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Marine policy basis of Indonesia as a maritime state: The importance of integrated economy



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ABSTRACT

This article addresses questions such as Why does Indonesia, an archipelagic state enriched with abundant natural resources, remain so vulnerable to medium-term price shocks and global economic crises? Why has Indonesia never derived “blessings in disguise” as reaped by other middle-income developing countries at such times of global crisis? What is fundamentally wrong with the structure and strategies of economic development in Indonesia? These problems are closely linked to the failure of the Indonesian government to develop themselves as a maritime state, that is, a state with the ability to build maritime strength (sea power) in merchant shipping, maritime warfare instruments, and the progress of modern maritime technology to use its potential. With maritime powers, the maritime state can be optimally utilized by its own potential, namely, the potential of natural resources in the form of islands and seas as well as human, political, and cultural resources and the potential established from a strategic geopolitical environment.

1. Introduction

The main purpose of this article is to assess why Indonesia, which is an archipelagic state, is unable to establish itself as a maritime state, that is, a state with the ability to build maritime strength (sea power) in merchant shipping, maritime warfare instruments, and the progress of modern maritime technology to use its potential.

Notably, with regard to the geography of the Indonesian archipelago, the distance between the western and eastern borders is approximately 6,400 km, which exceeds the distance between London and Moscow in Europe. This distance is equal to one-eighth of the earth's circumference. Further, the distance between the northernmost and southernmost regions is approximately 2,500 km. Within this vast territory, there are different regional potentials in terms of both economy and culture [1]. As the largest archipelago in the world, the Indonesian territory comprises 17,508 large and small islands, including the large islands of Sumatra, Java, over three-quarters of Borneo, Sulawesi (Celebes), the Maluku Islands (the Moluccas), and the western half of the enormous island of New Guinea (West Papua) [2]. The Indonesian territory comprises a land area of approximately 1.92 million km², archipelagic waters and a 12-nautical mile territorial sea of area 3.1 million km², and a 200-nautical mile exclusive economic zone (EEZ) of area 2.7 million km² [3].

The Indonesian territory, which is dominated by the insular

character, has generated cultural diversity and enabled foreign influences. During the course of history, the Indonesian archipelago produced various commodities essential for the international community; hence, this region gained attention, which subsequently became a battlefield for foreign conquerors. Thus, the significance of Indonesia in the international community is attributed to natural wealth and its ability to produce various commodities essential for the international market. In addition, the significance of Indonesia also lies in its strategic position in international shipping, such as the Panama and the Suez Canal [4].

It is a strange situation that Indonesia, which is currently constituted as an archipelagic state and enriched with abundant natural resources, remains so high to medium-term price shocks and global economic crises. It is important to address questions such as Why has Indonesia never achieved the “blessings in disguise” reaped by other middle-income developing countries? What is fundamentally wrong with the structure, policies, and strategies of economic development in Indonesia? From the historical perspective, this article shows that this issue is closely related to the way in which the Indonesian government makes a policy to use its potential as a rich archipelago to build Indonesia as an integrated maritime country so that it can overcome the recurring global economic crises [5]. For this purpose, this article discusses several points. The first section of this article discusses the concept of maritime state, which has already been analyzed by several

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well-known scholars such as Alfred T. Mahan, Sir Halford Mackinder, and others who have studied the state's developments linked to the supremacy of maritime power. The second section examines Indonesia's modern economy as one of the compulsory requirements as a maritime state. In the third section, this article assesses the development of maritime policies made by the Indonesian government to build a strong integrated maritime state.

2. Maritime state concepts in international discourse

The maritime state is often referred to the term thalassocracy. This word derives from the Greek word *thalassokratia*, comprising *thalassa* and *kratia*. The word *thalassa* means "sea," and *kratia* means "to rule." The literal meaning of *thalassokratia* therefore is "rule of the sea." It refers to a state with primarily maritime realms, an empire at sea, or a sea-borne empire [6,7]. This concept is sometimes also referred to a state that rules the sea, freeing it from pirates and establishing colonies at strategic points. Historically, examples of maritime realms are Carthage, Minoa, and Phoenicia in the Mediterranean Sea [8]. Many thalassocracies can be found in the history of Southeast Asia, among others: the kingdom of Srivijaya and Majapahit during the Premodern Era as well as Melaka, Brunei, Sulu, and Makassar Sultanates during the eve of the early modern period of maritime Southeast Asia [9]. Portugal was one of the prominent examples of a sea-borne empire during the early modern era [9]. Thalassocracy is often linked to an emporium, although they are actually different. An emporium is a coastal city-state that is the center for commerce. It is one of the types of thalassocracies [10,11].

