementation of policy decisions and work programmes, as well as prioritization of projects adopted by the CoM. It responsible for servicing of all IORA meetings, the representation and promotion of the Association, the collation and dissemination of information, the maintenance of an archive, depository

<sup>17</sup> Arifi Saiman, “Peluang dan Tantangan Indonesia dalam Forum Kerjasama Indian Ocean Rim Association”, *Presentation Slide of BPPK Ministry of Foreign Affairs of the Republic of Indonesia*, presented in Padang, July 2015.

<sup>18</sup> Firdaus Dahlan, “Peran Indonesia Memperkuat Kerjasama di Kawasan Samudera Hindia”, *Tabloid Diplomasia*, No. 85, Year VIII, (February, 15 – March, 14 2015), p. 13-14.

and registry for IORA documentation and research material and mobilization of resources.<sup>19</sup>

IORA applies the *Troika* concept for the Council. It consists of the Chair, the Vice Chair, and the previous Chair that will apply to the CoM and the CSO. It will meet in the period between the meetings of the CoM and CSO as often as mutually decided.<sup>20</sup> The 13th Council of Minister on 1 November 2013 in Perth has decided Australia as the Chair of IORA with Indonesia as the Vice Chair. Therefore, Indonesia will be the Chair of IORA in the next period, starting this year from 2015 to 2017.

**Figure 3.** Six Priority Areas of IORA



Source: Australian Department of Foreign Affairs and Trade

In order to promote the sustained growth and balanced development of the region and of the Member States, The 10<sup>th</sup> CoM on November 2011 in Bengaluru has resulting an important achievement as the six priority areas of IORA were identified, namely:

1. Maritime Safety and Security;
2. Trade and Investment Facilitation;
3. Fisheries Management;
4. Disaster Risk Management;
5. Academic, Science, and Technology Cooperation;
6. Tourism and Cultural Exchange.

<sup>19</sup> "IORA Structure", from *Indian Ocean Rim Association* website: <http://www.iora.net/structure.aspx>, retrieved July 4, 2015.

<sup>20</sup> Vijay Sakhuja (Ed.), *op. cit.*, p. 159-160.

**Figure 4.** Domestic Issues on Security



Source: APCSS Conference Report on Transnational Security Threats in Asia

There are four major interests of Indonesia in the Indian Ocean, namely security, economic, political, and social and cultural interests. The domestic issues on security, as mentioned on the figures above, have been concerned in the Six Priority Area in IORA. At least, four of the nine domestic issues on security have been prioritized through the regional forum. Maritime Safety and Security is a cooperation agenda that concern on threats in maritime trade and problem related to the UN Convention of the Law of the Seas (UNCLOS).<sup>21</sup> These agendas are concerned because the Indian Ocean is a vital region for all IORA members and could affect the region's economic growth. The threats in the region are including the traditional and non-traditional threats, such as piracy, illegal fishing, human trafficking, drug trafficking, arms smuggling, marine pollution, and climate change. On this agenda, the policy approach is aimed to ensure the safety movement of the people, goods and services, and energy and other resources supply that passing through the Indian Ocean region.<sup>22</sup>

Trade and investment facilitation is the cooperation in enhancing economic development and integration in the Indian Ocean region. The scope of cooperation includes the development of business-friendly initiatives related to energy and food security, tourism, infrastructure development, and the application of blue economy.

<sup>21</sup> M. Hery Saripudin (Ed.), *op. cit.*, p. 18

<sup>22</sup> "Maritime Safety and Security", from *Indian Ocean Rim Association* website: <http://www.iora.net/about-us/priority-areas/maritime-safety-security.aspx>, retrieved July 2, 2015.

Fisheries management agenda includes a commitment in the fight against illegal fishing, and encourages exploration of sustainable resources.<sup>23</sup>

Disaster risk management agenda directed towards natural disaster management and risk management as well as maintaining the cleanliness of the sea from pollution. Academic, science, and technology cooperation includes research collaboration, capacity building, expert, and scholar exchange. In this case, also included an increase in the intensity of relations with think tanks within the region. Agenda for the promotion of tourism and cultural exchanges include an increase in public relations in the field of tourism, education, and business.

