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Indonesia and Bahrain: Socio-cultural, political, and economic engagements

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In recent years, Indonesia and the Gulf Cooperation Council (GCC) member states have developed strong and multi-dimensional relations. The scope of the cooperation has expanded from political and economic spheres to cultural and security fields. Indonesia's ties with GCC, nonetheless, are not only limited to the major countries of the region such as Saudi Arabia and the United Arab Emirates. Rather, Jakarta has been pursuing cooperation with smaller regional countries. Bahrain-Indonesia relations present an interesting case study. While the ties were arguably minimal compared to other GCC countries, they have gradually increased in recent years and have expanded to various sectors.

This policy brief offers a comprehensive analysis of the growing cooperation between Indonesia and Bahrain. The brief is divided into four sections. The first part examines the cultural exchanges between the two countries, while the second examines the major political and security developments in the Jakarta-Manama cooperation. The third part discusses the growing economic ties between Indonesia and Bahrain. Finally, the last section attempts to highlight the future outlook of the relationship and the opportunities that can be garnered.

Socio-Cultural Relations

Although Bahrain-Indonesia ties are relatively limited, cooperation has taken place in the cultural fields. This mainly revolves around tourist flow between the two countries.

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Although precise data is not available, several reports state that there has been an increase in the number of tourists from Bahrain to Indonesia². This is in line with the increase in promotional activities and cultural events organized by the Indonesian government. In 2018, for instance, Indonesia's Ministry of Tourism organised the Indonesian Table Top at the Crowne Plaza Hotel Bahrain³. This activity, which was also supported by the Indonesian Embassy in Manama and the Visit Indonesia Tourism Officer Dubai, aims to promote tourism and Indonesian culture and was attended by 30 travel agents and important media in Bahrain. Tourist flows between the two countries are expected to increase, given that both governments have been working for the availability of direct flights between Indonesia and Bahrain⁴. In addition, Bahrain has also offered visa on arrival facilities for Indonesian citizens holding regular visas⁵. The ease of access to travel between Indonesia and Manama is predicted to further strengthen cultural exchange and cooperation in the tourism sector.

Another way Indonesia-Bahrain relations have been fortified is through the holding of cultural events. This includes the annual "Indonesian Cultural Night" organised by the Indonesian Embassy in Manama⁶. Apart from being supported by the Indonesian Ministry of Tourism, this activity has also succeeded in cooperating with the Bahrain Authority for Culture and Antiques (BACA). The involvement of this institution is very important because BACA is an important tourism body in Bahrain. This event is part of a series of Tour Sales Mission activities carried out by Indonesia's Ministry of Tourism targeted at the Middle Eastern market⁷. The event attracts hundreds of visitors, including important

² "Terima Duta Besar Kerajaan Bahrain untuk Indonesia, Bamsoet Dorong Pembentukan Majelis Syuro Dunia." *Harian Terbit*, 2 March 2022, <https://www.harianterbit.com/nasional/pr-2742777453/terima-duta-besar-kerajaan-bahrain-untuk-indonesia-bamsoet-dorong-pembentukan-majelis-syuro-dunia?page=2>.

³ "Top Table Indonesia di Bahrain untuk Promosikan Pariwisata." *Kedutaan Republik Indonesia Di Manama*, 25 September 2019, <https://kemlu.go.id/manama/en/news/2473/indonesian-table-top-in-bahrain-to-promote-tourism>.

⁴ "An Outstanding Ambassador." *Bahrain This Month*, 8 October 2022, <https://www.bahrainthismonth.com/magazine/interviews/an-outstanding-ambassador>

⁵ "Indonesia tourist visa from Bahrain." *Visalist*, 17 October 2022, <https://visalist.io/indonesia/visa-requirements/bahrain>

⁶ "KBRI Manama sukses menyelenggarakan Indonesian Cultural Night 2019." *Kedutaan Republik Indonesia di Manama*, 26 September 2019, <https://kemlu.go.id/manama/en/news/2742/the-indonesian-embassy-in-manama-successfully-held-the-indonesian-cultural-night-2019>.

