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Indonesia-China Agreement and Jakarta's Inconsistency on the South China Sea Issue

By Alfin Febrian Basundoro

SYNOPSIS

Indonesian President Prabowo Subianto's agreement with China on joint maritime development in the South China Sea raises concerns over Indonesia's commitment to national sovereignty and international law. While economically beneficial, it risks legitimising China's claim in the South China Sea, straining relations within ASEAN, threatening local livelihoods, and undermining Indonesia's regional reputation and longstanding foreign policy principles.

COMMENTARY

On November 9, 2024, Indonesian President Prabowo Subianto [visited](#) Beijing. He met the President of China, Xi Jinping. The visit resulted in several agreements, ranging from industrial and mining to trade cooperation, valued at US\$ 10 billion. One important agreement was on maritime cooperation, in which both sides committed to [jointly developing](#) the fishery, oil and gas resources.

Maritime cooperation has been an ongoing priority for both Indonesia and China. For instance, [since 2023](#), the two countries have collaborated on the fishery industrial development. In the latest agreement, they pledged to further enhance this cooperation by jointly developing the maritime economy in the South China Sea (SCS), including in areas with overlapping claims.

While this agreement offers significant economic benefits, it might be problematic for Indonesia. Notably, it suggests an inconsistency in Indonesia's stance on international maritime law in Southeast Asia and appears to be in conflict with its commitment to uphold national sovereignty.

Commitment to UNCLOS

By agreeing to economic development in the “overlapping claims” area of the SCS, Indonesia could be perceived as tacitly recognising China’s claim over those parts which contradicts its commitment to the United Nations Convention on the Law of the Sea (UNCLOS). China’s claim in the SCS, which relies on [a historical basis](#) rather than on UNCLOS-defined Exclusive Economic Zone (EEZ) boundaries, has long been contested as a violation of international law. This agreement may, therefore, provoke negative responses from other ASEAN countries with [competing claims](#) in the SCS, i.e., the Philippines, Malaysia, Brunei, and Vietnam.

Previously, Indonesia had always maintained a firm stance against China’s unilateral claims. [Since 2016](#), it has consistently rejected China’s assertion of historical fishing rights in the SCS, which does not align with the UNCLOS, as a basis for its claim. China’s claim encompasses areas extending beyond the 200-nautical-mile EEZ measured from its outermost territory, Hainan. In May 2020, Indonesia’s Permanent Representative to the United Nations in New York [reiterated](#) this rejection, emphasising the lack of legal basis for China’s “nine-dash line” claim.

Furthermore, Indonesia has actively supported regional stability efforts, notably through its involvement in [developing and introducing](#) the ASEAN Outlook on the Indo-Pacific (AOIP) in 2019. As highlighted by Joanne Lin, Coordinator of the ASEAN Studies Centre at Singapore’s ISEAS-Yusof Ishak Institute, the AOIP, although primarily normative, [reflects](#) ASEAN’s vision of a “safe, stable, and free Indo-Pacific” based on UNCLOS principles. It also prioritises dialogue for resolving regional disputes, including the SCS. Indonesia’s implicit acknowledgement of China’s SCS claim – without engaging in dialogue with other ASEAN states – appears ironic, given Indonesia’s continuous advocacy for dialogue-based Indo-Pacific stability.

Indonesia’s Reputation and “Good Neighbour Policy”

This agreement also contradicted Prabowo’s speech at the Centre for Strategic and International Studies (CSIS) in Jakarta on November 13, 2023, during his candidacy for the presidential office. The speech [emphasised](#) the “good neighbour policy”, a pillar of Indonesia’s foreign policy that promotes harmonious relations with Southeast Asian countries. Endorsing China’s unilateral claim would likely undermine this principle as it would sacrifice Indonesia’s robust ties and regional reputation vis-à-vis the other ASEAN claimants, Philippines, Vietnam, Brunei and Malaysia.

This agreement also undermines Indonesia’s territorial interests. Besides Indonesia’s official rejection of China’s claim, the Indonesian Ministry of Foreign Affairs (*Kemlu*) has frequently protested and demanded clarification from China regarding incidents in the North Natuna Sea, such as the frequent [presence](#) of Chinese coast guard vessels. A significant incident occurred in [2021](#) when Chinese coast guard vessels entered the Tuna Block, an area of natural gas exploration, prompting strong protests from Indonesia.

Threats to Local Economies

Under this new agreement, Indonesia could face increased pressure to negotiate with

China over its sovereign rights in the North Natuna Sea. Moreover, this implicit acceptance of China's claim could further legitimise the operations of Chinese military and coast guard vessels in the contested waters. This poses a significant [threat](#) to local fishermen in Natuna and the Riau Islands Province, whose catches have already been impacted by the rising presence of larger, more competitive Chinese fishing vessels. An increase in Chinese maritime activity will likely reduce the income of local fishermen, contradicting Prabowo's [stated vision](#) of societal economic sovereignty and community welfare.

Under Prabowo's leadership, Indonesia must carefully reconsider its foreign policy approach. Active involvement in the global arena and strengthening bilateral ties are important responsibilities for the President. However, this proactive stance should be balanced with a commitment to protecting Indonesia's regional reputation, particularly in areas prioritised in its foreign policy. Furthermore, a focus on safeguarding territorial integrity and the welfare of all Indonesians must guide Indonesia's engagements on the international stage.

Lessons Learned

Two days after the joint statement, *Kemlu* issued a press release clarifying that the cooperation "[s]hould not be construed as recognition of China's unilateral claims in the South China Sea". However, this poses risks for Indonesia, as the press release was released [unilaterally](#), which allows Beijing to hold to the interpretation presented in the earlier joint statement – therefore, not fixing the situation.

Based on this experience, there are some policy measures Jakarta should consider.

First, Jakarta could direct such initiatives to non-contentious areas instead of granting concessions to Beijing in contested areas. For instance, [since 2022](#), Indonesia and China have collaborated on industrial developments in Central Java and Bintan under the "Two Countries Twin Parks" framework, which serves as a model for future industrial cooperation.

Secondly, both parties should prioritise reaching an agreement on the ASEAN-China South China Sea Code of Conduct (CoC), which remains under negotiation. This process would not only establish a more equitable framework but also reinforce Indonesia's commitment to the principles of UNCLOS.

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