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Indonesia's Archipelago Waters: Rich, Strategic, and In Dispute

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CIA/BGI RP 74-2

August 1973

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Sea Life

17. Although the seas of the Indonesian archipelago have an abundance of sea life, the domestic fishing fleet -- comprising mostly small sailing craft with archaic equipment -- has limited capability to tap this resource. The official 1971 fish catch by the domestic maritime fishing fleet was 1,226,800 metric tons, only a small part of the potential catch. Official statistics, however, do not reflect the total catch from the seas of the archipelago. Smuggling to neighboring countries and poaching by fishermen from those countries account for a significant take, and large legal catches are made by foreign fleets. A large quantity of tuna, for example, is taken annually from the Banda and Ceram Seas by Japanese trawlers.

18. Indonesia's waters consist of two zones on the basis of depth, types of sea life, intensity of fishing, and extent of foreign commercial fishing operations: (1) the South China and Java Seas, nowhere more than 100 meters deep, are unusually rich in a variety of fish and crustaceans; they supply most of the domestic maritime fish yield but are exploited relatively little by foreign fleets except for shrimp; (2) the deep seas, nearly everywhere exceeding 200 meters, east of Kalimantan and Java and extending through the Molucca Islands to Irian Jaya are teeming with tuna; they are relatively lightly fished by local fishermen and divided into concession blocks for Japanese and other foreign fishing fleets.

19. Should the Law of the Sea Conference fail to recognize Indonesia's archipelago claim or to grant a 200-mile exclusive resource zone or a broad coastal state fisheries zone, Indonesia will have no legitimate claim to fisheries outside a 12-mile zone. Loss of revenue earned from foreign tuna-fishing concessions in the deep seas of the east and from shrimping operations in the South China and Java Seas would be substantial. Shrimp are the country's major seafood export by value.

20. Under its archipelago claim, Indonesia moved early to control foreign fishing in its archipelago seas.

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Central Intelligence Agency
Directorate of Intelligence
August 1973

INDONESIA'S ARCHIPELAGO WATERS: RICH, STRATEGIC, AND IN DISPUTE

SUMMARY

The broad archipelago sea claim that Indonesia first advanced in the 1950's will be considered by negotiators at the upcoming Law of the Sea Conference. In brief, Indonesia wants the right to deny use of the sea lanes that cross her archipelago, and she wants uncontested control over all of the sea and seabed resources of the archipelago.

The Indonesian archipelago lies astride major world maritime trade routes, and there is no way that the archipelago can be bypassed economically by ships plying these routes. Supertankers carrying oil from the Middle East to Japan, for example, must go through waters claimed as sovereign by Indonesia. Indonesia wants the right to exercise control over this traffic, while the maritime countries insist on freedom from all controls.

Dissidence, endemic in many outer-island areas in the 1950's, was a key consideration in the formulation of the archipelago concept. Although insurgency is not now a serious threat to the country's security, fear of rekindled activity remains. It is doubtful, however, that even uncontested control of all archipelago sealanes would ensure an effective curb on insurgency.

Comments and questions may be directed to [redacted] of the Office of Basic and Geographic Intelligence, Code 143, Extension 3057.

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Outlook

29. Indonesia will continue to bargain hard for acceptance of her broad archipelago claim even though her economic interests will likely be satisfied whether or not the claim is accepted at the 1974 LOS Conference. Accords in the offing will probably give all coastal states control of their sea resources to a distance of at least 200 miles from their coasts -- a zone that will blanket all of Indonesia's seas. Indonesia therefore will almost certainly emphasize the security issue rather than the resources issue in negotiating for international acceptance of her archipelago claim. She will continue to see her sprawled-out island nation vulnerable to foreign intrusion and, consequently, threatened by the presence of foreign vessels sailing unimpeded across her archipelago seas.

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Background

1. One of the thornier issues to confront negotiators at the United Nations Law of the Sea (LOS) Conference in Santiago, Chile, in April 1974 will be the claims of several archipelago countries. Led by Indonesia, the Philippines, Fiji, and Mauritius, these countries claim sovereignty over all waters (and air space above) enclosed by baselines drawn between points on the outermost islands of the archipelago. Such claims have been totally unacceptable to maritime countries because they impose restrictions on the movement of merchant and military ships through waters that have always been considered high seas. The archipelago countries are unlikely, however, to rescind their claims and accept narrow territorial sea zones around individual islands. One possible compromise would be acceptance by all nations of a proposed 200-mile exclusive resources zone that would give the archipelago countries unchallenged ownership of all sea and seabed resources within the archipelago while permitting unimpeded movement of all ships along traditional international trade routes through their seas and straits.