⁷ Ibid.

parties such as the Ambassador, diplomatic corps of friendly countries, Bahrain's tourism industry, foreign communities, and the Indonesian diaspora residing in Bahrain.

Religious and education cooperation has also been on the rise. Given their shared Islamic background, religious-related activities have been part of the Indonesia-Bahrain relations. Representatives of the two countries, for instance, met at Bahrain Forum, an interfaith dialogue held in Bahrain in November 2022⁸. A number of prominent Islamic scholars from Indonesia such as Quraish Shihab and Din Syamsudin were invited to this forum to speak on the issue of religious moderation and East-West relations. Although details are not available, it was reported that the Bahrain Chamber of Commerce planned to collaborate with Indonesia in establishing a halal certification body⁹. In the education sector, cooperation in Islamic finance education is the most apparent. This was indicated by the signing of an agreement between the Tazkia Bogor Institute of Islamic Economics and the Bahrain Institute of Banking and Finance (BIBF), which is an institution under the Central Bank of Bahrain, on providing certification and training programs on the topics of banking and financial institutions for students and professionals¹⁰. In 2022, with the visit of the Indonesian Ambassador to the BIBF campus, the cooperation was planned to be expanded to include issues of digital transformation of finance and Islamic financial technology¹¹.

Despite limited, both Indonesia and Bahrain seem to recognise the importance of overcoming linguistic-barriers. They have therefore gradually worked to strengthen their cultural ties to increase understanding of each other's norms and customs, methods of performing business, as well as national and institutional interests.

⁸ "Din: Kesetaraan Menjadi Prasyarat Dialog Timur-Barat." *Republika*, 5 November 2022, <https://www.republika.co.id/berita/rkvcww458/din-kesetaraan-menjadi-prasyarat-dialog-timurbarat>.

⁹ "Bahrain in Talks with Indonesia to Set Up Halal Certification Body." *National Islamic Finance Committee*, 4 August 2019, <https://knks.go.id/news/92/bahrain-in-talks-with-indonesia-to-set-up-halal-certification-body?category=2>.

¹⁰ "Indonesia's Ties With Bahrain Slowly Gather Steam." *The Diplomat*, 14 January 2021, <https://thediplomat.com/2021/01/indonesia-ties-with-bahrain-slowly-gather-steam/>.

¹¹ "BIBF, Indonesia to collaborate on financial training, development." *GCC Business News*, 24 February 2022, <https://www.gccbusinessnews.com/bibf-indonesia-to-collaborate-on-financial-training-development/>.

Politics and Security

Historically, Indonesia and Bahrain commenced their diplomatic ties in 1976. Nonetheless, the relationship progressed very slowly. This may be explained in part due to Manama that was primarily dominated by its own domestic stability and development as the country only gained independence on August 15, 1971. Meanwhile, during that period, Indonesia was focusing on strengthening ties with its traditional partners such as the US and ASEAN neighbors. Efforts to develop a more significant Indonesia-Bahrain cooperation were done by the then Indonesian President Abdurrahman Wahid in 2000 to Manama to discuss strategies for developing bilateral relations¹². While the meeting appeared to increase respect and trust between the two countries, there was no concrete follow-up regarding the actualization of cooperation. Only ten years later on December 29, 2010 the Indonesian government officially opened its embassy in Manama¹³. The presence of an embassy, however, did not bring significant development as Bahrain experienced major political unrest a year later in early 2011¹⁴. The Shia opposition group demanded that political reforms take place within the Bahraini government. They urged that the cabinet and even the prime minister be appointed from the election results. Thousands of protesters were also demanding social and economic justice and eliminating discrimination in Bahrain. At that time, not much was reported about Indonesia-Bahrain cooperation.