The concepts of thalassocracy and emporium are not known in the United Nations Convention on the Law of the Sea (UNCLOS) of 1982. The UNCLOS mentions the concept of archipelagic state, defined as a state consisting of one or more archipelagos and possibly including other islands [12]. Archipelago refers to a group of islands including parts of islands, interconnecting waters, and other natural features that form an intrinsic geographical, economic, and political entity, or which historically has been regarded as such. UNCLOS 1982 also mentions the concept of coastal state, which refers to a state with an ocean coast with adjacent territorial waters, an EEZ, and a continental shelf. Examples of prominent coastal states are the USA, Russia, France, Great Britain, Canada, Chile, etc. These are coastal states with a strong navy. However, there are also small coastal states without a strong navy [13].

The concept of the maritime state itself is not explicitly regulated by the UNCLOS 1982. The Convention primarily addresses only the rights and obligations of countries that have marine and/or coastal territories associated with international maritime law, such as territorial sea, ocean boundaries, EEZs, international sea, and innocent passage. Here, the concept of maritime state may cover various aspects of the concepts of thalassocracy, emporium, archipelagic state, and coastal state.

Mahan acknowledged the ability of a country to utilize the potential of the sea for the prosperity and glory of the state at the end of the nineteenth century. Mahan suggests at least six conditions a country should meet before it can be considered as a maritime power: 1) geographical location, 2) characteristics of the areas of both land and sea, 3) territorial area, 4) size of population, 5) aspects of society and 6) character of government [14].

The concept of "sea power," as proposed by Mahan, still offers much in understanding the historical relationship between modern states and the sea. It dealt with the interconnectedness of forces, economics, and geography and prompted much discussion of the connection to geopolitics. Four ideas of Mahan are related to the tremendous maritime state: (1) continuous, unbroken ocean and connecting seas; (2) a vast transcontinental, nearly landlocked state from Russia to Asia; (3) the maritime states of continental Europe and maritime borderlands of Southern and Eastern Asia; (4) the insular states, for instance, are Great Britain and Japan, grouped together with the United States. These three insular states are wholly disconnected from the mainland of Eurasia

[15].

It is important to understand that the ocean is not the only dominant factor when building a strong maritime state. Integration between marine and terrestrial areas will strengthen a maritime state. This idea was already proposed by Halford Mackinder, a British geographer, who openly criticized Mahan's views. According to Mackinder, world history is not just limited to the ongoing efforts to control the seas but also between the forces of sea and land. In Mackinder's view, the maritime state is one of the phases in a historical process. This is based on significant developments of land, sea, and air transportation, all of which strengthen the land power [16]. According to him, seas are not divisive features at all when visual geography is viewed correctly [17]. The seas are a connecting inland, although geographical circumstances will not change, and technological developments will alter geographical perspectives.

By using heartland, heart of the world, or which may also be assumed as a resource center, Mackinder predicts that a state will become powerful only when it dominates an inland. On the basis of geographical location, Mackinder mapped a strategic area to watch out for Russia in Eastern Europe, with Mongolia neighboring in the south, a border to reach Asia. Throughout its territory, Russia developed the Trans-Siberian Railway, which links Mongolia to Japan [18]. This railway line was a significant development in land transport that integrated resource-rich regions around Russia through container traffic. Here we focus on economic integration, which would not be possible without developing an integrated transportation mode including inland and sea transportation.

In addition, it must be understood that construction of a strong maritime state requires good geopolitical arrangements. We emphasize on the geographical aspect of living space (*lebensraum*) with human, energy, and economic resources as the basis for power. The geographical region as a living space with everything in it must be controlled by the navy [19]. In terms of geo-politics and geo-strategy, the marine area becomes a very important medium for territorial control, construction of military bases, submarines and warships, and an arena for the struggle to infuse political, defense, and economical influence and interests [20].

Owing to rapid technological changes, the space theory proposed by Mahan in the late nineteenth century needs to be supplemented by more recent space theory [21]. Nevertheless, the great maritime state described by Mahan took place during the turn of the twentieth century when there was a very advanced technological development in shipbuilding and navigation along with sophisticated weapon systems in support of capitalist expansion [22]. At that time, voyages and trade determined the development of the global economy. The naval force became a major force in securing the territory and the political and economic interests of the whole world. Therefore, countries were capable of seizing maritime voyages and trade with strong naval escorts to become maritime superpowers. During the 1930s-1990s, advancements in shipping technology and related maritime fields were not the sole determinant for the emergence of the world's maritime superpower. In this case, the development of aviation and satellite technology now became an important determinant for the emergence of superpower countries. Airpower and spacecraft (long-range missiles and satellites) have become major components of the global military fleet. Naval power will not be of much use without the support of air and satellite power.

After the 1990s, state superiority was also determined by their mastery of increasingly sophisticated war technology using satellites in cyber warfare. They are increasingly able to develop unmanned war tools. Of course, these technological developments require us to re-evaluate the definition of the maritime state as proposed by Mahan more than a century ago when air and satellite power and computers had not yet been developed. It is in this context that the picture of the ideal maritime state as proposed by Mahan needs to be supplemented by advanced satellite and computer technology [23]. However, this

does not mean that advances in satellite technology, airplanes, and computers have reduced the importance of maritime factors in the development of a large maritime state. The maritime elements as revealed by Mahan are still important for building a great maritime state. Thus, Indonesia still has tremendous potential to develop into a maritime state [21].

