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As Australia’s 2013 Defence White paper pointed out, Australia’s longstanding partnership with Indonesia remains our most important defence relationship in the region. Australia and Indonesia share security challenges and have a common commitment to regional security.1

With the election of a new President in Indonesia, though, the relationship between Australia and Indonesia is at a crossroads. On the one hand, if the focus of the relationship is to be on the seemingly regularly occurring irritants in the relationship, such as border security issues or other issues arising from cultural differences and misunderstandings, then the relationship will deteriorate and may plumb new depths. On the other hand, if the focus is to be on mutual strategic interests, then there is potential for it to be elevated to a new level.

For example, most of the trade of both nations, whether by sea or air, passes through the Indian Ocean, the Malacca Strait and/or the South and East China Seas. Australia has long pursued a maritime strategy and Indonesia under President Joko Widodo, intends to pursue one too. Consequently, there may be scope for Australia and Indonesia to develop their maritime strategies jointly. As Professor Alan Dupont suggests2, Australia could invite Indonesia to join with it in developing the Cocos Islands as a joint base for surveillance of the Indian Ocean and the Malacca Strait, with the intelligence acquired shared.

Then again there is terrorism. Since the Bali bombings carried out by Jemaah Islamiyah in 2002, Australia and Indonesia have co-operated very well in intelligence sharing and policing to reduce the terrorist threat. But the emergence of Islamic State in Iraq and Syria and Boko Haram in Sub-Saharan West Africa has elevated the terrorist threat from a policing issue to a military one. These groups have developed military forces and employed them via conventional warfare to seize and hold ground for their caliphate. While their immediate objectives are local, their longer-term ambitions are global and there is scope for them to export their campaign to places in our region such as the southern Philippines where Abu Sayyaf remains active, southern Thailand, and parts of Indonesia.

The ‘strategic elephant in the regional room’, however, is China. China’s natural desire to exercise strategic dominance in its regional sphere of influence, as befitting a great power, is bringing it into increasing strategic competition with the United States. Also, China’s vigorous assertion of its territorial claims in the East and South China Seas, which cover 90 per cent of those waters, have created tensions with its neighbours – especially Japan, Vietnam, and the Philippines, but potentially Malaysia, Brunei and Indonesia as well – with their competing claims over those waters. While the outcome of such competition and tensions in future could be benign, prudent strategic planning must examine the realistic possibility that, through miscalculation or deliberate intent, the competition and tensions lead to conflict among the nation-states involved.

These are all matters in which Australia and Indonesia have strategic interests in common and could co-operate to mutual advantage. Were they to do so, it would raise their relationship to a new strategic level. Opportunities for, and impediments to, strategic co-operation were the focus of the Institute’s 3rd International Defence and Security Dialogue.

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