Security–Energy Nexus in Indonesia’s Border: The Case of Natuna

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Abstract

Natuna is one of the outmost islands in northern Indonesia and located in the Natuna Sea. Natuna Sea and Indonesia’s Exclusive Economic Zone (EEZ) are vital as they delimit Indonesia’s territorial and deposits abundant energy resources (oil and gas). As a crucial Sea Lines of Communication (SLOC) route connecting the Indian and Pacific Oceans, Natuna is vulnerable to disputes, exacerbated by its proximity to the contentious South China Sea. The region's wealth in energy resources intensifies competition among countries, with China asserting control through its nine-dash line claim. This study investigates the causal relationship between energy and security in Natuna, exploring how defense forces contribute to safeguarding Indonesia's sovereignty and facilitating energy exploration. This qualitative study combines a literature review with interviews and group discussions with experts in security, defense forces, energy, and international relations. Through the triangulation method and Miles and Huberman's approach, findings reveal that external threats prompt Indonesia to enhance defense forces in Natuna while diplomatically engaging with China. This study is to describe the important link between security and defense forces with energy exploration and exploitation on the border of Natuna. The risk of external threats in the Natuna encourages Indonesia to enhance its defense forces system and to continue using the diplomatic approach to China. The defense forces play a role in securing Indonesia's sovereignty and guarding energy exploration and exploitation on the border of Natuna. Energy exploration and exploitation are essential not only to provide national revenues but also to multiplier effects that will support the defense forces on the border of Natuna.

Keywords:
defense forces, Exclusive Economic Zone (EEZ), Indonesia’s border, Natuna military base, North Natuna Sea, oil and gas, the South China Sea disputes
1. Introduction

Natuna is the frontier and outermost region in the north of Indonesia within Indonesia's EEZ. Natuna borders Vietnam, Malaysia, and the South China Sea to the north. In 2017, Indonesia renamed the northern reaches of its EEZ in the South China Sea as the North Natuna Sea, part of the Natuna Sea. Natuna has energy resources, especially oil and gas. It is one of the largest oil and gas potentials in Indonesia. In addition, Natuna also has great fisheries potential and outstanding natural beauty. The Natuna Sea is very strategic, especially in sea traffic and international trade. Indonesia has six choke points, one of which is the Strait of Malacca, very close to Natuna. Geopolitically, Natuna has an important strategic position in Southeast Asia. Natuna is also a close maritime border with China's disputed claims, "the ten-dash line" in the South China Sea. The ten-dash line is an updated version of the nine-dash line by China in August 2023 to claim the eastern part of Taiwan's territorial sea. China made the unilateral territorial claim overlap with the claims of several ASEAN countries and Taiwan. Apart from China, the South China Sea is bordered by the Philippines, Brunei Darussalam, Indonesia, Malaysia, and Vietnam. Ratifying but also denying the United Nations Convention on the Law of the Sea (UNCLOS) agreement in 1982, China claims unilaterally most of the South China Sea based on its historical activity covering the areas marked by the based lines with no scientific proof to confirm the correct position of the lines. China argued that the lines were a form of representation of sovereignty, jurisdiction, as well as China's sovereign rights over the territory. The South China Sea is vital as a trade transportation route for China. The claim also has a strong basis to determine borders and defend China's historical right to obtain energy resources that have great potential for its economy and national development (Gao & Jia, 2013).

The South China Sea dispute is likely to politically heat up the region, and it is a concern that it may escalate at any time. However, maintaining a balance of power between China and the United States (US) is crucial in this context. The disputes are believed to be driven by geopolitical and geoeconomic motives. The South China Sea is a strategic world trade route, primarily connecting energy producers in the Middle East with numerous consumers in the Pacific region. Therefore, a country like the US is highly concerned with the security of the region for the smoothness of shipping lanes that pass through the sea. The US has adopted a 'pivot to Asia' policy to offset China's increasing influence in the region (Adamczyk & Rutkowska, 2018; Rubel, 2012; Yoshihara & Holmes, 2017). The dispute in this region escalated when China unilaterally claimed what was previously known as 'the nine-dash line' territory, covering most of the South China Sea as part of its territory (Kopela, 2017). An important geoeconomic motive for China to claim 'the nine-dash line' in the South China Sea also emerged as the region is rich in energy and natural resources like fish, oil, and gas (Joyner, 1998; Owen & Schofield, 2012). The decline in domestic energy production and rapid increase in energy consumption have compelled China to seek energy resources outside its territory. China's ambition to dominate the South China Sea is partly to secure energy resources and supply lines to avoid energy and economic crises (Cáceres, 2013). China uses a 'maritime defense system' to secure its economic and maritime interests and has established a 'zonal defense' called the 'two island chains' to protect its naval expansion (Buszynski & Sazlan, 2007). Energy resources such as oil and gas are vital for the economy and national development (Afful-Dadzie et al., 2017; Asri & Yusgiantoro, 2022a; Best & Burke, 2018). National development and the economic sector cannot be optimized without support from sufficient energy resources (Asri & Yusgiantoro, 2021a, 2022a).

