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Challenging Times in Singapore-Indonesia Relations

By Barry Desker

Synopsis

While the regional tensions caused by the haze pollution from Indonesia seem to be easing off, they are emblematic of the recurring challenges that undergird Singapore's relations with its neighbours. Issues around bad air, airspace and assets continue to trouble ties with Indonesia.

Commentary

THE HAZE enveloping Singapore today highlights the significance of our bilateral relationship with Indonesia. Just as we cannot escape the devastating impact on our health of 'slash-and-burn' techniques to clear forested land in Sumatra for palm oil plantations, as neighbours, emerging trends in Indonesia will have an impact on Singapore.

Generally excellent bilateral ties during the years when President Suharto led Indonesia from 1967 to 1998 have been followed by more challenging interactions as Singapore adjusted to the rise of populist democracy in Indonesia. There has been a sharp increase in bilateral exchanges over the years, both at the political and business levels as well as a rise in tourism, increasing student and community exchanges, together with Singapore's emergence as a major investor in Indonesia and growing bilateral trade. But there are undercurrents which should not be ignored.

Recurring theme in ties

As hotly contested regional elections take place in Indonesia in December 2015, there is a risk that Singapore will be a target of criticism in provincial and district (*kabupaten*) electoral campaigns in Sumatra, especially in areas where power holders have worked well with Singapore such as in Riau and Jambi. Their critics will highlight the willingness of these incumbents to subordinate Indonesia's interests to the lure of Singapore's cash and benefits. A younger generation of internet-savvy Indonesians are also likely to take nationalistic postures and criticisms of Singapore risk going viral.

A recurrent theme in our bilateral relationship has been the mix of envy, fear and suspicion in the minds of some quarters in Indonesia, which has coloured their perceptions of Singapore. They feel that Singapore has succeeded at Indonesia's expense and that tiny Singapore should be grateful for benefitting from Indonesia. Commenting on the haze, Indonesian Vice-President Jusuf Kalla said, "for eleven months, [Singapore and Malaysia] enjoyed nice air from Indonesia and they never thanked us. They have suffered for one month because of the haze and they get upset".

In dealing with Indonesia, we should anticipate such a 'big brother' mindset, even from circles in Indonesia generally friendly towards Singapore. While President B.J. Habibie's 'little red dot' reference to Singapore in 1998 has achieved iconic status in Singapore, most Indonesians are unaware of the reference and of the original derogatory usage.

Underlying the approach of many Indonesian policymakers is the belief that Singapore has no natural resources and benefits from exploiting Indonesia. The self-image is that of Indonesia as a pretty girl courted by everyone at the party. It is not perceived as a relationship of equals but one where Singapore is dependent on Indonesia. Bilateral relations are challenging due to three reasons: bad air or the haze; airspace and assets.

First: bad air

In 2013, at the height of the haze season, then-Coordinating Minister for People's Welfare Agung Laksono complained that "Singapore shouldn't be behaving like a child and making all this noise". He added that Indonesia would reject any Singapore offer of financial aid to assist in quelling the forest fires unless it was a large amount.

Singapore offered Indonesia a Haze Assistance Package including aircraft, helicopter, satellite imagery and Singapore Civil Defence Force (SCDF) fire-fighting teams and equipment while requesting concession maps and names of errant companies so that we could take action against them. These requests have either been ignored or rejected.

When asked why Indonesia declined Singapore's offer of assistance, the Minister of the Environment and Forestry, Siti Nurbaya Bakar, said that if the offer of assistance was for 40 planes, and not just one, then maybe the offer could be considered. Indonesia last week accepted offers of aid from foreign countries, including Singapore. But it has taken weeks to come to this position. The irony is that it is Indonesian citizens in Sumatra and Kalimantan who are feeling the worst effects of the forest fires.

Second: airspace

Indonesian politicians and military personnel have also called for Indonesia to 'take back' areas over Riau within Indonesian airspace which have formed part of the Singapore Flight Information Region (FIR) since 1946, when the International Civil Aviation Organisation allocated the area to Singapore based on operational and technical considerations. The FIR assigned to Singapore includes some of the territorial airspace of Malaysia and Indonesia, and such overlaps are common in many parts of the world including Europe, Africa and South America. The Jakarta FIR, for example, also covers Timor Leste territorial airspace.

While the Indonesians argue that this is their sovereign right as it is part of their territorial airspace, Singapore has managed the FIR as a public good focusing on operational efficiency and the safety of navigation in increasingly crowded skies. The Indonesian media frequently misrepresents Singapore's management of the FIR claiming that Singapore profits from air navigation charges, delays planes taking off or landing at Batam to accommodate Changi's traffic and discriminates against Indonesian airlines in flight level allocation. None of this is true.

The fees collected by Singapore are remitted annually to Indonesia and there is proper accounting between the two countries while traffic movements are handled solely on the basis of operational efficiency. A former Indonesian Air Force Chief of Staff even claimed that Singapore would be "destroyed" if Indonesia took over the FIR, simplistically concluding that Singapore's role as an air transport hub would be undermined and our entire economy would be ruined.

Third: assets and corruption

Indonesian politicians have also blamed Singapore for harbouring alleged Indonesian 'corruptors' and their 'illegal funds'. In an interview on Indonesia's proposed amnesty for financial crimes, the Minister of Finance Bambang Brodjonegoro, said: "We spend our time cursing corruptors but they are safe in Singapore." He also cited a McKinsey study which estimated that the value of Indonesian assets in

Singapore amounted to US\$300 billion. Indonesian officials also claim that Singapore has obstructed their finance-related investigations.

When MAS announced that it would no longer issue the \$10,000 note from October 2014 because of the risk associated with large-value cash transactions and high-value notes, Indonesian officials claimed that Singapore had given in to Indonesian “pressure”. Singapore has consistently and publicly refuted these allegations, and has in fact been assisting Indonesia’s investigation requests. But such claims will recur. The ability of alleged criminals to leave the country legally will be ignored. The Indonesian authorities have found it more convenient to blame others than deal with the real causes.

I had the experience of meeting a friend from my posting in Jakarta at the Nadaman restaurant in Singapore. He owed his creditors US\$500 million and was a fugitive but had left Indonesia legally and was carrying a valid Indonesian passport. He left the restaurant after paying my bill with his diamond credit card! I was hosting some of my former colleagues and was surprised when I wanted to pay at the end of our meal so I asked the manager to see the bill. As the credit card was from one of his creditor banks, I concluded that we had all enjoyed the hospitality of his bankers!

This is not an isolated case. A tax official, Gayus Tambunan, who was convicted of tax evasion of 160 billion rupiah was caught on camera watching an international tennis tournament in Bali in November 2010. He had earlier been seen shopping on Orchard Road with his wife, having travelled legally to Singapore. Relocated to a special prison in Bandung for those convicted for corruption, he was spotted having a meal at a restaurant in Jakarta recently!

Regional spillovers

Singapore benefits when our neighbours enjoy political stability and economic growth. We want them to do well. However, we need to bear in mind that there are groups in Indonesia as well as Malaysia that do not share these sentiments. Their internal conflicts can also spill over into Singapore. As political contestation increases in Indonesia, Singapore has been an easy target to rally domestic support and deflect criticism. We cannot escape our neighbourhood. A continuing foreign policy challenge will be to differentiate ourselves from our neighbours, even as we strive to get along with them.

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