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## **The Rise of Nusantara: New Capital, New Strategic Outlook?**

*By Jefferson Ng*

### **SYNOPSIS**

*If current plans to build a new capital on the east coast of Borneo pans out, Indonesia could become a very different political and strategic entity in the post-Jokowi era.*

### **COMMENTARY**

THE PASSAGE of the Law on the State Capital last week, on 18 January 2022, is a significant milestone advancing Indonesian President Joko Widodo's dream of building a new capital for the sprawling country. It underlined the start of the government's commitment to a multi-decade effort to build and relocate the capital from Jakarta, which is sinking due to environmental degradation and climate change. The aptly named new capital, Nusantara, lies smack in the centre of the maritime state comprising 17,000 islands.

Nusantara, which means archipelago, is located on the east coast of Borneo Island near Balikpapan. It is envisioned as a new smart and sustainable city and will be a new symbol of Indonesia's national identity and diversity as well as the future economic locomotive and centre for innovation.

## MOVING THE CAPITAL: FROM JAKARTA TO NUSANTARA



*Nusantara in east Kalimantan, Borneo: Indonesia's capital will move here from Jakarta which is sinking due to environmental degradation and climate change. -- Image from University of Sydney*

### New Capital With a Difference

The central government can now proceed with the first stage of development from 2022 to 2024 by building a new presidential palace and government offices in the new capital region. The goal is to move the [presidential office and key ministries](#) (e.g., defence, home affairs, foreign affairs) to Nusantara by late 2023 or early 2024, and hold Indonesia's [national day celebrations](#) on 17 August 2024 in the new capital.

The site will be developed and administered by the Nusantara State Capital Authority ("Capital Authority"). This entity is the name of a provincial government with special characteristics not governed under Indonesia's regional autonomy laws. Instead, it is simultaneously a ministerial level institution led by an unelected head directly appointed by the president, with special powers regulated by a government regulation.

The new system is different from the current arrangement in Jakarta in which an elected governor is supervised by a Regional House of Representatives and accountable to the people of Jakarta during regional elections.

Therefore, the central government does not directly administer government affairs in Jakarta but works with a governor with significant autonomy and independent source of legitimacy. In Jakarta, overlapping authority between central and regional government has impeded the resolution of issues such as those relating to [flood](#) and [COVID-19](#) management.

### More Authority for the President?

As a ministerial-level institution directly accountable to the president, the development of Nusantara under the Capital Authority is less likely to face issues relating to central-regional coordination. However, this means that the authority of the president is also significantly boosted in the new capital vis-a-vis other state institutions, including the Parliament and the Supreme Court.

Furthermore, members of parliament and the leadership of Indonesia's political parties will reside in the new capital when parliament is in session, thereby distancing themselves from their established networks in Jakarta and Java Island. It is therefore possible that political parties will become more dependent on state funding in future.

Given the gradual strengthening of presidential power during the two terms of President Jokowi, authority may be increasingly recentralised in the presidency, as seen in the Law on Job Creation. That development was marked by a significant rollback of regional government powers towards the centre.

The new capital law also delegates broad discretion and authority to the president. This trend, accentuated by the relocation of the capital, may accelerate in the years ahead and reinforce the presidential bias in Indonesia's political system.

### **Shifting Capital, Shifting Strategic Outlook?**

Historically, the movement of state capitals had tended to be accompanied by a profound shift in the geostrategic thinking of the elites and how they viewed their relationship with the rest of the world. Take the case of ancient China.

After the fall of the Northern Song dynasty and the shift of the state capital from Kaifeng (an inland city far from the coast) to Hangzhou (overlooking Hangzhou Bay and the East China Sea) under the Southern Song, the Chinese state transformed itself from a continental state to a maritime power with a standing navy.

Indonesia's current capital Jakarta is located on Java Island and protected to its south by the vast expanse of the Indian Ocean. To the north, it is ringed by its outer island provinces, thereby insulating it from potential flashpoints in the South China Sea or other non-traditional maritime security issues.

Tactically, Indonesia's defence planners have always envisioned that available forces on its outer islands will absorb the initial blow of any direct attack, while naval and air reinforcements converge from around the archipelago. The likelihood that Jakarta would be directly attacked was therefore very low.

Defence planning will have to be reformulated to prepare for the capital's shift to Nusantara, as the new capital region overlooks the Makassar Strait, where control of the 100-200 kilometre wide strait is crucial to the capital's security. As the strait is a key outlet to the South China Sea and important to international navigation, Nusantara is also more vulnerable and closer to a potential great power conflict or flashpoint than Jakarta.

### **Beginning of the End of Jokowi Era?**

In a sign that maritime surveillance and control of its archipelagic sea lanes are increasingly a priority for Indonesia, the country's Maritime Security Agency (Bakamla) recently announced plans to build [35 early warning stations](#) in North Sulawesi and Maluku.

The new capital's more vulnerable location will likely reinforce current plans to

modernise Indonesia's surface/submarine fleet and deploy land-based anti-ship missile systems to secure its maritime waters.

At the same time, the relocation of Indonesia's capital from Jakarta to Nusantara is likely to support current efforts to shift the military's traditional land-based focus towards development of its air and naval forces, as control of the archipelagic waters become increasingly important to the elites based in Nusantara. Over time, the new capital's proximity to maritime flashpoints and strategic location in the centre of Indonesia could lead to the development of a new fleet command there.

Over the next two years, as Indonesia moves towards a 20-month presidential campaign season in the second half of 2022, Nusantara will gradually start to take shape as Indonesia's new capital, signalling the beginning of the end of the Jokowi era.

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