

## CHAPTER 2

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# Indonesia's Security Review: Complex but Stable

*Iis Gindarsah*

### **Introduction**

The realization of President Widodo's maritime vision entails the maintenance of national sovereignty, maritime safety and regional security. Indonesia's security environment remains complex and dynamic. Encouraged by social media campaigns and galvanized by on-going conflicts in the Middle East, radicalism and terrorism remain at the forefront of Indonesia's domestic security concerns. In addition to illegal fishing, smuggling and piracy or robberies at sea, the persisting territorial disputes over the South China Seas have led to rising maritime tensions.

Despite a broad spectrum of threats, the country generally enjoys a stable political and security environment. This essay primarily seeks to discuss three key issues – homegrown terrorism, cross-border illegal fishing and South China Sea disputes – related to Indonesia's security landscape. It also proved an analysis on recent developments of the country's military modernization.

### **Homeland Security Review**

The Mujahedeen of Eastern Indonesia (MIT) is among the most active terrorist groups in Indonesia operating in the mountainous jungle of Poso, Central Sulawesi. With around 60 active members, the group was suspected to have shot dead a soldier on 29 November 2015. Since early 2015, the police and military have been conducting operations in Poso and the neighboring district of Parigi Moutong to destroy the notorious terrorist group. The operation has led to the capture of several MIT members and the killing of a leading member of the group, Daeng Koro, in an exchange of fire with police in April 2015.

In response to the counter-terrorist operation, Santoso (the MIT leader and the most wanted terrorist) posted a video on 22 November 2015, threatening to attack the presidential palace and police headquarters in Jakarta. Although there is no indication that MIT has the ability to stage an attack beyond its base in Central Sulawesi, the

threat was significant because the timing of the video upload was a week after the Paris attacks, providing the group with widespread media exposure. The group's actual tactical motivation is likely to retaliate against the security forces, which have restricted its movement in Poso.

The fatal shooting of the soldier in late November 2015 is a showcase of MIT's capability of carrying out small-arms attacks against local security personnel. The Santoso-led terrorist group, however, are less capable of assembling "improvised explosive devices" (IED). MIT reportedly had not regained its capacity to carry out sophisticated IED attacks since its ultimate bomb-maker, Taufik Bulaga or Upik Lawanga, left the group in 2012 due to ideological differences. Although the group has pledged allegiance to the Islamic State, there is no evidence that the latter provides material or technical support to MIT.

Following serial attacks in Paris last year, Indonesian officials said that at least 149 Indonesians have returned from Syria including those arrested for trying to cross into the conflict-torn country, suspected combatants and humanitarian workers. Given the relatively small number of returnees, the security forces are still able to monitor their movements in Indonesia. Another factor that mitigates the risk of attacks by Indonesian returnees is ideological. Many militants believe that Iraq and Syria is the region where the "decisive battle" between the "Mahdi" (the prophesied Islamic redeemer) and the "Dajjal" (Islam's equivalent of the anti-Christ) will take place, and therefore do not seek to wage "jihad" in Indonesia.<sup>1</sup>

Nevertheless, the Paris attacks showed the willingness of the Islamic State to expand its theater of operations. Indonesia continues to recognize the Assad government in Syria but remains reluctant to join the U.S.-led anti-Islamic State coalition due to concerns over increased risk of terrorist attacks at home. Besides the usual targeting of security personnel, the Islamic State-affiliated terrorist cells potentially see public spaces, such as hotels, bars and nightclubs, as legitimate targets.

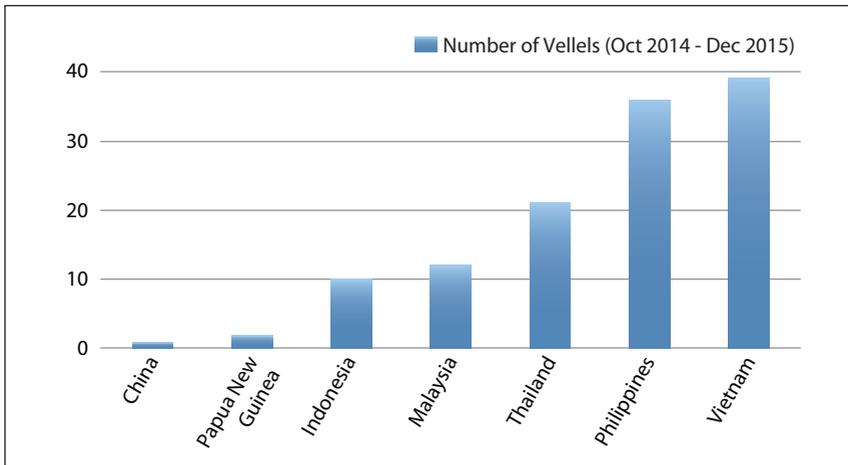
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<sup>1</sup> "Indonesia's Islamic State-affiliated Militant Group More Likely to Attack Security Forces and Entertainment Targets outside Jakarta," Jane's Intelligence Weekly, 2 December 2015.