2. Indonesia, the largest archipelago nation in the world, is in the forefront of these countries in asserting sovereignty over all seas within the archipelago.* It claims all seas lying inside a perimeter formed by 8,168 nautical miles of baselines drawn between 194 points on the outermost islands plus a 12-mile territorial sea zone outside the baselines (Map A). By this concept, its sovereign seas total about 765,000 square nautical miles or about 3.5 times the size of its territorial seas as defined by a zone of 12 miles around each of its several thousand islands. Using the 12-mile zone, most of the water area within the archipelago is considered high seas.

**Some of Indonesia's seas are hundreds of miles across. The Java Sea, for example, measures more than 200 miles from north to south, more than 800 miles from west to east.*

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26. Indonesia maintains the right to deny passage through the archipelago to any ship that she deems a threat to her security. While not interfering with merchant shipping, she requires (but does not always receive) formal notification by all warships prior to their entry into any of these seas. Indonesia also wants jurisdiction over the straits and seas of the archipelago so she can take measures to combat pollution from transiting ships. The US and other maritime countries, while agreeing to international standards on navigational safety and pollution control, want no unilateral restrictions placed on the movement of any ships through the archipelago. They cannot accept transit based on the right of innocent passage because it accords Indonesia the power of deciding whether or not passage is innocent.

27. Three British warships sailed through the Sunda Strait without prior notification in 1964 as a show of Commonwealth strength during the Indonesian "confrontation" with Malaysia. Great Britain recognized neither Indonesia's sovereignty over a 12-mile territorial sea nor over all archipelago waters. The outgunned Indonesian Navy, which threatened to attack if the ships entered the Strait without permission, was forced to back down, and the ships continued unmolested. Similar passages of foreign warships through the archipelago without prior notification could spark more serious incidents if an international understanding of the status of Indonesia's seas is not reached.

28. The major trouble spot between Indonesia and the U.S. in the differing interpretations of the sovereignty of the seas of the archipelago concerns freedom of navigation. While Indonesia wants the right to exercise some control over maritime traffic, the United States seeks an agreement to permit free transit. Differences have been tempered by the current friendly relations between the two nations, by Indonesia's willingness to accept an informal notification of the passage of U.S. warships through the archipelago, sometimes after the fact, and by the inability of the Indonesian Navy to effectively patrol the sealanes through the archipelago. There is, however, no assurance that these moderating factors will continue.

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Charging that foreign fishermen were violating Indonesia's boundaries and exhausting her resources, the Indonesian Navy confiscated a number of foreign vessels fishing in the eastern archipelago waters (mostly in the Banda Sea) during the 1960's. Tuna trawlers of Japan and the Ryukyu Islands (now a prefecture within Japan but then a dependency of the United States) had long fished there and were the most frequent intruders into the newly defined sovereign waters. The conflict was clear: Indonesia claimed that vessels fishing anywhere within the archipelago were violating her international boundaries, while the foreign fishermen recognized only 3-mile territorial sea zones around individual islands.

21. To put an end to the seizures, bilateral agreements were signed in the late 1960's with several countries, including Japan, South Korea, the Philippines, Singapore, Norway, and Kuwait. Fishing concession blocks were parceled out in much the same way that petroleum concessions are granted to international oil companies. The foreign fleets pay annual license fees and limit fleet sizes and annual catch. The fleets are not permitted to fish within 3 miles of any island. This stipulation protects the fishing grounds of local fishermen, few of whom stray more than a few miles from the coast. The agreements, which also provide foreign financial and technical aid to local fishing fleets, allow Indonesia to relax its guard over its maritime resources and bring revenue from resources that its own fishermen are currently incapable of exploiting.

22. The fishing agreements are, in effect, payoffs to stop Indonesian harassment of the fleets since none of the signatory countries recognize Indonesia's claim to sovereignty over the seas in which their fleets are fishing. It can be argued, however, that the agreements are a de facto recognition of Indonesian jurisdiction over the concession waters.