The Indonesian archipelago needs to rebuild what is so-called "maritime culture" and reformulate integrated economic policies for maritime identity. The existence of maritime culture is seen as flexible, reconstructed, complex, changeable, and identified by great variation and divergent tendencies, and it is deeply embedded by merchant navy. The merchant navy culture formulates the seafarer's identity, the maritime organizational culture, ship's culture, safety culture, and working and living standards in a multicultural environment [24]. Furthermore, a maritime identity views sea-lines and ships as a media or tool for marine trade and cultural influences that combine the port cities in the sign of the common identity. Maritime identity is also the basis for collective memory that shapes and develops social, political, cultural, and economical aspects of the seaside cities [25].

The question is how national integration and economic integration are perceived. The idea of maritime state integration (economy and politics) uses three concepts that need to be related for maritime utilization: maritime conflict that involves the use of the sea, management, and planning. The three points comprehensively underlie the embodiment of ocean policy in both its economic and its political dimensions [26]. In principle, the policy is directed to increasing economic growth and equitable development through diversification of economic activities, thus augmenting the diversity of products and the value-added well-being of society. The Blue Economy is an economic development model that unites sea and land development. The model places more emphasis on optimizing technology, industry, land, and sea to improve the overall level of utilization of marine resources [27].

A modern maritime state must be able to implement an integrative spatial planning system in terms of economic sectors, land use, and sea use. The growth of the maritime state ensures a successful implementation of foreign policy and allows widening trading, shipping, and scientific activities [28], as well as cultural links with other countries [28–30]. It strengthens the constructive cooperation between countries with different social systems and gives the most important weapon for realizing historical mission. Both military necessity and economic growth depend on maritime trade as well as the political struggle, which has always induced states to build, maintain, and modernize their navy [29].

In a more contemporary situation, in accordance with modern technological developments, a maritime state can be defined as a country with the ability to build its maritime strength (sea power) in merchant shipping, maritime warfare instruments, and the progress of maritime technology based on computer and satellite sensing to use its potential in synergy (sea and land) within the framework of geopolitical dynamics. With maritime powers, the maritime state will be able to optimally utilize its own potential, namely, the potential of natural resources in the form of islands and seas as well as human, political, and cultural resources and the potential established from a strategic geopolitical environment by utilizing the strategic environment to achieve the glory of the state.

3. The modern Indonesian maritime economy

This section will identify the policies taken by the government of the Republic of Indonesia to transform themselves from an archipelagic state into a maritime state from the beginning of the independence to this contemporary period. In this context, it is also clear how the situation of the conflict between Indonesia and the Netherlands regarding the struggle for West Papua has led to what has been called maritime territorialization. This concept of maritime territorialization refers to the way wherein maritime spaces have become increasingly linked to,

and conflated with, state sovereignty in public discourses [30]. It is known that UNCLOS Article 6 defines an archipelagic state as fully constituting one or more islands. According to UNCLOS, an archipelago consists a group of islands including parts of islands connected by waters and other natural features that are so closely interrelated that such islands, waters, and other natural features form an intrinsic geographical, economic, and political entity or which historically have been regarded as such [30,31].

By using the term archipelago as the basis for the Indonesian law of the sea, the Republic of Indonesia has been projected [32] to be an Archipelagic State. It was a radical experiment in the history of the law of the sea and constitutional law in the world that no state implemented this system. In a meeting held on 13 December 1957, the Indonesian cabinet finally decided to apply the Archipelagic State Principle in Indonesia's legal structure by issuing the so-called *Pengumuman Pemerintah mengenai Peraturan Negara Republik Indonesia* [Government Notification on the Territorial Waters of the State of Republic of Indonesia] [32]. By that notification, the government declared that the delimitation of territorial waters, as referred to in the Dutch Colonial government's *Territoriale Zee en Maritieme Kringes Ordonantie 1939* dividing Indonesian land territory into separate parts with their own territorial waters, was no longer in harmony with actual needs of the Indonesian state [33].

The Indonesian government states that all waters around, between, and connecting the islands belong to the Indonesian archipelago, irrespective of their size or dimension. They are natural appurtenances of its land territory and therefore an integral part of the island or national waters subject to the absolute sovereignty of the Republic of Indonesia. The peaceful passage of foreign vessels through these waters is guaranteed as long and insofar as it does not prejudice the sovereignty of the Indonesian state or harmful to regional security. The delimitation of the territorial sea, 12 nautical miles, is measured from a straight baseline connecting the outermost points of the islands of the Republic of Indonesia; it is according to Government Regulation No. 4 and Lembaran Negara No. 22.

