THE LINK BETWEEN INDONESIA-RUSSIA TRADE RELATIONS TO INDONESIA’S GREATER SECURITY (2003-2012)

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This thesis entitled “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security (2003-2012)” prepared and submitted by Vernal Gorby Mokalu in partial fulfillment of the requirements for the degree of Bachelor of Arts in International Relation in the School of International Relations, Communication and Law has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, January, 21st 2014

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THESIS ADVISER
RECOMMENDATION LETTER

This thesis entitled “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security (2003-2012)” prepared and submitted by Vernal Gorby Mokalu in partial fulfillment of the requirements for the degree of Bachelor of Arts in International Relation in the School of International Relations, Communication and Law has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, January, 21st 2014

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DECLARATION OF ORIGINALITY

I declare that this thesis entitled “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security (2003-2012)” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, January 21st 2014

( )
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The panel of examiners declare that the thesis entitled “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security (2003-2012)” that was submitted by Vernal Gorby Mokalu majoring in International Relations from the School of International Relations, Communication and Law was assessed and approved to have passed the Oral Examinations on February 4th 2014.

Hendra Manurung, MA.
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Examiner

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Examiner
ABSTRACT

Title: “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security (2003-2012)”

This research aims to analyze the ever increasing development of bilateral trade relations between the Republic of Indonesia and the Russian Federation, from 2003 to 2012. It also aims at studying the link between Indonesia-Russia closer trade relations towards Indonesia’s greater security, in particular Indonesia. In pursuit of its national interest, Indonesia is working very hard to further strengthen its bilateral trade relations with Russia. Marking the 50th years old relationship in the beginning of 21st century, the two countries have booked an increasing trade in their relations. This research employed qualitative research methods featuring descriptive analysis of the data on the bilateral relations within “The Framework of Friendly and Partnership in The 21st century”. In this regard, the author shall expose the works of two main consultation mechanism, namely The Indonesian-Russian Joint Commission on Trade, Economic and Technical Cooperation and The Joint Commission on Military Technical Cooperation under the administrations of President Megawati Sukarnoputri (2003-2004), succeeded by the first team of President Susilo Bambang Yudhoyono (2004-2009) and the second team of President Susilo Bambang Yudhoyono (2009-2012). In conclusion, an increase is recorded in the overall trade relations of the two countries. But nevertheless, Indonesia still suffered from deficit. In addition, the Indonesian defense capability has increased. The author is academically obliged to offer some humble suggestions to those concerned stakeholders for due perusal.

Key Words: Indonesia-Russia Bilateral Relations, Trade Relations, Indonesia-Russia Military Cooperation
ABSTRAK


Kata Kunci: Hubungan Bilateral Indonesia-Rusia, Hubungan Perdagangan, Kerjasama Militer Indonesia-Rusia
ACKNOWLEDGEMENT

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LIST OF ACRONYMS

APEC  Asia-Pacific Economic Cooperation
APR  Asia Pacific Region
ASA  Air Service Agreement
ASEAN  Association of South East Asian Nation
B to B  Business to Business
BPS  Central Statistic Agency
CPO  Crude Palm Oil
ETT  Central and Eastern European
G to G  Government to Government
GDP  Gross Domestic Product
IPA  Investment Promotion Agency
IPR  Intellectual Property Right
KADIN  Indonesian Chamber of Commerce and Industry
KNPI  Indonesian Youth of National Committee
LIMA  Langkawi International Maritime & Aerospace Exhibition
MEF  Minimum Essential Forces
MOFAs  Ministry of Foreign Affairs
MoU  Memorandum of Understanding
NATO  North Atlantic Treaty Organization
NGOs  Non-Governmental Organization’s
NKRI  Unitary State of the Republic of Indonesia
P to P  People to People
PRC  People’s Republic of China
RAAF  Royal Australia Air Force
RFCCI  Russian Federation Chamber of Commerce and Industry
SMEs  Small and Medium Enterprises
TNI  Indonesian Armed Forces
TPO  Trade Promotion Organization
UN  United Nations
USSR  Union of Soviet Socialist Republics

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CHAPTER I
INTRODUCTION

I.1. Background of the Study

International Relations have always grown to scrutinize cross-cutting issues, and it will continue to be. They have grown significantly since history have written that world dynamics grew with new concepts, new school of thoughts, new systems, and the actors in International Stage. Depending on the paradigm, globalization can be viewed as either a positive or a negative phenomenon. Diplomacy is the art and practice of conducting negotiation between representatives of states or groups. It usually refers to international diplomacy, the conduct of international relations through the intercession of professional diplomats with regard to issues of peace-making, trade, war, economics, culture, environment, and human rights.

The world is globally increasing as well, there is not any nation can live alone now, free from the influence of other nations, then Indonesia attitude towards globalization is no other intelligent manner with a good strategy, Indonesia must be able to drain the resources for welfare, development of the atmosphere of globalization. The state should prevent the effects of globalization that are not good and, are not in accordance with the personality and values of the culture of Indonesia. Globalization has transformed the organization of international economic relationship around the world, affecting economic, social and political spheres of societies and citizen. It is characterized by a complex set of interconnectivities and interdependencies with increasing number of actors.

vying to influence the outcome of these relationships. They lay competing claims
to resources, markets, and legitimacy and are engaged in activities traditionally
defined as belonging to the domain of diplomacy. Globalization factors lead to an
interaction between the state and other states to meet the national interest in trade.
National interest is a composition from the elements that create the needs of a
country that to become a fundamental goal and the final factor that directs the
decision makers in the formulations process of a country’s foreign policy.

In the international field, there are two kinds of the trade cooperation. First,
the cooperation among two countries called Bilateral Relation. The Second is the
cooperation between one country with more than one country or region which is
called as Multilateral Relations. Bilateral trade is relevant to do the international
trade. It has the same purpose and intent, which is to strengthen the state's
economy. Indonesia establishes trade cooperation through bilateral relations with
specific country to meet its national interest. Indonesia is supported by the
declaration of foreign policy through the hallway "Independence and Active",
where the meaning of the concept of "Independence" is Indonesia as independent
state may choose to write a single way to achieve the interests and goals and
aspirations goals without having to be influenced by parties other countries.
Indonesia's foreign policy has always been based on the principle of Independence
and active.

Since its introduction over 60 years ago this principle remains relevant in
21st century. President Susilo Bambang Yudhoyono says the principle of
independence and active as one thousand friends, zero enemies. Realizing it, the
Ministry of Foreign Affairs of the Republic of Indonesia as executor of foreign
policy, spearhead efforts to continue to deepen as well as expand the scope of
cooperation with countries in various regions, including Central and Eastern

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Post-modern Times”, Discussion Papers in Diplomacy 2001, Spencer Mawby University of
Leicester, p. 1.

International”, (Bandung: PT. Remaja Rosdakarya, 2006), p.35.

6 Kamasa, Frass Minggi. (2013). “Indonesian Foreign Policy Priorities in the area of Central and
Eastern Europe: Analysis of Potential Foreign Relations RI-East Central Europe”, Policy Paper
ETT, (Kemenlu RI ETT 2013), p. 2.
European region (ETT). For Indonesia to approaches bilateral relations with Russia is based on Friendship and Partnership diplomacy. While Russia embraces foreign policy which is now more open to the policy called “Look East Policy”, pushing the infestation flow to Indonesia that is steadily increasing. In this context, Indonesia is also encouraged to take advantage of the prevailing positive situation. Russia is a potential market for Indonesian commodities, as the exporting development of economic and trade systems are increasingly open to Russian.

The official visit by Minister of Foreign affair of Republic of Indonesia, Hassan Wirajuda, to Russia and held talks with Russian Foreign Minister, Igor Ivanov, on 27 September 2002 is the momentum that gave birth to a new commitment of both countries to enter the stage of the relationship and cooperation in higher. The two countries for the first time established The Joint Commission Meeting held in the new format in order to encourage increased economic relations, trade, and technical. The bilateral meeting was signed of the Memorandum of Bilateral Consultations among both countries and agreed that one day it would rise to bilateral Intergovernmental Consultation. This event is of significant importance given the first Foreign Minister of the Republic of Indonesia visits conducted after 13 years after the collapse of the Soviet Union.

Russian Federation (Rossiyskaya Federatsiya), is a huge country and has an area of 17 million km², with a population of 140.3 million in 2010, GDP per capita of USD 15,900 and an average economic growth of 5.9 percent in last 15 years, foreign trade balance in 2012 showed USD 837.2 billion and the country is in between the continents of Europe and Asia can reach interaction cooperation

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with countries that far though. Since the economic reforms in the 1990s, Russia was transformed into economy market and as the ninth largest economy in the world by GDP reached USD 1.477 trillion in 2010, thanks to a wealth of natural resources such as natural gas, oil, coal, and precious metals as well as various sector privatization program industry (with the exception of energy and defense) were performed.

Russia export products comprise oil and oil products, natural gas, metals, wood and wood products, chemicals and military equipment. Value of Russian exports in 2011 reached USD 521.96 billion. Russia imported commodities such as machinery, vehicles, health products, plastics, semi-finished metal products, meat, nuts, fruits, optical and medical equipment, iron and steel. Value of Russian imports in 2011 reached USD 323.2 billion.

Russia is seen by Indonesia to be its prospective partner in doing the bilateral trade due to the very profile of Indonesia. Indonesia is one of the huge countries and potentially good for the world, Indonesia lies a cross the Equator and strategically located between the continents of Asia and Australia and between the Pacific Ocean and the Indian Ocean. Indonesia is on the path to playing its role in international trade and engage many important countries. With an area of more than 1.4 million km2, it has a population of over 230 million, Indonesia entered the forth world’s ranks, rich in tradition, languages and cultures. Indonesia territory 4.8 percent is made up of water, so Indonesia is known as the world's largest archipelago’s country.

Currently, Indonesia is the country with the 16th largest economy in the world and the largest among ASEAN countries. In addition, Indonesia with China and India is named as the most powerful states which endure during the global

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economic crisis recently. Indonesia's estimated gross domestic product (nominal), as of 2010 was USD 706.73 billion with estimated nominal per capita GDP was USD 3,015 billion. Beside that, Indonesia's rich soil type will be her fertility, good and suitable for all kinds of farms and plantations. Indonesian export commodities include: agriculture products, fisheries, forest products, industrial products such as textile, fertilizer, and cement, mining products, and services. Indonesia which imported commodities: capital equipment such as machinery spares, field of animal husbandry such as milk and meat, in agriculture such as rice and beans, such as the mine field of oil and gas in areas such as automotive and electronics industries, and services.¹⁴

Meanwhile, great deals of similarities Indonesia and Russia enjoy are both proud of becoming new democracies. Both nations have diverse ethnic and religious groups, and embrace pluralism. Both have endured great trials and tribulations in our history, face the challenge of internal conflicts and have been victimized by acts of terrorism. Both experienced a serious economic crisis—in fact, experienced it at around the same time, around 1998, and have bounced back strongly from that crisis. Indonesia and Russia are both oil producing countries, although Russia produces 10 times more oil than does Indonesia. Both have very independent foreign policy, which is why there is a high degree of diplomatic synergy between Indonesia and Russia in a world marked by turbulence and uncertainty. Like Russia, Indonesia has undergone a process of reinvention in the past 8 years. Both have carried out wide-ranging reforms that have changed the face of Indonesia. Both have advanced far in our democratic transition that we now rank as the world's third largest democracy. And it is a democracy that is home to the world’s largest Muslim population. Both consider our selves a good example that democracy, Islam and modernity can live together in a united and pluralistic statehood.¹⁵

Republic of Indonesia and Russia Federation were old friends in new era and has become strategic partner for Indonesia. Bilateral relationship between Indonesia-Russia was already involved since around 60 years ago. Cooperation between the two countries has been build, especially in economic, social, and cultural sector. The relations between the two countries have experienced a golden period (1950 – 1965) which among others characterized by 4 times visit by President Sukarno of Indonesia to Russian leaders in Moscow: KY. Kirilov and N. Khrushchev. The result of the visit was for the disbursement of funds, the construction of various projects and the supply of military equipment from the Soviet Union at that time. In the New Order era, relations between the two countries began to fade and flourish again after the collapse of the Soviet Union in 1991, that Soviet Union has its legal successor, the Russian Federation and the New Order regime in 1998.16

As the new era of 21st century evolving, the bilateral relations between of two countries are experiencing a new phase with the signing of the "Declaration of the Republic of Indonesia and the Russian Federation on the Framework of Friendly and Partnership Relations in the 21st Century," by President Megawati Sukarnoputri and President Vladimir V. Putin on 21 April 2003 in Moscow.17

Following the signing of the Declaration, trade relations between Indonesia and Russia showed a significant increase. It is because of the establishment of Indonesia-Russia Commission on Military Technical Cooperation and increasing the frequency of the joint Commission Meeting Cooperation of Trade, Economics and Technical, which were first meeting was held in September 2002, in Moscow. In the field of military and national defense, Indonesia is currently updating the main instrument of defense systems. This activity is a real form of Indonesian foreign policy implementation. In order to

strengthen the Indonesian defense, Indonesia is buying the main instrument of defense systems from Russia. It is affect the trade volume among both countries.\textsuperscript{18}

In 2004 trade volume was reached USD 420 million increase 100\% from the year 2003 just USD 209 million. The following year increased approximately 61\% (2005) USD 681 million, in the year 2006 the increase still exist but are not so great, increase 1,1\% USD 689 million, similarly, in the year 2007 increase 12\% USD 777 million. The increase occurred in the year 2007 increase more than 100\% US$ 1,6 billion. Continuing on the balance of trade data of Indonesia - Russia 2008-2012, trade volume both countries has increased pretty well. Indonesian trade trend with Russia over a period of four years (2008-2012) goes positive with the trend increase of 29.67\%. The trade volume between Indonesia and Russia in 2012 was USD 3.37 billion; it’s an increase of 32.5\% from the year 2011 USD 2.54 billion. In 2012, Indonesia suffered deficit of USD 1.63 billion. As for trade volume in January and June 2013 amount USD 2 billion, up by 23.4\% in 2012 compared with the same period amounted to USD 1.67 billion.\textsuperscript{19}

While bilateral trading volume is likely to increase from year by year, the available data above shows the negative side to Indonesia. There is a large increase of deficit until the year of 2012. Deficit may cause great harm to Indonesia if it doesn’t stop, because it will increase the burden on the part of Indonesia, which might bring unhealthy impact on the Indonesian national economy. Indonesia should be able to balance commodity export and import with Russia. This is the challenge for Indonesia to look at the problems of imbalance of trade between the two countries to rectify it. Thus, Indonesia is to expand its export to Russia, in order to balance imported goods from Russia. There are several of ideas suggested to cope with such a challenging. Indonesian Government should take appropriate measures to redress the deficit.\textsuperscript{20}

I.2. Problem Identification

Indonesia and Russia have been developing their friendly and mutually beneficial contacts since the establishment of their diplomatic relations on February 3, 1950. An Indonesia-Russia bilateral relation is not only as old friends in new era but also as a strategic partnership. The two countries have entering in the new phase in bilateral relations, by the signing of Declaration on the Framework of Friendly Partnership Relations in the 21st Century. This agreement is the cornerstone of a new strategic cooperation relationship in their bilateral cooperation, global and regional levels as well, especially in Indonesia-Russia bilateral relations.21

In the economic sphere, Russia is the largest trading partner of Indonesia for Central and Eastern European (ETT) region. But in the last three years, the trade deficit on the Indonesian side becomes larger. Recorded in 2010, Indonesia experienced a deficit of USD 466.7 million, USD 817.3 million in 2011 and by 2012 amounted to USD 1.6 billion. In addition, the Russian investment rate in Indonesia is also relatively small. Until 2012, the carrying value of investments in Indonesian Russia only USD 2 million.22 Indonesian economy with Russian Federation in the last 5 years shows significant ups and downs. On data from the Ministry of Trade Republic of Indonesia in 2012, shows the total trade both countries are increase goodly until USD 3,37 billion.23

Below is a table of data Indonesian-Russia trade from 2008-2012. Indonesia-Russia should be proud with the increasing trade volume of both countries. But, the trade has shown that Indonesia suffered deficit as well. The

21 Katili, John Ario, Seminar Sejarah 50 Tahun Hubungan Diplomatik Indonesia-Rusia, Remarks on the History of the Fifty Years of Diplomatic Relations Between Indonesia and Russia, Moskow 2000, p.13.
deficit has increase year by year. Deficit is due to the unbalanced trade between the two countries on the export and import.

Balance of Trade Indonesia-Russia 2008-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Trade</td>
<td>1,667,000</td>
<td>774,880</td>
<td>1,685,000</td>
<td>2,544,000</td>
<td>3,372,000</td>
</tr>
<tr>
<td>Export</td>
<td>342,311</td>
<td>316,132</td>
<td>609,467</td>
<td>863,484</td>
<td>867,326</td>
</tr>
<tr>
<td>Import</td>
<td>1,325,149</td>
<td>458,753</td>
<td>1,076,206</td>
<td>1,680,866</td>
<td>2,505,659</td>
</tr>
<tr>
<td>Balance of Trade</td>
<td>-982,838</td>
<td>-142,621</td>
<td>-466,739</td>
<td>-817,328</td>
<td>-1,638,333</td>
</tr>
</tbody>
</table>

Source: BPS, Processed by Trade Data and Information Center, Ministry of Trade

Table I.1. Balance of Trade Indonesia-Russia

Cooperation between Indonesia and Russia not only in tourism, but also in other fields, such as politics, economics, trade and investment, education and science, social and cultural as well as defense and security. Indonesia and Russia trade cooperation continues to increase significantly. Russia is a potential market for Indonesian products. Activeness and cooperation relations Indonesian businessmen and Russia will be able to increase the volume of trade between the two countries.  

Russian entrepreneurs Small and Medium Enterprises (SMEs) look enthusiastic to conduct trade contacts with partners in Indonesia. They were...