Smuggling

23. Smuggling of rubber, copra, and other commodities from Indonesia's outer islands to foreign ports has created a substantial drain on government revenues. Officials maintain that uncontested sovereignty over its seas is essential to curb this illicit trade. Most smuggling routes, however, traverse either Indonesia's internationally

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Other Minerals

14. Indonesia is believed to be rich in mineral resources in addition to petroleum although only a small percentage of potential mineral-bearing areas has been surveyed. Tin, nickel, and bauxite are the only minerals currently produced in significant quantities. Of these, only tin is mined from the seabed. There are no prospects for the mining of tin at depths greater than 200 meters and little likelihood that manganese nodules or other mineral deposits will be found in commercial quantities at such depths. Indonesia's claim to all known underseas minerals, therefore, is uncontested regardless of the outcome of negotiations at the LOS Conference.

15. Indonesia is the world's fourth leading producer of tin among non-Communist countries. It accounts for two-thirds of the value of Indonesian mineral production and about 5 percent of total export earnings. While production waned in the 1950's and 1960's, it has had a resurgence in recent years. Production in 1972 was 21,734 metric tons of concentrate, the highest yield since 1960. Tin is mined from an ore-bearing structure that extends from Burma, through peninsular Thailand, West Malaysia, and into the Java Sea. Most of the Indonesian part of the structure lies under water, with depths to 60 meters. Production is either by hydraulic methods on the islands of Bangka, Billiton, and Singkep or by large dredges, which operate in nearshore waters to depths of 30 meters (Map B). Exploration for tin and associated detrital heavy minerals was undertaken in the early 1970's in offshore waters at depths to 50 meters. Newly discovered tin deposits are at depths, however, that exceed the capability of existing Indonesian dredging equipment.

16. Production of nickel, currently mined only in southeastern Celebes, has increased markedly in recent years. Crude ore production in 1972 was 935,075 metric tons. There are no prospects for mining nickel from the seabed. Bauxite is mined on Bintan Island, south of Singapore; crude ore production amounted to 1,276,578 metric tons in 1972. It is not likely to be mined from the seabed.

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3. Indonesia originally inherited a territorial sea of 3-mile zones around individual islands from the Netherlands East Indies colonial government. Claiming that such a narrow and fragmented territorial sea was not in accordance with the unity -- land and sea -- of the archipelago, Indonesia first advanced its claim to sovereignty over all the archipelago seas and superjacent airspace in December 1957. On 18 February 1960, the Government of Indonesia issued Regulation Number 4, which ratified the 1957 announcement. This unilateral declaration, transforming extensive areas of strategically located and heavily trafficked high seas into Indonesia's sovereign waters, is not recognized by any major maritime nation. Regulation Number 8, issued on 25 July 1962, clarified Indonesia's position on the right of innocent passage, according foreign ships that right "so long as the security, general order, interest, and peace of the country are not disturbed."

4. The reasons for Indonesia's pitch for uncontested control over the archipelago waters are clear: (1) she believes that unchallenged control of the shipping lanes between her far flung islands is essential in order to maintain political unity and economic viability; (2) the seas form one of the most fertile fishing grounds in the world, and their underseas petroleum reserves appear to be large.

Factors in Formulation of the Archipelago Concept

Security

5. Dissidence plagued many of Indonesia's outer islands when the archipelago concept was formulated in the 1950's. Maintaining political unity in the face of rebellions -- especially in northern and western Sumatra, northern Celebes, and the Moluccas -- was a major consideration in the advancement of the concept. Contention with the Netherlands concerning jurisdiction over the disputed territory of West New Guinea (now known as Irian Jaya) was another factor; Indonesia hoped by the archipelago concept to enhance its efforts to curb Dutch maritime defenses in the territory.

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Map A: Sovereign Waters Claim
Map B: Offshore Petroleum and Tin Producing Areas
Map C: Major Shipping Routes

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production of 395,552,322 barrels.* Indonesia has 10 billion barrels of proven recoverable reserves, about 2 percent of the world's total, and at least 300,000,000 barrels of these are offshore. Geologic conditions on the extensive continental shelves indicate a considerable potential, and further exploration is certain to increase the offshore figure.

12. Both Indonesia's present offshore production and its proven offshore reserves are on its adjacent continental shelf, under unchallenged Indonesian sovereignty according to the 1958 Continental Shelf Convention. Oil company concession blocks include only relatively small water areas deeper than 200 meters (Map B). If neither the Indonesian version of its sovereign waters nor a 200-mile exclusive resources zone (which would encompass all of the seas of the archipelago) are internationally accepted, deep sea areas of the archipelago will fall outside the country's economic control. These are too deep for present drilling methods, but, as improved drilling technology makes the exploitation of deep sea petroleum deposits profitable (oil companies are drilling in waters of depths greater than 200 meters in other parts of the world), exploration may be extended into these deeper waters.