### **Indonesia's Interest in IORA**

Related with the six priority areas of IORA, Jokowi has stated that the Indian Ocean is the future ocean for Indonesia. Indonesia will increase a comprehensive maritime cooperation around the region, especially through the IORA.<sup>24</sup> As the Ministry of Foreign affair stated, to ensure the achievement of national goals of Indonesia on diplomatic cooperation internationally, Ministry of Foreign Affairs separate a series of concentric circles, which consist of:

1. The first circle is the ASEAN which is the main pillar of Indonesia in carrying out its foreign policy;
2. The second concentric circle is the ASEAN+3 (Japan, China, and South Korea). Beyond that, Indonesia held intensive working relationship between the United States and the European Union which is a major economic partner of Indonesia;
3. The third concentric circle, Indonesia recognizes the importance in partnering with the like-minded developing countries (middle-power diplomacy)

According to the concentric circle, Indonesia is not putting IORA on the first circle since it biggest regional influence on Indonesia is ASEAN and ASEAN+3. However, it does

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<sup>23</sup> "Trade and Investment Facilitation", from *Indian Ocean Rim Association* website: <http://www.iora.net/about-us/priority-areas/trade-investment-facilitation.aspx>, retrieved July 2, 2015.

<sup>24</sup> "Vision and Mission of the Elected President, Joko Widodo", [http://pemilu2014.org.uk/wp-content/uploads/2014/06/VISI\\_MISI\\_Jokowi-JK.pdf](http://pemilu2014.org.uk/wp-content/uploads/2014/06/VISI_MISI_Jokowi-JK.pdf), retrieved July 4, 2015.

not mean that Indonesia do not value the IORA as the important regional cooperation forum. Since the meeting of CoM on May 2008 in Tehran, Indonesia has been directly involved in several project in IORA. In addition, Indonesia also had the opportunity to share knowledge related to strategic actions in dealing with bird flu that had happen in Indonesia. In 2010, Indonesia participated in various activities and work programs of the IORA. The participations of Indonesia are not only located in the home country but also abroad with the cooperation with the overseas diplomats of the Ministry of Foreign Affairs. As the result, Indonesia picked as the Vice Chair in 2013 and will be automatically become the Chairman in 2015.

Two big issues on the Indian Ocean region are security and economic issues. Security issue in the Indian Ocean is a serious disruption. Piracy is the main issue as the region carry around 30% of the total global trade. Piracy has caused insecurity for shipping passing through the region. Moreover, the region brings around 43% of the total international trade of oil and the disruption of the oil distributions could trigger the rise of oil prices. Besides that, it is important to maintain the Indian Ocean region stability. As the mineral and energy resources that are posed by the region, maintaining the neutrality and avoid the region as the seizure of the resources with joint exploration and other forms of maritime cooperation is important issue to be followed up.

On the economic issue, the economic growth gap between the Pacific region and the Indian Ocean region is the real homework to be concerned to make Indian Ocean region be more important. There are more rich and prosperous countries located around the Pacific region than in the Indian Ocean region. Indian Ocean region dominated by poor and developing countries with low per capita income. Firstly, economic growth can be accelerated through the development of trade within the Member States. States with a higher per capita income should strengthen the trade volume with other Member States. Secondly, it is important to connect the Indian Ocean region with the Pacific region. Indonesia can play a significant role because of its strategic location between the Indian and Pacific Ocean.

The potential trade volume in the Indian Ocean region cannot be reached because of limited maritime infrastructure that facilitate the current trade. IORA should develop a master plan or blueprint on connectivity that will provide the infrastructure development

agenda with the Public-Private Partnership method can be adopted to accelerate the infrastructure development. Therefore, Indonesia that will be the Chairman, starting from October 2015, can accommodate the Member States' interests through its leadership action by developing the connectivity blueprint that will increase the people, goods, and services mobility. It will help the growth of trade volume as well as tourism and information sharing.

Internally, Indonesia will receive benefit from the connectivity agenda. Its strategic location will led to the development of deep sea port in the Western Sumatera or Java. Port development in Western Sumatera or Java will also reduce the traffic density in the Malaka Strait. Thus, Indonesia could increase its income through a shifted-transportation route that moved to the western Sumatera and Java Islands.