However, China's unilateral claim is problematic and not recognized internationally. These claims, based solely on China's historical assertions without any internationally recognized regulatory foundation, are also inconsistent. The revision of the 1947 and 2009 maps by China demonstrates this inconsistency (Baumert & Melchiior, 2014). Furthermore, the nine-dotted lines claimed by China lack precise scientific proof regarding their exact coordinates. The Chinese government sometimes refers to them as nine, ten, or even eleven dotted lines (Juwana, 2016). Additionally, historical records indicate that Admiral Zheng He (1405–1433) visited the area, now unilaterally claimed by China, to chart safe shipping routes. This visit was not intended to establish control over the area, contrary to China's current claims, especially considering that the concept of sovereignty was not recognized at that time (Huang & Jagtiani, 2015). This is one of the reasons why the Permanent Court of Arbitration (PCA) in The
Hague, Netherlands, does not acknowledge China’s unilateral claims. There is ambiguity regarding the exercise of Chinese sovereignty during that historical period (Kopela, 2017). China’s claims encompass approximately 90 percent of the South China Sea (Figure 1), including parts of the Indonesian EEZ and continental shelf. China's basis for claiming this area rests on its historical use as a traditional fishing ground for Chinese fishermen. The internationally recognized and agreed-upon sea law, UNCLOS, does not recognize traditional fishing grounds as a basis for territorial claims. Instead, UNCLOS only acknowledges the concept of traditional fishing rights, which are subject to bilateral agreements between countries, as regulated in Article 51 of UNCLOS.

![Figure 1](image-url) China’s unilateral claim in the South China Sea (Gupta, 2015).

China, with its large population and rapid economic growth, requires vast energy resources (Cáceres, 2013). The country's oil reserves are estimated at 25 billion barrels, and its natural gas reserves stand at 4,945 TCF. China's total oil production reaches 4 million barrels per day, while oil imports amount to 7.5 million barrels per day (CIA, 2022). These data indicate that China’s demand for oil surpasses its domestic production capacity. On the other hand, natural gas has emerged as the primary alternative energy source in China, particularly for the industrial and transportation sectors. In 2013, 30 percent of China’s natural gas needs were met through imports. It is estimated that by 2040, China’s gas demand will increase by 42 percent compared to 2011 levels. Besides environmental concerns and initiatives to use clean and sustainable energy (Asri et al., 2024; Asri & Yusgiantoro, 2020, 2021b), China's substantial energy needs, especially for oil, are crucial for maintaining its economic growth. These needs must be fulfilled from multiple external sources. Geographically, the closest areas to China with large oil and gas reserves are the South China Sea and the East China Sea. Controlling oil and gas reserves in these areas is strategic for minimizing future disruptions to China’s oil and gas supply. National interests, primarily economic, are the main motivations for countries to assert maritime borders (Nyman, 2015; Orttung & Wenger, 2016). Furthermore, China possesses strong military capabilities to support these motivations. In 2010, the Chinese government claimed a veto over oil and gas activities in the South China Sea waters. Under Xi Jinping’s leadership, China is perceived as more assertive, evidenced by the very active role of the military in the country’s foreign policy today (Pitra, 2018; Sinaga, 2020).

Figure 1 also illustrates potential oil and gas reserves, most of which are located within the area of China’s claim in the South China Sea. In the Natuna Sea, a significant area of contention, Indonesia has discovered substantial proven oil and gas reserves, Natuna D-Alpha and Tuna blocks. These energy deposits further emphasize that China’s unilateral claims in the South China Sea are likely driven by its interest in securing energy reserves in the region. This situation underscores the importance of energy resources as they can attract or trigger potential disputes between countries. Therefore, it is crucial to protect energy resources at the border, including securing them from any external threats.
2. Method

This qualitative study employs a multifaceted approach, encompassing both primary interviews and an extensive literature review. Twenty individuals from key departments within the Ministry of Defense and the Ministry of Energy and Mineral Resources of the Republic of Indonesia participated in semi-structured interviews. These interviews aimed to elucidate Indonesia’s standpoint regarding the defense forces’ base and energy exploration and exploitation within the Natuna Sea. To ensure confidentiality, the identities of the interviewees are protected, and direct excerpts from the interviews are not disclosed. Instead, the outcomes of the interviews, after thorough analysis, form the fundamental basis for subsequent analysis and discussion within this paper. Additionally, several group discussions were held to include experts in security and defense forces, energy, and international relations. The first discussion focused on security and defense forces, emphasizing the prevention of sovereignty breaches and energy exploration and exploitation in the Natuna Sea. The second discussion centered on energy exploration and exploitation, as well as activities supporting security and defense forces.

In conjunction with the expert interviews and group discussions, this study undertakes a comprehensive literature review. This review serves the dual purpose of establishing the contextual background and assessing the evolution of the situation and conditions in the Natuna Sea. Primary sources, including scholarly articles and reports, form the backbone of this literature review. Additionally, articles from reputable newspapers and electronic magazines are considered to glean pertinent insights and quotes from authoritative figures or domain experts relevant to this study. Moreover, this study supplements its investigation by incorporating reports from various authoritative agencies and other reputable institutions. The triangulation method is also used in this study to gain a comprehensive understanding of the security and defense forces–energy nexus in the flashpoint of the Natuna Sea from various perspectives.

The analysis and interpretation of both the interview findings and the collated literature, along with various sources, are conducted utilizing the Miles and Huberman approach (1994). This approach enables a systematic and rigorous examination of the data, facilitating the formulation of comprehensive and nuanced conclusions. The role of experts and researchers in this qualitative study is crucial, as they serve as the human instruments for the specific subject.