13. In keeping with its policy of developing its petroleum resources as quickly as possible while avoiding boundary hassles with its neighbors, Indonesia has made a concerted effort to reach agreements on its offshore boundaries. During the past 3 years Indonesia has signed agreements delimiting its seabed boundaries with Thailand, Malaysia, Singapore, and Australia. Of the offshore boundaries yet to be delimited, the one on the continental shelf between Indonesia and South Vietnam will probably be the most difficult to resolve. The shelf of the South China Sea between the two countries promises to be oil-rich, and haggling over the alignment of the boundary may be drawn out.

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* *Indonesia produces about 70 percent of the crude oil in the Far East but less than 2 percent of the world total. Most of Indonesia's oil is shipped to Japan.*

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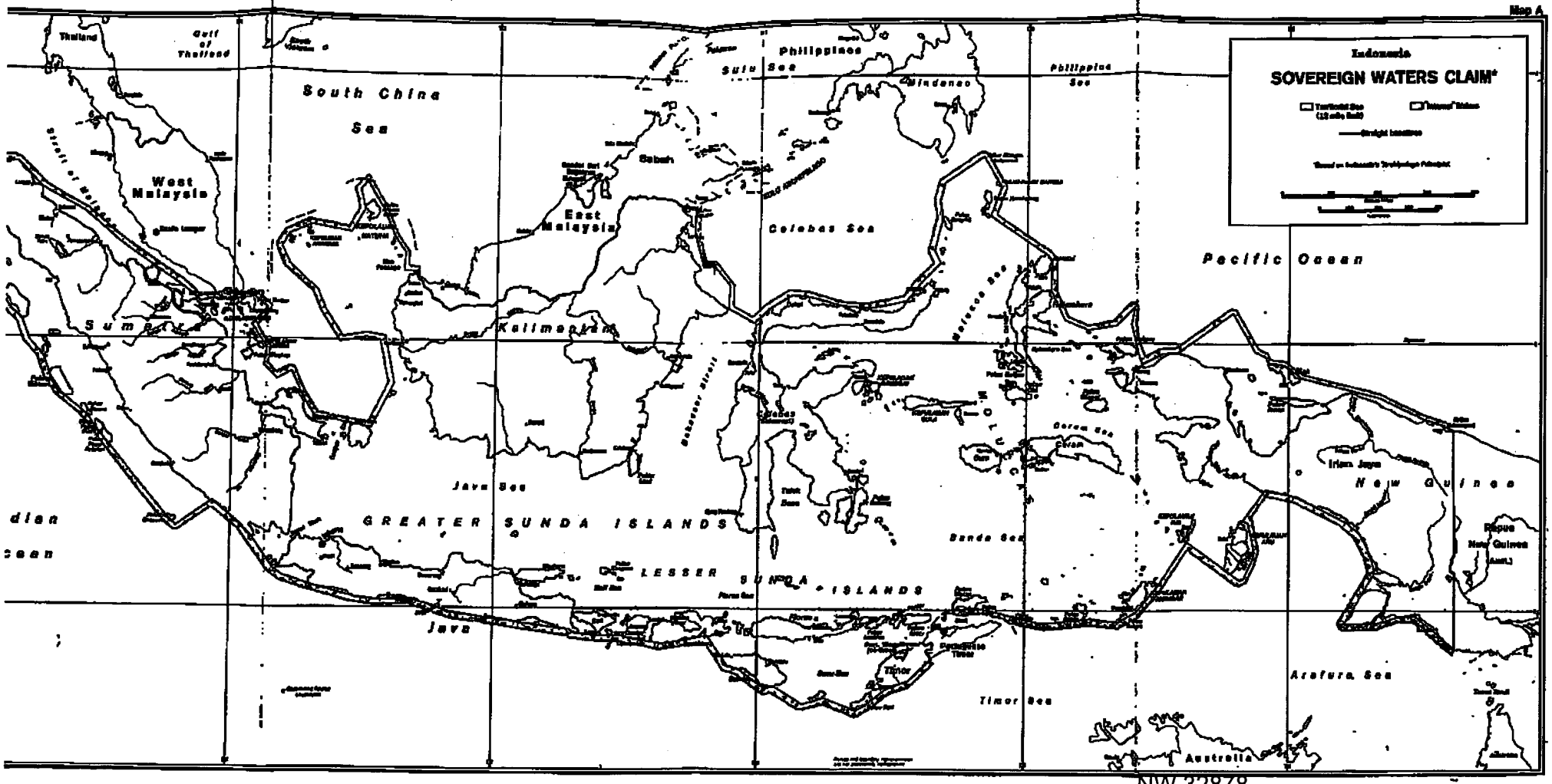

