

CHAPTER 1

Security Outlook of the Asia-Pacific Countries and its Implications for the Defence Sector: Indonesia

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I. Introduction

2017 has not differed significantly with past years of this ongoing decade. Despite several progress made in eradicating security issues across the world, including the destruction of ISIS in Iraq and Syria,¹ other matters quickly arose in filling the void left by the previous issues. From the increasing erratic behaviour of Kim Jong-un, the Rohingya crisis, to the instability in the Middle East (including the Yemeni Civil War, the Qatar-GCC Crisis, and the recognition of Jerusalem as Israel's capital by the US), security issues around the world seem to have proliferated further to create uncertainty and doubt for the international community. America's role as the leader of the liberal democracy order seems to have been reduced ever since President Donald Trump rose up to the Oval Office. He brought along with him inward-looking policies that would appeal more to the domestic audience, which has burgeoned throughout both liberal democracies and recently emerged democracies.

The Asia-Pacific region shares some of the issues pertaining to the issues listed above. Taking into account that most of these issues have occurred for years, it explains how the Asia-Pacific region has been the world leader in terms of defence spending growth from 2010 until 2016.² The 2017 figure suggests that there's a slowdown in the defence spending for most Asia-Pacific countries, chief among the region being China, which increased its defence spending by 7.1% this year, representing "the smallest defence budget in more than 25 years." Other key spenders such as India, with the second highest defence budget in the region, shows a stagnating figure when compared to its 2016 figure.³

¹ Coker, Margaret; and Hassan, Fali. "Iraq Prime Minister Declares Victory Over ISIS." *The New York Times*, 9 December 2017. <https://www.nytimes.com/2017/12/09/world/middleeast/iraq-isis-haider-al-abadi.html>

² Beraud-Sudreau, Lucie. "Defence-spending trends in Asia: a slowing pace?" *IJSS*, 2 June 2017. <http://www.iiss.org/en/shangri-la%20voices/blogsections/2017-b8c0/defence-spending-trends-in-asia-3553>

³ *ibid*

On the other hand, other Asian states have cut down their defence spending, despite showing positive economic growth. Both Indonesia and Malaysia continued to record positive economic growth this year. However, due to the decreasing price of commodities and oil, both countries are facing declines in their export revenue which constrained the government's fiscal space. Malaysia's defence spending declined significantly by 13%, whilst that of Indonesia shows a more modest decline of around 0.7%. In the case for Indonesia's decreasing (or perhaps stagnating) defence spending, it should be noted that the priority of the government is to allocate its fiscal policy more towards the reduction of income inequality, through the development of the local economy and national infrastructure.

This article aims to analyze the security outlook of Indonesia in 2017, and how it will implicate the region in the near future. Despite the stagnating defence budget, three security issues loom large for Indonesia to tackle, which it has started to pay more attention to in the past several years. First, most security issues stemmed from the porous maritime border of the republic. Understanding that the country is the largest archipelagic state in the world, Indonesia is tackling a variety of problems, from border disputes to illegal fishing. Yet these security problems over on Indonesia's maritime domain persist, and it has become one of the top security priorities for the current administration to address.

Second, ever since the turn of the 21st century, the Indonesian government has been kept occupied in managing the ever growing threat of terrorism. Religious fundamentalism played a huge part in driving acts of terrorism against the government and its people. Thus, talks are taking place to strengthen the law on terrorism that regulates how the security apparatus would apprehend and eradicate terrorism.

Lastly, issues of cybersecurity is the latest security issue that has haunted the government in the past several years. Taking into consideration the Wannacry Ransomware attack that took the whole world hostage, and other ransomware attacks such as Petya, and Badrabbat this year, it's not surprising that cybersecurity finds itself in the top three security issues of the country. In addition, the issue of cybersecurity links well with terrorism as cases of recruitments through social media and other messaging application were found by security agencies.