3. Results and Discussions

The study highlights the close relationship between security and energy, and how the two interact in the border area of the Natuna Sea. Besides its primary role of safeguarding the country’s sovereignty, security and defense forces also aim to protect energy exploration and exploitation in the Natuna Sea border. The security approach can be specifically related to defense forces (hard power), building deterrence against external threats in the Natuna Sea border. However, the security approach can also refer to diplomatic activities (soft power) at both the multilateral level (between ASEAN and China) and the bilateral level (between China and Indonesia). Additionally, energy exploration and exploitation in the Natuna Sea border can strengthen the defense forces both directly through oil and gas activities and indirectly by increasing state revenues, which in turn can augment the security budget for border activities.

3.1 Defense Forces for Energy: Hard Power vs Soft Power

Based on global security theory, the concept of security encompasses two dimensions: public security (small-S) and national security (large-S). Public security (small-S) pertains to the daily safety of individuals in society, including protection against crime, terrorism, and the maintenance of public order. In contrast, national security (large-S) involves the protection of sovereignty, territorial integrity, political stability, socio-economic sustainability, and defense against cyber threats. Law Number 3 of 2002 concerning State Defense defines defense forces as all efforts to defend the sovereignty of the state, the territorial integrity of the Unitary State, and the safety of the entire nation from threats and
disturbances. State defense is an integral part of national security efforts. In the national security strategy, defense forces play a crucial role as one of the main pillars in protecting the country from both military and non-military threats. Meanwhile, national security provides a comprehensive framework for safeguarding the country from various potential threats, thereby ensuring the survival and sustainability of the nation.

From the security standpoint in this study, the presence of defense forces at the border is primarily to safeguard national sovereignty. Given the presence of energy resources at the border, the role of defense forces in protecting these resources becomes equally important. There are two approaches to guarding the borders: using hard power and soft power. State defense at the border can create deterrence against external threats (hard power). However, the role of diplomatic approaches (soft power) can also be implemented, both bilaterally and multilaterally, to resolve border and energy issues simultaneously.

3.1.1 Defense Forces for Energy: Hard Power

In Indonesia, the security and defense forces system in the Natuna Sea currently falls under the responsibility of the Indonesian Navy, with its main base in Tanjung Pinang and the Indonesian Navy in Pontianak. The warships patrolling the Natuna Sea are not combat force warships but coastal patrol vessels (Priatmojo & Dono, 2016). Meanwhile, the Indonesian Air Forces, including the Air Squadron located in Pekanbaru and Pontianak, is responsible for the air defense systems. The absence of a fighting force in Natuna places Indonesia under serious threat if the conflict in the South China Sea escalates. Three incidents in 2016 involving the Indonesian Navy and Chinese fishing vessels in the Natuna Sea raised concerns about increasing tensions in Indonesia-China relations (Suryadinata, 2016; Tiola, 2020). Thus, establishing a military base in the Natuna area could be regarded as Indonesia’s gunboat diplomacy (Sudirman et al., 2019), considering the increasing threats in the Natuna (Budiana et al., 2019).

This study examines both internal and external factors concerning the development of the military base in the Natuna. Observing internally means viewing from the perspective of Natuna (Indonesia), which faces numerous threats due to its location adjacent to, and partially within, the disputed South China Sea area. Conversely, observing externally involves viewing from the Chinese perspective, which considers the South China Sea, including part of the Natuna Sea, as within its claimed territory. This claim is allegedly motivated by the need to secure China’s increasing energy requirements.

The establishment of military bases in Natuna aims to create a deterrence effect, as Indonesia has a territorial area to protect. The construction of the base also demonstrates Indonesia’s capability to protect its territory. Natuna is a flashpoint receiving special attention from the Ministry of Defense, particularly in strengthening its defense forces system. This policy is a response to the escalation of external threats in the South China Sea. The decision to designate Natuna as a region capable of independently operating a defense forces system is based on the escalation of these external threats. As the region is rich in energy resources, claims from neighboring countries have led to an increase in external threats. The Ministry of Defense notes that the strategic environment dynamics are leading to the seizure of energy resources by major regional countries. Violations in Natuna have occurred frequently, necessitating focused attention on the development and strengthening of defense forces. However, the current limitation of military bases presents a constraint in Natuna's defense. The nearest Navy Main Base in Tanjung Pinang is over 500 km away from Natuna. This distance means a delayed response to any threats in Natuna. Therefore, strengthening Natuna's defense forces system is a response to the dynamic strategic environment in the region. The presence of the base allows the Army, Navy, and Air Forces to guard Natuna at any time. Additionally, the rapid deployment capability of the defense force in Natuna is continuously being enhanced.

