

# Canada and Indonesia Perturbed Engagement

Louis A. Delvoie

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## Occasional Paper Series

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The Queen's Centre for International Relations (QCIR) is pleased to present the sixty-third in its *Occasional Paper* series. The *Occasional Papers* are intended to reach the policy-community and the broader public with short analyses of contemporary trends and issues in international security and in Canadian foreign and defence policy.

A regular contributor to this series, Louis Delvoie here brings the experience of a diplomat and the tools of an historian to hear on an important but often under-appreciated bilateral relationship – that of Canada and Indonesia. As he has done with previous papers on Canada's relations with Turkey and India, he underlines the importance of bilateral links, first as the channels through which much of the hard, practical work of Canadian foreign policy is done, and second as the essential groundwork for the more glamorous multilateralism for which Canadians often claim a special propensity.

As the fourth most-populous country in the world and the largest Muslim state, rich in resources and prone to internal turbulence, Indonesia matters. Delvoie's survey of its relations with Canada since independence in 1949 shows, however, that Ottawa's awareness of its importance has been sporadic and variable. The bilateral diplomacy of trade, investment and immigration has evolved slowly, and at a lower level of intensity than might have been warranted by Indonesia's weight as a regional and global actor. This pattern has been punctuated by occasional moments of high drama and strategic instability – the war of independence, the confrontation with Malaysia in the 1960s, the coup which brought Suharto to power in 1965, the economic crisis of 1997 which saw him out, and the eruptions over East Timor in 1975, 1991 and 1999. Delvoie's sketch shows Canadian diplomacy playing a quiet and usually creditable role at all these historical junctures. Only in the last decade, however, does he see Canada beginning to give relations with Indonesia the prominence they deserve.

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Charles C. Pentland  
Director  
Queen's Centre for International Relations  
February 2010

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# Canada and Indonesia: Perturbed Engagement

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Multiculturalism has long been viewed as a hallmark, if not the foundation stone, of Canadian foreign policy. And with good reason. Canada has been an inveterate “joiner” in the multilateral system. As a middle power in a world long dominated by great powers, Canada has found that in building or adhering to coalitions of like minded countries within diverse international organizations lay the key to success in achieving many of its foreign policy objectives. In multilateralism Canada has also found a very useful, albeit very partial, counterweight to its dominant relationship with the United States. And in Canada’s international relations, the multilateral dimensions are the ones which usually attract the headlines, whether it is summits of the G-8 or of the North Atlantic Treaty Organization (NATO), ministerial meetings of the World Trade Organization (WTO) or the Organization of American States (OAS), or international conferences on climate change or human rights.<sup>1</sup>

With the exception of the Canada-United States relationship, which is the object of almost constant study and scrutiny, Canada’s bilateral relationships attract considerably little attention. There is a very modest body of scholarly literature on Canada’s relations with a few major partners, such as Great Britain, France, Russia, China, Japan and India. Beyond that there is very little. Relations with important countries such as Italy and Spain, Brazil and Argentina, Indonesia and Pakistan, Egypt and Turkey have attracted scant attention. This is perhaps understandable since the nurturing and development of bilateral relationships is a steady, unspectacular process in which Canadian interests are pursued without much hype or attention being paid to the fleeting fashionable ideas of the hour. These relationships are the end product of years or decades of quiet incrementalist diplomacy. By and large, these are not processes which grab the headlines. And yet, bilateral relationships are important to Canada for at least two reasons. On the one hand, they are the main framework within which Canada pursues the “bread and butter” dimensions of its foreign policy – trade, investment and immigration. On

the other, they are the building blocks of the coalition or alignments which Canada seeks to forge or join in the pursuit of its foreign policy objectives in multilateral arenas. For students of Canadian foreign policy, they are deserving of greater and more sustained interest.