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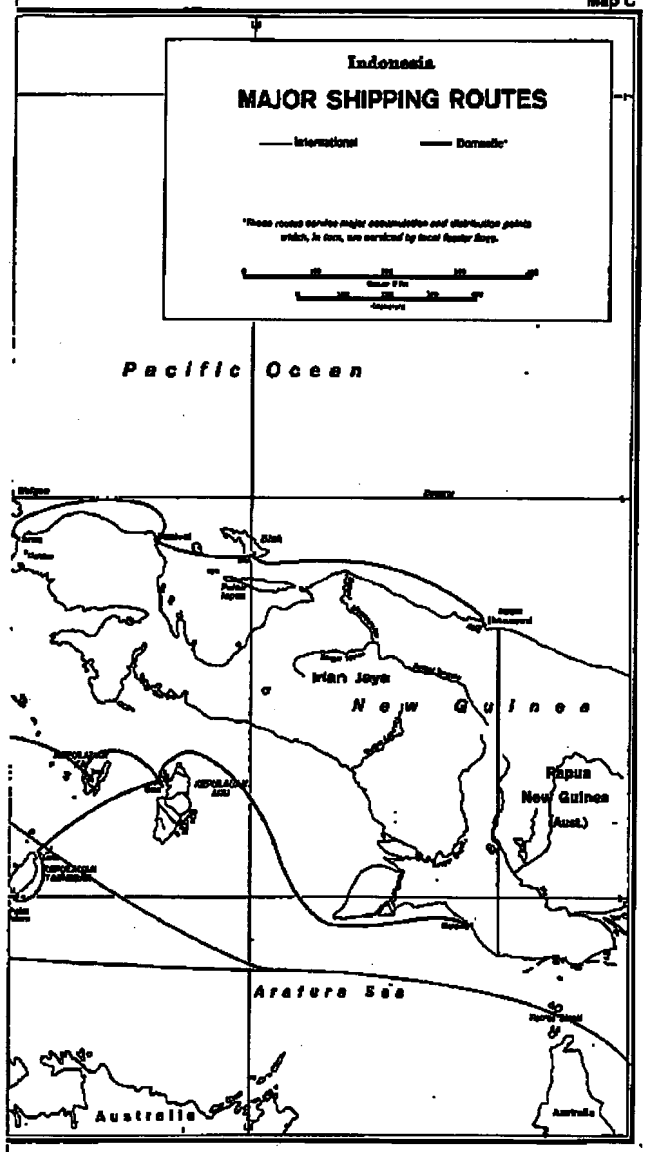