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invited to invest in Indonesia, particularly in the field of agro-industry, fisheries, manufacturing, handicraft and infrastructure. While in the field of trade Indonesia government was offering of Indonesian superior products, among others: crude palm oil, coffee, tea, cocoa, vanilla, furniture, and garments. It is one of the Indonesian government's efforts to reduce the deficit that occurs to Indonesia on bilateral trade. Indonesian government request Russia to buy more Indonesian products in the future.  

I.3. Statement of the Problem


The topic of this research is conducting of key point to explore and analyses. The key point is:

- What are the reasons behind Indonesia decision in maintaining a cordial relation with Russia?

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25 “UKM Tver Rusia Antusias Berbisnis dengan Indonesia”, Kementerian Luar Negeri Republik Indonesia. KBRI Moskow 09 April 2009. Retrieve 20/12/13 22.00 from: http://kemlu.go.id/_layouts/mobile/PortalDetail-NewsLike.aspx?i=id&ItemID=7d3841d2-1b62-4472-84e1-b9ed9a5e516e
I.4. Research Objective

The objective of this research is to deeper analyzed and explores the link between Indonesia-Russia closer trade relations towards Indonesia’s greater security. And too maximize the cooperation between both countries.

- To analyze the reason behind Indonesia in maintaining a cordial relation with Russia.
- To explore the challenges and opportunities face by Indonesia in maintaining such a cordial relation.

I.4. Significance of the Study

There are several things that advantages for reader and the writer in this research can give contribution to the society and also the academic community, such as:

- To provide the researcher and to public with recent and detailed information of Indonesia's foreign policy in bilateral relations with Russia Federation;
- To offer such a comprehensive study to those concerned parties as an input;
- To strengthen Indonesia's economic resilience amid the global economic crisis and defense capabilities in Southeast Asia;

This research is significant as it is expected to give a deeper understanding and provide a contribution to the reader about the selected topic. The deeper understanding is about the bilateral trade relations between both country in the Declaration of the Republic of Indonesia and the Russian Federation on the Framework of Friendly and Partnership Relations agreement. "Declaration of the
Republic of Indonesia and the Russian Federation on the Framework of Friendly and Partnership Relations in the 21st Century," as the basic of Indonesia and Russia in bilateral relations. Indonesia would see the challenge and opportunities from the current relations of both countries in diplomatic relations.

I.5. Theoretical Framework

There are two theories that may be fittest to picture of this research, which are the Diplomacy and Trade Diplomacy in bilateral relations.

The emphasis on negotiation is viewed by most people as the essence of diplomacy negotiating a treaty, reaching an executive agreement, or bargaining with another state over the terms of proposed agreement. The emphasis on the states as key diplomatic actor is, of course, consistent with a realist perspective on diplomacy. Diplomacy as stated in the Oxford English Dictionary 'is the management of international relations by negotiation, the method by which these relations are adjusted and managed by ambassadors and envoys, the business or art of the diplomats (Nicholson, 1963).'

Diplomatic relations were one of the instruments of foreign relations, a necessity for every country. Developments in the national and international level are to provide opportunities and greater challenges for the implementation of foreign relations through the implementation of foreign policy. It is based on the consideration that long ago until now none of the countries can stand alone without the holding of international relations. Diplomacy is a way to work together in international relations in order to achieve common interests, which can

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be done by negotiating. As an individual who requires relationships with others, as well as a country cannot detach himself from fellow association of nations, international relations. International relations means each country in the world needs others in foreign relations, its help each country pursue their national interest.

In another explanation of definition about diplomacy, diplomacy is an instrument of international communication and negotiation in making and implementing foreign policy. Indonesia-Russia relations reflect to core value of diplomacy, where the states actors is cooperating the international relations. The bilateral relations between the two countries have been established in new phases by the signing of the Declaration on the Framework of Friendly Partnership Relations between The Russian Federation and The Republic of Indonesia in the 21st Century. This is kind of agreement such as negotiation to implementing of each country’s foreign policy in diplomatic relations of both countries.

Trade Diplomacy was evolving to economic diplomacy. Traditional trade diplomacy was the domain of government officials/diplomats and there was not much involvement of the private sector and the civil society except in some developed countries. With ever expanding economic globalization and associated complexities, economic diplomacy has become an intrinsic part and determinant of the process of formulating and implementing a country’s foreign policy.

Trade diplomacy / economic diplomacy have the same mission which is to boost the increase of economic sectors such as trade, investment and tourism.

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I.6. Scope and Limitation of the Study

The scope and limitation of this research is the year of the Trade Diplomacy issue in Bilateral Relations between Indonesia and Russia Federation. The time framework is during 2003-2012. The researcher chose that period of years to have an overview of what Indonesia could take for its future challenges and opportunities from this bilateral relations Indonesia have had. Begin from governances of Megawati Sukarnoputri (2003-2004), supported by the signing of Declaration Framework of Friendly and Partnership Relations in the 21st Century agreement the relationship of both countries started to rise again. It is to make their relationship more closely and as the basis increasing the bilateral relations in futures among both countries, to be continued later on with the first period of Susilo Bambang Yudhoyono (2004-2009) and the second period of Susilo Bambang Yudhoyono (2009-2012).

The bilateral relations are fully supported by Indonesian government as it is in the foreign policy and also to fulfill Russian national interest. In economic field, the balance of trade in 2012 bilateral trade volume between two countries shows positively growth which value of trade had increased. It means that the bilateral relations have good improvement and that it’s possible to achieve their target in the future. Even the economic relations between the two countries do not have good balance in export and import. It made Indonesia experienced deficit for a long period. The basic of analysis this research ranging from 2003-2012, where to analyze Trade diplomacy bilateral relations between Indonesia and Russia. And provides what are the agreements that were made by the two countries in using diplomatic approach in this period of time. What have Indonesia achieved in bilateral relations with Russia and the benefits to the national interest.

This research will involve of several Indonesian state institutions and organizations in finding out the answer to this problem, namely as: Ministry of Foreign Affairs, Ministry of Trade, Ministry Coordinator of Economic, Indonesian Chamber of Commerce and Industry (KADIN) and others. Then it
used the primary and secondary data and also got accurate data such as over the Internet, books and opinion from an expertise in this interview.

I.7. Definition of Term

**Diplomacy** : is a profession in doing an activity using their skill of managing international relations, typically they are appointed as a country’s representatives abroad, who are called as a diplomat. Diplomat is doing the art of dealing by negotiation with to make a peace, cooperation and agreement on bilateral and multilateral relations. In another words, it is the art of conducting negotiation between states.\(^{32}\)

**Bilateral** : among two countries having cooperation relating on economic, trade, energy, military, governance, health, education and culture to agree in increasing those sectors. It is involving two parties especially between states.\(^{33}\)

**Trade** : the activity and process of buying, selling, or exchanging goods or services of some person. The activity between two countries in full filled their interest.\(^{34}\)

**Military** : relating to or characteristic of soldiers or armed forces: the armed forces of a country.\(^{35}\)

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Cooperation: the action or process of working together to the same end, the formation and operation of cooperatives.36

Agreement: harmony or accordance in opinion or feeling. a negotiated and typically legally binding arrangement between parties as to a course of action.37

I.8. Thesis Structure

This thesis consists of five chapters and the outline can be observed in figure above. It starts with introduction followed by Problem Identification, Statement of the Problem, Significant of Study, Theoretical Framework, Scope and Limitation of the Study, Definition of Term and Thesis Structure. And the several chapters as follows:

Chapter I is an introduction, among other things explains the Background of the Study, Problem Identification, Statement of the Problem, Significance of the Study, Theoretical Framework, Scope and Limitation of the Study, and Thesis Structure it-self.

Chapter II is contained clusters of literature reviews on a simple summary of the study. A summary is a recap of the important information of the resource that connected with this thesis discussion.

Chapter III is about Research Methodology. This chapter explained to the reader about the thesis, which is used qualitative technique, the concepts, and theoretical model to provide solutions.

Chapter IV is the background in the Indonesia-Russia bilateral diplomatic relations, more telling about both countries foreign policy, in supporting the bilateral relations.

Chapter V is the core discussion of the thesis. The researcher put the analysis of data and interpretation of result in this chapter. This is about the basic of the Republic of Indonesia and Russia Federation bilateral relations in doing trade relations on the Framework of Friendly Partnership Relations in the 21st Century.

Chapter VI is the researcher writing the conclusion and recommendations after analysis the case of the topic discussions. And it became a summary of the whole study.
CHAPTER II
LITERATURE REVIEW

II.1. Introduction

This Chapter will review on “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security”. And it is consist of one book and six journal articles. The researcher did an analysis of figures from books and journals. It will help this thesis to find the similarities and as a reference of other literatures perceptions to topic discussion this thesis. In other way, the purposes are to find the similarity (compare), the difference (contrast), synthesize and summarize.

II.2. “Seminar Sejarah 50th Tahun Hubungan Diplomatic Indonesia-Russia, 2000”

This book is presenting of several articles especially discussing of the 50th Indonesia-Russia bilateral relations. There are three articles were selected for the research reviewed on this thesis.

There are several literatures discussing about the bilateral relations significance to both national between Indonesia and Russia, most of them try to explore detailed ups and down these relations. First by H.E. Prof. Dr. John Ario Katili, he review in 2000 on the era of renaissance of the Russian-Indonesian Cooperation, as Indonesia gradually recovering from its economic crisis and Russia’s economic firmly stabilizing, Katili optimistic that business relations could be enhanced. Tourism will flourish and cooperation in various field could be improve not only in Moscow but also in the region. With the future establishment of a joint commission and the implementation of other agreement and accords new venues of cooperation could be envisaged. Indonesia and Russia have much in common developed the economic potentials. The two countries are a large domestic market could also serve as a factor to increase the trade volume.
It is envisaged that with vigorous effort from both sides, Indonesia-Russia’s trade volume could surpass its previous performance. In the middle of the sixties, significant transfer of know-how in mineral exploration, steel making and the use of modern Russian weapons took place. It is expected that based on the past experience in the future Russian know-how will be transferred more fluidly especially for peaceful purposes.38

This book describes the progress of bilateral relations between the two countries at that time. Progress is visible from some cooperation that has been carried out by both countries, there are number of areas where bilateral cooperation is particularly fruitful to both countries among other tourism and military. Such as in field of tourism, the number of Russian tourists visiting Indonesia has increased, in the petroleum industry, in telecommunication satellite Indonesia’s private Consortium, other areas that might be interesting to explore are cooperation in the field of mining, water-treatment, agro-industry and fishing.

Moreover, there exist in Russia various sophisticated technologies that could be used in Indonesia, they are competitive to western technologies and available at an affordable price. There were several agreements that both countries signed in the field of economic relations. Trade Agreement could be fully implemented as both countries have fulfilled the legal requirements necessary for the agreement to come into force. As for the other two agreements we hope that all the legal requirements could be fulfilled in the near future.39

According to the book, the cooperation between the Indonesia and Russian armed forces should be intensified. A memorandum of understanding regarding the improvement of relationship between our two countries has already been signed but has not yet been implemented due to the prevailing economic crisis. To prevent Indonesia’s dependence on western military equipment it is urged that

more realistic action be undertaken by Russia in enhancing the latest armed products. As an archipelago consisting of thousands of islands, Indonesia need strong defense system in term of warships aircraft, amphibious tanks, others to protect the territories. Ways and means should be developed by both parties to finance this enterprise be it by export credit, barter, etc. training of Indonesian military personnel by Russian experts is also paramount importance and we hope that it will be implemented. Bilateral relations could also be used as a means to gain a bigger market share with countries in the East Pacific and the Central Asian Republics. In turn, this would also create a more balance situation in the global trade between developed and developing nation.\footnote{Katili, John Ario, Seminar Sejarah 50 Tahun Hubungan Diplomatik Indonesia-Rusia, Remarks on the History of the Fifty Years of Diplomatic Relations Between Indonesia and Russia, Moskow 2000, p.16.}

This book also reviews the progress of bilateral relations. Both countries have improved bilateral relations after the Global Crisis that rocked the two countries in the twentieth century. It can be an opportunity to further increase bilateral cooperation and trade economic field. It proves that the cooperation between the two countries in general begins with the role of government and followed by private sector employers and each country. And also the role of parliament in Russia and Indonesia fifty years (1950-2000) is dependent upon the role of government (especially military and party) in their respective countries. Indonesia wanted to strengthen the defense looks country by cooperating with Russia. Which, Russia has a good progress in the field of military technology and their industry.\footnote{Ibid}

A written by H.E. Mikhail M. Bely, the briefly review the history of the beginning Indonesia-Russia bilateral diplomatic relations. The article conveys of several thing about cooperation the two countries led to major developments in the fields of trade, economic and industry. Which is begins with several times of the state visit between both countries. The state visit of President Suharto to Moscow in 1989 became a major event, in the course of which a mutual interest for broader cooperation in all fields, and first of all in the trade/economic sphere, was confirmed and the Declaration on the Foundation of Friendly Relations and
Cooperation between our countries was signed which still remains well. After Indonesia recognized the Russian Federation as a successor of the Soviet Union in 1991, the Indonesia Leadership repeatedly started its desire to develop bilateral relations in all spheres. Regular exchanges of messages by leader of two countries concerning bilateral relations and a broad range of pressing international problems have become a tradition.\textsuperscript{42}

 Annual consultation between the foreign policy departments of the two countries that started in 1988 have proved useful. Economic interaction with Indonesia, which has not fully used its potential yet, acquires particular importance today. The present level of the Russian-Indonesian commercial ties with the trade turnover of no more than 100 million US Dollars last year obviously corresponds to neither requirements nor capacities of both countries. Russia is ready for closer cooperation with Indonesia as two friendly states are interested in preventing the development of military alliance structures within the Asia-Pacific Region (APR) in the conditions of changing balance of power. Such as large countries both countries firmly advocated respect for sovereignty and territorial integrity of states, respect for the UN Charter and Indonesia foreign policy.\textsuperscript{43}

 The following article was written by H.E. R.M. Mohammad Choesin. Economic cooperation in the Indonesia-Russia bilateral relations is acquiring a special significance. Therefore, both sides continue their efforts promoting this sphere of cooperation. During the visit Russian delegation to Indonesian and signed of several agreements. Indonesia and Russia are interested in maintaining security and stability in the Asia-Pacific region and the world upon the whole, in a joint search of solution to existing problems by political not military/force means. Both country firmly advocated respect for sovereignty and territorial integrity of states, respect for the UN Charter, consideration and esteem of national values.\textsuperscript{44}

\textsuperscript{44} Choesin, Mohammad. (2000). “Seminar Sejarah 50 Tahun Hubungan Diplomatik Indonesia-Rusia”, Address on the History of the 50 Years Diplomatic Relationship between Indonesia and Russia, Moskow 2000, p. 47.
In addition, Prof. Dr. Vladimir I. Peckurov successfully concluded several points regarding bilateral relations in the past. The bilateral relationship is the result of the interaction of both parties is acting based on their own national interests. But the notion that the national interest is always ambiguous: the attractiveness of the dragging us toward idealism "equally as happy", "world proletariat unite!", "One hundred percent free", "Independent and active", "fairly affluent". While the second appeal that drags people towards pragmatism that ensure the survival of the nation in line with the increase in welfare and its ruling class her friends.45

It describes how great a desire to build healthy bilateral relations between the two countries. Both countries in the past were powerless effort escaping from fraud and dualism that has weighed on our bilateral relations during the last decades (1990-2000). However, the most we are prioritizing is a positive experience accumulated in the process in cooperation are bilateral relations objective should bring benefits to both countries; relationships must be free from any sort of connection no matter how flashy he argued (ideological, politics, moralistic and so on); Integrated Efforts should target the development of both nations a multipolar world that provides the possibility for each nation to run a truly politically independent and active.46

46 Ibid
II.3. “Commercial Diplomacy and International Business” by Michel Kostecki and Olivier Naray, 2007

The researcher believe that using only one literature as the reference in writing this thesis is insufficient recalling the broad and vary understanding towards economic diplomacy. The journal has a significant explanation of the role of commercial diplomacy involves closely to the research of this thesis. This study has significant relevant relationships with discussion of this thesis. The researcher decided to analyze a journal by Olivier Michel Kostecki and Naray (2007).

Commercial diplomacy is a significant factor in the on-going process of globalization, yet there is a shortage of empirical research on this activity. First, it is interpreting the result of an empirical study conducted among diplomats and managers and identifies three dominant types of commercial diplomats: civil servant, generalist and business promoter. Second, it shows how commercial diplomacy distributes to the promotion of international trade and corporate partnership, to the resolution of business conflicts and the marketing of a country as a location for foreign investment, tourist destination or R&D activities and made-in. Finally, it shows the current trends in commercial diplomacy, examines the determinants of its value chain and service fees and makes a number of suggestions on how to improve performance given the growing willingness of government to emphasize the business promotion approach.47

Diplomacy is usually described as the main instrument of foreign policy enabling the management of external relations of a state by communication with foreign authorities and publics, as well as through the process negotiation and networking. Diplomacy activist may take place on the international level (bilateral, regional or multilateral) or within the host state (for example, relations with government departments, civil servants, parliament, NGOs, business organizations, corporation and so on). Commercial diplomats perform their main

activities in the host country and are usually staff members of a diplomatic mission or a trade promotion organization (TPO) / investment promotion agency (IPA). The term commercial diplomats are stands for all different denomination that commercial diplomats might official receives such as commercial counselor, commercial attaché, trade representative, commercial representative.48

The journal gave a review that on an example, such as Porter (2004) says that concentrates of the Canadian experience and focuses on the added value of the commercial diplomat’s functions. Rose (2005) has suggests that export development is encouraged by diplomatic representations aboard. Using a cross section of data covering twenty-two large exporters and two hundred import destinations, the author shows that bilateral exports rise by approximately 6-10 per cent for each additional consulate abroad.49

In conclusion, is to determine the role of commercial diplomacy has been utilization. And it concentrates on the role of commercial diplomacy in international business. Its objective is: first, to assist managers and government in considering how to better use and improve commercial diplomacy and second, to provide researchers with a foundation for future systematic investigation. With reference to the letter objective we devised a model that explains the commercial diplomat’s role in the process of business internationalization. Regarding to the bilateral relations, it is very helpful in increasing the volume of trade. Government is not going to work alone, but with the help of other government agencies and private industry sector. The explanation above is to encourage more effective government performance and more creatively to improve and achieve their national interest in the field of trade diplomacy / economic diplomacy.50

48 Ibid
50 Ibid

The other journal which the researcher believed as relevant with the discussion of this thesis is papers in written by Raymond Saner and Lichia Yiu. The researcher has to admit this literature is one of the comprehensive sources when it comes to the discussion of trade diplomacy in specially the bilateral trade relations. The journal review the mutation of economic diplomacy in a post-modern environment where traditional state-to-state diplomacy is being fragmented and made more complex due to the participation in international economic relation of growing number of non-state actors and an increasing number of other government ministries.  