This is true of Canada's bilateral relationship with Indonesia, among many others. With a population of some 230 million, Indonesia is the world's fourth most populous country after China, India and the United States. With vast pools of natural resources and human talent it is of significant economic interest. Both during and after the Cold War, Indonesia has been a notable actor in the political and security affairs of the Southeast Asian region, and its continued national unity is essential to regional stability. And since the terrorist attacks on New York and Washington in September 2001, Indonesia has attracted ever more international attention as the world's largest Muslim country and as the scene of some spectacular terrorist actions. Indonesia is thus a country of some real importance with which Canada has slowly but surely developed a productive and constructive relationship over a period of nearly sixty years. The process has certainly not been devoid of pitfalls and downturns, but the outcomes in today's world are ones which the Canadian government can view with some degree of satisfaction.

## **The Early Years**

Canada's first substantive involvement in Indonesian affairs occurred in 1949. The Indonesian struggle for independence against Dutch colonial rule had by then been going on for four years. It was a struggle characterized by bouts of military confrontation interrupted by periodic and precarious truces. The United Nations Security Council had been seized of the question for some time but had been unable to resolve it. Various plans had been put forward but none had been met with approval by the parties to the conflict or by the membership of the Council. The deadlock was finally broken by General Andrew McNaughton, then serving as head of the Canadian delegation to the United Nations and as president of the Security Council. McNaughton introduced a resolution which mapped out a peace plan acceptable to the parties and to most of the members of the Council. Despite a Soviet veto, the plan was accepted and implemented and led to peace and independence in Indonesia in December 1949.<sup>2</sup> (The importance of the role played by General McNaughton on this occasion

was very publicly recognized in 2004 when the Indonesian government conferred on him posthumously the nation's highest civilian award.)

Although Canada was among the first countries to recognize the newly independent Republic of Indonesia, it was not until 1954 that the Canadian government decided to establish an embassy in Djakarta. This decision was based not on any particular interest in the geo-politics of Indonesia or of the Southeast Asian region. Rather the new embassy was viewed principally as a vehicle for the promotion of trade, as the official history of the Department of External Affairs makes clear.<sup>3</sup> In the event, any hopes which the Canadian government may have harboured for a commercial breakthrough in Indonesia proved vain, and the commercial section of the embassy was closed down in 1960 for lack of activity. It was only to re-open in 1969.

It was also in 1954 that Indonesia first became eligible for aid under the Colombo Plan of which Canada had been a founding member. This marked the start of a modest Canadian aid programme for Indonesia focussed primarily on agricultural development and on the provision of food aid. In both real and comparative terms, the emphasis here has to be on the word "modest". Throughout the decade of the 1950s the total value of Canadian aid to Indonesia amounted to only \$2.3 million as compared to \$143 million for India and \$100 million for Pakistan. Indeed at this time the Indonesia programme suffered even by comparison with the Sri Lanka programme which was marginally larger at \$5 million per year. Although this small aid programme was certainly insufficient to have much impact in Indonesia or to raise the Canadian profile in that country, it did mark the beginnings of something which was to experience substantial growth in subsequent years.

In the early years there was no substantive development in political relations between Canada and Indonesia. This was due in large measure to the ideological orientations of Indonesia's President Sukarno. Sukarno, along with Nehru, Nasser and Tito, had been one of the founders of the Non-Aligned Movement which first took form at a conference held in Bandung, Indonesia in 1954. This in itself suggested that Indonesia would want to keep a certain distance between itself and both Western and Eastern countries in the context of the Cold War. But in the case of Sukarno it went further than that. "His militant anti-colonialism led him to view the world not in terms of the ideological conflict between the "free" and communist worlds, but in terms of the nationalist struggle the world over against colonialism and imperialism."<sup>4</sup> The West was, of course,

viewed as the embodiment of the latter two phenomena and throughout most of Sukarno's presidency Indonesia's relations with Western countries, including Canada, were at best cool.

The final years of Sukarno's term in office saw a severe downturn in Canada's relations with Indonesia. In 1963, the creation of the Malaysian federation was met by strong objections from the Indonesian government. For the next two years the two countries were engaged in a direct politico-military confrontation. In this dispute Canada sided squarely with Malaysia. Canada's position was based not only on what it saw as the merits of the case, but also on the fact that Malaysia was a fellow member of the Commonwealth. As the conflict unfolded, Canada offered Malaysia a small programme (\$4 million) of military assistance, including the supply of transport aircraft, motorcycles and military training. Despite this, the Canadian government did try to preserve its relationship with Indonesia by maintaining its food aid programme. It nevertheless found it necessary in 1965 to suspend an agreed sale to Indonesia of 12 Otter aircraft lest they be used in operations against Malaysia.<sup>5</sup> This had the effect of bringing the bilateral relationship to a new low.