II. Maritime Security

As the largest archipelagic state in the world, it's without a doubt that Indonesia finds itself occupied with a variety of maritime security issues. Within the past decade, the Malacca Strait proved to be one of Indonesia's biggest maritime challenge, with cases upon cases of piracy and armed robberies that threatened the international shipping industry. At the advent of the Malacca Strait Patrol (MSP), which replaced the MALSINDO sea patrol, the Malacca Strait quickly regained trust from shipping companies, and the initiative also received commendation by the US Pacific Command in 2012.⁴ Despite some cases of hijacking and armed robberies since 2011,⁵ the continued success of the patrol has managed to keep the amount of incidents at a minimum, and zero incident was achieved in 2016.⁶

As the country concentrates its effort to eradicate piracy issues in the Malacca Strait, Indonesia finds itself embroiled in another maritime security issue. Southern Philippines hosts a number of separatist and militant groups that seek to detach parts of Mindanao from the rest of the Philippines. Unlike in the Malacca Strait, most cases of hijacking and kidnappings are attributed to these groups, which in most parts of the world are labeled as terror groups. These cases became more apparent during the first half of 2016 as a spate of kidnap-for-ransom incidents were reported in the waters surrounding the area.⁷ It was commonly reported that these cases were linked mostly to the Abu Sayyaf militant groups, or other criminal groups, a number of which have been thought to pledge allegiance to the Islamic State (IS).⁸

Kidnappings surged last year, with the ICC International Maritime Bureau (IMB) reporting that out of the 62 people who were kidnapped for ransom last year, 28 are from around Malaysia and Indonesia.⁹ Efforts were then taken last year to emulate the success of the Malacca Strait Patrols in the Sulu Sea. Eventually, after a series of pressure and negotiations, Indonesia, Malaysia, and the Philippines jointly and

⁴ Koh, Swee Lean Collin. "The Malacca Strait Patrols: Finding Common Ground." *RSIS Commentary*, 20 April 2016. <https://www.rsis.edu.sg/wp-content/uploads/2016/04/CO16091.pdf>

⁵ "Malacca Strait Patrols." *Oceans Beyond Piracy*. <http://oceansbeyondpiracy.org/matrix/malacca-strait-patrols>

⁶ Koh, Swee Lean Collin. "The Malacca Strait Patrols: Finding Common Ground." *RSIS Commentary*, 20 April 2016. <https://www.rsis.edu.sg/wp-content/uploads/2016/04/CO16091.pdf>

⁷ Koh, Swee Lean Collin. "Is this the most dangerous backwater in the world?" *BBC News*, 30 March 2017. <http://www.bbc.com/news/world-asia-39252503>

⁸ *ibid*

⁹ "IMB Report: Sea kidnappings rise in 2016 despite plummeting global piracy." *ICC Commercial Crime Services*, 2016.

publicly launched trilateral patrols by June 2017 in Tarakan, Indonesia. The Trilateral Maritime Patrol (TMP) named “Indomalphi” would combine the naval power of the three countries to combat the rising case of kidnappings and armed robberies in the Sulu-Sulawesi seas.¹⁰

As mentioned before, with the region consumed by a growing threat from various criminal and terror groups affiliated with ISIS, curtailing the threat of terrorism from this group would be one of the objectives of the TMP. However, this article will discuss in greater detail the issue of terrorism in relation to the security outlook of Indonesia separately, and this section will concentrate solely on maritime security issues.

In addition to curtailing the growing threat of terrorism in the region, the use of the TMP would enable Indonesia to cut down on the cases of transnational crime in the country. Unlike most Southeast Asian countries, Indonesia is connected with most of its neighbors through its maritime borders. Due to this, Indonesia relies heavily on maritime trade to supply its citizens with goods and services. Nevertheless, due to the porous nature of maritime borders, it faces a challenge in policing and protecting the sovereignty of the nation as cases of transnational crimes increase. Indonesia relies on the TMP and the MSP to eradicate armed robberies and kidnapping. Meanwhile, Jakarta also set up an independent task force to curtail the rise of a specific act of crime.