When the crisis subsided, ties between Jakarta and Manama underwent a significant change with a series of high-profile visit starting with the Council Representatives of Bahrain, represented by H.E. Mr. Ahmed bin Ibrahim Rasheed Al Mulla, to Jakarta in 2017 to meet the Indonesian House of Representatives¹⁵. The meeting resulted in an MoU to mutually enhance bilateral cooperation in the political, economic, social and cultural fields. One of the most important issues discussed was also

¹² Ibid.

¹³ Rakhmat, et al. 2021. "Ekonomi Politik Hubungan Indonesia dengan Negara-Negara Arab."

¹⁴ Ibid.

¹⁵ "Jokowi Undang Raja Bahrain ke Indonesia." *Kompas.com*, 31 March 2017, <https://nasional.kompas.com/read/2017/03/31/12051951/jokowi.undang.raja.bahrain.ke.indonesia>.

concerning regional stability and security. Indonesia had a special interest because thousands of Indonesian workers were in Bahrain at that time.

Over the recent years, aside from continuing diplomatic visits among representatives of their respective countries, which has been facilitated by MoU on visa waiver agreements for diplomats, officials, and special passports¹⁶, Indonesia and Bahrain have also gradually established institutional frameworks to support their cooperation. In 2019, an agreement was inked on the formation of a joint commission for cooperation¹⁷. The commission serves as a mechanism to review the progress of bilateral relations and to exchange views on global issues. Both Indonesian and Bahraini parliaments have also formed Bilateral Cooperation Group to identify opportunities available in the two nations' cooperation.

Jakarta-Manama ties have also expanded in the military sector. One particular sector that has been the focus is the eradication of transnational crime, particularly terrorism and human trafficking¹⁸. In 2019, Indonesia's and Bahrain's Ministers of Foreign Affairs held a meeting discussing cooperation in the defense sector and agreed to participate in the Defense Exhibition, which was held in October in Bahrain and followed by November in Indonesia. It was reported that the two countries were working on cooperating on aircraft industry, military uniforms, maintenance of the RBS 17 missile and the C-130 helicopter¹⁹.

The most recent interaction on the security sphere took place in 2020 when Indonesian Minister of Defence, Prabowo, met the King of Bahrain to discuss ways to strengthen security cooperation²⁰. The meeting was part of Prabowo's series of visits to

¹⁶ "Joint Cooperation Commission between Bahrain, Indonesia established, Agreement on Exemption of Visa Requirements for Diplomatic, Special, Service Passports Holders signed." *Ministry of Foreign Affairs Kingdom of Bahrain*, 26 September 2019, <https://www.mofa.gov.bh/Default.aspx?tabid=7824&ItemId=11470&language=en-US>.

¹⁷ "Indonesia-Bahrain Sepakat Tingkatkan Kerjasama Ekonomi." *Kementerian Luar Negeri Republik Indonesia*, 4 September 2019, <https://kemlu.go.id/portal/id/read/574/berita/indonesia-bahrain-sepakat-tingkatkan-kerjasama-ekonomi>.

¹⁸ "Indonesia, Bahrain agree to increase economic cooperation." *Antara News*, 5 September 2019, <https://en.antaranews.com/news/132164/indonesia-bahrain-agree-to-increase-economic-cooperation>.

¹⁹ Ibid.

²⁰ "Prabowo Sowat Raja & PM Bahrain, Bahas Apa?." *CNBC Indonesia*, 22 November 2021, <https://www.cnbcindonesia.com/news/20211122050331-4-293250/prabowo-sowan-raja-pm-bahrain-bahas-apa>.

wider GCC to fortify defense cooperation²¹. Although the Gulf countries are not major global security players, certain conditions have prompted Indonesia to diversify its security cooperation. In its view, the US' declining role in Southeast Asia and China's growing assertiveness in the South China Sea signify its need to expand its security partners. The GCC countries, including Bahrain, appear to be on the list. At the same time, Bahrain provides an untapped market for Indonesia's expanding defense industry.