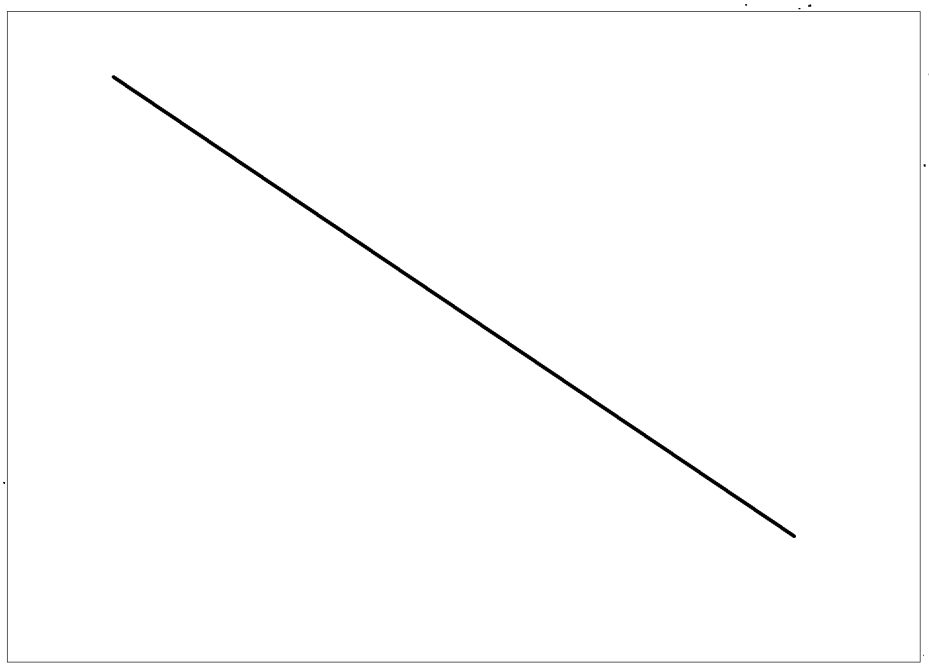
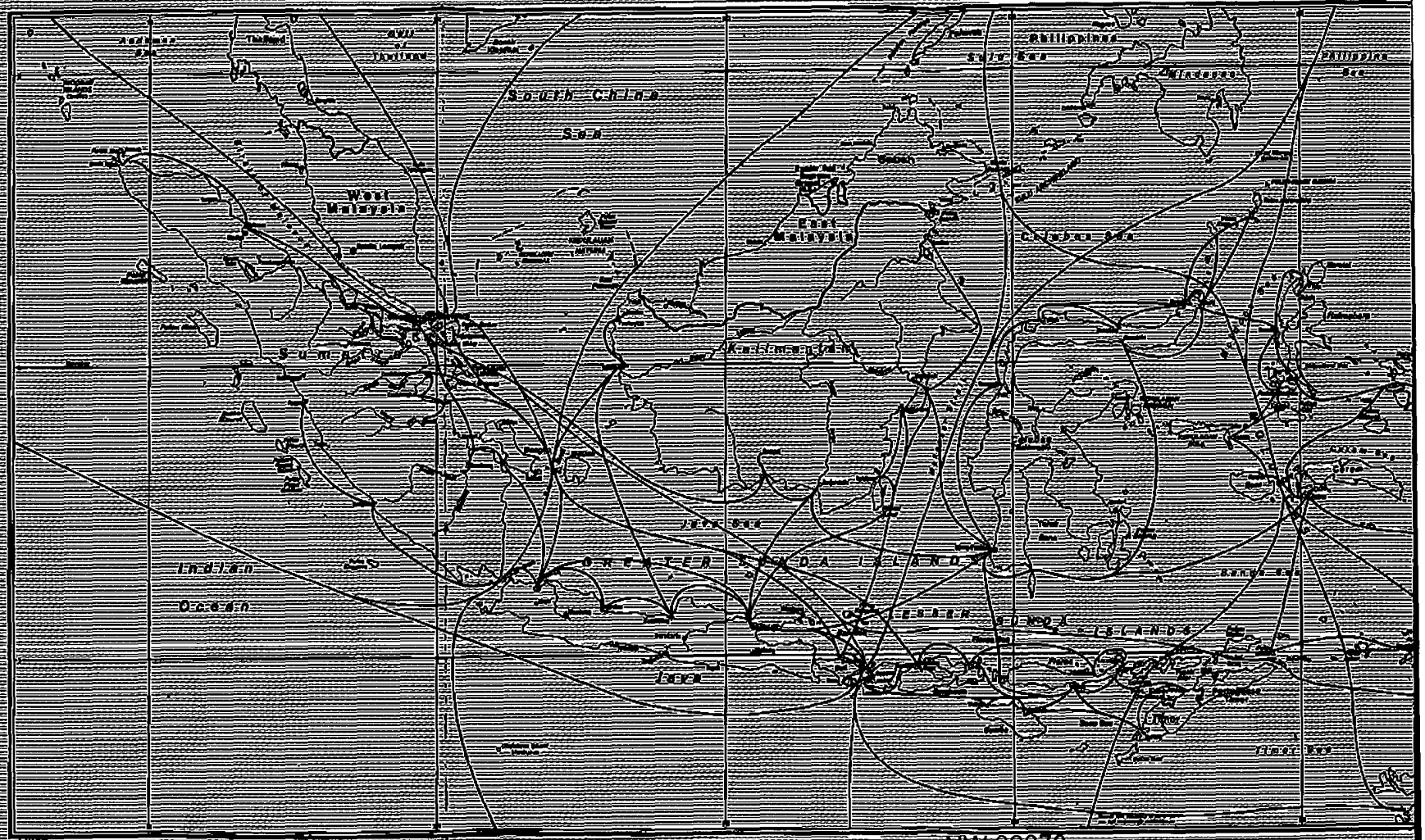
Map C