### **Potential Threat and Challenges**

In terms of connectivity, Indonesia's Minister of Foreign Affairs, Retno LP Marsudi confirms the importance of connectivity in support of national economic growth, regional, and international. Retno LP Marsudi stated that "the connectivity relate in many aspects, such as infrastructure to support economic growth, as efforts to reduce logistics costs and boost domestic and international trade". Retno LP Marsudi also stressed that the development of connectivity should be prioritized in the country. At APEC 2013, Indonesia has introduced the concept of the APEC Framework on Connectivity which includes three pillars, such as physical connectivity, institutional connectivity and people to people connectivity. In terms of improving connectivity in the Indian Ocean region, Indonesia can promote the connectivity issues to be developed in IORA. Indonesia have a better relationship with APEC compared to the IORA.<sup>25</sup> By this situation, the development of maritime infrastructure can be a double advantage for the connection of the two associations.

The important things to consider in terms of security is a potential threat both in security and defense if the government decided to open and build a deep seaport in

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<sup>25</sup> S. Folda, "Nilai Perdagangan Capai 75 Persen, Indonesia Harus Manfaatkan KTT APEC", September 16, 2013, from RRI World Service: <http://www.id.voi.co.id/voi-berita/4336-nilai-perdagangan-capai-75-persen-indonesia-harus-manfaatkan-ktt-apec>, retrieved November 18, 2014.

Western Sumatera and Java Island. It can be directly give the potential threats to the major cities located around the Java Sea, such as Jakarta, Semarang, Surabaya, Banjarmasin, Lampung, and Balikpapan. In this point, it is dangerous for the government to open the Java Sea as a SLOC or to make the Java Sea available for the international trade. However, Indonesia can develop and formulate the Code of Conduct for the connectivity agenda.

## **Conclusion**

Indonesia concerned to determine the future of the Pacific and the Indian Ocean Region as Indonesia wants the Indian Ocean and the Pacific remained peaceful and safe for the world trade. Nowadays, major political conflicts are taking place around the oceans, where concern for security against threats of terrorism, as well as piracy, drugs and people smuggling, and illegal fishing are happened. Significant growth in Indian Ocean region urges a cooperation approach between littoral countries located around the Indian Ocean. Therefore, an open-regionalism is needed and its form of cooperation should be supportive, mutually complementary, and non-competitive.

The IORA was established as a regional forum to promote the sustain growth and balanced development of the region and of the Member States, and to create common ground for regional economic co-operation. Cooperation within the framework of the Association will be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence, and mutual benefit.

Two big issues on the Indian Ocean region are security and economic issues. Security issue in the Indian Ocean is a serious disruption. Piracy is the main issue as the region carry around 30% of the total global trade. Piracy has caused insecurity for shipping passing through the region. Moreover, the region brings around 43% of the total international trade of oil and the disruption of the oil distributions could trigger the rise of oil prices. Besides that, it is important to maintain the Indian Ocean region stability. On the economic issue, the economic growth gap between the Pacific region and the Indian Ocean region is the real homework to be concerned to make Indian Ocean region be

more important. There are more rich and prosperous countries located around the Pacific region than in the Indian Ocean region. Indian Ocean region dominated by poor and developing countries with low per capita income.

The potential trade volume in the Indian Ocean region cannot be reached because of limited maritime infrastructure that facilitate the current trade. IORA should develop a master plan or blueprint on connectivity that will provide the infrastructure development agenda with the Public-Private Partnership method can be adopted to accelerate the infrastructure development. Therefore, Indonesia that will be the Chairman, starting from October 2015, can accommodate the Member States' interests through its leadership action by developing the connectivity blueprint that will increase the people, goods, and services mobility. It will help the growth of trade volume as well as tourism and information sharing.

Internally, Indonesia will receive benefit from the connectivity agenda. Its strategic location will led to the development of deep seaport in the Western Sumatera or Java. Port development in Western Sumatera or Java will also reduce the traffic density in the Malaka Strait. Thus, Indonesia could increase its income through a shifted-transportation route that moved to the western Sumatera and Java Islands. On the other side, it is important to consider potential threats both in security and defense if the government decided to open and build a deep seaport in Western Sumatera and Java Island. It can be directly give the potential threats to the major cities located around the Java Sea.



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