## **The New Order**

This phase in the relationship came to an abrupt end as a result of dramatic political events in Indonesia. In 1965 President Sukarno was overthrown in the midst of much bloodshed and his regime was eventually replaced by that of General Suharto at the head of what came to be known as the "New Order" government. The new government promptly brought the confrontation with Malaysia to an end and embarked on a course of action which attached the highest priority to economic development as opposed to political grand standing. Indonesia began to very deliberately cultivate relations with Western countries to which it looked for economic and technical assistance, as well as investment. While always remaining highly sensitive to external interference in its internal affairs and to foreign criticism of its domestic policies, the New Order government became solidly aligned with the Western world at a time of considerable regional instability produced in good part by the onset of the cultural revolution in China and by the escalation of the war in Vietnam.<sup>6</sup>

Western countries not only welcomed the pro-Western stance of the new Indonesian government, but also the constructive role which it was

prepared to play in regional affairs. Having terminated the politico-military confrontation with Malaysia, it embarked on the deliberate cultivation of productive relations with that country, including close defence cooperation. It subsequently joined the governments of Malaysia, the Philippines, Singapore and Thailand in the creation of the Association of Southeast Asian Nations (ASEAN), heralding a new era of regional political and economic cooperation.

Under these circumstances, it is perhaps not astonishing that Indonesia attracted the attention of the new Canadian government headed by Prime Minister Pierre Elliott Trudeau. The foreign policy review launched by the Trudeau government took stock of the new Indonesian realities and of Canada's relations with the country. The White Paper of 1970, which was the end product of the review, noted that while Canada's trade with Indonesia was still limited, its direct investments then were significant. It went on to state that:

Indonesia with a population of over 110 million, extensive natural resources and a strategic location is potentially a country of prime importance in Southeast Asia. In the last five years, the Indonesian government has provided evidence of its capacity to absorb and use increasing amounts of aid, and the Canadian government intends to concentrate more funds for development programmes in this country.<sup>7</sup>

The White Paper also suggested that the Canadian Armed Forces might arrange periodic exchanges of naval visits and military personnel with Indonesia, something which it envisaged in the case of only one other Asian country, Japan.

This enhanced profile for Indonesia in Canadian government thinking was to slowly translate itself into a "bulking up" of the relationship in the early 1970s. A relaunch of trade promotion activities was accompanied by increased interest in the investment potential evident in the country's mineral resources and infrastructure requirements. Canadian private sector actors, such as the International Nickel Company of Canada (INCO), began to increase their stakes in the country through substantial investments. At the same time CIDA put in place a number of new aid programmes strongly linked to efforts at economic penetration, especially in the transportation and forestry sectors.<sup>8</sup> And there was increased high level political attention paid to Indonesia. In 1971, Prime Minister Trudeau spent three days on an official visit to the country. He was to be followed

in subsequent years by two Secretaries of State for External Affairs, Donald Jamieson and Alan MacEachen, each accompanied by large delegations of businessmen and journalists. And there was no dearth of visits by provincial ministers and senior federal officials such as the president of CIDA, Paul Gérin-Lajoie.

This new level of activity in the bilateral relationship culminated in the visit to Ottawa of President Suharto in July 1975. Suharto was accorded a very warm welcome by the Canadian government and the joint communiqué issued at the time described the visit as “a manifestation of the very close and friendly relations existing between the two countries and of the common will of the two peoples to expand and deepen their cooperation in all fields.”<sup>9</sup> In somewhat more concrete terms, the visit was the occasion for the signature of a memorandum of understanding between the two governments covering the provision of \$200 million in financing to assist in the development of the Indonesian economy and to facilitate trade between the two countries. Of the total amount, \$25 million was to be provided by CIDA and \$175 million by the Export Development Corporation and by other Canadian financial institutions.