Currently, the likelihood of an open conflict in the South China Sea remains low. However, in its preemptive efforts to avert war, Indonesia is focused on strengthening its border to prevent the Indonesian sea from being used as a battlefield, particularly if its sovereignty is threatened by other countries. The Navy regularly monitors oil and gas activities in Natuna waters. At present, disturbances in these waters
are predominantly non-military in nature, such as illegal fishing by Thai, Vietnamese, and Chinese fishermen and the encroachment of their coast guards into Indonesian waters. Violations in Natuna are mainly breaches of air and sea boundaries, often indicated by civilian activities backed by military forces. Therefore, the level of military threat in Natuna remains relatively low. Moreover, no country has protested Indonesia's deployment of defense forces and conducting exercises in Natuna, which indicates neighboring countries' recognition of Indonesia's sovereignty over the region. The current primary threat to Natuna comes from China, a country relatively far from Indonesia. Overall, Indonesia must maintain vigilance by strengthening its defense forces system in Natuna, including taking action against potential violations. Neglecting these violations in Natuna could escalate the threat level in the region. The main challenge in Natuna is ensuring the availability of logistics for troops or patrol activities. This situation is being addressed by empowering buffer areas to ensure consistent logistical support for troops stationed there.

Indonesia’s border management paradigm needs to evolve. The frontier area should no longer be seen as a backyard, but rather as a front porch; hence, border areas must be well-maintained and developed (Harahap, 2018), including Natuna. Frequent threats in Natuna, such as violations over border areas, are partly due to unresolved boundary delimitation. This unresolved delimitation results in the lack of an international legal basis to support border security patrols. Moreover, the absence of clear maritime territorial boundaries complicates patrolling, given that maritime boundaries are essentially imaginary. Therefore, plans to build military bases in Natuna are to be realized promptly. The project aims to transform the Natuna Islands into an area capable of self-defense. Constructing military bases in Natuna also seeks to create a deterrence effect against disturbances to Indonesia’s defense forces, external security threats, and interests in the South China Sea. The establishment of Natuna as a self-defensible area is expected to enable rapid response to threats without time delays. In addition to Natuna, other locations planned to become self-defense areas include Morotai, Biak, Yamdena & Selaru, and Merauke. The six other locations being developed as integrated defense areas are Ranai, Sepempang, Sungai Ulu, Selat Lampa, Tanjung Payung, and Tanjung Datuk (Rappler, 2016). The planned military bases will encompass three dimensions: land, sea, and air. Specifically, the plan for the Natuna base (Ranai Island) includes overlaying and extending the runway, as well as augmenting the apron or hangar, to facilitate the smooth landing of military airplanes and fighter planes. Additionally, the docks are being refurbished for use by Indonesian battleships. The presence of Unmanned Air Vehicles (UAV) in the area will be expanded, along with the development of a defense satellite to integrate all weapon systems.

The design of Indonesia's military force in Natuna aligns with the Ministry of Defense's strategic plan. This plan is divided into three phases: Strategic Plan I (2010–2014), Strategic Plan II (2015–2019), and Strategic Plan III (2020–2024). Known as the strategy for building Indonesia's national defense forces towards Essential Forces (EF), this long-term strategic plan emphasizes enhancing defense equipment capabilities and infrastructure. Strengthening defense improvement programs, supported by the Indonesian government, is a crucial focal point in national defense policy. The Natuna Islands, given their strategic position on the border of the often-contentious South China Sea, are deemed essential areas that require vigilant guarding. The core policy of the Ministry of Defense to build and strengthen defense systems in the Natuna area includes both physical and non-physical measures. The physical policy focuses on developing a robust defense force, primarily through enhancing the weapon system. Under this policy, Natuna is projected to be one of the five frontier islands capable of operating its defense system independently, meaning the region would possess integrated army, sea, and air forces elements. A primary challenge in developing Natuna into a self-defensible area is logistical supply, a crucial need encompassing energy, fuel, and other necessities for the defense forces system. To address this, the Ministry of Defense has empowered buffer areas, namely West Kalimantan, Riau, and the Riau Islands, to provide consistent and continuous logistical support for the Natuna Islands. Another challenge involves coordinating maritime security operations among various agencies, including the Navy (Ministry of Defense), Badan Keamanan Laut (Bakamla/Maritime Security Agency of the Republic of Indonesia), Polisi Air dan Udara (Police), the Ministry of Marine Affairs and Fisheries, and others who patrol Indonesian waters (Nugroho, 2020).
According to Dafri Agussalim, a foreign relations observer at UGM, constructing military bases in Natuna is a demonstration of firmness in maintaining territorial sovereignty. If violations of the EEZ are left unchecked, they could impact other territorial issues within Indonesia’s EEZ. Therefore, the plan to build military bases serves as a message to other countries (especially China) that Indonesia will not overlook any actions violating its EEZ. The construction of the base also serves as a warning to China that territorial violations will have implications for Indonesia and other ASEAN countries, considering Indonesia's significant role in ASEAN. Simultaneously, the presence of military bases in Natuna helps to prevent the perception of threats. The development of these military bases symbolizes Indonesia’s readiness to respond to any provocative state actions deemed threatening (Nugroho, 2020). However, Dafri Agussalim also notes that constructing military bases in Natuna is not without potential adverse effects. One significant possibility is the emergence of a security dilemma, a condition of action and reaction when a country builds military power. Additionally, the military bases in Natuna could be viewed as a challenge by other countries, potentially leading them to mirror Indonesia’s actions. There is also the risk of conflicts with neighboring countries around the waters of Natuna. Therefore, the construction of the military bases needs to be communicated prudently with neighboring countries (Nugroho, 2020). In the Natuna Sea, Indonesia only shares direct borders with Vietnam and Malaysia. Furthermore, the continental shelf boundaries with Vietnam and Malaysia have been established.