As Scholte (2000) suggested, globalization involves the growth of “supraterриториal relations” among people. As part of the driving force behind the processes of globalization, firms have been engaged in rapid expansion through merger and acquisition (M&A) and other forms of cooperative joint venturing, while at the same time intensifying efforts to influence domestic and international policies in their favor. Increasingly, transnational companies (TNCs) form cross-territorial alliances in order to coordinate their policy positions and to strengthen their lobbying effort vis-à-vis international regulatory and governance bodies.

The journal suggest that the Ministries of Foreign Affairs need to expand their institutional capabilities in dealing with non-state actors and other government ministries and learn to manage the multiple boundaries of today’s complex economic and political realities. In similar fashion, nation states are also engaged in fierce competition for economic gains and at the same time seek cooperation with other like-minded states in order to shape regulatory institutions in their favor. Countries also compete with each other to attract foreign direct investment, push other countries to gain market access for their national

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52 Ibid, p. 2.
companies and attempt to protect their domestic markets by covert or overt trade barriers.\textsuperscript{53}

Increase of Diplomatic Actors is explaining related to modern diplomacy, the application of intelligence and tact to the conduct of official relations between the governments of independent states. The statement has implicit meaning that diplomacy is the exclusive domain of the Ministry of Foreign Affairs (MOFAs). However, globalization and democratization have rendered the professional boundaries of diplomacy more porous and put into question the territorial claims of the traditional diplomats. Alternative diplomatic actors have emerged within and outside the state and often act independently from the Ministry of Foreign Affairs. Diplomacy as a profession has undergone changes in terms of definition, qualification and role expectation of what a diplomat is or is not supposed to do.\textsuperscript{54}

Seen from this perspective, it seems necessary that the different actors in the enlarged scope of the postmodern diplomacy acquire additional competencies to engage constructively in policy dialogue. Instead, it should also be more likely that MOFAs state and diplomats learn to adapt their traditional roles and functions from being inward looking, exclusive and secret actor to become a diplomat more affordable, inclusive and continue to seek out the possible inclusion of other actors into their states of actor-non-state actors. Ministries of Foreign Affairs are no longer the sole guardians of diplomacy. Instead they have to share the diplomatic “space” with other ministries and learn to constructively engage non-state actors in a dialogue through proactive consultations and futures oriented cooperation to ensure legitimacy of policy decisions and security of policy implementation.\textsuperscript{55}

In conclusion the sustainable development in the context of globalization and postmodern environments requires effective representation of the key stakeholders including MOFAs, the other ministries with economic policy

\textsuperscript{53} Ibid, p. 2.
\textsuperscript{55} Ibid, p.37.
competencies, internationally active enterprises and transnationally active NGOs. Since the relationship between these multiple stakeholders and constituencies can be difficult, it is of paramount importance that all six forms of diplomacies are represented in the most competent manner possible to ensure sustainable economic development with the highest possible equity across political and geographical boundaries. So also with Indonesia, as a country that follows the development of globalization. Indonesia in general has similar systems with every country in running their foreign policy. MOFAs are one of the actors who will develop the Indonesian economic diplomacy, and in the postmodern context MOFAs should not work alone but can cooperate with other ministries, NGOs and private sectors.56

II.5. “Comparing Global Influence: China’s and U.S. Diplomacy, Foreign Aid, Trade, and Investment in the Developing World” by Thomas Lum

The other journal which relevant to discuss and has relevant with this thesis. Journal written by Thomas Lum and friends give some similarities with this thesis about. This journal review about the People’s Republic of China’s (PRC) and U.S. projections of global influence, with an emphasis on non-coercive means or “soft power,” and suggest ways to think about U.S. foreign policy options in light of China’s emergence. It explained that U.S. foreign policy interests, China’s rising influence and its implications for the United States, the global public images of the two countries and describes PRC and U.S. uses of soft power tools, such as public diplomacy, state diplomacy, and foreign assistance. It also examines other forms of soft power such as military diplomacy, global trade and investment, and sovereign wealth funds.57


China and the United States use tools of soft powers in different ways and with varying effects. Since the mid-1990s, the PRC has adopted an increasingly active and pragmatic diplomatic approach around the world that emphasizes complementary economic interests. China’s influence and image have been bolstered through its increasingly open and sophisticated diplomatic corps as well as through prominent PRC-funded infrastructure, public works, and economic investment projects in many developing countries. Meanwhile, some surveys have indicated marked declines in the U.S. international public image since 2002. Some foreign observers have criticized U.S. state diplomacy as being neglectful of smaller countries or of countries and regional issues that are not related to the global war on terrorism. According to some experts, U.S. diplomatic and foreign aid efforts have been hampered by organizational restructuring, inadequate staffing levels, and foreign policies that remain unpopular abroad. Despite China’s growing influence, the United States retains significant strengths, including latent reserves of soft power, much of which lie beyond the scope of government. Furthermore, by some indicators, China’s soft power has experienced some recent setbacks, while the U.S. image abroad has shown signs of a possible renewal.58

The PRC has captured the attention of many developing countries due to its pragmatic approach to diplomacy, the ways in which the government links diplomacy, commerce, and foreign aid, and the dramatic expansion of its global economic influence. Since the end of the Cold War and the acceleration of China’s economic take-off in the mid-1990s, Beijing’s “win-win” diplomatic style has featured greater accommodation and an emphasis on short-term, common economic interests. In the past several years, China’s proliferating trade, investment, and foreign aid accords with other countries, made possible by its own rapid development, have stressed mutual benefits. Through these agreements, China has gained markets for its goods, access to raw materials, and international esteem while providing other countries with foreign investment and aid projects without imposing conditions such as political and economic performance criteria.

China’s style of diplomacy and its foreign policy principle of “non-interference” have been characterized as sensitive to local conditions rather than imposing standards. Many countries appear to appreciate this style.\(^{59}\)

From journal Thomas Lum said that China’s growing soft power in economics and diplomacy are the central, mutually reinforcing components of China’s growing soft power. Trade, investment, and aid particularly that which involves gaining access to raw materials for China’s development, are behind much of the PRC’s recent inroads throughout the developing world. Security and strategic concerns and goals also play prominent roles in China’s soft power projections. Regarding of this journal have related of the thesis that how Indonesia chooses and running their foreign policy through economic diplomacy for their national interest towards Russia.\(^{60}\)

II.6. “Commercial Diplomacy in Advanced Industrial States: Canada, the UK, and the USA” by Alexander Mercier 2007

The next literature is a journal from discussion paper in diplomacy written by Alexander Mercier. In common discussion of this journal is review about Commercial Diplomacy in advance countries such as Canada, the UK and the USA. Mercier said that commercial diplomacy is a difficult concept to understand and it often confused with economic diplomacy relations. The work done by the government to promote both exports and inward investment summarizes what commercial diplomacy is all about. Governments play a major role but they do not act alone and the private sector is intimately involved in commercial diplomatic activities. If both export promotion and inward investment promotion are individually well dokumented, few attempts have been made to consider them together.\(^{61}\)

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This journal asserted that in this globalization era, the two activities are becoming increasingly interlinked, and this underscores the relevant of this research. The practices and processes adopted by the USA, Canada and UK to pursue commercial diplomacy - be it the use of trade mission or trade fairs, the pricing of services, cross-fertilization, or the use of information and telecommunication technologies are often similar. However, the structures and mandates adopted by their governments vary significantly. Through the three case studies, this research identifies the differences in structures, mandates, and practices, and it explores possible reasons that explain them. Event Indonesia in their own way to interaction with other countries is may have similarity with the advance countries above.\textsuperscript{62}

II.7. “Between Economic and Security Interests: Russia’s Return to the Indonesia Archipelago” by Ingor Wandelt

The next journal was written by Ingor Wandelt. This journal review on the phenomenal of Russia and Indonesia from the beginning started strategic relations, starting from the signing of eight bilateral agreements between the two governments in key fields of strategic cooperation throws some light on the strategic interests of both Russia and Indonesia in the. Although the consequences will be long-term and hardly earth-shaking, the agreements will contribute to an ongoing process of post-Cold-War developments in a multi-polar world. Insular South East Asia has become an arena of international competition in various sectors, and Indonesia is keen to take advantage of the situation in her quest for a more self-determined position in world politics. This studies is very relevant for this thesis, the literature has explores the Indonesia - Russia relations in the economic fields to pursue security interest of both nations.\textsuperscript{63}


This journal asserted the message that Russia has arrived in the Archipelago and its largest state and place to stay. Russia is a welcome partner for seeking alternatives to and more independence from past ties. Established may disintegrate, but the archipelago will diversify and rise to become an arena for international competition in many fields. The governments of Megawati Sukarnoputri (2001-2004) and Susilo Bambang Yudhoyono (since 2004), have begun to put Indonesia on a new path toward a more self-determined position in the multi-polar world order, thereby following the direction given by the country’s foreign policy motto Independence and active.64

The emerging Russian-Indonesian cooperation is a convenient case-study of how a resurgent former-Empire establishes footholds in the largest state of the archipelago that once was firmly in the Western sphere of influence. Begin from the event of the both countries does appear the historical reference in a sense also reaffirmed what was once a major weapons buying relationship between the two countries, indicating that the relationship cannot be seen as purely economic. In the late 1950s Russian-Indonesian relations were at their peak, when the Soviet Union provided the bulk of the Indonesian military hardware and large weapon systems. Under President Sukarno, the well-armed country in the region, bilateral ties cooled after anti-communist former president Suharto came to power, and Indonesia’s security sector came under the tutelage of the United States.65

President Putin reaffirmed historical ties in his address to his host, President Yudhoyono, when he referred to the early 1960s as “the golden age of Indonesian-Russian relations.” Passed through a long history finally, Indonesia has gained an important role in the international, it influence the reputation, as it was elected a non-permanent member of the UN’s Security Council and has engaged in UN peace missions. President on 16th August, 2007 declared the

successful end of the country’s fight against terrorism. Indonesia’s economic outlook is generally seen in a positive light.\textsuperscript{66}

The deal done is the most important part of the bilateral agreements is a defense equipment deal for Indonesia to buy USD 1 billion worth of yet unspecified Russian weapons within the next 15 years. More immediate are Indonesia’s plans to purchase heavy armaments at a total value of USD 850 million. The most valuable package for Indonesia’s defense capabilities, however, is for the Air Force and Navy. Six units of Sukhoi combat planes - three Su-27 and three Su-30 types will add to the two Su-27s and two Su-30s already purchased by the previous Megawati Sukarnoputri administration. The purchase of more Kilo Class diesel submarines will not upset the military balance in the region, but may accelerate the regional arms race. The overall deal benefits all three branches of Indonesia’s National Armed Forces (Tentara Nasional Indonesia, TNI) equally.\textsuperscript{67}

In a conclusion Wandelt asserted that Russia has the potential to challenge the established position of the West in Indonesia. It has successfully established footholds in key markets in Indonesia and outlined a long-term strategy to become a player in the Indonesian economy. Russia won’t change Indonesia’s complexion over night, but will make its mark felt in the very long run. Its approach to win “the hearts and minds” of the Indonesian leaders and their society is worth close observation. It is far too early to outline the extent of changes Russia will bring to the region. But it is enlightening to understand the consequences for Indonesia’s stand in the region. The country has been given alternatives to Western military products and will use that to establish a more distanced policy towards the West. Whether the newly emerging powers that are currently leading to multi-polarity in the region, will replace old dependencies with new ones, and to what extent Indonesia will become more independent by exploiting the multi-polar world

\textsuperscript{66} Ibid, p. 2.
order, remains to be seen. But whatever the outcome, Southeast Asia demands our attention.68

II.8. “Economic Diplomacy as a Phenomenon of International Life” by A. Savoysky

The next literature is written by A. Savoysky. From the journal of International affair: Summary no2, 2013, A Russian Journal of World Politics, Diplomacy and International Relations. This journal is relevant to chosen to discuss and has similarity to this thesis. In this journal Savoysky says that the economic diplomacy as a special or even priority type of diplomacy is found at the crossroads of the foreign policy, foreign economic course and foreign economic activity of any state and is an instrument this state employs to pursue its foreign policy aims. Interstate trade demanded more than visits of consuls. Developing trade called for in-depth market studies and protection of interests of industrialists and merchants in other countries.69

This literature explain the century fast economic growth and capitalist relationships as well as colonial rivalry of European powers In the 18th and merging of political and economic interests of the states can be described as a form of "primitive economic diplomacy" population was growing, the banking system and the market were rapidly developing, raw materials were processed, colonial trade flourished, more and more money was poured into real economy. This caused serious economic problems for a number of states. It was at that time that society and the political class started thinking about economic development.70

This study elaborates the history of shifting national interest. And what happened was in Europe diplomats were involved in setting up numerous trade companies, outlined the spheres of influence and discussed exclusive mining and oil

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68 Ibid
70 Ibid
extraction rights. In World War I killed old diplomacy, after new diplomacy was born after the war. Such as raw materials, oil as the geostrategic resources in the first place to became all-important. During world wars II, diplomacy and economic cooperation came to the fore because of an obvious need to buy weapons, military outfit and foodstuffs. From this journal can be summarize that the merging or mutual penetration of the state's policy and its economics when dealing with its foreign economic course and its foreign policy activity as a whole designed to ensure its strategic and economic interests by diplomatic means. ⁷¹

II.9. Chapter Summary

Topic of thesis Indonesia – Russia bilateral relation, there are several of literatures that relevant to review with the thesis. From the book of “Seminar Sejarah 50th Tahun Hubungan Diplomatic Indonesia-Russia” and journal of “Between Economic and Security Interests: Russia’s Return to the Indonesia Archipelago” The author reviewing the Indonesia and Russia bilateral relations in diplomacy relations, trade, economic, even military relations. The development of bilateral relations between the two countries, Others journal are more likely to discuss about economic diplomacy and commercial diplomacy, where there are some similarities in the sense of trade diplomacy that relevant with the thesis topic.

⁷¹ Ibid
CHAPTER III
METHODOLOGY

III.1 Research Method

The study was conducted with a qualitative method of research, the researcher as the primary instrument for data collection and processing or analysis of data, as well as highly focused attention on the process and the meaning of an event under investigation, which includes examining, analysis and interpreting observation on the state affairs. The researcher also uses Library Research method which includes analyzing the historical records and documents available.72

This research will be conducted as a descriptive research, which is a type of research that seeks to provide a picture as clear as possible about the aspects discussed. As for the data collection methods used in this study is the library research such as document review and critical incident reports which is a theoretical benchmark research to acquire by way of sulking library books that anything to do with the title researchers, and then quote basic thoughts are considered to support the research title. This research are used descriptive methods of analysis are explained in descriptive by views Indonesia-Russia bilateral diplomatic relations limited to 2003-2012 in the each governance and balance of trade of two period with the Indonesian military posture.73

The primary sources that are utilized in this research rely on the published official document from Ministry of Foreign Affairs Republic of Indonesia, Ministry of Trade Republic of Indonesia, the National Statistics Agency, International Trade Centre, Statistical, Books, and article from the internet. Meanwhile, the secondary sources come from newspapers, journals, and published scholar’s papers. The presentation of the data in this research will use several texts, table, and other appropriate methods.

III.2. Research Framework

This research study titled “The Link Between Indonesia-Russia Closer Trade Relations Towards Indonesia’s Greater Security (2003-2012)” scale from 2003-2012.

Diplomacy is a way to work together in international relations in order to achieve common interests, which is done by negotiation. Negotiation on bilateral relation is cooperation among two countries or multilateral relation more than two countries. The issues diplomats are on peace-making, trade, war, economics, culture, environment, and human rights.74

Economic diplomacy has evolved from Trade diplomacy. Traditional trade diplomacy was the domain of government official/diplomats and there was not much involvement of the private sectors and the civil society except in some developed countries. Trade diplomacy is a way of cooperating is done by negotiating in achieving foreign policy interests with a country, carried out by government official, Diplomats and some private sectors.75

Trade diplomacy is an effective tool to boost their national interest. Government official and Diplomats and some private sectors are the actors of trade diplomacy. Such as Ministry of Foreign Affairs, Ministry of Trade, Chamber of Commerce both countries, Embassy of Indonesia in Russia and Embassy of Russia in Indonesia they are elements of the state that is used to negotiate.76

The figure is explaining with systematical and logical picture about the relationship of research variables in chart together with the narration or essay about the inter-variable relation. Through the diplomacy Indonesia and Russia has established international relations and cooperation. Indonesia and Russia established bilateral relation is based on formulating and implementing a

country’s foreign policy, especially in the field of economics where include the trade.

Indonesia-Russia is implementing the diplomacy to achieve each country’s common interest. Cooperation conducting of two countries such as Indonesia and Russia is called bilateral relations. Indonesia-Russia bilateral relations is concerning to increase many sectors. Nowadays, the most exist in their bilateral relations is in the trade sectors. The trade relations between Indonesia and Russia have been increase as well in this 21st century. The increasing of trade diplomacy has affected the greater increase security particularly Indonesia. The all of explanations the researcher provide with the simple picture of scheme below.