It was not long after his visit to Canada that President Suharto launched one of the most controversial initiatives in his regime’s thirty year history. In December 1975 the Indonesian armed forces invaded, occupied and annexed the former Portuguese colony of East Timor. It was a brutal and bloody campaign in which it was widely reported that some 100,000 East Timorese lost their lives. Despite the illegality of the Indonesian action and the massive human rights violations to which it gave rise, the Canadian government chose to remain silent on the subject to the surprise and dismay of many in Canada. Even the Canadian ambassador in Djakarta at the time confessed to being both annoyed and surprised at not being instructed to make any representations to the Indonesian government and at the failure of the Department of External Affairs to make any fuss about the matter either publicly or through diplomatic channels.<sup>10</sup>

The failure of the Canadian government to criticize the Indonesian government or to take any punitive measures against it over the invasion of East Timor can probably be explained in two ways, which are by no means mutually exclusive. On the one hand, the Canadian government had by this time made a substantial effort in developing Canada’s economic relations with Indonesia, an effort which was beginning to produce dividends. Indeed as the Canadian ambassador cited above noted, the

annual value of Canadian exports to Indonesia rose from \$30 million to over \$300 million between 1974 and 1977.<sup>11</sup> Any overt action taken against an Indonesian government highly sensitive to external criticism would no doubt have jeopardized the progress being made on the economic front. On the other hand, there was the question of alliance and coalition solidarity. In the immediate aftermath of the United States' final and humiliating withdrawal from Vietnam, Canada's partners in the Southeast Asian region were not prepared to see the West's position further weakened by alienating the solidly pro-Western government of Indonesia. This was true of the governments of the United States, the United Kingdom, Australia, Japan and South Korea. Canada simply echoed their silence. To have done otherwise would not only have complicated its diplomatic relations with major partners, but left it isolated and hence unlikely to have any significant influence on the conduct of the Indonesian government.<sup>12</sup> Both of these factors also go a long way towards explaining why the Canadian government for more than a decade chose to disregard the mounting evidence marshalled by organizations such as Amnesty International and Asia Watch concerning the widespread human rights abuses perpetrated by the Suharto government in Indonesia. Put simply, all this represented a triumph of realism and interests over idealism and values in Canadian foreign policy.

### **The Policy of Bilateralism**

The relative importance of Indonesia in Canada's international relations was to receive a further boost early on in the next decade. While recognizing the evident importance of the multilateral dimensions of its foreign policy, the Trudeau government concluded that under the circumstances prevailing in the early 1980s it needed to devote more attention to its bilateral relationships. In particular, it decided to give more focus to the development of relations with a relatively small number of countries of particular importance to Canada, in order to make the best possible use of its limited diplomatic and financial resources. The thrust of what came to be known as the "policy of bilateralism" was explained in the following terms by the Secretary of State for External Affairs, Mark MacGuigan:

As a basic instrument of its global, differentiated foreign policy, the government has therefore decided to give concentrated attention

to a select number of countries of concentration. The purpose is generally to strengthen long-term relationships with these countries because of their relevance to our long-term domestic development objectives. But the importance of the countries in question would also devolve from their relevance to our overall objectives and interests.<sup>13</sup>

The list of countries identified by the minister for concerted action and attention naturally included Canada's traditional major partners such as the United States, the United Kingdom, Germany, France and Japan. The list also included a small number of oil producing, newly industrializing countries: Mexico, Venezuela, Indonesia, Algeria and Nigeria. These latter were described by the minister as having "emerged as new centres of strength and influence. They are now where a lot of the action is in matters of commerce and economic development."<sup>14</sup>