Illegal, Unregulated, and Unreported Fishing (IUU Fishing) is a very contentious issue among the Indonesian public, private sector, and also the government. What is considered naturally as a law enforcement issue has dragged in factors of nationalism, sovereignty, and rights of exploitation into the frame. Figures in 2014 stated that economic loss due to IUU Fishing to the country is as much as \$25 billion a year.¹¹

With the enactment of Presidential Decree No.115 in 2015 (*Peraturan Presiden No.115 tahun 2015*) on the establishment of Illegal Fishery Task Force, the government now possesses a wider authority in apprehending illegal fishermen both

¹⁰ Parameswaran, Prashanth. “What’s next for the New Sulu Sea Trilateral Patrols?” *The Diplomat*, 20 June 2017. <https://thediplomat.com/2017/06/whats-next-for-the-new-sulu-sea-trilateral-patrols/>

¹¹ Hutton, Jeffrey. “Indonesia Takes Tough Stance in Fighting Illegal Fishing.” *The New York Times*. 18 December 2014. <https://www.nytimes.com/2014/12/19/world/asia/indonesia-takes-tough-stance-in-fighting-illegal-fishing.html>

from the country and outside. Yet, with Indonesia taking a tougher stance on IUU Fishing, it has managed to draw the ire of several countries over its harsh stance in sentencing foreign illegal fishermen. Among those that protested was China, who claimed that their fishermen were fishing legally within what the Chinese claimed to be their historical fishing grounds. This historical fishing ground claim is unrecognized by the UN Convention on the Law of the Sea (UNCLOS). What is recognized however is historical fishing rights, which do not amount to a sovereignty claim. According to Leonardo Bernard, “Historic rights merely give the claiming state fishing rights by long usage...it is important to remember that a state’s claim to historic rights does not mean that this gives the claiming state sovereignty over the relevant body of water.”¹²

The issue of IUU Fishing has therefore dragged Indonesia into the wider frame of the South China Sea dispute, despite the official recognition by Jakarta and Beijing that Indonesia doesn’t have any territorial claim within the South China Sea.¹³ Yet it seems that this year Indonesia is taking a more assertive stance towards its neighbors by re-delineating its maritime borders across the archipelago and renaming parts of its waters, in a move to reflect the PCA Ruling given upon the Philippines vs. China case. The unveiling of the new map of Indonesia was held in July 2017, in which Amb. Arif Havas Oegroseno, the Deputy Coordinating Minister of Maritime Affairs and Resources, explained that the new map offers “clarity on natural resources exploration areas” as he points to the newly renamed “North Natuna Sea” that borders directly with the South China Sea.¹⁴

Not only that, tension over the South China Sea coupled with the growing threat of IUU Fishing and other transnational crime have also led the country to pursue a military buildup on the Natuna Islands, where it seeks to station more naval ships, aircraft, and helicopters to deter any possible breach of sovereignty. Moreover, the National Ocean Policy, which is a component of Presidential Decree No.16/2017 on Indonesia’s Ocean Policy (*Peraturan Presiden No.16 Tahun 2017*) specified that

¹² Bernard, Leonardo. “The Effect of Historic Fishing Rights in Maritime Boundaries Delimitation.” *LOSI Conference Papers*, 2012.

¹³ Faizal, Elly Burhaini. “Indonesia urges all parties to maintain security in South China Sea.” *The Jakarta Post*, 24 March 2016. <http://www.thejakartapost.com/news/2016/03/24/indonesia-urges-all-parties-to-maintain-security-in-south-china-sea.html>

¹⁴ Cochrane, Joe. “Indonesia, Long on Sidelines, Starts to Confronts China’s Territorial Claims.” *The New York Times*, 10 September 2017. <https://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html>

Maritime Defence, Security, Law Enforcement, and Safety are an inseparable part of the Global Maritime Fulcrum.¹⁵ Hence, as part of the military's fulfillment of the Minimum Essential Force (MEF), the navy calls for the possession of a Striking Force of about 90 vessels, a Patrolling Force of about 42 vessels, a Supporting Force of 51 vessels, and a Submarine Fleet of around 12 vessels.¹⁶

As such, the list of maritime security issues of Indonesia is extensive, ranging from acts of terror, transnational crime, IUU Fishing, and sovereignty disputes. Progress has been made in the past year to curtail the effects of these issues, and it seems that the future outlook based on the policies implemented by Jakarta would be one of mixed reception by the parties concerned.