![Diagram of Indonesia-Russia Diplomatic Relations]

Scheme III.1. The Research Framework

Indonesia-Russia Diplomatic Relation has established bilateral cooperation forum such as Joint Commission Meeting Cooperation of Trade, Economics and Technical & Commission on Military Technical Cooperation and many more. The
cooperation gives opportunities to both countries to increase trade volume, value of trade going positive year by year. And Indonesia has increased their defense capability because of the military equipment purchases from Russia. Indonesia’s greater increase security has been start shown in this 21st century. For further and detail explanation of Indonesia-Russia diplomacy relations there will be elaborate more on chapter V.

**III.3. Research Time and Place**

Place of research: President University Student Library  
Ministry of Foreign Affairs Republic of Indonesia Library  
The Writer’s Home

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**Table III.1. Research Timeframe**

**III.4. Research Instruments**

Internet – The researcher will use the internet as an instrument of sources to search any document necessary in supporting the research. Internet is the core tool of making the world more borderless. It has an amazing role in research by providing information researchers would not hope to access through their home two decades ago. Other means it helps the writer to search data and information
from many years ago from many sources include primary either secondary sources.

Reports – In every project on Indonesia – Russia bilateral relations, Ministry of Foreign Affairs, always published a Project Document and constant Project Reports. These reports are crucial to the research as they include substantial and detailed information about the project. From situational analysis, strategy, output, risk assessment and results, the writer gains most of project-related information through these reports. A side from bilateral relation reports, as well as regional or international Trade Diplomacy alliances reports. The data and information are very useful to for the analysis. Furthermore, the researcher uses other report from primary sources.

Publications – Aside from reports, another way on which primary source such as Ministry of Trade Republic of Indonesia endeavors to keep transparency for the public about the Trade of Balance, Ministry of Foreign Affairs of Republic Indonesia to proof the agreements of both countries, Russian Embassy in Indonesia, Indonesia Embassy in Russia. This publication helps the writer understand in more detail the condition of economics growth in trading and the impacts of bilateral relation to them. Many of the stories told here are personal so it gives a better image of what was happening in current relation of both countries.
CHAPTER IV
BACKGROUND IN THE INDONESIA-RUSSIA RELATIONS

IV.1 The Foreign Policy of Indonesia and Russia

This chapter is to deliver the foreign policy of Indonesia and Russia, as the basis of policy making by the governments in the context of international relations by the effort to achieve the national interest both countries. This improvement, in addition based on the national interests of each country, as well as philosophical common ground between Indonesia and Russia on the importance of cooperation and collective leadership in international relations to solve global problems.\(^77\) The Indonesia-Russia bilateral relations between is currently at levels created government to government (G to G contact), level among business actors (B to B contacts), inter-community (P to P contacts), inter-media, inter-religious leaders, community organizations and other.\(^78\)

Indonesia and Russia have been developing their friendly and mutually beneficial contracts since the establishment of their diplomatic relations on February 3, 1950. After the break-up of the Soviet Union, Indonesia recognized the Russian Federation on December 28, 1991. Several exchange visits of high-ranking official from both countries took place, since then relations between Indonesia and Russia have improved tremendously. Both countries have been able to develop deeper understanding to maintain their close and mutually beneficial


cooperation in various fields such as disarmament, human rights, environment, education, military, social, culture, and trade investment.\textsuperscript{79}

**IV.1.1 Indonesian Foreign Policy**

The preamble of Constitution of the Republic of Indonesia 1945 stated that the Indonesia’s national interest is to protect the whole Indonesian nation and the homeland of Indonesia, the intellectual life of the nation, promote the general welfare, and participate in the establishment of a world order based on freedom, lasting peace and social justice. Foreign policy is independent and active to realize one of the national interests. Preamble of 1945 Constitution of the Republic of Indonesia from the first paragraph and the fourth is the basic of the state in implementing the foreign policy of Indonesia.\textsuperscript{80}

Achievement of Indonesia's national interests in the international world is affected by changes in the strategic environment in both the global and regional level that provides a challenge and an opportunity for the achievement of that interest. In the current era of globalization, the world order is changing more rapidly. Indonesia is expected to act quickly and wisely in conducting foreign policy in order to take advantage of the opportunities and challenges of optimally changing strategic environment.\textsuperscript{81}

Learn from the past experience, Indonesia couldn’t just depend on single source purchase military equipment, perhaps there are political dynamics, and then there is an embargo and others. The consideration is to complement Sukhoi

\textsuperscript{79} Katili, John Ario, Seminar Sejarah 50 Tahun Hubungan Diplomatik Indonesia-Rusia, Remarks on the History of the Fifty Years of Diplomatic Relations Between Indonesia and Russia, Moskow 2000, p.13-14.


aircraft, so Indonesia have a procurement sources are diverse, not only from a single country, as well as other.\textsuperscript{82}

Indonesia's history has been embargoed by the United States, is not a proper reason for Indonesia in choosing Russia to cooperate in the interest of military defense. Indonesia has never been hostile to western countries. However, Indonesia only shows that open cooperation with Russia is streamlining efforts to return the practice of foreign policy independent and active. Indonesia wants to maintain a balance in meeting the needs of a large order is not too inhibited, either by political barriers or other obstacles.\textsuperscript{83}

Indonesia’s foreign policy and the principles of the foreign policy marked on September 2, 1948 at Yogyakarta in Central Java, for the first time the principles underlying Indonesia's foreign policy were described by Mohammad Hatta. In the Indonesia Youth of National Committee (KNPI), originated from the Indonesian Parliament, Vice-President Hatta, concurrently Prime Minister and Minister of Defense of the young Republic clarified the Government's stand on various domestic and international issues. Indonesia should not be hostile to the foreign country or a group of friends with one of the countries in Cold War between Russia and America. Hatta stated: "Do we, Indonesians, in the struggle for the freedom of our people and our country, only have to choose between Russia and America? Is not there any other stand that we can take in the pursuit of our ideals?"\textsuperscript{84}

The Government has a firm opinion that the best policy to adopt is one which does not make us the object of an international conflict. On the contrary, we must remain the subject who reserves the right to decide our own destiny and fight for our own goal, which is independence for the whole of Indonesia.

\textsuperscript{84} Indonesia’s Foreign Policy/The Principles Of The Foreign Policy, Retrieved 21/12/13 24.10 from: http://www.embassyofindonesia.org/foreign/foreignpolicy.htm
(Mohammad Hatta, Mendayung Antara Dua Karang, 1976). From the statement was an indication of the golden mean Indonesia would take in international relations, which later became known as "mendayung antara dua karang" ("rowing between two reefs").

Indonesia foreign policy is “independent and active”. These principles are the foundation of Indonesia's foreign policy, which is independent and active. The policy is independent because Indonesia does not side with world powers. As a matter of principle, so doing would be incompatible with the country's national philosophy and identity as implied in Pancasila.

The foreign policy is active to the extent that Indonesia does not maintain a passive or reactive stand on international issues but seeks active participation in their settlement. In other words, Indonesia's independent and active policy is not a neutral policy, but it is one that does not align Indonesia with the super powers nor does it bind the country to any military pact. Essentially, it is a policy designed to serve the national interest while simultaneously allowing Indonesia to cooperate with other nations to abolish colonialism and imperialism in all their forms and manifestations for the sake of world peace and social justice.

These will explain the primary objective of Indonesia’s foreign policy. The pursuit of the objectives has related of resolution no. II/MPR/1993 of the People's Consultative Assembly outlines Indonesia's foreign relations. Any country's foreign policy is a reflection of its national aspirations vis-a-vis the rest of the world. It is a component of the country's geopolitical strategy. Based on these premises, the primary objectives of Indonesia's foreign policy are:

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85 Indonesia’s Foreign Policy/The Principles Of The Foreign Policy, Retrieved 21/12/13 24.10 from: http://www.embassyofindonesia.org/foreign/foreignpolicy.htm
86 Indonesia’s Foreign Policy/The Principles Of The Foreign Policy, Retrieved 21/12/13 24.10 from: http://www.embassyofindonesia.org/foreign/foreignpolicy.htm
87 Indonesia’s Foreign Policy/The Principles Of The Foreign Policy, Retrieved 21/12/13 24.10 from: http://www.embassyofindonesia.org/foreign/foreignpolicy.htm
88 Indonesia’s Foreign Policy/The Principles Of The Foreign Policy, Retrieved 21/12/13 24.10 from: http://www.embassyofindonesia.org/foreign/foreignpolicy.htm
- To support national development with priority on economic development, as set out in the Five-Year Development Plans;
- To preserve internal and regional stability conducive to national development;
- To protect the territorial integrity of Indonesia and safeguard the peoples place of abode.\(^9^9\)

**IV.1.2 Russian Foreign Policy**

Russia’s foreign policy during the presidency of Boris Yeltsin in 1991 until 1999 is mostly pro-Western at that time. After the collapse of the Soviet Union at the end of 1991, Russia was recognized by states around the world and international organizations as the Soviet Union’s successor. As an independent state it now had to work out a new foreign policy strategy. This process was rather controversial due to the lack of clarity in Russia’s new identity, which had to replace communism and Cold War ideology.

Nevertheless, from the first days of Russia’s independence, the West was defined as its political ally, a prototype for Russia’s economic and political development, and, finally, as a potential source of financial assistance which was desperately needed for economic reforms. This type of worldview was especially widespread in the immediate aftermath of perestroika and the demise of the Soviet Union, and exemplified by the so called Kozyrev diplomacy, an explicitly pro-Western stage in Russian foreign policy associated with Russia’s first Foreign Minister. It is at this time that the ideas of Russia’s eventual membership in NATO were aired. Andrei Kozyrev’s avowed interest in strategic partnership with the West was based upon a number of shared premises, first of all, the desirability of bolstering multilateral institutions and support of universal human values as distinct from narrow national interests.

\(^9^9\) Indonesia’s Foreign Policy/The Priciples Of The Foreign Policy, Retrieved 21/12/13 24.10 from: http://www.embassyofindonesia.org/foreign/foreignpolicy.htm
Kozyrev’s worldview was grounded in recognition of the “centrality of the United States as the only truly global power. It is around the United States that a core of international society is formed, which shares basic values and common interests” said Trenin in 2000. Seen from this perspective, it was believed that a unipolar international society would be the best-equipped system for facilitating the thrust of globalization and fostering unification of the world. Yet the unipolarity accepted by Kozyrev was seen not as Pax Americana but rather as a joint leadership of a group of Western nations said Bogaturov in 2003. Kozyrev’s vision represented a sort of “soft unipolarity” where American superiority was mediated by a number of institutional filters and constraints that Washington had to respect. In other words, America’s leadership was broadly accepted, but not in its capacity as the sole “superpower”.  

However, the pro-Western policies of the beginning of 1992 began to falter in 1993 over such issues as the war in Yugoslavia and NATO expansion. Critics started pushing for a more self-reliant and independent foreign policy in Russia. A number of other events, including the intensifed NATO bombardment of Bosnian Serb targets in September 1995, unleashed harsh criticism of the Kozyrev brand of diplomacy from both the nationalist camp and President Yeltsin himself. Kozyrev’s resignation was announced by Yeltsin in January 1996. His successor, Yevgeniy Primakov, came up with a different foreign policy philosophy grounded in the idea of multipolarity.

In the minds of many Russian politicians, the NATO intervention in the Balkans presented a perfect example of the drawbacks of unipolarity. Primakov voiced strong objections to the policies of NATO expansion, reminding the

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alliance of its alleged promise given to Gorbachev not to move into the spheres of Moscow’s interests. Under Primakov, Moscow’s new worldview came very close to resembling a “balance of power” concept that assumed Russia’s ability to consolidate in the post-Soviet area and challenge the global hegemony of the United States.92

Russia’s foreign policy during the presidency of Vladimir Putin and Dmitry A. Medvedev, which is now open to the discretion tend to be named as “Look East Policy”, Russia is a potential market for Indonesian commodities, along with the development of economic and trade systems of Russia are more open especially to Indonesia.93

In bilateral, Russia continues to strengthen relationships and strategic partnerships with key countries in Asia such as Indonesia, China, and India. Russia is also increasingly aware that Southeast Asia is an important region with huge potential, especially in the economic field. In view of Russia Look East Policy, improvement of economic cooperation with Asia, including Southeast Asia, will greatly assist the development of Russia, especially in Siberia and eastern Russia. Russia also require Asian countries to promote regional cooperation in combating terrorism, maintaining stability and promoting dialogue between civilizations in other words that to promote peace, security and prosperity in the Asia-Pacific region. Russians are active in the process of integrating the Asia Pacific region, primarily through APEC, the ASEAN-Russia Dialogue, ARF and ASEM and as a full member of the East Asian Summit (EAS).94

93 Dubes Djauhari Oratmangun: Rusia Pasar Potensial Indonesia, retrieved 06 September 2013 from: http://www.tempo.co/read/news/2013/09/06/078510920/Dubes-Djauhari-Russia-Pasar-Potensial-Indonesia
The Foreign Policy Concept of the Russian Federation which is a system of views on the content, principles and main areas of the foreign policy activities of Russia was approved by the President of the Russian Federation on 28 June 2000. The Concept should supplement and develop the provisions of the Foreign Policy Concept of the Russian Federation, The Concept should be based on the Constitution of the Russian Federation, Federal Laws, instruments of the Russian Federation governing the activities of the state authorities of the Russian Federation in the area of foreign policy, international treaties of the Russian Federation, generally recognized principles and norms of international law, as well as the Concept of Military Doctrine of the Russian Federation, National Security of the Russian Federation, and other relevant documents.

In accordance to the uppermost priority of the national security policy, in example of protection of interests of the individual, society and the state, main foreign policy efforts should focus on achieving the following chief objectives:

- To ensure national security, to preserve and strengthen its sovereignty and territorial integrity, to achieve strong positions of authority in the world community that best meet the interests of the Russian Federation as one of influential centers in the modern world, and which are necessary for the growth of its political, economic, intellectual and spiritual potential;
- To search for agreement and coinciding interests with other States and international associations in the process of finding solutions to the tasks according to Russia's national priorities, to establish, on that basis, a system of bilateral and multilateral partnerships aimed to

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ensure stability of the international position of the country in the face of international foreign policy volatility.\textsuperscript{97}

In the context of the Russian Federation's multi-vector foreign policy, the Asia–Pacific Region has ever-increasing significance and it becomes important, which is due to Russia's belonging to this dynamically developing region of the world, Russia has interest in tapping and potential for the realization of programs aimed at economic development to the Far East and Siberia. Russia need for strengthening regional cooperation in the field of ensuring security, countering terrorism and maintaining a dialogue between civilizations. Russia will continue to actively participate in major integration mechanisms of the Asia–Pacific Region, notably the Asia–Pacific Economic Cooperation Forum, the mechanisms of partnership with the Association of Southeast Asian Nations (ASEAN), including the ASEAN Regional Forum.\textsuperscript{98}

Below are the Shaping and implementing the foreign policy of the Russian Federation government. The President of the Russian Federation in conformity with his constitutional powers shall direct its national foreign policy and in his capacity as of the Head of State, he shall acts on behalf of the Russian Federation on the international stage. Acts to implement the country's foreign policy is by the government of the Russian Federation. Which is, the Ministry of Foreign Affairs of the Russian Federation develops a general foreign policy strategy for the Russian Federation, submits relevant proposals to the President of the Russian Federation and implements the foreign policy of the Russian Federation in accordance with this Concept, as well as coordinates foreign policy activities of the federal executive bodies.\textsuperscript{99}

The Subjects of the Russian Federation develop their international relations in accordance with the Constitution of the Russian Federation, the Federal Law No. 4-FZ of January 4, 1999 "On Coordination of International and Foreign Economic Relations of the Subjects of the Russian Federation" and other legislative acts. The Ministry of Foreign Affairs of the Russian Federation and other federal executive bodies provide assistance to the Subjects of the Russian Federation in implementing international and foreign economic cooperation in strict compliance with sovereignty and territorial integrity of Russia and making use of the capacities of the Council of the Heads of the Russian Federation's Subjects and the Advisory Council for international and foreign economic relations of the Subjects of the Russian Federation, which operate under the Foreign Ministry of the Russian Federation. The development of cooperation in regions and border areas is an important reserve for bilateral relations with relevant countries and regions in the trade, economic, humanitarian and other fields.\textsuperscript{100}

In the work of foreign policy decision-making, the federal executive bodies cooperate to work together permanently with the Chambers of the Federal Assembly of the Russian Federation, political parties, non-governmental organizations, the business community and academic associations to encourage their participation in Russia cooperation internationally. A greater involvement of civil society in the process of foreign policy is consistent with the trend of Russian domestic developments, fulfilling the purpose of keeping the deal in the country on issues of foreign policy and contributes to efficient implementation.\textsuperscript{101}


CHAPTER V
ANALYSIS OF DATA AND INTERPRETATION OF
RESULTS

V.1. Indonesia-Russia Bilateral Diplomatic Relations

The researcher present this chapter of a full analysis of the data gathered, from many sources to result a qualitative analysis. The chapter is provides many data that are related one to another, which help to analyze to its current Indonesia-Russia bilateral relations. First is about the Indonesia-Russia diplomatic relations activities. Second is about trade relations that show the trade volume of both countries which were increasing as well. Third is Indonesian-Russia military cooperation which is strengthening Indonesia military defense capability. The data will be elaborating into three periods of governances, which are the Megawati Sukarnoputri’s administration, the first period of Susilo Bambang Yodhoyono administration and the second period of Susilo Bambang Yudhoyono administrations.

The last part will be the chapter conclusion which is the result of Indonesia-Russia bilateral relations to the link between Indonesia-Russia closer trade relations towards Indonesia’s greater security. Increased diplomatic relations open up great opportunities for Indonesia and Russia, trade relations between the two countries resulted in the volume of trade increased rapidly, but Indonesia has suffered deficit. Deficit was happened due to the unbalanced trade between the two countries on the export and import. In the military sector, the trade of defense equipment Indonesian to Russia has influenced the improvement of the Indonesia defense capability to protect the sovereignty of Unitary State of the Republic of Indonesia (NKRI). The last is the responses among neighboring country around Southeast-Asia about Indonesia in current on Indonesia’s defense posture.