### 3.1.2 Defense Forces for Energy: Soft Power

The role of diplomatic power (soft power), both bilaterally and multilaterally, is important in international relations for resolving not only border disputes but also energy issues in border areas. The bilateral relationship between China and Indonesia officially began in 1950 and continues to this day. Although there is a flashpoint in the Natuna Sea, there has not been any serious tension between the two countries. As of today, the bilateral relationship appears to be functioning well. Chinese investment in Indonesia reached USD 8.22 billion in 2022, the highest in Southeast Asia. This investment includes high-speed trains, road construction, coal, and hydropower plants, as well as industrial development under the global infrastructure investment scheme known as the Belt and Road Initiative (BRI). In summary, China's investments in Indonesia span automotive, communication, energy, mining, and infrastructure sectors. From a trade balance perspective, China continues to be Indonesia’s most important trade partner and is also the largest source of imports for Indonesia. Politically, a deepening comprehensive strategic cooperation was signed between the heads of state of Indonesia and China in October 2023. This is expected to mutually beneficial bilateral relations. Based on this strong economic and political relationship between the two countries, it is believed that the border flashpoint and energy issues can be smoothly resolved through bilateral diplomatic approaches. Additionally, the one-time presence of the Indonesian President on an Indonesian warship serves as a form of defense diplomacy, sending a message of Indonesia's serious concern for the areas in the Natuna and South China Sea.

From the Chinese perspective, the situation presents an interesting viewpoint. According to Hikmahanto Juwana, a Professor of International Law at Universitas Indonesia and currently the Rector of the University of Achmad Yani, the presence of Chinese warships and coast guards in the North Natuna Sea does not violate international law, as Indonesia’s EEZ is located in international waters and thus is not under Indonesian sovereignty. He asserts that Chinese warships and coast guards will continue to traverse these waters (KumparanNews, 2021), given China's reluctance to relinquish its claims despite the Permanent Court of Arbitration's declaration that these claims have no basis under UNCLOS (Kopela, 2017). Furthermore, China is implementing a ‘maritime militia’ strategy, deploying fishermen to the South China Sea, often guarded by their Coast Guard, in an effort to control and occupy specific sea areas. It is believed that Vietnam has adopted a similar strategy to counter China’s presence in the South China Sea (Jennings, 2019; Kennedy, 2018). Nevertheless, according to international law, Chinese military ships should not be on the high seas unless on a voyage or making crossings, as military ships are intended to defend national sovereignty. Professor Juwana notes the presence of Chinese military vessels competes with Indonesian warships operating in the high seas to enforce the law in the EEZ, including arresting Chinese fishermen engaged in illegal fishing. From the Chinese government’s perspective, these fishermen are not considered illegal, as they fish within the traditionally China’s claimed fishing grounds. To address the intimidation by Chinese warships and coast guards against
Indonesian fishermen in North Natuna, Professor Juwana suggests the Indonesian government deploy Bakamla vessels to provide a sense of security and tranquility. Additionally, the government should encourage local fishermen to extensively utilize the EEZ in the North Natuna Sea by offering subsidies and incentives (KumparanNews, 2021).

However, the situation in the Philippines differs from that in Indonesia. In 2013, the Philippines chose to pursue legal action by submitting its territorial dispute with China in the South China Sea to the PCA under the auspices of the International Court of Justice (ICJ). The Philippines asserted claims under UNCLOS and requested the PCA to issue a legal ruling on its dispute with China's asserted claims. In July 2016, the PCA ruled in favor of the Philippines' claims, finding that China had no valid legal basis for its historical claims over most of the South China Sea. The decision stated that various actions by China, such as claiming historic rights to resources in the region, violated the Philippines' sovereign rights as guaranteed by UNCLOS. However, this effort by the Philippines has not been accepted by China.

One defense diplomacy action involves following non-defense forces policies by implementing shuttle defense diplomacy. This approach is executed by positioning Indonesia as a mediator to bridge the interests of ASEAN countries in the South China Sea. Defense diplomacy has been conducted through the ASEAN Defense Ministers’ Meeting Plus (ADMM Plus), which includes China. As the largest country in ASEAN, Indonesia also takes an active role through the Ministry of Foreign Affairs in the ASEAN Forum. The primary objective is to maintain ASEAN's centrality in the region. Approaches are made to individual countries and then brought to regional forums. Thus, ASEAN countries are expected to remain united to minimize conflicts of interest and maintain security stability in the South China Sea. The diplomatic action in the multilateral relationship between China and ASEAN to resolve border disputes has been progressing slowly. Essentially, ASEAN has been attempting to ease tensions and resolve conflicts with China in the South China Sea through several approaches, although comprehensive resolutions are still being pursued. Some of the efforts undertaken by ASEAN are as follows:

a. Declaration of Conduct (DoC): This process began in 1997 with the Joint Statement of the Meeting of the Heads of State/Government of the ASEAN Member States and the President of the People's Republic of China. In 2002, the DoC was signed by the Ministers of Foreign Affairs of ASEAN countries. The DoC is not legally binding and serves only as a political compromise between the parties. It focuses on peace resolution efforts, creating Confidence Building Measures (CBM), and mandates the development of a Code of Conduct (CoC).