III. Terrorism

As mentioned before, terrorism deserves to be written in its own specific section as the issue is considered as one of the main focuses of Indonesia as well as other countries in the region. Terrorism has been a focus of the government ever since the turn of the 21st century, as Indonesia was consistently rocked by acts of terrorism perpetrated by terrorist cells connected with Al-Qaeda. Despite being considered largely as an act of crime and handled by law enforcement agencies of the country, there is an ongoing attempt by the legislative body as well as instructions from the executive to expand the role of the military further to tackle this issue.¹⁷ This has been met with objections from civil societies and academicians who insisted that the military's role is to safeguard the nation from foreign acts of aggression.¹⁸

The anti-terrorism bill was first enacted back in 2003, as a response to the growing threat of terrorism, especially in the aftermath of the 2002 Bali Bombing.¹⁹ Ever since then, it has been largely adhered to by the security apparatus and was left

¹⁵ Peraturan Presiden Republik Indonesia Nomor 16 Tahun 2017 Tentang Kebijakan Kelautan Indonesia.

¹⁶ Peraturan Presiden Republik Indonesia Nomor 97 Tahun 2015 Tentang Kebijakan Umum Pertahanan Negara Tahun 2015-2019. https://www.kemhan.go.id/wp-content/uploads/2016/04/1-kebijakan-umum-PERPRES_NO_97_2015-1.pdf

¹⁷ Topsfield, Jewel; and Rompies, Karuni. "Indonesia cracks down on terrorism with new laws and joint patrols." *The Sydney Morning Herald*. 20 June 2017. <http://www.smh.com.au/world/indonesia-cracks-down-on-terrorism-with-new-laws-and-joint-patrols-20170620-gwuu0z.html>

¹⁸ Araf, Al; and Budiawan, Evitarossi S. "Antiterrorism bill threatens law enforcement system." *The Jakarta Post*. 6 January 2017. <http://www.thejakartapost.com/academia/2017/01/06/antiterrorism-bill-threatens-law-enforcement-system.html>

¹⁹ UU No.15/2003 Tentang Pemberantasan Tindak Pidana Terorisme

relatively untouched until the second half of this decade. The 2016 Jakarta terror attack caught most people by surprise, including the government, whereby some considered that the intelligence services may have been thrown off after focusing on warding off threats during the 2015/2016 Christmas and New Year Celebration.²⁰

Afterwards, motion was set for the anti-terrorism law to be revised, expanding the authority and scope of the law enforcement agencies as well as the military force to hunt down would-be terrorists and eradicate its groups. Indonesia wasn't alone in facing the threat of terrorism in the region. As ISIS still loomed large at that stage, terror groups capitalized on their newly found guidance to strengthen their positions in Southeast Asia. None of this is more apparent as in the Philippines, where various extremist groups in the turbulent region of Mindanao started to pledge their allegiance to Abubakar al-Baghdadi.

This then led to a spate of kidnappings and armed robberies as mentioned in the previous section, which culminated in the Battle of Marawi, where the Armed Forces of the Philippines battled out ISIS in the city of Marawi after a botched military operation. Other countries in Southeast Asia may fare slightly better in apprehending terror suspects, without it culminating into a full-fledged open conflict. Yet, it signals how wide the influence and reach of ISIS is in Southeast Asia, despite it being on the losing side in its bid for survival.

The resurgence of pro-ISIS militant groups is one that should be closely followed by Indonesia and other Asia-Pacific countries. Not only do these groups pose a threat to undermine the livelihood of the ordinary people, they'd also be responsible for other illegal activities that could fund their operations (e.g. arms trafficking, people smuggling, and drugs trafficking).

If there is a lesson that could be taken from the events that happened in 2017, it is that pro-ISIS sentiments may still linger long until 2018. This is due in part to the collapse of ISIS in the Middle East, leading to predictions that foreign fighters and supporters would return back to their home countries. As such, this would present a dilemma for the Indonesian security apparatus as to whether they would concentrate

²⁰ Ihsanuddin. "Soal terror di Sarinah, Pemerintah Dinilai Kecolongan karena Kendurkan Kewaspadaan." *kompas.com*. 14 January 2016. <http://nasional.kompas.com/read/2016/01/14/17172761/Soal.Terror.di.Sarinah.Pemerintah.Dinilai.Kecolongan.karena.Kendurkan.Kewaspadaan>

on territorial defense or internal security. The expanded role of the Indonesian military to eliminate threats of terrorism has been seen since 2015 after the newly established military's Joint Special Operations Command tasked the TNI (*Tentara Nasional Indonesia*) to hunt down Santoso, and eliminate the threats made by the Mujahidin Indonesia Timur (MIT).²¹

Although there is confusion as to where the jurisdiction and authority of the military lie vis-a-vis the law enforcement, the inclusion of the military into the operation is well understood as extremist groups have started to shift their combat behavior to become more symmetrical in nature. It is thus no wonder that other countries in the region have also started to expand the role of their military further in combating threats from militant groups as we've seen in the Philippines and Thailand.

