

## **U.S. – Indonesia Relations: The Next Phase**

*A Special Open Forum and Luncheon with*

**Congressman Jim McDermott (D-WA)**  
*Ranking Member, Trade Subcommittee,  
House Ways and Means Committee  
Co-Chair, Congressional Indonesia Caucus*

and

**Dr. Kurt Campbell**  
*Assistant Secretary for East Asian and Pacific Affairs  
U.S. Department of State*



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**November 27, 2012**

### Introduction and Statement by USINDO

In 2010, the United States and Indonesia launched a historic Comprehensive Partnership to strengthen bilateral relations between the two countries for the long term. The two presidents stated that they seek a Partnership that “fully leverages the extraordinary talents of our strongest asset, the Indonesian and American people,” and placed strong people-to-people relations and dynamic public-private collaboration “at its core”.

As the leading non-government organization supporting closer U.S.-Indonesian relations, USINDO believes that the advent of President Obama's second term is an opportunity for public-private dialogue on the Partnership's achievements and areas for improvement. The goal is to ensure that the partnership is more deeply rooted and sustainable well beyond the terms of specific presidents in either country. The program described below is the first toward these ends since President Obama's re-election.

### Brief of November 27 Event

On November 27, 2012, USINDO, along with cooperating organizations the Carnegie Endowment for International Peace, the Center for Strategic and International Studies, and the U.S.-ASEAN Business Council, hosted a Special Open Forum luncheon and panel discussion at the Cosmos Club in Washington, D.C. This event featured two distinguished American leaders in the U.S.-Indonesia relationship, Democrat Congressman Jim McDermott of Washington and Dr. Kurt Campbell, U.S. Assistant Secretary for East Asian and Pacific Affairs. They discussed the state of the U.S.-Indonesia relationship and shared their thoughts on how to further strengthen these ties as they specifically relate to the [U.S.-Indonesia Comprehensive Partnership](#).

During President Obama's first term, the United States and Indonesia embarked on a "Comprehensive Partnership" in response to Indonesian President SBY's [2008 proposal](#) at USINDO. A "strategic partnership for the 21<sup>st</sup> century," it comprises government-to-government, people-to-people, and people-to-government actions in six sectors: trade and investment, climate and environment, education, security, democracy and civil society, and energy.

Public engagement remains essential to a vibrant and deep-rooted effort. Now that we are about to begin President Obama's second term, this Open Forum begins the process of public-private assessment and fresh thinking about the partnership: Where is it strong, and where should it be enhanced over the coming four years to fully realize its potential?

### Remarks by Congressman McDermott

Congressman McDermott, entering his 13<sup>th</sup> term in the U.S. House of Representatives, is Co-Chair of the Congressional Indonesia Caucus. He recently returned from Denpasar, Indonesia as the leader of the U.S. delegation to the annual [Bali Democracy Forum](#).

Congressman McDermott praised Indonesia for initiating the Bali Democracy Forum in 2008, following the country's transformative journey to democracy. He explained that it is the only forum dedicated to addressing democracy on an intergovernmental level, based on sharing experiences and best practices. It has grown and this year brought together nine governments and heads of state and eighty-three countries and international organizations. In the past, the U.S. was represented by senior U.S. Government officials.

This was the first year that the U.S. delegation was represented by a sitting member of Congress – itself a demonstration of the role of the legislative branch in our democracy. Congressman McDermott reported that there have been other legislative branch efforts to enhance democracy-to-democracy relations between the United States and Indonesia. In 2011, Congressman McDermott visited Surabaya with the [House Democracy Partnership](#) (HDP). HDP is a twenty-member commission created by Congress for members of the U.S. House of Representatives to work directly with sixteen partner countries with emerging democracies to support the development of effective, independent, and responsive legislative institutions. As a young democracy, Indonesia has shown rapid progress and remarkable development. Congressman McDermott stated that he believes the U.S. needs to develop stronger relations with Indonesia, a democracy with the world's largest Muslim population that can offer the American people a different view of the Muslim world.

Congressman McDermott proposed two important ways to strengthen the U.S.-Indonesia Comprehensive Partnership. First, as Indonesia's democracy draws strength from its elected body, he believes the next phase of the Partnership should include legislative-to-legislative dialogue and exchanges. Congress could create a bilateral legislative exchange program with Indonesia, as it has done with other countries over the years. Indonesia has an interest in learning about Congress's oversight role of the U.S. executive branch, resources such as the Congressional Research Service of the Library of Congress (which has a full time employee stationed in Jakarta) that are available to support Congress, and other aspects of our representative democracy.