The implementation of the principle in the archipelagic state consequently made the Indonesian territory an entity of islands and seas connecting the islands. This means that Indonesian land territories are no longer separated by sea between the islands but are integrated as a territorial unity of both islands and seas. Island power thus becomes as important as the ocean or sea power. In Indonesian context, such perspective is referred to as maritime vision (*Wawasan Maritim*), that is, the way by which the Indonesian people view themselves and their environment as a maritime nation. Likewise, the implementation of *Djuanda* Notification also meant that Ordinance 1939, as the heritage of Dutch colonial government, was no longer in use. This also meant that the important milestone of decolonization of law of the sea occurred in 1967, only twelve years after proclamation of independence. It is clear that in an archipelagic state, the integration between land (islands) and water (sea and ocean) is very crucial. It is very interesting that traditionally, Indonesian people named their place of origin or motherland or state territory as *tanah-air*. *Tanah* means land and *air* means water. This phrase seems to unify land and water, islands, and seas or oceans [34]. Smith also indicated the importance of integration between land and waters in an archipelagic state. That is why for a modern maritime state, the integration of land and waters is very crucial in implementing spatial planning. There are at least three aspects that can be recognized as a means for integrating the state territory: 1) maritime transport and communications and the military use of the sea; 2) resource extraction such as food, minerals, and energy; and 3) use of the natural environment as a whole. It also includes the control and improvement of environmental quality, which is generally associated with human activity and their well-being [35].

The question is how national integration and economic integration are perceived. Drake states that national integration involves the way how people in different areas of a country and of different ethnic,

sociocultural, and economic backgrounds feel themselves to be united and function as one nation and one identity. An important component for cultivating this kind of feeling is often the experience of a common history. Historical heritage can be vital because the roots of cultural, political, and economical structure are found in history. The feeling of oneness in the course of glory or vagueness, victory or defeat, and struggle or success deepens the awareness and pride of being part of their nation. It becomes the basic foundation of the process of national integration [1,36].

It is important to note that national integration is the whole process of unifying a nation that entails all aspects of life: political, cultural, social, and economic. Therefore, national integration embraces political, cultural, social, and economic integration. In short, national integration is a multidimensional, complex, and dynamic concept involving a large variety of intertwined elements that, to some extent, operate separately, yet cumulatively, and in general, are mutually reinforcing. It is a holistic concept, in which the totality of separate aspects is greater than the sum of the separate parts [1].

One of the most important factors for achieving national integration is regional economic interdependence and some measure of regional balance in economic development. In the case of Indonesia, economic integration has both a social and a regional aspect. The social aspect refers to an even distribution of factors of production among the poor and the rich. The regional aspect refers to the geographical distribution, the even distribution of economic growth across the different regions. The major challenge of economic integration in Indonesia as a vast archipelagic state is balancing the economic inequalities between the rich and the poor and between the developed regions and the underdeveloped regions. Therefore, since the Djuanda Declaration in 1957, the Indonesian government tried to make maritime policies to regulate interisland shipping lines to build economic integration in Indonesia as an archipelagic state. In 1958, for example, assuming that the KPM's removal would disturb interisland shipping, the government issued a new regulation in early 1958 on the national shipping network for integrating Indonesian economy as an archipelagic state.

Route arrangement for Indonesian Shipping Company (PELNI or Indonesian National Shipping) is an important target for government policy in the maritime field. During the administration of President Joko Widodo, efforts were made to integrate the Indonesian economy. In November 2014, he stated that the geopolitical and geo-economic gravity in the twenty-first century will be shifted to the Asia Pacific where sea territory is becoming increasingly important. In that connection, Indonesia will be built as a world maritime axis. The President introduced five "pillars" to be enforced: 1) rebuild Indonesian maritime culture; 2) maintain and manage marine resources; 3) prioritize the development of maritime infrastructure and interisland connectivity; 4) emphasize maritime diplomacy; and 5) develop maritime defense forces to support Indonesia's sovereignty and wealth and to maintain navigation safety and maritime security [37].

It has been realized by the Indonesian government that a completed Indonesian economic vision must offer a new oceanic vision, combining the potential of land and sea, which are both meaningful to human interests, especially for the Indonesian people. It explains the government issue on the so-called "blue economy," which represents the ocean economic vision, especially in the form of a sustainable economic development model that reinvigorates Indonesia's maritime identity [38]. The concept of blue economy usually refers to economic activities dependent on marine ecosystems or the seabed [39]. Consequently, the Indonesian territorial waters provide a unique ecosystem and transport routes with bordering states, which has been existed since the early modern period. The implementation of an ocean vision requires concrete efforts by government, industry, and the community, planning and making decisions using the best possible scientific evidence.

If the shipping mode can be animated, then it will have an impact in several areas such as the global political economy, natural resource utilization, and the development of scientific knowledge based on

research. In historical geography, the only main media for achieving economic integration by establishing ports and producing ships [40]. These two are actually combinations of sea and people. The economic integration became clear when President Joko Widodo formulated the idea to make Indonesia as a global maritime axis by enhancing interisland connectivity and upgrading port infrastructure within the archipelago [41]. It encompasses thousands of islands and spans almost 6 million square kilometers.