V.1.1.1. Indonesian-Russian Diplomatic Relations

The meeting between President Vladimir Putin with President Megawati Sukarnoputri, during President Megawati visit to Russia, on 20-22 April 2003. This meeting is an initial framework of cooperation between the two countries. April 21, 2003 was a historic event for Indonesia-Russia bilateral relations, it was the signing Declaration of the Republic of Indonesia and the Russian Federation on the Framework of Friendly Partnership Relations in the 21st Century, this document forms the basis for strategic partnerships at the bilateral and focused on military-technical cooperation, science and technology and economics performed by the two heads of states. This document is the cornerstone of a new strategic cooperation relationship in the bilateral, global and regional levels as well, especially in Indonesia-Russia bilateral relations.

The meeting also discussed the great opportunities in activating relations between the two countries in the fields of politics, economy and trade, technology and military technique. The following are the agreement that was signed during the visit of President Megawati Sukarnoputri to Russia, which are:

1. Cooperation agreement in the field of Space Technology and Utilization between Space agency and the Russian Aviation and Space Agency,
2. Military-Technical cooperation agreement between the Government of Indonesia and the Government of Russia,

3. Approval of cooperation and exchange of information between Bank Indonesia and the Central Bank of the Russian Federation,

4. Cooperation agreement between Vnesheconombank (Bank for Foreign Economic Affairs of the USSR) and PT. Bank Mandiri, and

5. Cooperation agreement between Vneshtorgbank (Bank of Foreign Trade), and Bank Mandiri.¹⁰⁴

On 23-24 March 2004, the two governments signed the "Agreement Between the Government of the Russian Federation and the Government of the Republic of Indonesia on Intergovernmental Commission on Mutual Protection of Classified Information" and "Statute of the Indonesian-Russian Intergovernmental Commission on Military Technical Cooperation" on mutual protection of classified information and the establishment of military-technical cooperation committee between the two countries.¹⁰⁵

President Vladimir Putin and President Megawati agreed to closer military cooperation. In addition to military cooperation, cooperation in scientific-technical field also contains great potential to Indonesia. That cooperation is based on the significant agreement of Megawati administration perspective. Indonesia-Russia bilateral relations in maintaining traditional friendly ties and establish partnership relations serving the purposes of foreign policy.¹⁰⁶


Nowadays, Indonesia-Russia bilateral relations are entering in the new phase. New phase based on the strategic partnership with the principle of acknowledging the sovereignty among two countries, non-intervention, mutualism relationship and complimenting is non-ideologist. Indonesia-Russia is expressing their preparedness to strengthen mutually beneficial bilateral relations in all spheres and to develop them further to a level commensurate with the potential of both countries.107

V.1.1.2. Indonesia-Russia Trade Diplomacy

In 2003-2004, based on the data from Ministry of Trade Republic of Indonesia, trade relations among both countries show movement on the total trade. The total trade in 2004 (USD 387,43 million) has an increase around 80% from 2003 (USD 209,91 million). Indonesia has received surplus from the bilateral trade in 2003 (USD 80,4 million), but in 2004 deficit shows amount USD 191,8 million. It is the effect of signing the declaration 21th century among both countries. This development is influenced by several factors, such as the establishment cooperation of both countries especially in military-technical cooperation. The total trade relations were increase because Indonesia purchases the Russian military equipment and several agreements has just implemented between both countries.108

The bilateral relations between Indonesia and Russia on trade during the Megawati administration are include: Indonesia export to Russia such as vegetable and animals of the butter, oleomargarine and animals fat 36%; natural rubber and latex 15%; tea, cacao, coffee, tobacco and tobacco products, spices 14%; Tele-and radio engineering, means of communication and completing 19%; garment, textile products 13%;

others 3%. Indonesia import from Russia such as: ferrous metal and products of them 44%; fertilizers 18%; organic products and inorganic chemistry 29%; paper 6%; others 3%. 109

According to the data above, the export and import among both countries that Indonesia’s import from Russia commonly is industry products and in another side Russia’s import from Indonesia commonly is raw materials which are low price. And also added by Indonesia has purchases of Sukhoi jet fighter from Russia, the price can be multiple times than the materials raw. It will potentially cause imbalance of trade in the future if it is allowed to continue. It would give bad impact to Indonesia’s economic by this imbalance of trade.

V.1.1.3. Indonesia Purchase on Military and Impact on Indonesian Security

In 2003, Indonesia and the Air Force began using the Sukhoi-27/30; contracts of 2003 include the purchase of 2 units of Sukhoi-27SK and 2 units Sukhoi-30MK and 2 units’ combat helicopters MI-35 worth USD 192 million without a weapon package. In total Indonesia have 4 units of Sukhoi family. 110 The purchase using Counter Trade/Counter purchase systems among at that time, the Indonesia commodity products are included crude palm oil and rubber. After the financial crisis to Indonesia, this system payment has been choosing to increase Indonesian exports to Russia. 111

Counter purchase is the agreement of an exporter to purchase a quantity of unrelated goods or services from a country in exchange for and approximate in value to the goods exported. In another definition, counter purchase an arrangement where one company agrees to sell products to a foreign purchaser for cash, but also simultaneously agrees to purchase specified products or services from the foreign partner. Also known as parallel bartering and is the most commonly used form in a countertrade agreement in international business interactions.

The impact of the increasing Indonesia main instrument in defense system or military equipment are to strengthen capability in maintaining peace in region and especially to protect the Indonesia sovereignty from outside interference. It was the beginning of the rise of air power to compensate for the Indonesian air force neighboring countries. Indonesian defense capability is getting rise again which previously have been weak after the embargo by the United States at that time.


V.1.2.1. Indonesian-Russian Diplomatic Relations

Since Susilo Bambang Yudhoyono was elected as a President of Republic Indonesia in 2004, President Vladimir Putin and President Susilo Bambang Yudhoyono has several times carrying out bilateral meetings, the first at the APEC meeting on Chile in 2004, the second in Busan on November 19, 2005, and South Korea also in the middle or on the sidelines of the APEC meeting.

Indonesia and Russia agreed to establish a Commission on Military Technical Cooperation. The 1st Indonesia-Russia Commission on Military Technical Cooperation Meeting held in Russia on September 22, 2005. Defense cooperation between Indonesia and Russia during the governance of President Susilo Bambang Yudhoyono began when the Russian government offers defense cooperation with Indonesia on 2005. The establishment a Commission on Military Technical Cooperation, agreed upon by the two countries signed "Joint Commission Statute RI-Russia" on Military Technical Cooperation agreement is a follow-up both representative countries in April 2003.

The 2nd Indonesia-Russia Commission on Military Technical Cooperation was held on 28-29 June 2006, has four main agendas which are the manufacture of a memorandum of cooperation programs, the trial protocol, credit financing, and cooperation in the field of industrial

projects. While Intellectual Property Right (IPR) agreement will be set in the trial protocol.\textsuperscript{119} The delegations of both countries are Indonesia delegation chaired by Sjafrrie Sjamsueddin and the Russian Federation Government delegation led by A.V. Denisov. Regarding the state credit worth USD 100 billion offers by Russia will be allocated to as required each division. However, in the early stages of the funding will be prioritized on the needs of the Air Force.\textsuperscript{120}

The Indonesian President Susilo Bambang Yudhoyono visited to Russia on 29 November - 1 December 2006, and held the meeting with President Vladimir Putin in Moscow. In the event of Indonesia - Russia Business Forum, the meeting of the both countries have signed 10 agreements, the agreements are included:\textsuperscript{121}

1) Approval of cooperation in the nuclear field for peaceful purposes; 2) Visa-free approval for diplomatic and official passport holders; 3) Cooperation agreement in the field of aerospace; 4) Cooperation agreement sister city Jakarta-Moscow; 5) Cooperation agreement between the Attorney General; 6) Approval cooperation in tourism and cooperation between the Chamber of Commerce; 7) Protection of Intellectual Property Rights Cooperation and Military Technical Cooperation; 8) Memorandum of Understanding between the Federal Agency on Physical Culture and Sports; 9) Memorandum of Understanding between the Government on Cooperation in Combating Terrorism; 10) Agreement on

\textsuperscript{119} Ibid
\textsuperscript{120} Indonesia-Rusia Setuju Intensifkan Kerjasama Teknik Militer, ANTARA News. Retrieved 20/12/13 00.01 from: http://www.antaranews.com/print/36933/
Cooperation between the Accounts Chamber of the Russian Federation and the Audit Board of the Republic of Indonesia.\textsuperscript{122}

Indonesian Embassy in Russia, on Thursday, November 30, 2006, remarks to the Indonesian Society Meeting Event by the President of the Republic of Indonesia Susilo Bambang Yudhoyono in Moscow. Below is the speech from the President of the Republic of Indonesia to tell one of the reasons and purpose in doing bilateral relations with Russia:\textsuperscript{123}

This meeting is a good opportunity to open up for increased cooperation between Indonesia and Russia. There are four main parts of twelve sectors cooperation. First, Indonesia wants to increase cooperation in the fields of defense, in terms of defense technic, technology and industries. Therefore, for the national interest, for the interest of the development of the defense industry, the Indonesian military technology in cooperation with Russia should be done. Thus, Indonesia can earn huge profits. This cooperation is to increase the capacity and rate of progress of the defense industry in Indonesia.\textsuperscript{124}

Currently Indonesia has been using the Sukhoi aircraft and helicopters and developed the M17 and M35. That was done because Indonesia wouldn’t produce a fighter with such a level of technology yet; the cooperation in the procurement of weapons systems is justified. If Indonesia are able to produces weapons system and military equipment in domestically, Indonesia obligatory to use that products. But, now Indonesia

have not been able to produce it all yet. So, Indonesia will imports from other countries within the framework of good cooperation and healthy. Then it will be developed in the field of technology transfers, such as joint investment, joint design, joint resources, joint production and others. Therefore, Indonesia wants to cooperate with Russia in the field of defense techniques.  

The 3rd Joint Commission Meeting Cooperation of Trade, Economics and Technical was held in Moscow, on March 2006, Reaching a deal to boost cooperation in economics, trade, investment, fisheries, tourism, infrastructure, transport, agriculture, aerospace, nuclear, natural disaster management, energy and mining, oil and gas, education and science as well as defense and law enforcement. This kind of cooperation has increased the trade volume among both countries. Indonesia and Russia were enlarging the field of trade.

The 4th Joint Commission Meeting Cooperation of Trade, Economics and Technical was held in Lombok, 14-15 June 2007, both countries agreed to encourage more efficient cooperation in nine sectors, especially in economics, trade and investment. Agreed to reduce trade barriers and continue to encourage increased bilateral trade value, reached USD 1 billion in 2007. This is supported by the organization of a business forum between state businesses actors.

Joint Commission between the two countries suggests that political relations need to be translated into economic cooperation that can give further advance to the economy field and the results can be felt by the

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citizen of both countries. Therefore, the Indonesian delegation and the Russian delegation discussed the progress that has been achieved in bilateral relations and discussed ways to improve relations and discuss new opportunities of cooperation between the two countries. The Russian delegations consist of the various members of the government and entrepreneurs discussed about the nine sectors. This event further demonstrates the importance of relations between the two countries. Close relationship between Indonesia and Russia become important forum meetings to their bilateral relations.\footnote{Presiden Rusia akan berkunjung ke Indonesia, retrieved Friday, 15 June 2007 07:53 from: http://kemlu.go.id/_layouts/mobile/PortalDetail-NewsLike.aspx?l=id&ItemID=41e126b8-8803-4f9a-ab8f-d111366f8c88}

On September 6, 2007, President Putin's visited Indonesia, and held a meeting with President Susilo Bambang Yudhoyono in the event of Indonesia-Russia Business Forum. The two countries has signed numbers of bilateral agreements in the field of environment, education, culture, sports and youth, investment, tourism, banking and state loan from the Russian government to the Indonesian government on Agreement on the Extension of a State Loan to the Government of Indonesia USD 1 billion for procurement of major Russian weapons systems products.\footnote{“Tonggak baru negara Indonesia-Rusia”, Profil Negara dan Kerjasama, Kedutaan Besar Republik Indonesia Di Moskow, Hak Cipta 2009 Kementerian Luar Negeri Republik Indonesia, Retrieved 20/10/13 04:05 from http://www.kemlu.go.id/moscow/Pages/CountryProfile.aspx?IDP=8&l=id.}

Both of Presidents witnessed the signing of a Memorandum of Understanding and Cooperation Agreement, at the State Palace. There are 8 MOU and signed cooperation agreements, namely:\footnote{Situs resmi presiden SBY, “Kunjungan Kenegaraan Presiden Rusia”, Retrieved 05/01/09 from: www.presidensby.info.}

1. MoU of Indonesian government and the Russian government restrictions on cooperation in the field of environmental impacts, signed by L.H. Rachmat Witoelar and Head of Rostechnadzor K.B Pulikovsky.
2. MoU of between the Ministry of Youth and Sports Affairs and the Federal Agency on Physical Culture and Sports of the Russian Federation, on physical training and sports cooperation, signed by Menneg Pora Adhyaksa Dault and Head of Rossport V.A. Fetisov.

3. The agreement between the Indonesian government and the Russian government in the promotion and protection of investments, signed by Head of BKPM M. Luthfi and Deputy Minister of Trade and Economic Development V.G Savalyev.

4. Cooperation agreement between the Supreme Audit Agency (BPK) and the Accounts Chamber of the Russian Federation, signed by Anwar Nasution and Chairman of the Audit Russia S.V. Stephasin.

5. MoU of the Indonesian government and the Russian government against terrorism cooperation signed by Director General of the United States and Europe, Ministry of Foreign Affairs Republic of Indonesia, Eddi Hariadhi and Deputy of the Ministry of Foreign Affairs of the Russian Federation, A. Losyukov.

6. Cooperation between the Government of Indonesia and the Government of Russia in the extension of the country's debt to the Government of Indonesia, signed by Director General of Debt Management Department of Finance Republic of Indonesia Rahmat Waluyo and Deputy Finance Minister of Russia A.A Storchak.

7. The program of cooperation between the Ministry of Culture and Tourism and the Federal Agency of Culture and Cinematography of the Russian Federation, signed by Secretary General of Culture and Tourism Saptat Nirwandar and Russian Ambassador to Indonesia Alexander Ivanov.

8. Technical cooperation between the Ministry of Finance and the Bank’s Country Partnership for Development and Foreign
Economic Affairs (Vnesheconombank) in the field of engineering procedures in terms of settlement and keeping accounts, signed by Director General of the Ministry of Finance Debt Management Ahmat Waluyanto and Deputy Finance Minister of Russia A.A. Storchak.\textsuperscript{131}

Business forum organized by the Russian Embassy in Jakarta, the Chamber of Commerce and Industry Russia, and the Indonesian Chamber of Commerce and Industry is expected to boost the economy of both countries and to expand the areas of cooperation between the two countries. Business forum between business circles of both countries. It believes following the historic visit of President Putin, the Russian president's first visit to Indonesia along with the delegates and the business community, cooperation and partnership, particularly in the economic field will increase more rapidly again in the future.\textsuperscript{132}

Approval of inter-departmental cooperation in the contract Arrangement on Education & Training JVE 335/5/360-1 on cooperation education and training military personnel in Russia which was signed on September 20, 2007 in Jakarta. This Agreement is a master agreement TNI personnel education in educational institutions of the Russian Federation Ministry of Defense.\textsuperscript{133}

The 4\textsuperscript{th} Indonesia-Russia Commission on Military Technical Cooperation was held in Jakarta, on Augustus 21, 2008. The Indonesian and Russian government agreed to increase their Commission on Military Technical Cooperation based on mutual understanding and same

perception, leading by Secretary General of the Department of Defense
Republic Of Indonesia Letjen TNI Sjafrie Sjamsoeddin and Russian
government representative Vyacheslav K. Dzirklan.\textsuperscript{134} Currently bilateral
cooperation between Indonesia and the Russian defense sector include the
Joint Commission Meeting Indonesia-Military-Technical Cooperation of
Russia, the Russian-made military defense equipment procurement,
education and training of military personnel, Mutual Visit the official
mission of the Ministry of Defense / Armed Forces.\textsuperscript{135}

V.1.2.2. Indonesia-Russia Trade Diplomacy

In 2005-2008, trade relations among both countries shows
significant movement on total trade. The bilateral cooperation both
countries has effected well to trade value. The total trade in 2005 (USD
680,70 million) has an increase around 75\% from 2004 (USD 387,43
million), hasn’t show large increase in 2006-2007, but it is still continuing
increase. Significant increase show in 2008 (USD 1,66 billion) more than
114.49\% from 2007 (USD 777 million). Although the trade volume has
increase, Indonesia always suffer deficit such as in 2005 (USD -191
million), in 2006 (USD -142 million), in 2007 (USD -101 million), and in
2008 (USD -982 million). The estimated value of trade in 2009 will
decline due to the influence of the world crisis. It would be proving in
2009, the trade with Russia would decline.\textsuperscript{136}

Russia is one of the world's great powers, on the aspect of political,
military, economic and technology. Russia is a strategic partner for

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{134} Indonesia-Rusia Sepakat Tingkatkan Kerjasama Teknik Militer, Kamis, 21 Agustus 2008, retrieve from: http://www.setneg.go.id/index.php?option=com_content&task=view&id=2542
\end{itemize}
\end{footnotesize}
Indonesia. In the field of trade the bilateral relations has increased as well. There was several times that the meeting of Indonesia-Russia bilateral relations has been held in the first period of Susilo Bambang Yudhoyono administration. The forums bilateral are business forum, Joint Commission Meeting Cooperation of Trade, Economics and Technical and Commission on Military Technical Cooperation. Both countries are success to boost the trade volume in bilateral relations.¹³⁷