## Border and Maritime Security Review

Indonesia sustains considerable losses due to illegal, unreported and unregulated (IUU) fishing, impacting the prosperity of local fishermen and the country's food security. According to the Ministry of Fishery and Maritime Affairs, approximately 670,000 tons of fish were stolen each year. The new administration in Jakarta has undertaken steps to strengthen its ability to protect the Indonesian maritime domain, including the establishment of a maritime security agency and legal structures. Between October 2014 and December 2015, the country's maritime authorities have destroyed a total of 121 illegal fishing vessels (see Figure 1).

**Figure 1: The Sinking of Captured Illegal Fishing Fleets in Indonesia Based on the Country of Origin**



Source: Ministry of Fishery and Maritime Affairs.

The Indonesian government's assertive approach to illegal fishing has opened greater opportunity for cooperation with strategic partners. In April 2015, for instance, Indonesian and Norwegian governments agreed to step up cooperation against illegal fishing, making use of the latter's advanced maritime surveillance technologies. However, detaining illegal fishermen and burning foreign vessels potentially face a combination of domestic and foreign policy challenges. Aside from local fishermen protesting new fishing regulations, the current administration in Jakarta will have to employ greater diplomatic capital in dealing with countries that become the sources

of illegal fishing vessels. In the Southeast Asian context, some regional analysts argue that the move is contradictory to the spirit of ASEAN community building, potentially undermining regional cooperation against illegal fishing.<sup>2</sup>

Another important case is China. Records show that Chinese poaching vessels have been detained over the past year but Indonesian maritime authorities destroyed only one Chinese fishing vessel. Moreover, due to the lack of legal evidence, a 4,300-tonne Chinese ship was fined only IDR 200 million or approximately US\$ 15 thousand in February 2015. Fear of confrontation between Indonesian and Chinese authorities around the Natuna Sea over the arrest of illegal fishermen is another complicating factor. The Indonesian government will have to balance between maintaining good relations with China and implementing its crackdown on illegal fishing.

Indonesia's view on the role of China in the South China Sea disputes has been increasingly "nuanced" in recent years. There are four key dimensions of the country's interests with regard to the regional disputes involving China and a number of ASEAN members. These relate to Indonesia's position as an archipelagic state; its economic interests; concern for stability on its periphery; and its aspiration for peace in the larger context of the evolving East Asian regional architecture.

First, the South China Sea disputes potentially pose a challenge to Indonesia's archipelagic entitlement under the United Nations Convention on the Law of the Sea (UNCLOS). One interpretation of the Chinese nine-dashed line claim suggests that Beijing's extended demarcation of territory may include Jakarta's claim over the waters adjacent to the Natuna islands. Recalling the Indonesia's 2010 diplomatic note to the UN Secretary General, President Joko Widodo has recently reasserted that China's infamous line "lacks legal basis in international law".

Second, Indonesia's concern over China's territorial claim also reflects its economic interest. In addition to rich marine resources, considerable natural gas reserves are believed to lie below the Natuna seabed. Jakarta classified offshore gas fields – including the Natuna Block D-Alpha – as a vital area for its energy security. Although Indonesia is relatively mute on China's dredging operations, concerns over destructive offshore activities on the marine ecosystem are growing domestically.

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<sup>2</sup> See Farish Noor, "Troubling Display of Populism," *New Strait Times*, 15 December 2014; "Ships So Far Sunk Serve as 'Only a Warning,'" *The Jakarta Globe*, 16 December 2014.

Third, unresolved maritime boundaries in the South China Sea could further destabilise Indonesia's border and maritime security. According to the Ministry of Fisheries and Marine Affairs, the Natuna waters remain the most vulnerable area to illegal fishing, costing the country billions of dollars annually. Moreover, the ReCAAP Information Sharing Centre recorded a sharp increase of incidents in the South China Sea from seven cases in 2012 to 42 in 2014.

Fourth, prolonged tension or armed confrontation in the South China Sea is potentially likely to be disruptive to Indonesia's aspiration for geopolitical stability in East Asia. Jakarta sees the multi-party disputes as a "litmus test" for China's regional rise and its bilateral "comprehensive-strategic partnership" with Beijing. Central to its concern is the implications of the maritime disputes for regional autonomy and the ability of ASEAN to manage the evolving regional architecture.

The prospect of conflict in the South China Sea remains low for the foreseeable future. However, recent events have suggested that small unilateral actions can have long-term implications. These include frequent intrusions of Chinese vessels into another country's claimed waters, offshore oil and natural gas explorations, and land reclamation projects.