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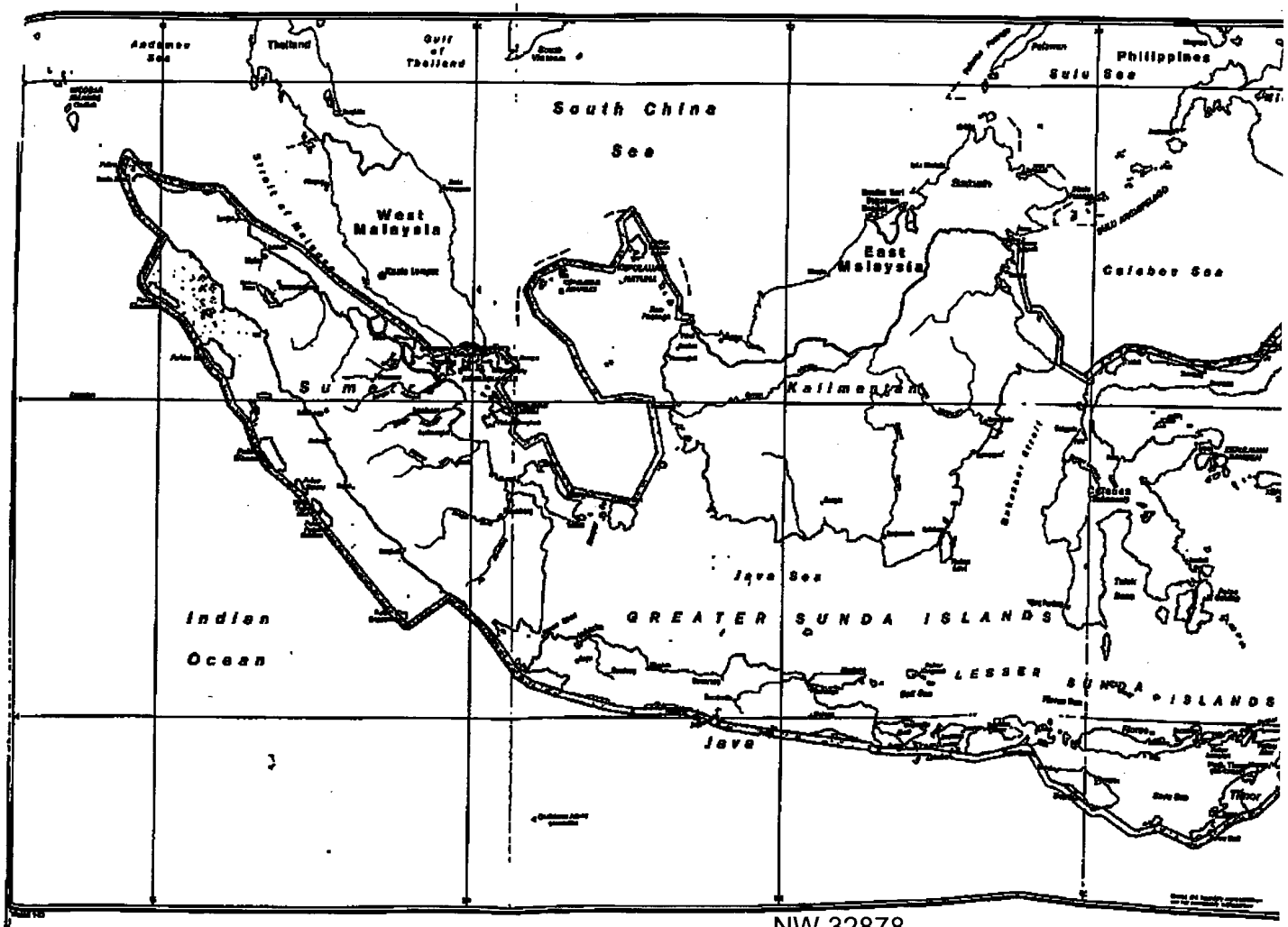