The ⁵ᵗʰ Indonesia-Russia Joint Commission Meeting Cooperation of Trade, Economics and Technical were held in Moscow, on 8-9 December 2008. Joint Commission Meeting was closed with the signing of the protocol among both countries. Indonesia and Russia Joint Commission Meeting were attended of 51 participants from Indonesia, which was chaired by Retno Marsudi, Director General of the United States and Europe, Ministry of Foreign Affairs, and Russia were sending 31 delegates to the meeting. This meeting result that Indonesia hopes to Russia is more actively buy Indonesian products, because the export and import both countries is still relatively unbalanced trade, while in the investment sector and tourism are the two fields that need to be explored seriously. Other discussion is about Indonesian flag carrier Garuda Indonesia and the Russian Aeroflot were agreed to cooperate in organizing a direct flight from Indonesia to Russia and Vice Versa.¹³⁸

Indonesian ambassador in Moscow Hamid Awaluddin on 7-8 April 2009 visited Tver City. It is 160 km distance from Moscow. It aims to attract a lot of entrepreneurs in the city in growing their business in Indonesia. As the predictions, many foreign businessmen want to do business in Indonesia. There are of 15 people Russian entrepreneurs Small and Medium Enterprises (SMEs) look enthusiastic to conduct trade

contacts with partners in Indonesia. They were invited to invest in Indonesia, particularly in the field of agro-industry, fisheries, manufacturing, handicraft and infrastructure. While in the field of trade the ambassador was offering of Indonesian superior products, among others: crude palm oil, coffee, tea, cocoa, vanilla, furniture, and garments. It is one of the Indonesian government's efforts to reduce the deficit that occurs to Indonesia on bilateral trade.\textsuperscript{139}

Retno Marsudi said that Russia's economic power developing giant, is judged to have the capacity to import more products from Indonesia. Indonesia as the world's largest CPO producer, Indonesia offers to Russia to buy many more in the next years. Hamid Awaludin urged Russia to accelerate the implementation of investment projects in Indonesia so that both parties can reap the benefits more quickly. For example such as the Russian plans investment in the field of tea and coffee. In tourism sector, Russian tourist arrivals in the future will be welcome with enthusiasm from the Indonesian people as well. This economics cooperation can reduce the adverse effects of the international financial crisis and stabilize trade between the two countries.\textsuperscript{140}

V.1.2.3. Indonesia Purchase on Military and Impact on Indonesian Security

Indonesian history concerning sustainability of national life, and the threat of state sovereignty conflicts only occur due to friction with neighboring countries. Indonesian Air Force more to be respected after the MAKS-2007 air show in Moscow, where the Department of Defense Republic of Indonesia announced a contract for the purchase of 3 units

\textsuperscript{139} "UKM Tver Rusia Antusias Berbisnis dengan Indonesia", Kementerian Luar Negeri Republik Indonesia. KBRI Moskow 09 April 2009. Retrieve 20/12/13 22.00 from: http://kemlu.go.id/_layouts/mobile/PortalDetail-NewsLike.aspx?i=id&ItemID=7d3841d2-1b62-4472-84e1-b9ed9a5e516e

Sukhoi-27SKM and 3 units Sukhoi-30MK2 worth USD 350 million. In total, the Indonesian armed forces Air Force already have 10 units Sukhoi jet fighter.\textsuperscript{141}

The addition of combat weaponry will give the effect of inhibiting the other countries are trying to disturb the territorial integrity of Indonesia, which are the neighboring countries of Indonesia such as Australia and countries in South-East Asia. It's affecting the ASEAN countries to increase their military defense budget to buy the military equipment weapons also.\textsuperscript{142}

V.1.3. Susilo Bambang Yudhoyono Administration 2 (2009-2012)

V.1.3.1. Indonesian-Russian Diplomatic Relations

The 6\textsuperscript{th} Joint Commission Meeting Cooperation of Trade, Economics and Technical, was held in Jakarta, on 18-20 October 2009, and has been signed by the Formation of a Joint Business Council Russian-Indonesian, Chairman of the Business Council of Indonesia, Jend. Luhut Panjaitan, and Russian representative Business Council, Mikhail Kuritsyn. It is a joint effort Indonesian Chamber of Commerce (KADIN) and the Russian Federation Chamber of Commerce and Industry (RFCCI). Then, in the Joint Commission Meeting, Indonesia and Russia also held discussions efforts to increase bilateral cooperation in various sectors, such as fields of trade, banking, energy, mining, agriculture and tourism.\textsuperscript{143}
In 2010 Indonesia and Russia celebrate 60 Years of Diplomatic Relations. Various activities are held both in Indonesia and in Russia, such as: In September visit of the Minister of Culture and Tourism of Indonesia to Russia in May, Minister for Trade Visits to Russia, in September were the Indonesian-Russian Business Forum in Moscow and St. Petersburg, trade and investment exhibition in May and September in Moscow; Minister of Foreign Affairs Visits to Russia in October and many others.

The 7th Joint Commission Meeting Cooperation of Trade, Economics and Technical was held in Moscow, 24-25 March 2011 to discuss the status of several working drafts that are still pending at this time and agreed to speed up the settlement process and expedite the process of ratification of the agreement signed at the previous meeting. The agreement which has been followed up at the event is already signed Air Service Agreement (ASA) between Indonesia and Russia. In signing the ASA has some strategic significance. First, as an effort to increase the flow of Russian tourists to Indonesia, this has reached about 80,000 people in 2010. Second, as a legal framework for enhanced cooperation regular flights (both for cargo and passengers), and Third, to further boost economic relations, trade, tourism and people-to-people contact. And also has signed a cooperation of the General Election Commission.

On October 13, 2011, Dmitry Medvedev met Susilo Bambang Yudhoyono, the President of Indonesia. In the course of the meeting, the parties discussed further development of bilateral relations, in particular, the development of trade-economic and scientific-technical cooperation, as

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well as the expansion of contacts in the humanitarian area, above all, in education and tourism.\textsuperscript{146}

On October 27, 2011, the Russian representative delegation headed by S.B. Ivanov, the First Vice Prime Minister, visited Indonesia. During the visit, the Russia-Indonesian high-level meeting and Russia-Indonesian business forum were held. In the course of the visit, the parties noted the significant progress in the development of Russia-Indonesian trade-economic relations in the field of technical cooperation, and agreed to continue using their best to advance the relations. Both Russia and Indonesia are interested in increasing the exchange of high-tech products in bilateral trade, for example, in the introduction of the Russian aviation and space technologies, telecommunications and satellite communications best practices. The investment and scientific-technical cooperation, energy sector, including joint exploration and mining, cultural and humanitarian exchange are the promising areas.\textsuperscript{147}

In December 2011, Indonesian and Russian government has realized signed procurement contract 6 units Sukhoi. Russia with Indonesia was discussions during the LIMA exhibition in Malaysia's arms, the two countries have signed contracts Su-30MK2 delivery.\textsuperscript{148}

The 7\textsuperscript{th} Indonesia-Russia Joint Commission on Military Technical Cooperation Meeting held in Russia, Moscow on 9-15 December 2011. The delegation is from the Ministry of Defense Republic of Indonesia. Indonesia and Russia in the Commission on Military Technical Cooperation so far has been held seven times of meetings. In addition to the major equipment procurement system aimed weaponry to Indonesia,


\textsuperscript{148} Indonesia Menandatangani Kontrak Pengadaan Su-30MK2 Dengan Rusia, Militer Review RSS. Retrieved 21/12/13 18.00 from: http://www.militer-review.web.id/2011/12/indonesia-menandatangani-kontrak.html#.UtxiIXD-K00
both countries cooperate in the eradication of terrorism, cyber-crime, money laundering, piracy and trans-national organized crime other.

The 8th Joint Commission Meeting Cooperation of Trade, Economics and Technical was held in Moscow on 25-26 Juni 2012, chairman of the delegation of each country has increased to the level of the Minister. From the Indonesian side was led by the Minister for Economic Affairs and from the Russian side was led by Deputy Prime Minister (the agreement of the High Level Meeting on Bilateral Economic Cooperation in Jakarta, October 27, 2010). At the Joint Commission Meeting, Minister for Economic Affairs of Indonesia stressed the importance of both sides doing "quick wins" in the Transportation field, such as the implementation of railway construction in Kalimantan and realize immediate cost Russia-Indonesia to increase in flow of tourists, passengers and goods (logistics) of both countries amount USD 2,4 billion; Mining, energy in the form of increased cooperation and resources, especially downstream nickel smelter industry; Food Security, in the form of realization of Russian wheat supplies to Indonesia directly estimated to be worth USD 3 billion and the construction of the Indonesian instant noodle plant in the Russian.149

Indonesia-Russia bilateral relations’s quick wins is intended to accelerate the realization of programs of cooperation that both countries have agreed, among others include the fields of tourism, investment and trade in the form of a target of achieving bilateral trade volume of USD 5 billion. Quick wins is one of the ways to decrease the deficit that suffered by Indonesia, according to the target of achievement of trade volume USD 5 billion in 2015. It will increase the trade volume on Indonesia-Russia bilateral relations.150


V.1.3.2. Indonesia-Russia Trade Diplomacy

Based on the data of Ministry of Trade Republic of Indonesia, Indonesia-Russia total trade has decreased in 2009 (USD 774 million), the decrease was caused by the global crisis. Total trade is increasing in the next year in 2010 (USD 1.68 billion), increase 117% from 2009. In 2011 total trade reached USD 2.54 billion, it was increasing 50% from 2010. In 2012 the total trade reached USD 3.37 billion, it mean increasing 32% from 2011.

The bilateral relations between both countries in economic field went pretty well. In the last year (2012) total volume of trade of Indonesia and Russia reached USD 3.37 billion. It contained of the total value of Indonesian exports amount USD 867 million, which are entirely non-oil exports product. And the total value of Russian exports amount USD 2.5 billion, consist of USD 728 million oil gas exports and USD 1.77 billion non-oil exports. In previous years an increasing number of exports between the two countries have existed.\textsuperscript{151}

The Indonesian exports products to Russia consist of oil and animal protein, vegetable fat (Refined, bleached and deodorized/RBD) palm and coconut oil, palm stearin, palm kernel oil, furniture, electrical appliances, tea and coffee, cigarettes, shoes, clothes, chocolate, machinery, rubber, electronics, palm oil, natural rubber. And the Russian exports products to Indonesia consists of aircraft, weapons, steel, fertilizer, paper, metal, synthetic rubber, wheat and aluminum.\textsuperscript{152}

Balance of Trade Bilateral Relations Indonesia-Russia 2008-2012

Table V.1 Balance of Trade Indonesia-Russia 2008-1012

In the last five years the value of trade between Indonesia and Russia has increased by an average of 12.11%. In 2008, total trade reached USD 689.16 million, but in 2009 declined to USD 774.9 million as the impact of the global economic crisis. In 2010, total trade reached USD 1.68 billion, up 117.54% compared to 2009. The value of exports in 2010 was USD 609.46 million and imports of USD 1.07 billion. But during that period, Indonesia has always had a deficit of USD 101.73 million (2007), USD 982.84 million (2008), US$ 466.73 million (2010), US$ 817.38 million (2011) and US$ 1.63 billion (2012). As shown in the table of balance of trade Indonesia-Russia at last 5 years from 2008 to 2012 above.153

In the table above shows the total trade on five year period of time (2003-2012) shows increase significantly with the trend shows positive increased. It is telling the growth of economic and trading in bilateral relations of Indonesia – Russia 2003-2012. After the signed of Declaration 21st Century in 2003, the bilateral relations have changes. The green bar is total trade between both countries shows going high from 2003 to 2008. In 2009 trade volume were down because the impact of economic crisis at that time. In 2012 after the crisis, the total trade both countries has raise again. Export and import of both countries in trade relations has increased year by year. It is affected by approaching of the government both countries to increase the trade relations.154

Based on the line chart, the trade volume of both countries has increased. The trade volume in 2012 (USD 3.3 billion) has increased more than 16 times the trade volume in 2003 (USD 209 million). In other words, the balance of trade both countries show not good for Indonesia. Indonesia has suffered a deficit start in the year of 2004 to 2012. The chart shows that deficit are increase well to USD 1.6 billion (2012), from the USD 817 million (2011). The chart conclude that the bilateral relations in trade result have a positive growth as increase as well, but the deficit for Indonesia increase year by year also mean negative to Indonesia government.

The blue line is already shown that Indonesia-Russia trade relations have been increased year by year. It is give more positive value to both sides in boosting their economic field. Agreement between agreements in bilateral cooperation has been prove increase the trade relation among both countries.

Source: BPS, Processed by Trade Data and Information Center, Ministry of Trade
The red line is already shown that Indonesia undeniably true suffered deficit, which means there is unbalance trade from the trade relations. The Indonesia export products compare with the import product from Russia is exactly not equals. Indonesia is mainly imports high quality product from Russia such as aircraft, machine, military equipment, metal etc. and for Russia is mainly import Indonesian agriculture products that less price. However, Indonesia import is much more than Indonesia export to Russia. To balancing the trade among two countries, Russia should import more Indonesian products in a big mount.

According to Indonesia’s deficit, Indonesia governments have been trying to balance the trade between two countries. One of the efforts of Indonesian government did is to request Russia buy more Indonesian products such as CPO. Indonesia as the world’s largest CPO producer, palm oil is a product that takes a lot of countries, including Russia. Russia is a potential market for Indonesia, to see a positive trend in palm oil exports to Russia in 2012 amounted to 400 thousand tons. And it would be nice if the trade is done directly, without going through a third party. By doing so, Indonesia could reduce the deficit experienced by now and there perhaps in the next 5 years a deficit will slowly disappears. Make it more profitable trade between the two countries as mutually beneficial bilateral relations in the future.\textsuperscript{155}

V.1.3.3. Indonesia Purchase on Military and Impact on Indonesian Security

Indonesia has purchase air forces and army equipment complete with the weapons. The items that go into a grocery list that has been coming to Indonesia: Tank BMP-3, Mi35 and Mi17 helicopters, Sukhoi

On February 2013 has arrived 2 units of Sukhoi SU-30 MK2 type and month of May 2013 the other 2 units. Currently the Air Force already has 14 units of fighter jet Sukhoi Su-27 SK-type and Su-30 MK2 worth around USD 500 million. Currently, Russia is recognized by many as a unique player of the world arms market may be the most promising partner for Indonesia.

Head of Public Communication (Publik Kapuskom) Kemenhan, Brigadier General Sisriadi explained stressed that, the addition of defense equipment is also closely related with increased deterrent effect of Indonesia in association with neighboring countries.

Indonesia as the largest economy in Southeast Asia has increased its defense budget every year. Indonesia will buy a full squadron of Sukhoi fighter jets and patrol boats to increase the capacity of the military to protect shipping lanes, ports and maritime borders. Minister of Defense of the Republic of Indonesia Yusgiantoro says that if this is not accompanied by a transparency that can increase trust and confidence, it would be risks creating an arms race that would be a negative impact on peace and stability. He had reminded the delegates in a military conference that the sharp increase in the military budget and strengthen defense capabilities in the region will spread the seeds of distrust and rivalry into fuel. So, the

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159 Alutsista TNI Semakin Tangguh, Indonesia Pasti Disegani, Retrieve 22-12-13 from http://hankam.kompasiana.com/2013/10/16/alutsista-tni-semakin-tangguh-indonesia-pasti-disegani-599573.html
Indonesian military modernization has the effect of vibration to neighboring Southeast Asia and Australia.\textsuperscript{160}

To become a strong country, Indonesia should strengthen the defense through increased defense equipment, so that neighboring countries do not look down on Indonesia. Indonesia must be strong. Said former Chief of Staff of the Army Jend. Pramono Edhie Wibowo.\textsuperscript{161}

Andi Widjyanto with military observers from the University of Indonesia, said that the Indonesian defense force currently (2013) have already exceeded the target of the first phase of the minimum essential forces (MEF).\textsuperscript{162} And the defense forces later in 2014 will reach 38%. It has surplus of 10% of targeting that should at this first stage, only 28%. Impact to Indonesia border countries is reviewing the threat, the air intelligence measure of the strength, capability and vulnerability, both elements of the defense element of attacker or enemy or prospective enemies. Standard air intelligence analyses in any country were using the same standard, and Intention.\textsuperscript{163}

For the first time July 27 to August 17, 2012, Indonesian mainstay fighter, SU-27/SU-30 MK2 out of Makassar, flew to Australia to follow MOC Combat, Pitch Black 2012. So far, Indonesia Sukhoi fighter jet has never been included in war training with the Australian. “Indonesian Air Force has not been giving access to the Royal Australian Air Force, to

\textsuperscript{160} Modernisasi TNI dan Kekhawatiran Perlombaan Senjata, Retrieve 22-12-13 from http://www.dw.de/modernisasi-tni-dan-kekhawatiran-perlombaan-senjata/a-16685070
\textsuperscript{161} Pramono: Alutsista Kuat, Indonesia Tak Akan Dipandang Remeh, Retrieve Jumat, 4 Oktober 2013 18:10 WIB from: http://www.tribunnews.com/nasional/2013/10/04/pramono-alutsista-kuat-indonesia-tak-akan-dipandang-remeh
\textsuperscript{162} Alutsista TNI Semakin Tangguh, Indonesia Pasti Disegani, Retrieve 22-12-13 from: http://hankam.kompasiana.com/2013/10/16/alutsista-tni-semakin-tangguh-indonesia-pastidisegani-599573.html
\textsuperscript{163} Ramelan, Frayitto, Australia makin Gundah dengan Modernisasi Alutsista TNI AU, retrieved 02 May 2013 11:12 from: http://hankam.kompasiana.com/2013/05/02/australia-makin-gundah-dengan-modernisasi-alutsista-tni-au-556689.html
know the Russian Sukhoi fighter jet designed to rival the United States fourth generation said Lindsay Murdoch.\footnote{\textit{SU 30 Indonesia VS F/A 18F Australia}, Retrieved 20/12/13 20.21 from:http://jakartagreater.com/indonesia/ SU 30 Indonesia VS F/A 18F Australia, Retrieved 20/12/13 20.21 from:http://jakartagreater.com/indonesia/}