Incidents in the South China Sea, according to Robbert Haddick, could represent a "salami-slicing" process involving "the slow accumulation of small actions, none of which is a *casus belli*, but which add up over time to a major strategic change". Recently, China has been operating large dredgers to reclaim the small features under its control in the Spratlys, with an intention to build relevant facilities for maritime monitoring. Although Southeast Asian claimants too had conducted land reclamation works, Beijing is building artificial islands out of reefs and installing aircraft runways and naval facilities.

The on-going "terraforming" activities are likely to have significant impact on the South China Sea disputes. With strategic infrastructures like airstrips, piers and surveillance systems operational in the new islands, Beijing will be capable of controlling all navigation through the Spratlys. That said, China's large-scale dredging operations represent an ambition for larger footholds and better power projection in the contested maritime area.

Unlike the situation three years ago in Phnom Penh, ASEAN was able to issue a strong statement at its 2015 Summit. Regional leaders voiced “serious concerns” that the land reclamation had “eroded trust and confidence” in the South China Sea. However, it refrained from naming China as the source of the regional worry, suggesting a fear of further diplomatic escalation.

With broad interests in the South China Sea, the Indonesian government seemingly appears to adopt a “two-fold strategy” aimed at preserving national security and regional stability. First, Indonesia has been at the forefront of the regional efforts on “confidence building” among the claimant states in the disputed maritime region, with mixed results. It put forward the so-called “3+1 Formula” – promoting mutual trust, preventing conflict and management of incidents, plus creating a conducive environment – as the basis for drafting a Code of Conduct on the South China Sea. Recently, President Widodo has reassured the country’s neutral position and offered to act as an “honest broker” in resolving the multi-party dispute.

Nevertheless, the biggest challenge to Indonesia’s aspirations and role is the divergent perspectives of the Southeast Asian states, each having different concerns and approaches to the South China Sea issue. The unprecedented diplomatic setback in Phnom Penh in 2012 was a valuable lesson learnt about the delicate unity of ASEAN members when it comes to the multi-party disputes. Given ASEAN’s consensus-building diplomacy, it is difficult – though not impossible – for Jakarta to ink concrete peace terms beyond a basic stance.

Second, amid renewed tensions between China and ASEAN claimants, Indonesian policymakers also ponder defensive measures to anticipate “strategic surprises” in the country’s border areas close to the South China. Past incidents in the Natuna waters, where Chinese coast guards subverted Indonesian attempts to capture illegal fishermen, had alarmed defence officials in Jakarta. With the current land reclamation in the Cuarteron and Fiery Cross Reefs, the Indonesian Navy is becoming increasingly aware that similar encounters between fishing fleets and patrol vessels is likely to become more prevalent in the future.

Indonesian military planners have begun to recalibrate “low-intensity balancing” measures to mitigate the potential effects of unwanted escalation. The existing defence plans include troops repositioning and upgrading “forward operation

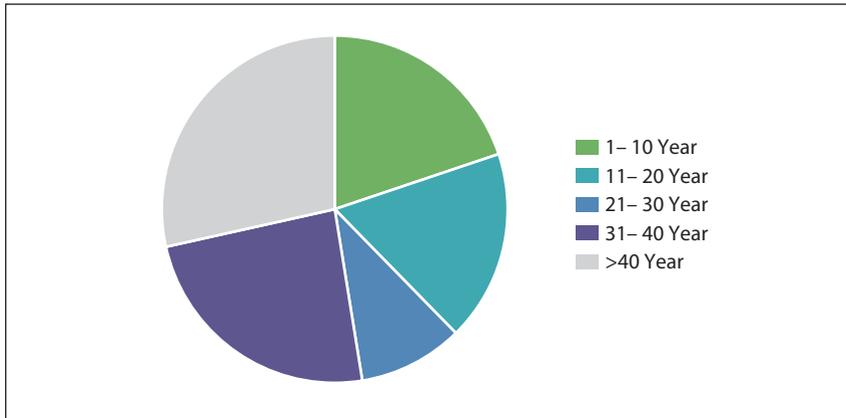
bases” surrounding the Natuna islands. On arms procurement, Indonesian defence officials also seek to modernise the military logistical capabilities through selective acquisitions of amphibious assault vessels, replenishment ships, airborne early warning and refuelling systems. The idea is to enable a rapid military deployment and sustain maritime operations in distant flashpoints.

This two-fold strategy increasingly permeates Indonesia’s strategic thinking regarding the South China Sea. The country’s forward maritime presence in the Natunas is a valuable asset for its “defence diplomacy” through various naval cooperative engagements with regional partners. This way, the military is an important instrument of Indonesian foreign policy writ large.