In the case of Indonesia, the policy of bilateralism translated itself in a variety of ways. In the field of development assistance, it saw CIDA's range of activities broaden and the value of its annual disbursements of bilateral aid increase from \$12 million to \$55 million over the decade of the 1980s. Indeed, disbursements to Indonesia for the first time came to exceed those to India and Pakistan. The Canadian government also expanded its efforts to promote trade with and investment in Indonesia. Many of these efforts were eminently successful, but in some instances the Canadian government encountered serious obstacles placed in its way by the Indonesian authorities. In his discussion of the phenomenon of "countertrade" in the early 1980s, Professor Andrew Cooper cites one particularly notable example of these obstacles:

A prime example of this type of experience was the giant Bukit Asam mine project on South Sumatra Island.... In the Indonesian case both Canada's Export Development Corporation and the Canadian International Development Agency had put together a \$180 million parallel financing package to help win the Canadian firms contracts relating to the mine project, a package that was placed in limbo by the Indonesian countertrade demands.<sup>15</sup>

The policy of bilateralism also gave rise to an intensification of high level political contacts between the two governments, including a visit to Indonesia by Prime Minister Trudeau in 1983. But here again, the policy was not without its drawbacks, in that it focussed public attention

on some of the seamier sides of the Indonesian regime. Thus Professor Kim Nossal writes:

There had been virtual silence in Canada on the human rights record of the government of General Suharto in Indonesia in the mid- and late 1970's, even though Amnesty International and the United States Congress had cited Djakarta as one of the most persistent violators, and even though Indonesia was engaged in an alleged campaign of repression in East Timor, which it had invaded in December 1975. When it was announced, however, that Prime Minister Pierre Trudeau was to visit Indonesia in January 1983, a great deal of public criticism of both the Indonesian record and the Canadian policy suddenly erupted.<sup>16</sup>

Despite these problems the new Canadian government of Prime Minister Brian Mulroney, elected in 1984, persisted in efforts to expand Canada's engagement with Indonesia in the realms of aid, trade and investment. Indeed, it added a new dimension to the relationship with a modest initiative in the security domain. In the late 1980s, CIDA joined forces with the Indonesian Foreign Ministry in sponsoring the creation and operations of what came to be known as the South China Sea Informal Working Group. Consisting of scholars, consultants and experts drawn from a variety of disciplines, the Working Group met annually to try to devise practical approaches to the international disputes surrounding the islands in the South China Sea, especially the Spratly Islands. The Group deliberately avoided tackling issues of legal jurisdiction and focussed on the development of confidence building measures and other forms of cooperation. For Canada, the sponsorship and funding of the exercise represented an opportunity to pursue two policy objectives. On the one hand, it had a general interest in the avoidance of tensions and hostilities in Southeast Asia. On the other, it was able to help cement relations with Indonesia by responding positively to a request for assistance from the Indonesian government, which viewed Canada as a well suited partner because of its lack of colonial history or big power ambitions in the region.<sup>17</sup>

## **New Downturns**

Like the Trudeau government before it, the Mulroney government was to find that sustaining constructive relations with Indonesia was anything

but clear sailing. In November 1991, the Indonesian security forces were ordered to put down disturbances in East Timor. In the course of their operations, they killed a large number of unarmed civilian demonstrators in Dili, the capital of East Timor. The reaction of the Canadian government to these developments was prompt. The Secretary of State for External Affairs, Barbara McDougall, issued a statement expressing her "outrage" at what had taken place and strongly condemning those responsible. Representations were made at the highest level to the Indonesian government and Canada voiced its concerns at the United Nations Commission on Human Rights in Geneva. The government subsequently announced that it would suspend the approval of some \$30 million worth of new development projects which would be of direct assistance to the Indonesian government. However, aid projects already underway would be allowed to continue, particularly in the fields of human resource development, environmental protection and water resource development.<sup>18</sup>

The reaction of the Mulroney government to what came to be known as the "Dili massacre" was certainly more vigorous than anything attempted by the Trudeau government in the face of similar events in Indonesia and East Timor. The reasons for this may be twofold. First, the issue of human rights appears to have acquired a higher priority in Canadian foreign policy, particularly at a time when Canada was among the countries leading the charge to end apartheid in South Africa. Second, in a post Cold War world, Indonesia was no longer viewed by Canada and its allies as being of strategic importance in curtailing the spread of Soviet power and influence in Southeast Asia. That said, it must also be recognized that the measures taken by the Canadian government against Indonesia were not particularly draconian. As Professor Andrew Cooper has very aptly remarked: "What the Canadian government was not willing to do was completely cut off diplomatic discourse and/or commercial relations with Indonesia; the risks attached to either approach were judged to be too high."<sup>19</sup> Indeed, only three months after the Dili massacre the Indonesian foreign minister, Ali Alatas, paid an official visit to Ottawa at the invitation of Barbara McDougall. And there was no discernible diminution in the Canadian government's trade and investment promotion activities in Indonesia.