b. Development of a CoC: ASEAN member states and China have been working to develop a CoC that would regulate behavior in the South China Sea and prevent conflict escalation. The CoC is intended to be legally binding between ASEAN and China.

c. Diplomacy and Dialogue: ASEAN has promoted ongoing dialogue and diplomacy among countries involved in the South China Sea disputes. These efforts aim to enhance mutual understanding, minimize tensions, and seek peaceful resolutions.

d. ASEAN Outlook on the Indo-Pacific (AOIP) Principles: The AOIP, introduced by ASEAN, aims to foster inclusive cooperation and address uncertainties in the Indo-Pacific region, including the South China Sea issue. It emphasizes the peaceful resolution of conflicts, adherence to international law, and prioritization of mutual interests.

e. Mediation Role: ASEAN countries have assumed a mediating role and provided support in efforts to resolve conflicts in the South China Sea. They have facilitated dialogue between the disputing parties.

The South China Sea dispute remains unresolved and shows no signs of abating to this day. Although there is no clear indication that the conflict will escalate, resolving it still appears challenging. This ongoing uncertainty is partly due to the fact that the attitudes of ASEAN countries are divided and differ from one another rather than presenting a united front under the ASEAN umbrella when dealing with China (Chan, 2015; Pang, 2017). As long as border clashes, interstate conflicts, historical rivalries, and other unresolved issues persist, the unity of ASEAN countries will continue to be questioned (Kocak, 2013).
3.2 Energy Supports Defense Forces: Direct Benefit vs Indirect Benefit

Indonesia must remain vigilant in developing the Natuna D-Alpha and Tuna Blocks, which are included in China's claim in the South China Sea. The development of these blocks represents a state practice to manage and utilize the energy resources on the continental shelf. In other words, the development of these blocks can be interpreted as the government's way of protecting Indonesia's sovereign rights from all forms of interference and external threats, in accordance with UNCLOS. The existence of energy resources in border areas serves dual roles. Energy activities will create multiplier effects (the energy resource effects) to strengthen the security and defense forces at the border. This study posits that the multiplier effects are linked to the development of defense forces in the Natuna Sea (direct benefit). However, energy exploration and exploitation also represent an important source of national revenues. This revenue can be partly allocated to enhancing the defense forces' infrastructure and activities in the Natuna border (indirect benefit).

3.2.1 Energy Supports Defense Forces: Direct Benefit

UNCLOS grants Indonesia sovereign rights to exploit and utilize the energy resources in the Natuna D-Alpha and Tuna blocks. This law also provides the legal foundation for Indonesia to strengthen its security and defense forces in Natuna. Therefore, developing these forces through the establishment of military bases will enhance the deterrent effect and ensure the security of energy resource activities in the Natuna Sea. However, a robust security system is essential, given that Natuna is rich in energy resources, situated in an outermost area, and intersected by international shipping lanes both at sea and in the air. This study analyzes the significance of examining the impact of multiplier effects on defense forces. It argues that the multiplier effect is closely related to the reinforcement of defense forces in the Natuna area. Consequently, the energy-security nexus implies a close relationship between energy and security, and how they mutually influence each other. Finally, this study also presents Indonesia’s perspective on securing its border area and the vital energy resources it contains.

The development of the Natuna D-Alpha and Tuna blocks, located in a flashpoint, represents a strong assertion of the state's presence in frontier areas and manifests the government's commitment to repositioning these frontier islands as a front yard rather than a backyard. The development of the Natuna D-Alpha and Tuna blocks is expected to bring numerous benefits to the area and the local community. Job creation (employment) and infrastructure development are among the primary advantages. Additionally, the development of these blocks is anticipated to increase economic activities in the Natuna area, thereby improving the welfare of border communities through increased income. The development can also catalyze the growth of other industries (such as derivatives and supporting industries) in the Natuna area, including heavy equipment maintenance, fishing, and tourism. Moreover, given their strategic location in a major international shipping lane, the Natuna Islands have the potential to become a shipping hub in the South China Sea region. However, further studies are necessary to fully assess the potential economic benefits of this development.

In addition to bolstering defense forces, the development of the Natuna D-Alpha and Tuna blocks can also benefit other sectors and contribute to the overall development of Natuna. The development of the Natuna D-Alpha and Tuna blocks will necessitate the construction of infrastructure that supports defense operations. This infrastructure development aims to address a common problem in border areas: the lack of sufficient infrastructure, including energy infrastructure. Along with the development of the Natuna D-Alpha block, the construction of downstream infrastructure will provide fuel for military needs. Refueling stations will play a crucial role in supplying fuel to patrolling military ships and aircraft. The Natuna D-Alpha block contains not only gas but also oil rings. Although the oil reserves are not extensive, they are sufficient to meet the needs of defense equipment used in border security operations in the Natuna Islands. The development of Strategic Petroleum Reserves (SPR) for petroleum products is also feasible, drawing on both local oil production and imports from outside the Natuna area to support Indonesia's air and sea patrols.
Another aspect of non-physical policy involves developing a strong national character within the local community. This policy is implemented by instilling values of defending the country, love for the homeland, and nationalism. The aim is to ensure that residents in frontier regions, including both Natuna and other outer islands, are willing to support and defend the nation's interests, particularly in matters related to security and defense. Residents living in frontier islands and border areas play a crucial role in maintaining security and defense. This is particularly true for the residents of the Natuna Islands, who can assist in monitoring local situation dynamics. Early identification and swift response to potential threats are facilitated by this community involvement. In summary, these multiplier effects will significantly enhance not only the defense forces but also national security and resilience.