One of the most important components for the state development and prosperity is, as expected, its maritime potential, which is protected by an adequate maritime power [19]. Conversely, if the state neglects sea power, it will suffer loss or even collapse. Perhaps, this is also one of the important causes of Indonesia's failure to build a large maritime state at present, the inability to apply cyber-warfare technology, air power, and advanced satellites and capable of protecting its maritime potential. Under peacetime situations, the role of warship is not just enough for the survival of a maritime state but also necessary to protect the core of sea lines of communication to facilitate trade and economic prosperity [42].

During the Reformation Era (since 1998), the Indonesian government has sought to develop a global-oriented economy in conjunction with technological progress by building a competitive advantage based on comparative advantage as a maritime nation that also possesses a land-based economy with potential variation by region. This indicates that Indonesia's economy rests on the development and integration of various sectors, both land and sea. By prioritizing the development of maritime infrastructure and connectivity through the construction of ocean tolls, deep seaports, logistics, shipping industry, and maritime tourism, this paradigm guarantees that maritime development will eventually help increase efficiency and effectiveness in developing economic activities in the land areas.

The economic development policies that lead to unifying the potential of the marine and land sectors are evident in the application of the concept of Blue Economy. The application of this model looks very dichotomous in a sector that was only associated with the sea. It ignores the fact that the land sector is also strengthening its maritime potential. To date, this concept was limited to the discourse, not based on legality, with an accompanying budget. This model is not able to develop potential commodities from various sectors. It has not yet been implemented. In contrast, the formulation of the Blue Economy model is not the main topic of discussion in Indonesian economic history. Thus far, this economic model is implemented only in fisheries [43].

The strengthening and empowerment of Indonesia's export sector are now given a high priority. Only through such self-strengthening will the issue of export commodity production be addressed and will Indonesia be in a position to contemplate a move to a maritime-based economy. If the government fails to increase its production capacity, then it would lead to failure of efforts made to expand the economy and ensure long-term economic growth targeted at increasing domestic incomes and ensuring long-term prosperity for the majority (60%) of the population currently living on daily income of less than USD 2 (the UN poverty line) [44].

The ocean and sea economic vision can be complementary in the establishment and development of economic activities. It is dominated by shipping and maritime transport as well as marine tourism. Shipping and maritime transport can be seen as the largest contributor in terms of the Indonesian turnover. This industry will emphasize to service on sea and coastal passenger water transport, sea and coastal freight water transport, cargo handling, mooring and leasing of water transport equipment, etc. Marine tourism will be the next largest category. Within the emerging maritime sector, marine commerce, high-tech marine products and services will make the largest contribution to Gross Domestic Product (GDP). The high-tech marine products and services category is also important in terms of generating employment. This means that the oceans also contribute significantly to human welfare both directly and indirectly. Recently, at the state level, the

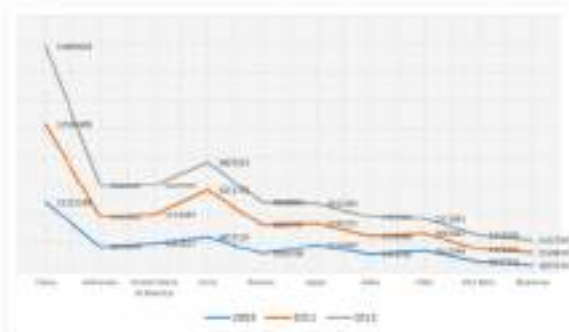


Fig. 1. World's comparative production in marine capture fisheries 2003–2012. Source: FAO, 2014.

ocean economic vision can be in fisheries and aquaculture development, inter-port network collaboration, customs cooperation, and marine tourism. The two development sectors connect directly to the human welfare.

The Indonesian government has strongly realized that the fisheries sector plays a major role in strengthening the Indonesian economy. It has expanded significantly after 1951 in terms of both production and consumption per capita. From 1951 to date, fish capture increased from 324,000 metric tons to more than 1 million metric tons per year. The increased production of fisheries renders Indonesia as the second largest fisheries producer in the world after China and the first among the ASEAN countries (as shown in Fig. 1).

Indonesia has shown considerable increases in marine capture fisheries during the last 10 years. The production of marine capture fisheries in 2014 increased by 1.28%, that is, 5.78 million tons. The production of fisheries in 2014 reached 1,268,983 tons and increased by 14.98% during 2010–2014. This production volume shows that Indonesia remains the second largest fish producer in the world. Since 1990, fisheries sector has played important role as an export commodity in international trading to the world (see Fig. 2) [45]. In addition, the Indonesian fisheries sector could contribute 7% to the national GDP, which is 3% higher than that contributed by the agricultural sector [46].