The Chretien government which came to power in 1993 was determined to pursue an export led strategy to get Canada out of the economic recession in which it then found itself. Among the numerous initiatives

which it launched to this end were a series of so-called "Team Canada" missions to Asia. These missions led by the Prime Minister included most of the provincial premiers, federal cabinet ministers and hundreds of business leaders. Whatever other results these missions may have had, they certainly had the effect of raising the profile of Asia as an area of economic opportunity in the Canadian business community and among the public at large. Prime Minister Chretien decided to build on this enhanced interest by declaring that the year 1997 would be the year of Asia-Pacific for the Canadian government. From coast to coast the government marked the occasion by sponsoring conferences, seminars and cultural displays on Asian themes and on Canada's interests in Asia. All of this activity was to culminate in the holding of a summit meeting of the Asia Pacific Economic Cooperation (APEC) organization in Vancouver in November 1997.

The APEC summit was duly held but for the Canadian media and public the gathering of numerous world leaders and the deliberations of the meeting itself were totally overshadowed by the activities of student demonstrators protesting the presence of President Suharto. Carrying placards denouncing Suharto as a serial human rights abuser, the demonstrators became increasingly vociferous. This in turn led the police on duty to become increasingly worried and to resort to ever stronger measures to keep the protestors under control, including the use of pepper spray. What was viewed by many as an overreaction by the police resulted in the calling of a public inquiry which lasted for several months and which required senior advisors to the Prime Minister to testify as to their roles in ordering or condoning activities of the police. Indeed the whole episode was to haunt the Chretien government for years.<sup>20</sup> None of this was calculated to endear President Suharto to the Canadian government, and as far as the Canadian public was concerned, it once again cast a spotlight on the lamentable human rights record of the Indonesian government.

Further contributing to a slowdown in the development of Canada's relations with Indonesia was the financial and economic crisis which hit Asia in 1997-1998. Of all the countries of the Southeast Asian region, it was Indonesia that suffered the severest economic damage; in the year 1998 alone its GDP contracted by more than 13 per cent, twice the drop experienced by Thailand or Malaysia. This was due in large measure to the concentration of economic decision making power in the hands of the Suharto clan, to widespread corruption and to the fragility of the banking system. And it took Indonesia longer than any of its neighbours to recover

from the crisis. The result was, among other things, a very poor climate for business and investment which had a direct impact on Indonesia's international economic relations.<sup>21</sup>

The decade of the 1990s was not to end without the issue of East Timor once again coming to the surface. Following a referendum held under UN supervision, the East Timorese declared their independence from Indonesia in 1999. This decision was contested by a number of local pro-Indonesian militias, which with support from rogue elements of the Indonesian army, embarked on a campaign of looting, burning and killing which resulted in the death or displacement of thousands of East Timorese. In an effort to put a halt to the atrocities and to restore law and order the international community launched a military operation in East Timor, led first by Australia and then placed under the authority of the United Nations. In keeping with its general support for the United Nations and its commitment to the doctrine of human security, the Chretien government contributed a contingent of some 650 members of the Canadian Forces and 15 civilian police officers to what came to be known as the UN Transitional Administration in East Timor (UNTAET). "However, because of the costs of deploying military units and the limited forces that Canada has available, the government did not want the military in East Timor for long term peace building."<sup>22</sup> In fact, Canada's military contribution to UNTAET was to last for only six months. What Canada left in place in East Timor after that was a small team of civilian police and a \$7 million fund for humanitarian relief and reconstruction.