Since the Air Force in training with Pitch Black 2012, the Australian government, in particular the RAAF feel the anxiety and shock, where the Air Force Su-30 turned out to be superior to the F-18F Super Hornet almost all lines. Sukhoi by Australia was considered too great. Although, Australia did not says directly put Indonesia as a threat. Anxiety Australia has seen since Indonesia has the Sukhoi family.\footnote{Ramelan, Prayitno, Australia makin Gundah dengan Modernisasi Alutsista TNI AU, retrieved 02 May 2013 11:12 from: http://hankam.kompasiana.com/2013/05/02/australia-makin-gundah-dengan-modernisasi-alutsista-tni-au-556689.html} Since Indonesia has a family of Sukhoi, Australia continues to assess the ability of the Russian fighter, because it could be a threat to them. Various studies on the F/A-18 VS SU-30 have done by Australia. The result shows the F/A-18 Super Hornet is less than the SU-30, most of all lines.\footnote{\textit{SU 30 Indonesia VS F/A 18F Australia}, Retrieved 20/12/13 20.21 from:http://jakartagreater.com/indonesia/ SU 30 Indonesia VS F/A 18F Australia, Retrieved 20/12/13 20.21 from:http://jakartagreater.com/indonesia/}

The Flanker (Sukhoi) compared with the Super Hornet, it was apparent greatness: firepower, speed, agility raw, mileage, and performance is owned by the Sukhoi aircraft maneuvers, high speed turning performance, where the thrust limited, also goes to the Flanker, as does supersonic maneuvers performance. The Super Hornet lost badly in terms of radar and missile capabilities and combat radius performance. Similarly, aircraft defense systems. Super Hornet defeated. Especially in the case of Radar Warning Receiver, mid / high band defensive jammer. The Flanker’s radar aperture is twice the size of the Hornet family apertures, due to the larger nose cross section, the Super Hornet does not
have any compelling advantage in EWSP capability said Dr. Carlo Kopp.\(^{167}\)

Based on the Global Firepower perception of worlds rank in military strength is Indonesia in the 15\(^{th}\) position. Previous year in 2011, Indonesia is still ranked 18\(^{th}\) If compared with other ASEAN countries Indonesia is still in the first position followed by Thailand 20\(^{th}\) rank, Vietnam 25\(^{th}\) rank, the Philippines 31\(^{th}\) rank, Malaysia 33\(^{th}\) rank. In comparing with the Indonesian other neighbor country such as Australia, Indonesia is still greater from Australia in 23\(^{th}\) rank.\(^{168}\) In other sources from National Master that Indonesian military are rated base on air force personnel 16\(^{th}\) rank of 50 large, armed forces personnel 16\(^{th}\) rank of 166 large, and army personnel 11\(^{th}\) rank of 49 large.\(^{169}\)

Here is the form of an increase in the defense of Indonesian army through the Air Force, which is strengthened by fighter jets from Russia. Sukhoi fighter aircraft has demonstrated its function in protecting the sovereignty of the Indonesian nation from outside threats. In March 2011, the Air Force detects the presence of commercial aircraft Boeing 737-300 belonging to Pakistan International Airlines fly in Indonesian airspace without permission. The plane was carrying 13 crew and 49 Pakistani military personnel, with the route of Dili-Kuala Lumpur Malaysia. Finally, the Indonesian army Air Force ordered two fighter jets to pick up and the chartered plane forced to land at Sultan Hasanuddin Airport, South Sulawesi. The aircraft was detained at Hasanuddin air base until finally the Pakistani foreign ministry to coordinate the permits to fly the plane.\(^{170}\)

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In November 2011 the National Air Defense Command radar (Kohanudnas) detects no foreign aircraft passing around Balikpapan. Two Air Force plane Sukhoi aircraft immediately flew to the P2-ANW Dassault Falcon 900EX painted white with red logo flying without permission. The plane is carrying Deputy Prime Minister Papua New Guinea named Belden Namah. Finally, for some reason the plane was not shot down. And the problem was resolved by diplomacy.\textsuperscript{171}

On Sunday, September 3, 2012, the Indonesian Army Air Force plane that consists of a Su-27 and Su-30 successfully forced landing Cessna 208 belonging to the United States in violation of Indonesian national airspace. Cessna has been detected airborne radar network Kohanudnas. Because foreign aircraft not listed in the flight plan Flight Clearance Information System (FCIS), then it is categorized as a dark flight (Flight Black). Such a plane is forced down (forced down) on the airfield Balikpapan, East Borneo.\textsuperscript{172}

V.2 Indonesia Military Procurement’s Form Russia And Beyond

Indonesian Diplomacy takes a comprehensive approach that focuses on three pillars, namely trade, tourism and investment, as well as Indonesia's approach to Russia. The new platform in the field of bilateral cooperation between Indonesia and Russia economy started during the visit of President Megawati Sukarnoputri to Russia on 21 April 2003, which also signed the Declaration of the Republic of Indonesia and the Russian Federation on the Framework of Friendly Partnership Relations in the 21\textsuperscript{st} century with President Vladimir Putin. Good cooperation relationship is continued in the government of President Susilo Bambang Yudhoyono, seen several times the second meeting of heads of state to

\textsuperscript{171} Taroreh, S Marcel. “Aksi-aksi TNI AU usir pesawat asing di Indonesia, 05/23/2013” Retrieved 22/12/13 20.11 from: http://itjen.kemhan.go.id/node/3212

\textsuperscript{172} Taroreh, S Marcel. “Aksi-aksi TNI AU usir pesawat asing di Indonesia, 05/23/2013” Retrieved 22/12/13 20.11 from: http://itjen.kemhan.go.id/node/3212
discuss the development of bilateral, regional and multilateral. As well, the visit by the two heads of state several times to enhance the bilateral cooperation between the two countries.

Currently Indonesia's foreign policy is essential to expand its strategic partners around the world. And one of the interesting aspects of this is Russia. Because the red bear country has great potential. Among them, of course Russia advanced in the field of military and security cooperation. In other words, Indonesia-Russia strategic cooperation in the field of military and security can be a "door opener" to establish a strategic partnership in other areas outside the political and military. That's the promise of military and defense cooperation Russian-Indonesian. In selling military equipment, Russia does not impose requirements that are not related to political issues and trading business.  

President of Republic of Indonesia Susilo Bambang Yudhoyono with the people of Indonesia to explain the reasons why Indonesia in collaboration with Russia, especially in the field of military and defense Indonesian. And he also confirmed this cooperation real occurs between Indonesia and Russia. Indonesia is expected to learn and absorb the science-technology from Russia. It is a strategic option to be applied by Indonesia.

Indonesia-Russia bilateral diplomatic relations in the field of trade showed a significant increase, it is seen as a trade value between the two countries increased every year. Everything has its advantages and disadvantages, on the other hand Indonesia in deficit. The Indonesian government is trying to reduce the deficit occurred, such as asking the Russian government to buy more Indonesian products in the joint economic commission meeting, a trader and techniques, the "quick wins” and activity of Embassy of the Republic of Indonesia to attract Russian SMEs to come to Indonesia.

Increased diplomatic relations open up great opportunities for Indonesia and Russia, trade relations between the two countries resulted in the volume of trade increased rapidly, but Indonesia has suffered deficit. Deficit is due to the unbalanced trade between the two countries on the export and import. Which Indonesian imports products from Russia in the form of defense equipment that has the price doubled, while Indonesian exports mainly agriculture product. On military defense trade in Megawati administration was used the counter trade/counter purchase rather than state loan given by Russia in the era of SBY.

From the analysis of the data presented above, the researcher get unhealthy trade has occurred. That is because the Indonesian side always receives ongoing deficit. Indonesia-Russia bilateral trade should be beneficial to both parties. However, Indonesia should be even harder to find a good solution to reduce the deficit that happened. Even though Indonesian government already trying hard to reduce the deficit, but it would be a big home work for Indonesian government in future.

Counter purchase system is considered to increase Indonesian exports to Russia, while the Indonesia needs is to buy the military equipment. Instead of using a state loan that has interest loans that will continue to grow every year. Counter purchase in Megawati administration has proven surplus to Indonesia.

In the military sector, the trade of defense equipment Indonesian to Russia has influence on the improvement of the Indonesia defense capability to protect the sovereignty of Unitary State of the Republic of Indonesia (NKRI). The last is the responses among neighboring country around Southeast-Asia about Indonesia in current on Indonesia’s defense posture.

There are three views can be taken of the increase in Indonesian defense equipment both positive and negative impacts. First, Increasing of Indonesia's military armed force is going positively to the Indonesia defense capabilities. Indonesia is a country that has many islands and separated by oceans called as archipelago country, to maintain the security of Indonesian sovereignty, modern defense equipment fast and tough is needed, to keep Indonesian sovereignty from
external threats. There were other positive values, where cooperation between Indonesia and Russia has the understanding to maintain the security of the Asia Pacific region and Southeast Asia is supported by a foundation of UN charter to maintain peace in the world.

Second, it increases the deterrent effect of the Southeast-Asian countries and neighboring countries, if Indonesia is not doing this moment properly, Indonesia is expected to show transparency and the need to have a clear intention of increasing the sense of the state of defense equipment. If not, it could trigger an arms race between friendly countries and regions.

And third, As with Australia, the Australian indirectly say threatened by the stronger of Indonesian military, but some observers have concluded from their analysis that Australia feel threatened because of the toughness of the Indonesian military. The results of the joint exercise Pitch Black 2012 in Darwin Australia has paid curious to Indonesian military forces. Indonesian Sukhoi jet fighter has won almost all categories of fighting against super hornet belongs to Australia. Sukhoi family has proved their military prowess. However, reviews from the training Pitch Black 2012 make Australia to review the state of their defense system. On the other hand, Australia was proud of the greatness of the Indonesian military, the military cooperation agreement that they wake up, make Indonesia as a reliable partner to help them to protect from threats outside Australia.
CHAPTER VI
CONCLUSIONS AND RECOMMENDATIONS

The bilateral relations between both countries have risen. The similarity of both countries has power to strengthen the bilateral relation. 21st century is an ideal era to start the enhancements of Indonesia-Russia diplomatic relation. Together with the government of both countries, they build a new bridge as a basic of new phases of bilateral relations. The basic of new phases of bilateral relations is the signing of Declaration of the Republic of Indonesia and Russian Federation on the Framework of Friendly Partnership Relations in the 21st Century. The agreement is the proof of Indonesia-Russia in implementing the diplomacy relation in field economic, trade and technical. The issues of the bilateral relation of Indonesia and Russia, Indonesia has the new future challenges and opportunities that they could takes.

In this research the writer was interested to analyze about the link between Indonesia-Russia closer trade relations towards Indonesia’s greater security that will be concerned about the increasing of trade relations and military cooperation after the signed of Declaration of Indonesian and Russian on the Framework of Friendly Partnership Relations in 21st Century implementation impact to the value of trade and the Indonesian opportunities maintaining such a cordial relation. Both countries already had bilateral relations before the signing of the declaration of strategic partnership, and after the Declaration was established and then implemented with the signing of several agreements, it directly influenced the cooperation changes to the wider trade of fields. There are some indicators that become the reason for the development of trade diplomacy between Indonesia and Russia. Bilateral relations affected by Declaration of the Republic of Indonesia and the Russian Federation to the balance of trade both countries. Bilateral cooperation wider to those major events, this research attempts to conduct a comprehensive analysis on Indonesia future challenges and opportunities to take the advantages from its current situations on Indonesia-Russia bilateral relations.
To conduct this research, the researcher used some supports such as some theories to help the researcher to analysis the case. This research was supported by two close related theories, which are Diplomacy theory and Trade Diplomacy theory. Diplomacy theory is relevant for the discussion topic chosen by the researcher about the link between Indonesia-Russia closer trade relations towards Indonesia’s greater security, which is intergovernmental as a tool in bridges the relations. Trade diplomacy is used to support the researcher to analyze about the improvement its current of Indonesia-Russian bilateral relations in trade sector become wider to the military cooperation and economic sectors and also the reason behind the approach a cordial relations among both countries.

The strategic partnership of Indonesia and Russia, in bilateral trade is organized by the government to government as the bridges to open the Indonesian opportunities. The Indonesia-Russia bilateral cooperation in various fields has increased significantly. The relations between the two countries are a great opportunity to cooperate in the fields of trade, tourism, education, energy, mining, and defense industry and infrastructure development. Indonesia developed bilateral cooperation such as youth and sports, the environment, terrorism, banking and state loan USD 1 billion for military equipment from the Russian government. Their increasingly strategic relationship is noticeable by growing of meetings are conducted bilateral relations, such as Joint Commission Meeting Cooperation of Trade, Economics and Technical and Commission on Military Technical Cooperation. Diplomacy relations both countries are crucial. It produces more benefits to both countries in many sectors.

The closely relationship between the two countries gives a positive value to the trade sector. The trade volume has increased which means positive to trade value both countries, total trade has increasing as well. In other side the balance of trade show Indonesia is suffering deficit from this trade relations. Indonesia suffered deficit because unbalanced trade between the two countries. The researcher get unhealthy trade has occurred. That is because the Indonesian side always receives ongoing deficit. Indonesia-Russia bilateral trade should be
beneficial to both parties based on declaration on the framework of friendly partnership relations in the 21st century.

Indonesian military defense sector has increased since Indonesia started using family of Shukoi. Indonesia military capability increased and strengthened. Indonesia military defense capabilities are getting strong supported by Russian military equipment. Global firepower military ranks show Indonesia is in first rank of ASEAN members. An Indonesian national defense capability is getting stronger, with an increase in the main instrument of defense systems. This increase raises the response from Indonesian observed and neighbor’s country. Australia recognizes that Indonesia increased in air forces capability and it’s affected also to Indonesia defense capabilities when show the result of Pitch Black air forces training Indonesia and Australia.

Indonesia is facing new challenges that could destroy Indonesia future. Indonesia should be able to make the existing problem not as a weakness but make it to be a great opportunity to achieve national interests are fully supported by the Indonesian foreign policy. The opportunities that can be improve in further, such as in the fields of aerospace, nuclear, investment, mining, energy, tourist and military industry. Increase cooperation with the maximum way and based on the quick wins perception as both countries agreed. Approval and signed a memorandum of understanding that will develop better relationships in all areas. Expect strong collaboration with the well can be further enhanced in the future.

Recommendation according to deficit that Indonesia suffered on the bilateral trade relations among both countries are, first Indonesia must add more export to Russia as much as Russia export to Indonesia. Second, Indonesia could propose the use of the system counter purchase of military equipment expenditure, as it is considered to increase Indonesian exports. Third, provide adding value on Indonesian export goods that have a selling price, in another sense shaped Indonesian send goods not raw but is processed first. Fourth, a major equipment purchase defense system not through a third person, but directly to the first, because that will add unexpected costs.
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APPENDICES


DECLARATION
ON THE FRAMEWORK OF FRIENDLY AND PARTNERSHIP RELATIONS
BETWEEN THE RUSSIAN FEDERATION
AND THE REPUBLIC OF INDONESIA
IN THE 21ST CENTURY

The Russian Federation and the Republic of Indonesia,

Motivated by the aspiration of the two States to maintain traditionally friendly ties and establish partnership relations serving the purposes of foreign policy,

Realizing that their roles and responsibilities are vital for the maintenance of peace, stability, security, mutual trust, cooperation and sustainable development in the Asia and Pacific region and the whole world,

Seeking to contribute to the shaping of a democratic system of relations between states based on shared responsibilities and the primacy of multilateralism and for the sake of further strengthening of the United Nations' (UN) central coordinating role and priority of the principles of international law, namely respect for national sovereignty and independence, territorial integrity, non-interference in internal affairs, equality and mutual benefit,

Confirming their adherence to the universal values of freedom, democracy, rule of law and respect for fundamental human rights, as well as their shared basic positions towards the peaceful resolution of urgent global issues such as promotion of international peace and security and countering international terrorism, based on international law, using the mechanisms of multilateral and bilateral cooperation,
Expressing their preparedness to strengthen mutually beneficial bilateral relations in all spheres and to develop them further to a level commensurate with the potential of both States, and fully cognizant of the strategic significance of such measures for the Asia-Pacific region and the entire world,

Have agreed as follows:

1. To enhance and broaden political dialogue on the whole spectrum of bilateral relations and international issues of mutual concern.

2. To conduct political consultations through diplomatic channels, to promote contacts between the executive authorities of both States, to encourage the development of direct mutually beneficial ties between the interested agencies and institutions in the spheres of justice, law, defense, security, environmental protection, tourism, mass media, health care, culture and other fields.

3. To encourage direct contacts between the highest legislative bodies of the two States and their coordination and cooperation within international parliamentary organizations, such as the ASEAN Inter-Parliamentary Organization and the Inter-Parliamentary Union.

4. To promote exchanges of delegations between public organizations, various contacts on a regional level, between sister-cities and capitals, as well as between citizens of both States.

5. To promote bilateral relations in the economic, trade, scientific and technological, military and technological fields, including defense industry cooperation, and to that end to develop favorable legal, financial and economic environment; to encourage direct cooperation between state and private enterprises, economic and financial structures.

6. To promote joint enterprises and investment activities, including in the field of small and medium enterprises and in other economic spheres.
deemed most promising and beneficial for both States; to enhance to that
end the efficient activities of the Russian-Indonesian Joint Commission on
Trade, Economic and Technological Cooperation and to further strengthen
its interaction mechanism.

7. To take further steps in developing cultural, educational, youth
and sports exchanges, to seek to widen and enrich the cultural and
scientific cooperation between the two countries.

8. To take actions to ensure maintenance and promotion of
international peace and security, strict observance of the UN Charter
provisions, rules of international law, human rights and fundamental
freedoms, prevention and peaceful settlement of armed conflicts; to
continue to collaborate actively to establish just and stable law and order in
the world, build international relations based on the principles of mutual
respect and equality, partnership, dialogue, cooperation and peaceful
settlement of disputes.

9. To promote establishment of a just and stable world order based
upon shared responsibilities and recognition of the primacy of principles of
multilateralism, universal security and inviolability of the rules of
international law and international obligations.