Realizing the important role of fisheries, the Indonesian government has issued policies to develop infrastructures to support this industry, such as ports, piers, breakwaters, market halls, dockyards, and slipways. Indonesia also received financial assistance through bilateral and multilateral agreements for this development, which comes from Japan, Canada, the United States, Germany, France, the Asian Development Bank (ADB), United Nation Development Program (UNDP), and Food and Agricultural Organization (FAO) [47]. Marketing problems are common with many fishermen having a minimal understanding of the



Fig. 2. Contribution of marine and fisheries sectors to Indonesia's 2014 GDP. Source: The Indonesian Central Bureau of Statistics, 2014.

market chain. There can be large discrepancies between prices paid at the farm gate and wholesale prices. Measurement to resolve such issues includes providing real-time information of fish prices in the destination markets, group marketing, and shortening the market chain by reducing reliance on intermediaries.

The fisheries sector has grown continuously in the past decade. During 1968–1983, the increased production of fisheries did not match the total fishing fleets, but the number of motorized fishing boats increased at a remarkably rapid pace, particularly from the late 1970s [48]. The Indonesian fisheries sector is currently facing serious problems in the shortage of site selection for marine cage culture; zoning, especially integrated coastal zones; and management policy and regulations. This sector also faces challenges, especially with regard to tuna and other exported fish, for which eco-labeling and certification schemes should be followed to compete global markets [49]. This is, however, driven by national objectives; the Indonesian government still have orientation toward the paradigm of increasing fisheries production and income rather than increasing sustainable fisheries; other Southeast Asian countries also have a similar orientation [50]. The Indonesian government is also trying to fight seriously against illegal fishing.

Illegal, unreported, and unregulated (IUU) fishing is another main issue in Indonesian maritime security. Indonesia's marine potential from the fisheries sector is 12.54 million in 2017 [51]. Indonesian government has sunk 488 illegal fishing vessels and suspended 207 fishery business licenses, both of which are carried out to send strong signals of law enforcement and create a deterrent effect. The illegal fishing category applies to not only occasional foreign flags that enter the Indonesian fisheries management area but also Indonesian vessels that violate rules such as the use of foreign crews, fishing gears, docking, and illegal fishing. This IUU fishing is a real threat that directly affects Indonesian fishermen. This situation evidently reduces the number of captured fishermen by 50% during the last ten years, from 1.6 million to 800,000 fishermen [52]. Efforts to combat IUU fishing are led by the Ministry of Fisheries of the Republic of Indonesia by issuing Ministerial Regulation No. 56/PERMENK/2014 along with the amendments that govern the moratorium on fishing captures, hence regulating the types of commodities and fishing gear used in the Indonesian fisheries management area [53]. However, owing to their own weakness and complexity of power, the other actors make this lead tenuous. As a form of transparency, this effort also involves the participation of the community to report and access data about marine and fisheries, including fisheries depletion in some areas such as the Java Sea owing to the massive fishing captures on small pelagic fish populations, which has been prevailing for the last 40 years [54].

4. Interisland shipping: developing and promoting an integrated economic policy

The economic disparity between different islands and geographical zones is still clearly visible (Fig. 4). It seems that there has been a slight change since the colonial era. It was then that such modern economic differences emerged between the developed Java and the underdeveloped outer islands [56]. In addition, there remains many problems related to relationships between the different islands. In fact, the creation of dependency between the islands will have a huge effect on the country's ability to deepen economic integration. This will not only ensure a fully functioning national economy but also strengthen political and cultural integration [5].

For promoting cross-border trade and investment in the framework of improving competitiveness and raising domestic output, the Indonesian government has realized the importance of connecting islands through various modes of transportation, both land-based and marine-based. An improved and integrated transport and logistics systems in Indonesia is an integral part of regional integration. The bottlenecks at Indonesia's borders and islands often hinder the efficiency of

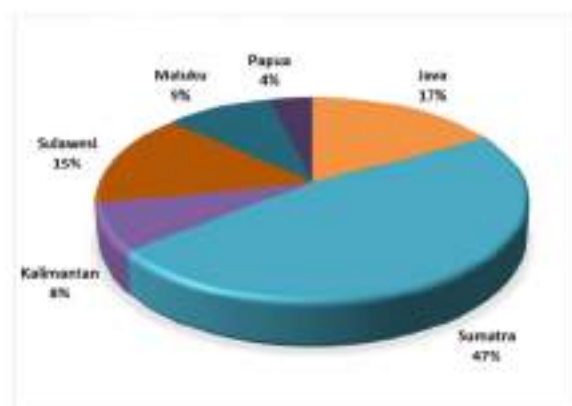


Fig. 3. Number of Indonesian ports by island.
Source: The Indonesian Central Bureau of Statistics, 2016.



Fig. 4. Direction of Inter-island trade in Indonesia (1000 tons).
Source: Salatiyana, 2013.

its logistics system. The problem of the logistical system includes the poor quality of roads connecting to ports, lack of port infrastructure, and bad quality of the shipping industry, which in turn raises overall transport costs. Moreover, Indonesian Oceanic Visions should be formulated spatial with planning approaches that are associated with large ports, which requires both large-scale land development (especially after the arrival of railways and steamships at the end of the nineteenth century) and the planning of navigation channels and designation of other sea uses within defined spatial limits [35]. Indonesia currently has only 116 ports spread across the main islands of Jawa, Sumatra, Kalimantan, Sulawesi, Maluku, and Papua. According to recent data released by the Statistical Bureau of Indonesia, the country has only five international ports that can perform loading and unloading activities. The development of ports is uneven in terms of both number and quality. The uneven development of ports in the Indonesian archipelago is shown in Fig. 3.