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Indonesia's archipelago claim in the 1950's. Today, in view of its greater knowledge of its underseas wealth together with the diminution of outer-island dissidence, economic considerations undoubtedly are as important as security considerations in Indonesia's continued push for international recognition of sovereignty over her archipelago seas.

10. According to the 1958 LOS Convention on the Continental Shelf, the coastal state has jurisdiction over all resources on and under the adjacent seabed to a depth of 200 meters and to greater depths where exploitation is possible.* About half of Indonesia's seas are on the continental shelf with depths nowhere exceeding 200 meters, and Indonesia therefore has exclusive resource rights on these seabeds even if its archipelago claim is rejected. Only the waters of eastern Indonesia, which are nearly everywhere deeper than 200 meters, cover seabed resources not, by the 1958 Convention, under Indonesia's unquestioned jurisdiction. Depths here plunge to more than 7,000 meters (Map B).

Petroleum

11. Petroleum is the key to Indonesia's economic growth, accounting in 1972 for 52.9 percent of its gross foreign exchange earnings. While most oil production to date has been from wells on Sumatra, exploration since the late 1960's has been predominantly offshore. About 15 international companies are now drilling in the shallow seas of the archipelago. Offshore production for export began in 1971 from fields in the southwestern Java Sea and in the Makassar Strait off the coast of eastern Kalimantan (Map B). Production in 1972 from these fields was about 24 million barrels, about 6 percent of the total Indonesian

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* *Officials from Indonesia, the Philippines, and Fiji, meeting in May 1972, proposed in a joint position paper that ocean resources within the recognized territorial limits of a state belong to the state regardless of the depth of water.*

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6. Indonesia today is free of major insurgencies and Irian Jaya is, after years of hassling, a full-fledged Indonesian province. Small bands of rebels operate only in isolated border regions of western Kalimantan and in Irian Jaya. Even if there were foreign support of dissidence, it would not necessarily violate the seas claimed as sovereign under the archipelago concept; if it did, the small Indonesian Navy (109 vessels of assorted types, mostly small) has limited capacity to deter illicit maritime intrusions. Despite these facts, Indonesian linkage of internal security and sealane jurisdiction remains.

7. Outer-island dissidence in the past has been provoked in large part by the Java-oriented political and economic policies of the Jakarta-based Government. The Government feels that control of its seas must be asserted to ensure efficient supply of the outer islands and curb economic discontent that could lead to rebellion. The small size (only 156 ships larger than 1,000 gross register tons) and decrepit condition of Indonesia's merchant fleet, however, is a far more important limiting factor than is lack of uncontested control over all sealanes.

8. Indonesian officials also insist that unchallenged sovereignty over its seas is needed to effectively enforce immigration, customs, and quarantine regulations. It is doubtful, however, that the extension of sovereignty would significantly improve enforcement. Although the Government claims that large numbers of Chinese enter the country illegally, the number of illegal aliens entering the country by sea is not great.

Economic

Resources

9. Recognition of the potential wealth of petroleum, tin, fish, and other resources in and under the seas of the archipelago was a major consideration in the formulation of

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recognized and unchallenged territorial seas (e.g., through the maze of islands along Sumatra's eastern seaboard) or the high seas beyond its archipelago claim (e.g., across the Celebes Sea from Celebes to either the Philippines or Sabah). Arguments that sovereignty over all archipelago waters is essential to curtail illicit trade, therefore, may be challenged.

Shipping: Indonesia's Strategic Location

24. Indonesia is located athwart all trade routes linking Europe, the Middle East, Africa, and South Asia with Southeast Asia and the Far East as well as those linking Australia with Southeast Asia and the Far East. (Major international and domestic maritime routes are shown on Map C.) No viable alternatives for any of the international routes bypass the archipelago. Freedom of movement through Indonesian waters, therefore, is essential for all merchant ships using these routes as well as for the ships of the U.S. Seventh Fleet operating in Asian waters.

25. Most of the international merchant ships that sail through the archipelago, including Japan-bound oil tankers, go through the heavily trafficked Strait of Malacca. While there are no accurate measures of traffic through the Strait (or through any other passage in the archipelago), officials of the U.S. Coast Guard estimated in an unofficial paper presented at the 1973 conference of the Law of the Sea Institute that some 50,000 vessels sail through the Strait yearly. The southeastern part of the Strait is encumbered with shoals and reefs and has a minimum depth of 61 feet; supertankers carrying more than 200,000 deadweight tons of cargo usually use a deepwater route to the southeast -- through the Lombok Strait between Bali and Lombok, northward through the Strait of Makassar, and into the Pacific Ocean south of the Philippines. This route adds 1,000 miles and 3 days to the voyage from the Middle East to Japan. Some merchant traffic also goes through the Sunda Strait, between Sumatra and Java. Although it is deep, none of the supertankers use it because of the presence of shoals in the Java Sea and in the southern part of the South China Sea, between Kalimantan and Sumatra.

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Indonesia's seabeds are rich in petroleum and tin, and there is a wealth of sea life, principally tuna and shrimp. Known petroleum and tin deposits are on the continental shelf at depths much less than 200 meters and, therefore, under uncontested Indonesian sovereignty. Jurisdiction over all fishery resources, however, can be guaranteed only by international recognition of either the archipelago claim or of a special resources zone such as the 200-mile zone that is currently being advanced in the international community.

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