Economic Spheres

On the economic front, Indonesia-Bahrain relations also only developed recently. Although the amount is still relatively small, the trend of increasing total trade between the two countries continues to climb steadily. The existence of institutional frameworks such as ASEAN-Bahrain Council and Bahrain Indonesia Business and Friendship Society, which have emerged as major advocates in the promotion of trade and exchange among businesses, have to some extent contributed to the growth of the economic ties²². There was a nearly threefold significant jump in trade value, from US\$ 76.1 million in 2015 to US\$ 206.3 million in 2017²³. The latest data showed that the trade between the two countries stood at US\$170 million in 2020 and in the first six months of 2022, it experienced an increase of 49%²⁴. Bahrain mainly exports crude oil, aluminum, and iron products, while Indonesia exports motor vehicles, palm oil, and paper products²⁵.

²¹ "Lessons from Indonesia's defense cooperation with the UAE." *The Jakarta Post*, 19 July 2022, <https://www.thejakartapost.com/opinion/2022/07/18/lessons-from-indonesias-defense-cooperation-with-the-uae.html>

²² "Stage Set for BIBFS Fashion Event Today in Bahrain." *The Daily Tribune News of Bahrain*, 29 September 2022, <https://www.news-of-bahrain.com/bahrain/84416.html>.

²³ "Indonesia-Bahrain sepakat tingkatkan kerja sama ekonomi." *Antara News*, 4 September 2019, <https://www.antaraneews.com/berita/1045574/indonesia-bahrain-sepakat-tingkatkan-kerja-sama-ekonomi>.

²⁴ "An Outstanding Ambassador." *Bahrain This Month*, 3 October 2022, <https://www.bahrainthismonth.com/magazine/interviews/an-outstanding-ambassador>.

²⁵ Ibid.



Source: United Nations International Trade Statistics Database

Apart from trade, Indonesia-Bahrain economic ties also involve investments, although it is mostly dominated by Bahraini investments in Indonesia, which have been emboldened by the Kingdom's eastward push. One of the sectors that has become a point of interest for Bahrain to invest in is the Islamic banking sector. In 2013, the Indonesian Islamic Economist Association held a meeting with the CEO of the Bank Al Baraka Bank to discuss potential cooperation in Islamic banking and finance²⁶. This desire was reiterated by Bank Al Baraka in 2018, when the bank announced its interest in acquiring several small banks in Indonesia²⁷. It is worth noting that Al Baraka has also

²⁶ "IAEI-Bahrain Siap Membantu Kerjasama Indonesia-Bahrain Dalam Bidang Perbankan dan Keuangan Syariah." *IAEI*, 10 December 2013, <https://www.iaei-pusat.org/news/siaran-pers/iaei-bahrain-siap-membantu-kerjasama-indonesia-bahrain-dalam-bidang-perbankan-dan-keuangan-syariah?language=id>

²⁷ *Ibid.*

opened its representative office in the country²⁸. Besides the Islamic finance sector, investments from Bahrain also spread in the industrial, chemical, pharmaceutical, and trading sectors²⁹.

The economic ties between Indonesia and Bahrain also revolve around the issue of workers. As per the latest data from the Labour Market Regulatory Authority dated December 2021, there are more than 5000 Indonesians residing in Bahrain³⁰. Most of them are semi-skilled to professional workers, with the majority working in the hospitality sectors. While cases of human rights abuse towards these workers are minuscule in comparison to other GCC countries such as Saudi Arabia, Indonesia and Bahrain have established a government service center to facilitate foreign workers and signed an MoU on the Crime of Trafficking in Persons (TPPO) to protect Indonesian migrant workers in Bahrain³¹.

The partnership between the two countries was further strengthened by a working visit by Foreign Minister Retno Marsudi to Bahrain in 2019³². On this occasion, she and Bahraini Foreign Minister Sheikh Khalid Al Khalifa discussed investment plans and various strategies to increase direct contacts among businesses of the two countries. In response to the visit, Bahrain also sent a trade mission to Indonesia in the same year to explore opportunities³³. Indonesia has also recently invited Bahrain to invest in its new capital city project³⁴. While the government in Manama has expressed its intention to invest, there are no further details available on the kind and timing of the investments.