Regarding the latest developments in the South China Sea tensions, the Chinese government has protested the activities of Premier Oil Tuna B.V. (Harbour Energy Group) in the Tuna Block of Indonesia's Natuna Sea. There have been recent reports of China's Coast Guard (CCG) ship patrolling near the North Natuna Sea. This ship was tracked in mid-January 2023 near the Tuna Block. The Indonesian government, through the Ministry of Foreign Affairs, asserts that the Tuna Block operation area falls under Indonesia's sovereignty, as recognized by UNCLOS, both operationally in the field and diplomatically. In addition to the oil and gas activities in the Tuna Block, Indonesia also plans to develop the Natuna D-Alpha in the future. This is a giant gas with oil rings reserve located in the eastern part of the flashpoint area.

3.2.2 Energy Supports Defense Forces: Indirect Benefit

Strengthening the defense system in the Natuna is aimed at anticipating the escalation of both military and non-military external threats. A primary military threat to be wary of is the overlapping territorial claims in the South China Sea, which have the potential to escalate into military conflicts. The state border in the Natuna Islands is a maritime boundary that is particularly vulnerable to various disputes due to the interests of many states at sea. These interests are predominantly economic, related to the exploration and exploitation of energy and natural resources. Therefore, developing a defense force in the Natuna is crucial for maintaining territorial integrity and simultaneously safeguarding its resources. This includes the protection of fish and energy reserves located beneath the waters of Natuna.

In meeting national needs, both economically and in terms of national development, it is essential to recognize that the military also requires a steady energy supply. The energy needs of the military encompass logistical requirements, which are crucial in defense operations and tasks. The significance of energy logistics for defense operations is highlighted in historical records. For example, history shows that Japan invaded Southeast Asia in the 1930s to secure an energy supply for its war machinery. The importance of logistics has also often triggered conflicts and wars over energy resources. One notable instance was the Iraqi invasion of Kuwait in 1990, a conflict essentially over oil reserves in the Rumaila Field. Energy resources have frequently been a catalyst for both domestic and international conflicts (Colgan, 2013, 2014; Wilson, 2019). Energy interests have become synonymous with national interests (Glaser, 2013). This national interest is embodied at sea through maritime strategy, which is crucial for a country's existence and sustainability (Suseto et al., 2019). For defense forces, the availability of energy is a critical factor that significantly affects the country's defense capability.

Energy resources are essential for meeting the military's fuel needs. Energy security is crucial for defense forces as it guarantees the availability of fuel for defense equipment. This availability aims to ensure that the military can continue to secure the state from all forms of threats, including military operations and operations other than war, such as natural disaster mitigation efforts. In border areas like Natuna, regular energy supplies are required for conducting routine patrols to minimize defense and security disturbances. However, the operational costs of border security are significant, entailing substantial energy (fuel) requirements. Border security heavily depends on the state's ability to provide a budget for operational needs, including the energy needs for defense equipment. Concurrently, the availability of sufficient energy resources directly impacts the country's capacity to build defense forces and maintain border security. As one of Indonesia's energy reserves, Natuna could bolster border security operations. The development of the Natuna D-Alpha and Tuna blocks could potentially
contribute to the enhancement of defense forces in the Natuna Islands and security operations in the area. This contribution would come in the form of increased government revenues from contracts signed with petroleum companies, oil and gas production, and the activities of various service companies in the area. However, strengthening defense forces in the Natuna Islands entails high costs in procurement, maintenance, and operations (Gustin, 2022). These costs could be offset by the increased government budget resulting from the oil and gas production of the Natuna D-Alpha and Tuna Block.

The Natuna D-Alpha, one of Indonesia’s largest gas fields with oil rings in its reserves, is in a border area, precisely on the continental shelf of Natuna waters. Techno-economically, the development of the Natuna D-Alpha and Tuna blocks are not yet viable. However, techno-economic factors should not be the sole consideration in developing these blocks. Political and security aspects are equally essential. The development of the Natuna D-Alpha and Tuna blocks symbolizes state sovereignty in the border area and serves as evidence of the state’s presence in the outermost regions. The Natuna Islands, located at the forefront of the Indonesian border, are rich in energy and marine resources and have potential for nature tourism. These attributes render the Natuna Islands vital from political, economic, defense, and security perspectives. Therefore, the development of the Natuna D-Alpha and Tuna blocks should be considered beyond just economic matters. The gas block with oil rings in the Natuna D-Alpha believed to be the largest in the Asia-Pacific region, is in a border area. The development decision should encompass not only techno-economic aspects, especially since the exact amount of gas and oil reserves is unknown, as the field has not yet been produced. Preliminary tests indicate that the Natuna D-Alpha contains high CO₂. The decision should also consider the strategic significance of the Natuna Islands for Indonesia and the potential multiplier effects that could enhance the welfare of the border area. However, a thorough study of the potential multiplier effect is necessary and is not covered in this study.