In recent years, authorities of leading Indonesian ports have understood increasingly the need to play a role in intermodal transport systems. This is also applied in some European and international ports [57]. This includes, for example, the introduction of new shuttle train services to the hinterland together with the respective national railway companies, rail operators, terminal operators, shipping companies, and/or large shippers. As the railway sector is only partly liberalized, sea carriers should have agreement with PT. Pelabuhan Indonesia (PT. Pelindo) jointly operated with PT. Kereta Api Indonesia (PT. KAI). Currently, only Tanjung Priok, Tanjung Perak (on process to line re-activation), and Belawan have already connected to the railway container line.

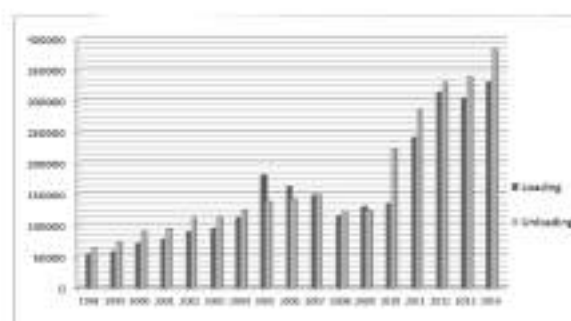


Fig. 5. Loading and unloading Volumes of inter-island shipping during 1998-2014 (tons).

Source: The Indonesian Central Bureau of Statistics, 2015.

The unevenness in the development of interisland shipping and trade also affects the direction of trade itself. Most interisland shipping and the trade takes place in the western part of the archipelago. It can be traced back to the early 1970s, as shown in Fig. 4.

It is important to note that the volume of cargo in interisland shipping has tended to increase during the last decade. With regard to this, Jawa and Sumatra are still the centers of shipping and trading. The major products transported in interisland shipping are food, beverages, basic metals, petrochemicals, and fuel oil [51]. The interisland trading increased from Rp 301,488 billion in 2012 to Rp 346,022 billion in 2013 and reached Rp 415,876 billion in 2014 [53]. The volume of interisland trading activities increased in numbers (see Fig. 5).

This trading situation has a significant impact on the development of maritime economic equitability. Something similar happened in the colonial period. It provided opportunities for the development of different relationships and patterns of economic exchange between the different islands. The development of international shipping and trade also had an impact on the growth of interisland trade. In the precolonial era, the volume of shipping increased throughout the archipelago. Trading ports emerged and developed as commercial nodes. These ports in turn encouraged the growth of shipping and trade. In addition, trading ports also attracted significant populations from the interior to the coastal areas. This enabled the formation of new economic clusters, a phenomenon that can best be illustrated by a glance at the history of Indonesia's principal coastal ports in towns such as Pasai, Palembang, Surabaya, Demak, Cirebon, Banten, Jayakarta, Ternate, Tidore, Makassar, and Banjarmasin.

Indonesian economic history has been underlined on the factual situation that the Dutch colonial government established several major ports as transit points to control the flow of shipping and trade. These included Batavia, Semarang, Surabaya, Makassar, and Belawan, which functioned as centers for the distribution of imported goods and collection points for export commodities. This policy encouraged the development of interisland trade and caused a significant increase in shipping centered on the main ports opened up for international trade. It is a historical fact that the main ports were located in Jawa so that the interisland shipping and trade in the Indonesian archipelago centered on the island of Jawa. These ports functioned as distributors of imported commodities. Furthermore, interisland shipping in the Outer Islands remained underdeveloped except in some ports that the Dutch earlier had opened to international trade (Makassar, Belawan, etc.). This is because the Dutch colonial government paid more attention to the expansion of the export trade to meet the demands of the global market. They were less concerned with meeting domestic needs. They also did not have much concern for developing the indigenous shipping industry through quickening interisland trade, thereby strengthening the internal economic integration of the Netherlands Indies' colonial economy [1].

In the face of such a colonial legacy, the present-day Indonesian government will have to restructure interisland shipping and trade. Only when this happens can the maritime economy serve as a foundation for the integration of the national economy. In addition, Indonesia, which consists of thousands of islands with diverse economic potential, functions as the basis for creating a stage of economic development that government policy documents refer to as "complete economic integration" [55].¹ In this context, various parts of Indonesia need to be structured in such a way that each part becomes an independent (mandiri) economic area able to meet its own domestic consumption needs. In such a situation, internal supply and demand will grow and each region will develop in a certain way so that they can all play an important role in the mechanism of an independent national market. This is a *sine qua non* to revive the domestic economy, thus enabling it to contribute to overall GDP growth. This will be an important contribution to inserting an innate immunity into Indonesia's national economy in the face of short-term market downturns and global economic crises. Thus, an export-led economy should be developed within the broader framework of strengthening the national economy.