## **A New Dawn**

If the 1990s ended on a distinctly sour note for Canada-Indonesia relations, the end of the decade also harboured prospects of better things to come. In May of 1998 President Suharto was forced to resign in the midst of bloody student demonstrations and riots. His New Order government had been in power for over 30 years, had done much for the country's economic development, but had been characterized by authoritarianism, brutality, nepotism and corruption. With the demise of Suharto Indonesia embarked on a slow and sometimes painful course of political and economic reform. In the following year the country held its first parliamentary elections since 1955, and the parliament in turn elected a new president. In 2001 the government initiated a policy of decentralization, transferring to

city and county authorities responsibility for health, education, agriculture and industry. Civil society began to show signs of life with a significant increase in the number of non-governmental organizations in various socio-economic sectors. In 2002 the government moved decisively to reduce the influence of the military in political affairs by abolishing the parliamentary seats to which they had previously been entitled.<sup>23</sup> In the same year the government created the Corruption Eradication Commission, which after a very slow start began to make some headway in bringing to trial a number of powerful and prominent individuals.<sup>24</sup> And the government was able to secure a negotiated end to the long running and bloody secessionist insurrection in the province of Aceh. All in all, the image which Indonesia projected to foreign governments, corporations and publics improved immensely.

Neither the Canadian government nor the Canadian private sector remained indifferent to these new Indonesian realities. Among other things, the Canadian government designated Indonesia as one of twenty-five countries of concentration for bilateral assistance within the framework of its International Policy Statement of 2005. In the same year CIDA published a new and highly ambitious strategy document for its programme in Indonesia.<sup>25</sup> CIDA is now sponsoring more than fifty projects in areas as varied as health, education, water resources, agriculture, environmental protection and small business development. In its programming it is placing particular emphasis on poverty alleviation, good governance and gender equality. Since the tsunami which hit Southeast Asia in December 2004, CIDA has also been involved in some twenty relief and reconstruction projects, particularly in the Indonesian provinces of Aceh where the human suffering and physical damage caused by the tsunami were particularly acute. CIDA has allocated some \$200 million dollars to these reconstruction projects. This combined with the regular development budget now makes Indonesia one of the top recipients of Canadian aid in the world.<sup>26</sup>

In the ten years since the fall of Suharto, Canadian companies have significantly increased their presence in the Indonesian market place. In 2007 two way trade between the two countries approached the \$2 billion mark. And rare among Canada's trading relationships outside of North America, trade with Indonesia was remarkably balanced with exports valued at \$989 million and imports at \$993 million. It is also a well diversified trading relationship. Canadian exports include vegetable, paper and chemical products, machinery, mechanical and electrical products, base

metals, and vehicles and equipment. Canadian imports include textile products, machinery, mechanical and electrical products and plastics and rubber products. As for Canadian direct investment in Indonesia, it now stands at just over \$2 billion, making Indonesia Canada's 19<sup>th</sup> most important foreign investment destination. While much of this investment is concentrated in the resources extraction and exploitation sector, it also extends to the manufacturing sector. Thus in the summer of 2008, the Bata Shoe Company, which has had a presence in Indonesia for decades, opened up a new state-of-the-art factory in West Java, a factory which will employ 300 Indonesian workers.<sup>27</sup>

The Canadian government has also taken some modest, but not insignificant, steps to broaden the bilateral relationship beyond the spheres of aid, trade and investment. Thus in late 2003 the Department of Foreign Affairs sponsored and organized a highly imaginative conference in Montreal entitled "Canada and Islam in Asia". Bringing together scholars, journalists and officials from Canada and from most of the Muslim countries of South and Southeast Asia, the conference's success was due in no small measure to the long standing relationship between the Islamic University of Indonesia and the Centre for Islamic Studies at McGill University. More recently the Canadian embassy in Djakarta has become actively involved in promoting dialogue to advance the cause of human rights in Indonesia. Working closely with local governmental and non-governmental organizations, the embassy has sponsored and participated in a long series of conferences and seminars for lawyers, parliamentarians and government officials. Among the topics covered in these gatherings was the Rome Statute of the International Criminal Court which the Indonesian government is preparing to ratify. In 2008, the Canadian embassy also joined forces with the Norwegian embassy in sponsoring a series of seven workshops on international human rights law for members of the Indonesian armed forces. These workshops held across the country yet again demonstrated the Canadian government's commitment to support the Indonesian government in the implementation of its National Plan of Action for Human Rights.<sup>28</sup> And they no doubt served to raise the Canadian profile in Indonesian government circles and to enhance Canada's position on the Indonesian scene.