IV. Cybercrime

2017 was the year where Indonesia increased its focus on improving the country's cyberdefence capability to deter against possible foreign cyber attacks or even home-grown ones. Cybercrime has seen an increase in the past several years, where the latest figure puts the number of cybercrimes in 2017 at 5,061 cases, increasing by 2.6% when compared to last year's figure of 4,931 cases.²² Although most cases of cybercrime activities in Indonesia are classified as criminal offenses (e.g. extortions, defamation, fraud transactions, and fake news)²³, threats of cyber espionage and sabotage increase each year with the increasing capability of both state and non-state actors.

The threat posed by ransomware not only puts individuals at the mercy of the perpetrator, but large corporations, and even the public sector could also be exposed by this malevolent intent. We remember the case of WannaCry Ransomware that ensnared a number of public services in most countries across the world. The perpetrators blackmailed these services to pay a certain amount of money via online

²¹ Singh, Jasminder. "Operation Tinombala: Indonesia's New Counter-Terrorism Strategy." *RSIS Commentaries*. 7 October 2016. <https://www.rsis.edu.sg/rsis-publication/rsis/co16251-operation-tinombala-indonesias-new-counter-terrorism-strategy/#.WkdRmlT1U0Q>

²² Sumantri, Arga. "Kasus Kejahatan Siber Meningkat." *Metro TV News*, 29 December 2017. <http://news.metrotvnews.com/read/2017/12/29/808797/kasus-kejahatan-siber-meningkat>

²³ Movanita, Ambaranie Nadia Kemala. "Ini Hasil Kerja Polri Perangi Kejahatan Siber Sepanjang 2017." *kompas.com*, 29 December 2017. <http://nasional.kompas.com/read/2017/12/29/17233911/ini-hasil-kerja-polri-perangi-kejahatan-siber-sepanjang-2017>

transfer, by promising to “free” their computers of the malicious software. The scope of this attack has thrown governments around the world off their seats, where intelligent agencies attributed the attack not to an independent non-state actor, but to individuals working for or with the North Korean government.²⁴

Although WannaCry mostly impacted western nations, the nature and severity of the software, as well as its far-reaching impact are a cause for concern for both private and public sectors all over the world. WannaCry signifies that malware is now able to spread and replicate itself much faster than a typical computer virus. Imitating a real life epidemic, the “virus” duplicates itself and grows exponentially to infect well-connected computer nodes across the globe. Ransomware such as WannaCry or Petya have so far been isolated, but not completely removed as some computers are still using outdated software, hence preserving the threat on just several systems across the globe.

Aside from a tool of repression, cyber network has also been utilized worldwide as a means of recruitment and communication by non-state actors to further their agenda. None of this is more apparent than as to how ISIS utilizes social media to promote its agenda through sophisticated video production and pseudo-social events. ISIS possessed all the sophisticated means to connect with the world’s population. From monthly online magazine publication, airing radio shows, broadcasting news, to producing a clean and crisp video, ISIS intended to reach out to all segments of the population, even with different languages.