By learning from the recent economic crises suffered by Indonesia and other countries, we conclude that a country whose GDP is too dependent on the export sector (such as Singapore and South Korea) will continue to be vulnerable to future global economic crises. Therefore, strengthening the domestic economy including self-reliance in meeting basic needs is a vital first step for future economic development as an archipelagic state as well as a maritime country. Serious research needs to be undertaken to map the conditions and dynamics of the local market. This will allow the creation and development of the production of regional and island economic specializations according to the potential of each. It will foster the development of supply and demand between the islands and the region as a system, which in turn will encourage the development of export and import trade.

By using its advanced maritime power, Indonesia as a maritime state will be optimally able to encourage either its potential (both sea and island natural resources, human resources, political resources, and cultural resources) or the potential emanating from its geo-strategic position, that is, by benefiting from the strategic environment. The role of innovation in science and technology is vital in developing a maritime state. In this respect, those integrations have already established by the member of the European Union countries [56]. Sea power of the state as a system is characterized not only by the interconnection of its naval power, transport, and fishing but also by an indivisible unity of its dimension. The world ocean dimension is expressed in its integrity. Mahan believes that sea power has more advantages than land power. If being cost-effective, this would all be at a bearable social, economic, and political cost. It is the only way to explain how Britain, so limited in size and natural resources, was able to dominate the world from the late eighteenth century onwards [57].

To build a great maritime state, Indonesia should accommodate technological developments in air power technology, satellites, and computers. The definition of a maritime state that is suitable for Indonesia for building a great maritime state in the future is a state which has a strong commitment to develop several fields including merchant shipping, manpower, maritime defence instruments, and

maritime technology supported by air power, satellite, and cyber technology together to synergize with all the state potentials (resources) reference. The idea of a "maritime culture" could be interpreted as maritime in mere archipelagic terms [37] and the idea of maritime identity interpreted in a more Mahan sense as to build state prosperity by using economic integration. To support the blue economy program, Indonesia should utilize sea power, which enables the role of the navy for protecting and developing economic resources. This is due to the basic purpose of navy, which is currently to protect the global economic system [58]. This could prove challenging for policy development and coordinating the administration's efforts.

According to Indonesia's history, it is also clearly shown that sea is a medium for transportation and economic as well as political domination, as commodities are taken from the mainland or islands and transported to their destinations. The island's commodities will not provide more profit without commercialization by sea in interisland and international trade. Sea power is capable of exploiting potential sectors in the mainland.

The integration between resources and geographical power is done to allow a state to compete the emerging new world affair. Those proposed by Mackinder who transmitted it into Pivot Paper, which fully told that the British and European countries could control Asia in the eighteenth century until the twentieth [59]. This is certainly not intended to legitimize the efforts of becoming expansionist and imperialist in Southeast Asia but intended on his views on the economic development of countries with great sea power. Mackinder was particularly interested on how the modern maritime state of the island continent could have access to the heartland. Indonesia was regarded as the great islands of maritime outlets along with the USA, Australia, and Africa [60].

5. Conclusion

The failure of modern Indonesia to establish itself as a great maritime country is mainly due to at least three fundamental factors: inability to develop sophisticated advanced technology, failure to create economic integration as an archipelagic state, and failure to reform the traditional products coming from their abundant natural resources. To overcome these problems, Indonesia needs to take at least three strategic steps. First, to become a significant maritime nation in the future, Indonesia must be able to build a maritime power based on advanced technology that not only is directly related to the sea as proposed by Mahan but also should be strengthened by air power supported by sophisticated satellite and cyber technology. Second, the formulation and implementation of complete economic integration should be done. Only when this has established, Indonesia will be able to build a robust national economy immune from recurrent global economic crises. The government should encourage all elements in the community to create products required by the global market, regardless of marine and land-based sectors. For the sake of economic and political integration between various islands and regions, it is necessary to develop further specialization in the production by local and island economies. Their potential is realized only by this way. Third, Indonesia must be able to develop technologies to process raw materials from natural resources to finished products or at least semi-finished ones, so that it has an economic value added in international trade.

Finally, it is essential to note that to build a great maritime country, not only is it enough to use marine resources, but it also requires socialization and acculturation of maritime history and culture through education, art, literature, and so forth. Without laying the foundation for maritime culture, the idea of establishing Indonesia as a significant maritime state will remain a dream.

Acknowledgment

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¹ Usually, the concept of complete economic integration refers to the final stage of regional economic cooperation among several countries located in the same region. The member states are no longer questioned and control the economic policies of their member countries. This includes full monetary union and complete fiscal policy. Stages to achieve complete economic integration are preferential trading area, free trade area, customs union, common market, economic and monetary union, and final complete economic integration. In this case, complete economic integration is usually only found in a country, not regional economic cooperation within the framework of a supranational institution.

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