## **Defense Outlook**

The crash of Indonesian Air Force’s C-130B airlifter in July 2015 was another incident of fatal accidents involving the country’s military hardware. Between 2006 and 2015, there were a total of eighteen accidents with an average of two incidents per year. These had caused huge material losses and most importantly claimed the lives of well-trained military personnel. This awful condition is by all means dangerous to Indonesia’s security and stability. If the trend continues, it is likely to further degrade the troops’ morale and weaken the military’s deterrence effect in key flashpoints and border areas – particularly in the Ambalat and Natuna seas.

Based on the CSIS database as per December 2014, the Indonesian military (TNI) operates a total of 160 variants of weapons systems consisting of 64 land systems, 56 naval weaponries and 40 types of military aircrafts. There are, at least, two major issues relating to the current development of the TNI’s arsenal. First, a close examination of their service records shows that a majority or 52 percent of military systems have been operated for over three decades (see Figure 2). While the Air Force registers only 38 percent of its arsenal as more than thirty years old, the Navy and Army with respectively 59 and 54 percent are at the top ranks in aging arsenal. Indonesia’s Marine Corps, for instance, still relies on a fleet of outdated PT-76 tanks for amphibious operations.

**Figure 2: Operational Terms of Indonesia's Weapon Systems**

However, the fact that most of the existing armaments is aging does not instantly disqualify their ability in future military operations. There are many operational factors that can affect the serviceability of weapons systems, including routine maintenance and overhaul, as well as the availability of spare parts and local infrastructures. The ability of ground crews for technical innovation is also critical to maintain the readiness level of military equipment.

Another crucial factor is the relevance of the existing weapon technologies with the military's operational requirements. In theory, the deployment of military units depends on the nature of the threat, terrain and weather conditions, as well as mission objective. According to Indonesia's recent defense guidelines, the prospect of high-intensity conflict remains low in Southeast Asia in the near term. With that assessment and due to limited funding for new procurements, the TNI seeks to refurbish and upgrade the existing military systems it considers relevant for future operations, such as modified AMX-13 tanks, Ahmad Yani-class frigates and C-130H air cargoes.

Second, a study on recent defense procurements highlights the slow pace of Indonesia's military modernization. In the last fifteen years, despite the acquisition of larger sealift vessels – including Makassar-class landing platform docks and the Teluk Bintuni amphibious ship, the Indonesian Navy could only procure seven oceangoing warships (including two classes of Sigma and F2000 corvettes). Despite

its ambition to operate up to ten jetfighter squadrons, the Air Force had to take a long process to complete Su-27/30 fleet and replace aging F-5 aircrafts.

This modest progress is still inadequate to ensure Indonesia's sovereignty over vast archipelagic territory. As practiced in many countries, the Ministry of Defense adopts "threat-based" and "capability-based" defense planning. It has comprehensively outlined key military capabilities to anticipate and tackle a spectrum of actual and potential threats at perceived flashpoints.

Nevertheless, funding is the major obstacle slowing the pace of arms modernization in the army, navy and air force. All the time, Indonesian policymakers struggle to weigh a proper balance between "guns versus butter" in defense budgeting. Very often, the country's defense planners have to adjust the existing procurement plans according to available financial resources.

Moreover, given the budget constraint, Indonesia has been relying on foreign loans for major defense procurements. Between 2009 and 2014, about 33 percent of the country's arms imports were funded under the export credit agreement provided by the Russian government. While necessary, the funding mechanism as such entails complex bureaucratic red tapes. This often prolongs the process of arms procurement and delivery, as well as complicates any negotiations regarding the transfer of technology to indigenous strategic industries.

## **Concluding Remarks**

Over the past ten years, the Indonesian government also tended to overvalue the "million friends, zero enemy" doctrine. This mindset further complicates strategic policymaking as the decisions on defense procurement have to take account of the impact of new weapons systems on arms dynamics and regional stability in Southeast Asia. In theory, the acquisition of any new arms is potentially disruptive to the balance of military power in the region. However, identifying the difference between defensive and offensive arsenals is an increasingly difficult practice today.

With the increasing problems at the country's maritime domain, both Indonesian policymakers and parliament members have no option but to modernize the military's weapon systems. President Joko Widodo's maritime aspiration is a powerful political

commitment to accelerate that effort. Boosting Indonesia's defense budget up to 1.5 percent of Gross Domestic Product is by all means essential to cover the costs of the TNI's arms maintenance and procurement programs.

Equally important is the "mindset change" (*revolusi mental*) in Indonesia's defense planning. During the fit-and-proper test of the new TNI Chief in July 2015, General Gatot Nurmantyo specifically underlined that the increasingly complex strategic environment requires the development of capable air and naval power. This is certainly a remarkable statement for an army officer, suggesting greater internal cohesion and aspiration for interoperability among the armed services.

Civilian leadership must also undertake a similar mindset change. Rather than perceiving it as routine spending, both executive and legislative officials must ponder weapon procurements as a long-term investment to safeguard the country's huge economic interests and overall development. This way, military transformation will eventually take place in Indonesia.