Aligned with the Indonesian defense doctrine, the development of defense forces in the Natuna Islands is also rooted in Indonesia’s universal defense system. This universality implies the empowerment of all national resources and infrastructure for defense efforts. Consequently, the development of the Natuna D-Alpha and Tuna blocks, and the strengthening of the defense system in the Natuna Islands synergize positively. Both initiatives are tangible manifestations of the universal principle adopted by Indonesia. The development of the Natuna D-Alpha necessitates defense forces to oversee field development activities and minimize potential external threats. Simultaneously, the development of the Natuna D-Alpha will bolster the defense forces in the Natuna Islands, including providing fuel for border security operations there. Furthermore, the proximity of the energy resources to military bases will reduce operating costs and response times, thereby maximizing the effectiveness of border security operations.

On the other hand, failing to develop the Natuna Block may result in both tangible and intangible losses, encompassing economic, political, defense, and security risks. These potential losses include tangible financial setbacks, such as the forfeiture of potential government revenue from the block’s development, estimated to range from USD 10.29 billion to USD 15.62 billion (Gustin, 2022). Additionally, there may be delays in regional development and economic growth in the Natuna Islands. This estimate does not account for other potential losses, such as not capitalizing on Natuna's strategic location. Geopolitically and geographically, the location of the Natuna Islands is highly strategic, offering potential as an economic hub in northern Indonesia. This includes opportunities in shipping, trade, the marine industry, heavy equipment maintenance, and the oil and gas industry. The development of the area could generate substantial revenue for the government, but this potential revenues will be lost if development does not proceed. Therefore, realizing these potentials requires careful consideration and a commitment to undertake their development.

4. Conclusions

The Natuna Islands are frontier islands in northern Indonesia and serve as a SLOC connecting the Indian and Pacific Oceans for trade and energy transportation. This location is geopolitically very strategic. For Indonesia, Natuna is not only crucial as a territorial border but also is rich in energy resources. The sea around Natuna is not only abundant in energy but also in natural resources, leading to competition
among neighboring countries to control the area and resulting in disputes. This study posits that the presence of these energy resources has also heightened security issues in the area. In the long term, this situation could escalate into conflicts or skirmishes, reflecting efforts to control the maritime areas. Natuna's strategic roles place it at risk, especially since it is adjacent to (and partly located in) the South China Sea, a region fraught with tension. China has claimed majority of the South China Sea by asserting 'the nine-dash line' and updated to 'the ten-dash line'.

This study finds that the risk of threats in the Natuna area has prompted Indonesia to establish military bases (hard power). The construction of this military base in Natuna aims to create a deterrent effect and demonstrate Indonesia's capability to protect its territory. Although the likelihood of open conflict in the South China Sea is low, Indonesia must be prepared in the event of war. To anticipate such scenarios, Indonesia is focused on strengthening its border to prevent the Indonesian sea from being used as a battlefield, especially if Indonesia's sovereignty is threatened. A core policy is to enhance the defense forces system in the Natuna border area. This defense policy is geared toward building and strengthening defense forces. Under this policy, Natuna is envisioned as one of the frontier islands capable of operating its defense system independently. The development of defense forces in Natuna must adhere to the blueprint of the Defense Strategic Planning designed by the Government of the Republic of Indonesia, specifically the Ministry of Defense.

On the other hand, the non-physical policy involves a non-military defense approach conducted through shuttle defense diplomacy (soft power). This diplomacy is executed by positioning Indonesia as a mediator, bridging ASEAN countries with interests in the South China Sea, and maintaining ASEAN's centrality in the region. Defense diplomacy, facilitated via the ADMM Plus to include China, has brought the South China Sea issue to the forefront. In meetings within the ASEAN community involving China, under the auspices of the Ministry of Foreign Affairs, several commitments have been achieved. Among these is the DoC, a non-binding agreement, which is set to be followed up with the finalization of the CoC, a binding agreement. Although the progress in finalizing the CoC has been slow for various reasons, Indonesia should continue to encourage ASEAN to persist in achieving the finalization of the CoC.

This study proposes a new notion of multiplier effects that influence the development of the situation in the Natuna area, including impacting Indonesia's decision to construct military bases. It is posited that these multiplier effects can emerge when energy resources are developed. These effects are positive and thus promote the development of the area. Energy activities will create, among others, employment opportunities, stimulate local activities, support infrastructure development, and foster regional growth (direct benefit). A remote area like Natuna requires substantial investments that generate these multiplier effects. The exploration and exploitation of oil and gas necessitate human resources directly working in the fields, as well as facilities and infrastructure supporting field activities. As one of Indonesia's energy storehouses, Natuna could bolster border security operations.

Energy activities in the border area of Natuna contribute to form of funds from petroleum companies that sign exploration and exploitation agreements with the Government of Indonesia. These petroleum companies and their service providers will also pay taxes to the government, in addition to generating revenue from energy production (indirect benefit). An increase in government revenues can certainly provide an additional budget for border activities, including those in Natuna. The focal points in this case are the Ministry of Energy and Mineral Resources and the Ministry of Finance. Developing energy resources in the Natuna region is crucial, given the region's significant energy potential. However, energy exploration and exploitation in this area must be approached carefully to avoid conflicts with neighboring countries. Cooperation in energy exploration and exploitation can be pursued with other countries that possess adequate funding and experience in offshore oil and gas projects.

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