



## **Indonesia's Military Modernisation**

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Indonesia's rise as a regional pivot and the changing geopolitical realities of the Asia-Pacific have, once again, drawn the attention of its leadership towards its critical vulnerability – its under-equipped military and unprotected archipelagic waters. While laying special emphasis on the development of its air force and naval strength, the leadership has focused on three crucial aspects of military capability - indigenous production, joint development, and overseas procurement. A few highlights of Indonesia's defence modernisation are procurement of missiles from China, Russia, and the USA, submarines and ships from South Korea, and combat aircrafts from Russia and South Korea.

Riding on its sustained economic growth and positive outlook, the current government raised its defence spending by 300 per cent to approximately US\$8 billion in 2012 with an overall planned defence spending of US\$16 billion by 2015. It has laid out a new roadmap for Indonesia's Minimum Essential Force (MEF) capability by 2024, and gone on a shopping spree of sophisticated weaponry for its military. The MEF, though vaguely defined, stipulates capability to protect its strategic interests and the replacement of its outdated weapon system. Buoyed by financial, political and international support, Indonesian Defence Minister Purnomo Yusgiantoro revised earlier this year the deadline for the development of MEF from 2024 to 2019.

The drivers of Indonesia's military modernisation have come from prevailing strategic environment in the Asia-Pacific region, naval modernisation trends in East Asia, particularly China and India, an escalation of tension in the South China Sea, and its limited naval strength. Two cases of international discomfiture seem to have provided the much-needed stimulus. First, the Indonesian government had drawn international criticism in 2005 for its below-optimal performance in the management of archipelagic waters when the Lloyd's Agency had declared the Straits of Malacca as a 'war-prone' area. Second, the Indonesian military's somewhat limited rehabilitational role in the aftermath of the Indian Ocean Tsunami of December 2004 seemed to have acted as a wake-up call. Indonesia's earlier efforts towards military modernisation had failed to take off due to insufficient finances, and the lack of research and development capacities. Moreover, the reported brutality of the military in the East Timor crisis had invited international sanctions, limiting scope for technological support from the Western market.

The most important and ambitious aspect of Indonesia's military modernisation is the consolidation of indigenous defence industry and achievement of self-sufficiency in strategic industries. In order to achieve them, the Indonesian government has focused on greater financial allocation and the import and absorption of sophisticated military technology from its key defence supply sources. As a result, provisions for joint production and transfer of technology have figured prominently in Jakarta's negotiations for overseas procurement of defence arsenal. Indonesia's recent efforts towards production of assault ships and missile-guided frigates are reportedly attributed to the access to the Dutch and South Korean technology.

The modernisation initiative has laid special emphasis on consolidating and extending the naval outreach of the country given its archipelagic character and the strategic significance of various straits, such as Strait of Malacca and Sunda Strait. In fact, the naval capability of Indonesia today, despite being an archipelagic country, is viewed as being smaller than that of much smaller ASEAN powers like Malaysia, Thailand and Singapore. The navy has received importance during the second term of the Yudhoyono government.

The Indonesian government negotiated an agreement with the South Korean company Daewoo, in January 2012, whereby the two countries would jointly produce three submarines.

As per the agreement, the first submarine will be produced in South Korea and the other two will be built in the Indonesian shipyard of PT Pal at Surabaya, strengthening local production capabilities in the process. The Indonesian government successfully test-launched a supersonic anti-ship missile, a Russian-built *Yakhont*, in April 2011. It is believed that it would provide Jakarta much greater naval capability in and around the archipelagic waters. The Indonesian Navy entered into Memorandum of Understanding (MoU) with the People's Republic of China for the joint production of C-705 anti-ship missiles in 2011 and the purchase of Dutch Corvettes in 2006.

Two countries seem to have figured prominently in Indonesia's overseas procurement or joint development of defence equipment – South Korea and Russia. Both of them have agreed to provide not only the weapons but also technology for their indigenous production. Indonesia has entered into an agreement with South Korea over the joint production of the latter's FSX jet fighters over a decade. Russian assistance has not been confined to missiles alone. Moscow provided US\$1 billion Line of Credit in 2006 for the defence purchase and the bulk of this funding went to the purchase of SU-30MK combat aircraft and submarines. While Russia and South Korea have taken the lead in tapping the Indonesian defence market, the USA and China have been gradually catching up. In addition to receiving 24 second-hand F-16 fighter aircrafts, Jakarta has decided to buy air-to-surface 'Maverick' missiles, which will be fitted on these fighter jets.

Notwithstanding the confident tone and tenor of the current leadership towards advancing its military capability, the long-term planning of the government remains limited. Even the idea of self-sufficiency and MEF capability entails essentially rudimentary upgradation and the 2005 plan of naval modernisation remains extremely modest in its long-term modernisation plan. The modernisation drive requires sustained supply of finances and effective implementation of policy pronouncements. Though maritime security has emerged as an important security agenda, the actual effort taken towards the deployment and future positioning of the Indonesian Navy has remained limited. In fact, the idea of military modernisation needs to be closely connected with Indonesia's long-term strategic thinking, its security agenda, and its changing geo-strategic profile in the region.

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