However, the hardest task is not to intercept ISIS-made propaganda as mentioned above, but to locate and identify individuals who use a variety of mediums to spread ISIS’s propaganda. The use of online messaging services is ubiquitous among most people, and some of these services guaranteed their users a safe and secure system by offering end-to-end encryption software within these services. By doing so, most messages are stored privately by the application provider and are claimed to protect users from data theft. This has caused controversies as governments are also prohibited from accessing those messages made on a particular messaging service.²⁵

²⁴ Hern, Alex. “WannaCry, Petya, NotPetya: how ransomware hit the big time in 2017.” *The Guardian*, 30 December 2017. <https://www.theguardian.com/technology/2017/dec/30/wannacry-petya-notpetya-ransomware>

²⁵ Titcomb, James. “What is encryption, how does it work and what apps use it?” *Telegraph*, 29 March 2017. <http://www.telegraph.co.uk/technology/0/encryption-should-using/>

These developments have been well understood by the Indonesian government as one of the top security issues in the near future. As such, the president enacted a new decree that formally established a national agency on cyber and cryptography (*Badan Siber dan Sandi Negara*; BSSN). Through Presidential Decree No.53/2017 and subsequent revision through Presidential Decree No.133/2017, the president formally established BSSN, which is the spiritual successor to the National Cryptography Agency (*Lembaga Sandi Nasional*; Lemsaneg), merging together with elements of the Directorate of Information Security of the Ministry of Communication and Information, and Indonesia Security Incident Response Team on Internet Infrastructure (ID-SIRTII).²⁶

Moreover, as the BSSN will be the civilian security apparatus in charge of cybersecurity policy and coordination, the TNI has also set up its own Cybersecurity Unit to protect sensitive military information from external (and internal) intervention. This implies that the military dimension in warfare has evolved from what was once three dimensional operations (land, sea, and air), to become four dimensional (cyber), or even five dimensional if we include outer space. The issue of cybercrime or cyberwarfare has become more apparent and defence sectors around the world have prepared scenarios to either wage or fend off information warfare.²⁷ It is safe to say that cyberwarfare is not an exclusive domain of state actors or state-sponsored organisations; rather the expansion of information prowess to individuals or groups of people has led to the proliferation of cybercrime activities aimed towards the state and its citizens. It will take a lot of time and effort to root out the reasons of these attacks, but for now it is imperative that Asia-Pacific countries make further progress to safeguard the cyberspace.

V. Conclusion and Implications

Issues written within this article are but some fragments of the Indonesian security situation and outlook in 2017. It may not do enough justice to analyze the full dimension of the situation, but it is by far the most pressing issues that the country

²⁶ Haryanto, Alexander. "Badan Siber dan Sandi Negara Kini Berada Langsung di Bawah Presiden." *Tirto.id*, 30 December 2017. <https://tirto.id/badan-siber-dan-sandi-negara-kini-berada-langsung-di-bawah-presiden-cVvm>

²⁷ Georgetown Security Studies Review. "Cyber Warfare: Chinese and Russian Lessons for US Cyber Doctrine." *Georgetown Security Studies Review*, 7 May 2015. <http://georgetownsecuritystudiesreview.org/2015/05/07/cyber-warfare-chinese-and-russian-lessons-for-us-cyber-doctrine/>

faced in the past year and will still be facing in the near future. Furthermore, these issues are not only exclusive to Indonesia, but also apply to the larger Asia-Pacific states too. States are beginning to face asymmetric threats stemming from militant groups driven by extremist ideologies or ideas for independence, whilst at the same time states are also pressured internally by its citizens to safeguard its territory from a more traditional security issue, such as foreign intrusions.

The role of the military in the future to respond to all of these issues would demand flexibility and quick adaptation to peculiar scenarios. Military forces shouldn't only be concentrated on improving upon its firepower, or possessing the biggest bomb in the world. Rather, a flexible military force would be needed to effectively cycle between the need to confront a traditional enemy (e.g. state actors), asymmetric forces (e.g. militant groups), and even non-physical threats (e.g. malicious software). By that definition, the role of the military and the defence sector should be stretched by having the ability to cooperate closely with its civilian counterparts, so as to maximize its ability to defend the nation.

In other words, it is simply impossible to construct an airfield if the military couldn't get the best raw materials from the government/private sector, or it wouldn't be effective if a naval shipyard couldn't get a hold of an electronic communications company to supply the vessels with radars and other communication devices. The military must be more interconnected with its civilian counterparts, and this holds true even with the Indonesian military. Limitations are there in-between, such as a lack of regulation in certain aspects, corruption, level of trust, and others. However, with effective planning and future adaptive doctrine, successful cooperation with other states in mitigating the effects of these security issues will come into fruition. The key for success will be the flexibility to face off a multitude of threats at a single time.