More legislative exchanges can also help the leadership in Congress see the link between U.S. national and regional security interests and Indonesia's democracy, McDermott explained. This type of exchange may not create immediate results, but it will be an excellent way to support Indonesia's democratic development.

A second way to strengthen the U.S.-Indonesia partnership, said Representative McDermott, is greater involvement of civil society. The [Joint Declaration of the Comprehensive Partnership](#) states that strong people-to-people relations and dynamic collaboration with non-governmental groups are at its core. In that regard, he mentioned that Surabaya has been a Sister City with Seattle for many years – a people-to-people partnership that has created many lasting connections between both cities. Many students and young people in Congressman McDermott's district have ties as a result of this relationship. This type of interaction reflects the heart of the Comprehensive Partnership and its call to expand bilateral programs in higher education. He commended USINDO as a prime example of a non-governmental group that helps promote understanding between the U.S. and Indonesia and enhance educational cooperation through its work to strengthen relations and build mutual understanding.

Although he expressed optimism about overall U.S.-Indonesia bilateral relations, Congressman McDermott expressed his belief that trade issues remain a concern – protectionist trade regulations on the Indonesian side adversely affect the relationship, and will take time to resolve. As the host of the 2013 Asia-Pacific Economic Cooperation

(APEC) Forum, the Congressman asserted that Indonesia must uphold its WTO obligations.

#### Remarks by Assistant Secretary Kurt Campbell

Assistant Secretary Campbell, who has had a key role in the Comprehensive Partnership from its inception, shared his views on the U.S.-Indonesia relationship. Indonesia's leadership is playing a significant role in Asia, as Assistant Secretary Campbell saw first hand on his recent visit, efforts that are not just beneficial to countries within the region but to the U.S. as well. President SBY is a leader who is listened to throughout Asia. Indonesia has played a helpful role in relations between the U.S. and other Asian countries, including encouraging the U.S. to be steadfast in its efforts with Burma. Indonesia's leadership has also been a strong voice in territorial matters within the region, where the issue of the South China Sea is concerned. It was also very well received that President Obama's first foreign trip since re-election was to Southeast Asia, where he attended the East Asia Summit and met with important leaders at several stops.

Assistant Secretary Campbell saw several opportunities for the next phase of the Comprehensive Partnership. Deepening government-to-government ties remains very important. There are only four to five key players involved in Asia within Congress, some whose terms are ending due to retirement. The narrowness of this engagement needs to be fundamentally deepened. He also expressed the view that the U.S. should expand military ties with Indonesia and treat it as a natural component of the Comprehensive Partnership. Assistant Secretary Campbell stated that sustained broad engagement between the U.S. and all countries in Southeast Asia is key for the future of the region.

Assistant Secretary Campbell stressed the importance of the non-government sector's role in the Comprehensive Partnership. He said USINDO has made an important difference particularly over the last four or five years in heightening non-government interest in strengthening U.S.-Indonesia relations and generating active participation in the activities of the Comprehensive Partnership, as shown for example by the large turnout at this event.

High among Assistant Secretary Campbell's concerns regarding the future of the Comprehensive Partnership is that it develop the capability to successfully navigate upcoming transitions in the governments on both sides. He is hopeful that our strong connections will be sustained through the changes within the new Obama Administration, changes of President following the 2014 elections in Indonesia, and other changes on the Indonesian side as key players move to new positions. Assistant Secretary Campbell also discussed challenges that transcend bilateral relations, such as climate change. Making fuller progress on transnational issues will require deeper dialogue between countries.

## Comments, Questions, Answers

### **Comments:**

Ambassador Dino Patti Djalal expressed his agreement with what had been stated by Assistant Secretary Campbell and Congressman McDermott, and highlighted the following aspects:

*First*, the U.S.-Indonesia relationship is currently where it needs to be. Both countries have gone from crisis-driven to opportunity-driven relations, from a single issue to a comprehensive partnership, and from ad-hoc to structured meetings.

*Second*, the U.S. political and diplomatic standing in Indonesia is very favorable. A most recent Pew Research survey shows that the percentage of Indonesians with a favorable opinion of the U.S. has risen to almost 60% compared to a low 30% some time ago. Such a positive favorability is a great asset that should be maintained in the next four years. As well, Assistant Secretary Campbell has led one of the most active and creative East Asia teams at the U.S. Department of State. The U.S. change of policy in Myanmar for example, shows such commendable leadership.

*Third*, the strong relationship between the two countries' foreign ministers is also a factor that makes the bilateral relationship valuable. Secretary Clinton is laudable for her ability to not only convey the U.S. policies but also listen and give attention to Indonesia's views.