10. To strengthen partnership and cooperation within the UN
framework, with a view of enhancing the efficiency of its activities in new
world realities, reinforcing the UN central role in securing peace, stability
and security of States.

11. To cooperate within the framework of international
organizations, first of all within the UN, on the problem of eradicating
terrorism and countering its threats to international peace and security
manifested in separatism and extremism, transnational organized crime,
illicit-trafficking of drugs and psychotropic substances.

12. To cooperate at the global and regional levels on a wide range of
issues related to the maintenance and strengthening of international peace and stability.

13. To jointly contribute to arms control, nuclear disarmament and elimination of weapons of mass destruction.

14. To cooperate in ensuring sustainable development, balanced growth of the world economy, fair distribution of benefits and costs of the globalization process, equitable and mutually advantageous cooperation, including within the framework of international and regional economic and financial institutions.

15. To reject any forms of interference in internal affairs of States for the purposes of cutting short the attempts to undermine their territorial integrity and to internationalize the internal problems of States under whatever pretexts.

16. To contribute to the enhancement of international efforts in order to normalize and improve the situation in the world.

17. To promote the strengthening of peace and stability in the entire Asia-Pacific region and in South-East Asia in particular, to broaden the dialogue and exchange of opinions in order to resolve the problems of the region and to create an atmosphere of mutual trust and respect, to reduce inappropriate military activities and to develop mutually beneficial, open and non-discriminatory cooperation in the economic, trade, science and technology as well as cultural fields, and to develop and strengthen friendly ties with all the States in the Asia and Pacific region.

18. To make efforts to elaborate principles guiding relations to prevent crisis situations, strengthen peace and stability in the region, including usage of the principles and methods of preventive diplomacy.

19. To contribute constructively to the activities of the regional and multilateral negotiation structures bearing in mind active role of the Association of South-East Asia Nations, to promote in every possible way
progressive advancement of the ASEAN-Russia political dialogue and the implementation of the agreed results.

20. To support efforts of the States to establish in South-East Asia a zone of peace, freedom and neutrality, free from nuclear weapons. The Russian Federation reaffirms its readiness to initiate the procedure of accession to the Treaty of Amity and Cooperation in South-East Asia of 24 February 1976.

21. To encourage development of regional and global integration processes and cooperate with other States within economic structures in the Asia-Pacific region, including the Asia-Pacific Economic Cooperation.

22. To develop legal basis for bilateral relations with due consideration of new political, economic and social realities in the world. To make, for this purpose, an inventory of previously signed treaties and agreements and to conclude new ones, as appropriate.

Moscow, 21 April 2003

President of the
Russian Federation

President of the
Republic of Indonesia
B. President of Indonesia Speech

KBRI Rusia, Kamis, 30 November 2006

TRANSKRIPSI SAMBUTAN PRESIDEN REPUBLIK INDONESIA
PADA ACARA PERTEMUAN DENGAN MASYARAKAT INDONESIA
DI MOSKOW, RUSIA
KBRI, 30 NOVEMBER 2006

Bismillahirrahmannirrahim
Assalamualaikum warrahmatullahi wabarrakatuh

Yang saya hormati Saudara Duta Besar Republik Indonesia untuk Rusia beserta Ibu, para Diplomat, staf Kedutaan, Saudara-saudara keluarga besar masyarakat Indonesia yang berkarya dan bertugas di Rusia.

Hadirin sekalian yang saya hormati, Marilah pertama-tama, pada malam yang membahagiakan dan Insya Allah penuh berkah ini, kita panjatkan puji dan syukur ke hadirat Tuhan Yang Maha Kuasa atas rahmat dan ridho-Nya, kita semua masih diberi kesempatan, kekuatan dan kesehatan untuk beribadah sebagai umat hamba Tuhan, untuk melaksanakan tugas dan kewajiban kita sebagai warga negara Republik Indonesia yang kita cintai bersama.


Pada malam yang baik ini, saya ingin sampaikan dua hal. Pertama adalah tujuan kunjungan saya dan delegasi ke Rusia kali ini, sekaligus saya kait dengan kunjungan ke Jepang beberapa hari yang lalu. Dan yang kedua adalah secara ringkas, apa yang sedang kita lakukan di tanah air tercinta.

Ada beberapa hasil konkret yang kita capai dalam kunjungan kemarin, baik itu yang menyangkut kerjasama di bidang investasi, perdagangan, energi, pendidikan dan lain-lain. Ke Rusia ini tentu kita memiliki agenda yang tidak kalah pentingnya, agar ke depan persahabatan dan kerjasama Indonesia-Rusia juga meningkat lebih luas lagi.


Pertemuan yang saya lakukan dengan beliau selalu membuka peluang baik untuk peningkatan kerjasama diantara Indonesia dan Rusia. Diantara 12 bidang atau sektor yang akan kerjasamakan pada prinsipnya mencakup 4 bagian utama. Pertama kita ingin meningkatkan kerjasama di bidang pertahanan, dalam hal ini teknik pertahanan, kemudian industri dan teknologi.

Rusia maupun Uni Soviet yang kita kenal dalam sejarah di waktu yang lalu adalah negara yang sangat maju di bidang teknologi militer, di bidang teknologi pertahanan. Oleh
karena itu, untuk kepentingan Indonesia, untuk kepentingan pengembangan industri pertahanan kita, teknologi militer kita, maka kerjasama dengan Rusia ini patut kita lakukan. Dengan demikian, kita dapat memperoleh keuntungan yang besar, sekali lagi untuk meningkatkan kapasitas dan tingkat kemajuan industri pertahanan kita.

Untuk saudara ketahui, bahwa kita menggunakan pesawat tempur buatan Rusia Sukhoi dan juga helikopter dalam proses sudah ada satu, dua yang bahkan kita kembangkan juga buatan Rusia M17 dan M35. Kita ingin karena negara kita belum bisa memproduksi pesawat tempur dengan tingkat teknologi seperti itu, maka kerjasama di dalam pengadaan sistem senjata ini dibenarkan. Karena kebijakan yang kita tempuh, yang saya gariskan 2 tahun yang lalu, apabila sistem persenjataan atau perlengkapan dan peralatan militer itu bisa diproduksi di dalam negeri, wajib hukumnya untuk kita gunakan yang buatan dalam negeri. Tetapi kalau itu belum bisa diproduksi dalam negeri tentu kita akan mengadakannya dari negara lain dalam kerangka kerjasama yang baik, yang sehat, yang menguntungkan bagi kita, yang suatu saat juga bisa alih teknologi, yang dalam kerjasama itu juga bisa dimungkinkan seperti joint investment, joint design, joint resource, joint production dan lain-lain. Dalam konteks itulah, kita ingin melakukan kerjasama dengan Rusia dalam bidang teknik pertahanan.

Untuk saudara ketahui juga, sebagai contoh pesawat tempur yang dimiliki TNI Angkatan Udara, kita memiliki satu satuan pesawat tempur buatan Amerika yang kita sebut dengan F16 dan F5. Kita juga punya satu kekuatan pesawat tempur buatan Inggris yang kita sebut dengan Hawk. Sekarang kita sudah mulai sejumlah pesawat tempur yang akan kita kembangkan menjadi harapan kita menjadi satu skuadron nanti, pesawat tempur buatan Rusia atau Sukhoi.

Pengalaman kita yang lalu, kalau kita hanya tergantung dari satu sumber pengadaan, negara x misalkan, ada dinamika politik, kemudian ada embargo dan lain-lain, kita pada posisi yang sulit. Oleh karena itu, salah satu pertimbangan kita untuk juga melengkapi pesawat sukhoi kita, agar kita punya sumber-sumber pengadaan yang beragam, bukan hanya dari satu negara saja, demikian juga yang lain. (satu alas an bekerjasama dgn rusia)

Kemudian industri dalam arti luas juga demikian, kita akan menimba pengalaman kemajuan dari Rusia ini yang dapat kita angkat, teknologi yang lain kedirgantaraan, auto space, peroketan juga kita galang kerjasama karena tingkat penguasaan dan kemajuan teknologi yang tinggi, yang dimiliki oleh Rusia.

Bidang yang kedua adalah bidang energi. Saudara tahu bahwa Rusia adalah sumber dan penghasil energi yang terbesar pada tingkat global, baik itu minyak, gas, maupun sumber energi yang lain. Kita juga demikian meskipun dalam skala yang lebih kecil, tetapi karena jam terbang, pengalaman dari Rusia dalam bidang energi ini juga sangat maju, oleh karena itu, kita menggalang kerjasama dalam bidang energi ini.

Yang keempat yang kita kerjasamakan adalah di bidang pendidikan, kemudian pariwisata dan juga budaya. Saudara tahu pendidikan cukup maju, saya tadi berbicara dengan 20 mahasiswa kita di St. Petersburg dan saya tahu di Moscow ini juga banyak mahasiswa kita yang mengambil berbagai cabang studi. Saya tahu juga negara-negara lain seperti Malaysia dan India cukup banyak mengirimkan mahasiswa dan pelajarnya ke negeri ini. Menurut saya, saya akan mendorong lebih banyak lagi nanti dari tanah air generasi muda kita yang menimba pengetahuan dan ilmu di Rusia ini.
Sayapun juga mengundang pemuda atau pun mahasiswa, pelajar dari Rusia untuk juga mendalami bahasa Indonesia misalnya, budaya Indonesia, agar hubungan antar bangsa, *people to people contact* dapat ditingkatkan dengan pemahaman atas budaya dan karakter bangsa di kedua negara. Ini yang akan kita kembangkan nanti ke depan.

Di bidang pariwisata, trend yang ada, statistik yang ada, makin banyak warga Rusia yang melaksanakan perjalanan wisata ke luar negeri. Tentu kita berharap Indonesia tidak kalah indahnya, bukan hanya Bali, tapi juga tempat-tempat yang lain. Oleh karena itu, kerjasama ke arah itu akan kita tingkatkan.

Ada cabang kerjasama yang saya ingin, kita kembangkan di waktu yang akan datang yaitu di bidang olahraga. Saudara-saudara, Indonesia itu penduduknya 220 juta, lebih banyak dibandingkan penduduk Rusia. Iya kalau Olimpiade atau *Olympic* mungkin kita barangkali rangking kita tidak terlalu bagus, karena banyak negara-negara yang memang gudangnya olahragawan, gudangnya atlet di Eropa, China, Jepang, Rusia sendiri, Kuba bahkan Amerika dan lain-lain. Tapi kalau kita berada pada peringkat yang tidak tinggi pada tingkat ASEAN, tentu kita merasa tidak puas. Mengapa di tingkat ASEAN yang 10 rangking kita kok tidak tinggi?

Oleh karena itu, tidak perlu kita mencari kesalahan, siapa yang salah, apanya yang salah, tapi mari kita berbenah diri, mari kita tingkatkan, apa namanya, kemampuan dan prestasi olahraga kita di seluruh Indonesia dan tidak perlu kita malu-malu menimba ilmu, memimba pengalaman, menimba pelatihan pendidikan, teknologi dan lain-lain dari negara lain. Saya ingin kita juga menjalin kerjasama dengan Rusia ini.

Sedangkan keempat yang akan kita kerjasamakan adalah dunia dewasa ini, tidak sepi dari konflik, di Timur Tengah misalnya, di Semenanjung Korea, dan di beberapa tempat yang lain, termasuk di Afrika. Dalam banyak hal posisi Rusia dengan posisi Indonesia itu sama, mirip. Oleh karena itu, saya ingin besok pertemuan saya dengan Presiden Putin, saya akan membahas masalah-masalah bersama, misalkan situasi di Timur Tengah, Irak misalnya, Semenanjung Korea maupun di tempat-tempat lain yang kira-kira dengan konsultasi Indonesia dan Rusia bisa berperan secara konstruktif. Untuk saudara ketahui, Rusia adalah Anggota Tetap Dewan Keamanan PBB memiliki hak veto. Sedangkan Indonesia, Alhamdullilah mulai Januari tahun 2007 selama 2 tahun ke depan kita sudah menjadi Anggota Tidak Tetap Dewan Keamanan PBB.

Tentu banyak sekali masalah-masalah yang harus kita sinkronisasikan, kita konsultasikan untuk ikut mengatasi masalah-masalah global, terutama masalah-masalah perdamai dan dunia. Dalam konteks itulah, kita ingin lebih menjalin kerjasama dan dialog serta konsultasi politik dengan Rusia. Empat hal itulah yang ingin kita capai dalam kerjasama Indonesia-Rusia sekarang dan ke depan.

Saudara-saudara yang saya cintai, Itulah kira-kira tujuan dan dasar kunjungan saya dengan delegasi, terutama ke Rusia dan sedikit ke Jepang tadi. Dan tentunya saya berharap nanti, Saudara Duta Besar dengan para Diplomat staf kita, selasa kunjungan saya ini bisa ditindaklanjuti lebih lanjut, manamana yang perlu dibahas lebih mendalam lagi antara kita dengan pihak Rusia, tentunya sebagai ujung tombak, wakil saya di depan adalah Saudara Duta Besar untuk mesti menindaklanjuti dengan tepat dan cepat, sehingga semuanya bisa terwujud dengan baik. Demikian juga untuk tanah air, apa yang kita sepakati besok dalam pertemuan bilateral akan kita tindaklanjuti untuk implementasinya.
Saudara-saudara yang saya cintai,
Bagian yang kedua yang ingin sampaikan sebagaimana saya sebutkan tadi, adalah tentang perkembangan situasi di tanah air. Pertama, saya kira Saudara mengetahui bahwa negara kita, 7-8 tahun yang lalu mengalami krisis yang luar biasa. Krisis yang memukul sendi kehidupan bangsa, menimbulkan berbagai kemunduran, stagnasi dan situasi-situasi yang memerlukan waktu bertahun-tahun untuk memulihkan dan mengatasi.

Untuk menyebut beberapa contoh akibat krisis yang luar biasa waktu itu, ekonomi kita jatuh, hutang eksternal kita menggembalkan luar biasa, pengangguran juga bertambah dengan pesatnya, kemiskinan demikian juga, fundamental ekonomi rapuh, akhirnya kondisi ekonomi nasional kita sangat terganggu. Demikian juga situasi politik sejalan dengan reformasi, sejalan demokratisasi, hadirnya kebebasan dan penghormatan kepada hak asasi manusia, itu juga menimbulkan efek dises disana-sini yang tidak bisa kita hindari karena peristiwa lain. Dalam konteks itu, semua yang kita lakukan sekarang ini secara nasional melanjutkan upaya untuk memulihkan negeri kita dari krisis dan membangunnya kembali.

Belum masalah internasional, ada gangguan-gangguan, kita ada embargo, kita mendapatkan banyak hal. Itu adalah proses yang kita alami sejak 1998. Dengan kerja keras kita semua, pemerintahan demi pemerintahan satu demi satu masalah itu ada yang bisa diatasi, meskipun belum sepenuhnya pulih, meskipun masalah-masalah baru juga muncul. Dalam konteks itu, semua maka yang kita lakukan sekarang ini secara nasional melanjutkan upaya untuk memulihkan negeri kita dari krisis dan membangunnya kembali.


Dalam kondisi seperti itulah, pertama kita memulihkan dari krisis tahun 1998 yang lalu dalam rangka kita juga meneruskan reformasi dan demokratisasi, kita harus mengatasi masalah-masalah 2 tahun yang tentunya juga memberikan tekanan pada kehidupan kita.

Semua itu tiada lain adalah untuk segera meningkatkan kualitas hidup, meningkatkan kesejahteraan rakyat kita, sehingga kita tidak hanya menunggu tetesan dari pertumbuhan ekonomi yang harapan kita makin meningkat, tetapi kita juga melakukan program-program terarah untuk mengatasi semuanya itu.

Itulah saudara-saudara, yang kita lakukan tentu Indonesia negara besar, penduduknya banyak masalahnya kompleks, pikiran penduduknya beragam, satu masalah menyenangkan satu pihak, mungkin tidak menyenangkan pihak yang lain dan sebagainya. Oleh karena itu, wajar saja kalau dalam proses besar ini negara yang sedang tumbuh dalam demokrasinya, tapi juga mengatasi masalah-masalahnya, tentu ada pro dan kontra ada pikiran yang berbeda-beda, tapi itu harus kita letak dalam konteks yang wajar. Yang penting bangsa kita tidak kehilangan orientasi, kita harus terus membangun, mengatasi masalah, memperbaiki semua keadaan dengan harapan makin ke depan makin baik.

Karena dunia makin mengglobal, tidak ada satu bangsa pun sekarang yang bisa hidup sendiri, yang bebas dari pengaruh bangsa lain, maka sikap kita terhadap globalisasi tiada lain adalah secara cerdas dengan siasat yang baik kita harus mampu mengalirkan sumber-sumber untuk kesejahteraan kita, pembangunan kita dari suasana globalisasi. Seraya kita menangkal, kita mencegah masuknya pengaruh-pengaruh globalisasi yang tidak baik, yang tidak sesuai dengan kepribadian dan nilai-nilai budaya bangsa Indonesia.

Itulah yang ingin saya sampaikan dalam kesempatan yang baik ini. Dan barangkali, baik kalau saya memberi kesempatan kepada Saudara-saudara, khususnya yang bertugas, yang berkarya di Rusia ini. Tadi saya juga sempat berbincang-bincang waktu santap malam bersama tadi, yang saya pantau, yang saya ketahui tidak ada sesuatu yang baik kita harus mampu mengalirkan sumber-sumber untuk kesejahteraan kita, pembangunan kita dari suasana globalisasi. Seraya kita menangkal, kita mencegah masuknya pengaruh-pengaruh globalisasi yang tidak baik, yang tidak sesuai dengan kepribadian dan nilai-nilai budaya bangsa Indonesia.

Itulah yang ingin saya sampaikan saudara-saudara, dan saya persilakan Pak Dubes untuk memandu barangkali ada yang menyampaikan pertanyaan atau saran kepada saya. Terima kasih.

Biro Pers dan Media
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