Over the last ten years, Indonesia's international standing has risen, as its democratic and economic credentials have solidified. It is now being actively courted by countries as diverse as the United States, Japan, China and India. The results of its parliamentary and presidential

elections held in the spring and summer of 2009 hold out the prospect of continued stability and reform. And it has weathered the economic crisis of 2008-2009 remarkably well, garnering tributes from the World Bank for the government's economic management<sup>29</sup>. All in all, therefore, conditions look promising for the pursuit of Canadian interests and objectives in Indonesia in the years ahead.

## **Concluding Thoughts**

Over a period of nearly sixty years the Canadian government has had to overcome numerous obstacles in its efforts to establish a constructive and productive relationship with Indonesia. Those efforts have paid off in terms of the direct economic benefits derived by Canada in the realms of trade and investment. They have also served to further Canada's broad foreign and security policy objectives related to three Indonesian realities. First, as the largest and most populous country in Southeast Asia, Indonesia plays a highly influential role in promoting regional stability and cooperation, most notably through its involvement in the Association of Southeast Asian Nations (ASEAN), and its security arm the ASEAN Regional Forum. Secondly, as the world's most populous Muslim country, Indonesia has been an important and distinctly moderate force in combating Islamist extremism and terrorism, internationally and within its own borders. Thirdly, as a highly complex and poor country riven with ethno-religious divisions, Indonesia's future as a relatively stable and united entity cannot be taken for granted, and its violent break-up would send shock waves around its region and around the world. Thus whatever the Canadian government has been able to do and will be able to do through its diplomacy and its aid programmes to help ensure Indonesia's continued peaceful political and socio-economic development will be of benefit to Canada and its allies.

## Notes

1. The standard text on the multilateralist tradition in Canadian foreign policy is Tom Keating, *Canada and World Order* (Don Mills, Ont.: Oxford University Press, 2002) Second edition. For an interesting and lively debate on the topic see Graham Walker (ed.), *Independence in an Age of Empire: Assessing Unilateralism and Multilateralism* (Halifax: Centre for Foreign Policy Studies, Dalhousie University, 2004).
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3. John Hilliker and Donald Barry, *Canada's Department of External Affairs* (Montreal-Kingston, McGill-Queen's University Press, 1995) Vol. 2, p. 95.
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## About the Author

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Louis Delvoie was educated at Loyola College, the University of Toronto, McGill University and the National Defence College of Canada. He joined the Canadian Foreign Service in 1965. Between 1965 and 1980 he worked in Lebanon, Egypt, Turkey, Algeria, Belgium and Yugoslavia, as well as in Ottawa. He subsequently served abroad as Ambassador to Algeria, Deputy High Commissioner to the United Kingdom and High Commissioner to Pakistan. In Ottawa, he was Director General of the Bureau of International Security and Arms Control in the Department of External Affairs and Assistant Deputy Minister for Policy in the Department of National Defence. He retired from the Foreign Service in 1995.

From 1995 to 2002, he was an adjunct professor of international relations at Queen's University and at Royal Military College. He is now a Senior Fellow in the Centre for International Relations at Queen's University and a visiting lecturer at the Canadian Foreign Service Institute in Ottawa. He is a frequent commentator on Middle Eastern and South Asian affairs on CBC Radio. His numerous articles on Canadian foreign and security policy, and on international relations generally, have appeared in *International Journal*, *Behind the Headlines*, *Canadian Defence Quarterly*, *Policy Options*, *Canadian Foreign Policy*, *The Round Table*, *British Journal of Canadian Studies*, *Canadian Military Journal* and in a variety of books.