*Fourth*, there is an increasing level of interactions in the people-to-people engagement, but pockets of sentiments, suspicions, and misunderstandings about the U.S. still remain in Indonesia. The Comprehensive Partnership needs to be grass roots. There was a strong reaction of tension on the Darwin issue [U.S. marines in Darwin], and therefore the partnership should focus more on soft power diplomacy.

*Fifth*, more than half of the discussions between the two countries are now about regional and global affairs. While this is a good development, it is still confined to a limited circle within the U.S. government. Efforts to promote discussion of regional and global affairs are necessary to engage more officials into the discussion.

*Last*, today's Indonesian cabinet members, the economic ministers particularly, all have U.S. educational backgrounds. President SBY also attended the U.S. Army Command and General Staff College. One of the challenges to ensure the number of U.S. educated future leaders in Indonesia is related to visa processing. It is necessary to remove Indonesia from the list of countries required to go through name check procedure to apply for a U.S. visa.

***Q: Indonesia will chair the upcoming APEC forum. It is a long, deeply business oriented, and complex process. What are the U.S. and Indonesia's shared goals, and how will the business community be involved in the forum?***

Assistant Secretary Campbell – There is uncertainty among some observers about whether APEC will be able to deliver on its promise. The hardest challenge is to sustain the momentum. For an organization to be successful, a secretariat needs to be established. Also, APEC mostly involves government officials. Increasingly we have to find ways to bring non-governmental groups to the table whether it is APEC or other forums. There should be a corresponding engagement of people from different groups to create a synergy among people who want to sustain the relations, an integration of elites such as the one we see at Davos.

***Q: A lot of attention has been given to the possible impacts of the sequestration on the defense aspect of the rebalance effort. It has been argued and emphasized by most officials that rebalancing should be across the board. Military is only one dimension. In terms of the State Department operations, what might sequestration mean for the rebalance?***

Assistant Secretary Campbell – That is correct [that sequestration would have adverse effects on non-military accounts for Asia]. We have fought hard to protect the USAID budget generally, to focus more on Peace Corps, and to protect new assignments or capabilities in Asia. We also have to take steps to make sure that the East Asia and Pacific Bureau receives greater recognition as a beneficial place to seek assignments so that we can recruit the best people for the bureau to do the diplomatic work in the region. All of these are equally important in addition to the military dimension.

Congressman McDermott – My concern is that people who do not know where Indonesia is may think that we could cut out things that are related to ASEAN in general. We have to see this as our investment in the world, whether in the Peace Corps or in foreign students. Foreign students who study in the U.S. can become an asset to improving the U.S. We may not be able to notice in one or two years, but in the long run we will see the impact of these missed opportunities. Instead of engaging the U.S., these potential students may opt to do business with other countries such as Germany or South Korea.

I agree with Assistant Secretary Campbell's assessment on the region's priority. There is no cohesion in the Congress on the importance of Asia. We should not see countries like China for example only as a problem; we ought to see it also as an opportunity. President Obama's decision to visit Asia after the re-election was right. The President can set the tone, I hope he can sell that to the Congress, but we also need the business community and others to help us to make that case.

***Q: In the context of the South China Sea issue, would the administration be a little stronger in their efforts to persuade Beijing to be more pragmatic and respect the exclusive economic zones of Vietnam, the Philippines, Malaysia, and Brunei Darussalam, i.e. to be more towards the bipartisan spirit of the Senate Resolution 524 to persuade Beijing to respect the 1982 UN Convention on the Law of the Sea, which they ratified in 1996?***

Assistant Secretary Campbell – This is a very challenging question. What we are finding right now in many parts of Asia is roiling territorial matters. However, the issue that animated Asian regional forums was not South China Sea, but rather the Diaoyu/Senkaku dispute between China and Japan, as well as the Liancourt Rocks dispute (Dokdo/Takeshima) between South Korea and Japan. Resolving such issues is very challenging. There has to be recognition that certain problems in their current contexts are difficult to resolve. These problems, including the South China Sea, have persisted for decades. We often provide counsel, as this is also an arena where outside voices can be important. Indonesia, along with Singapore, has also played a role in this issue.

The most important thing is to encourage an arrangement whereby countries and entities can explore and exploit reserves and other economic opportunities where sovereignty is not resolved. This has been done in the past. The dispute between China, Vietnam, and the Philippines is a difficult one. The U.S. wants to play and will play a role to make it clear that coercion and use of force is utterly inappropriate and it expects this matter to be dealt with diplomatically and consensually using appropriate legal frameworks. There is a challenge sometimes in calling other countries to adhere to the law of the sea that we cannot ratify. This issue will remain with us for a period of time, so a careful and steady hand is necessary to handle this.