²⁸ Ibid.

²⁹ "Terima Duta Besar Kerajaan Bahrain untuk Indonesia, Bamsuet Dorong Pembentukan Majelis Syuro Dunia." *Majelis Permusyawaratan Rakyat Indonesia*, 2 March 2022, <https://www.mpr.go.id/berita/Terima-Duta-Besar-Kerajaan-Bahrain-untuk-Indonesia.-Bamsuet-Dorong-Pembentukan-Majelis-Syuro-Dunia>

³⁰ An Outstanding Ambassador." *Bahrain This Month*, 3 October 2022.

<https://www.bahrainthismonth.com/magazine/interviews/an-outstanding-ambassador>

³¹ "Indonesia, Bahrain agree to increase economic cooperation." *Antara News*, 5 September 2019, <https://en.antaranews.com/news/132164/indonesia-bahrain-agree-to-increase-economic-cooperation>.

³² Ibid.

³³ Ibid.

³⁴ "Moeldoko Terima Kunjungan Dubes Ahmed, Bahrain Tertarik Investasi di IKN?." *Bisnis Tempo*, 16 March 2022, <https://bisnis.tempo.co/read/1571317/moeldoko-terima-kunjungan-dubes-ahmed-bahrain-tertarik-investasi-di-ikn>

Future Outlook

Even though ties between Jakarta and Manama have been relatively limited, it can be expected that the cooperation may increase in the future. As with other GCC countries, Bahrain, with its 'Look East' policy and the growing instability in the region, has been interested in strengthening ties with Asian countries such as China, Japan, and ASEAN countries. In a meeting with the Deputy Speaker of Indonesia's Regional Representative Council in March this year, the Speaker of the Council of Representatives of Bahrain, Fawzia Zainal, announced that the two countries would increase and expand their ties in the coming years³⁵.

Indonesia's geographical position as Southeast Asia's biggest economy appears to have attracted Manama to expand their partnership. Besides an alluring target for investments, Indonesia, with a population of more than 250 million people, is an enticing consumer market for Bahraini exports. At the same time, its strategic location also provides the Gulf nation an opportunity to boost its presence in the wider Asia-Pacific region. With any potential economic downturn in China as well as the US and Europe caused by US-China ongoing competition and now the COVID-19 pandemic, Bahrain is likely to find alternative partners and Indonesia could be the next candidate.

For Indonesia, Bahrain is an untapped export market and a worthwhile investment destination. Additionally, it offers the possibility of serving as a hub for economic expansion in the Gulf and the wider Middle East. It is important to note that in recent years, the government in Jakarta has tried to diversify its foreign policies with the countries of the Middle East. The US' declining roles in Southeast Asia and China's growing assertiveness in the South China Sea have forced Jakarta to find allies elsewhere. Bolstering relations with fellow Muslim-majority countries in the Middle East is seen as a safer option by Indonesia. The China-US trade war has driven some firms to favor Southeast Asian nations over China as a base for their operations, but few have opted for Indonesia, allowing Indonesia to progress their relationship with the Gulf.

³⁵ "DPD RI Dorong Indonesia dan Bahrain Tingkatkan Hubungan Bilateral." *Kabar Pendidikan*, 4 June 2022, <https://www.kabarpendidikan.id/2022/06/dpd-ri-dorong-indonesia-dan-bahrain.html>

While future opportunities are available, there may be an obstacle. Bahrain's decision to sign a normalization agreement with Israel can more or less be a stumbling block. Indonesia, which continues to maintain its support for Palestinian independence and is cautious over domestic repercussions, is likely to pursue a more cautious path in following through on its relations with the country that has normalized bilateral relations with Tel Aviv.