CHAPTER 1

Indonesia’s Security Outlook, Defence Policy and Regional Cooperation

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Introduction

Indonesia’s security outlook, despite dramatic changes in the domestic political arena since the end of 1990s, has not changed significantly from that of the previous decades. Internal security remains the major preoccupation of Indonesia’s security and defence establishments. Since the country’s independence in August 1945, Indonesia has been preoccupied primarily with the problems of secession, communal and religious violence, ideological tension and political conflict among the elite that threaten territorial integrity, national unity, internal order and political stability. However, as the challenges to national security have increasingly become more complex, Indonesia has also begun to pay more attention to trans-national and non-traditional security threats. While these types of threat have long been recognised as inherent parts of national security concerns, the magnitude of the problem seems to have increased. The challenges posed by terrorism, piracy, illegal fishing, natural disasters, people and drug trafficking, and other non-traditional and trans-national security threats, for example, have intensified over the last ten years.

While internal security and non-traditional security challenges have been the primary sources of concern for Indonesia, Indonesia is also concerned with external sources of security problems. While the nature of external threats is not formulated in the form of direct military invasion from abroad, Indonesia is concerned with the problems of unresolved territorial disputes with neighbouring countries, resource security, border security, and violation of Indonesia’s territorial sovereignty by other states. To a lesser degree, the country is also concerned with the strategic implications of power shift among major powers for the future of regional security architecture in East Asia.

This paper addresses Indonesia’s security challenges and their implications on the defence sector and regional cooperation. The discussion is divided into three sections. The first section outlines the current security challenges facing Indonesia, which can be grouped into three categories of concerns: internal securities, non-traditional
security problems, and external security concerns. The second section discusses the extent to which Indonesia’s perceptions of threats influence the country’s defence policy, force structure and procurements. The third section examines Indonesia’s approach to regional cooperation in addressing challenges to its national security.

Indonesia’s Security Challenges: Internal Security, NTS and External Threats

Internal Security
For Indonesia, threats to internal security in the form of armed insurgencies remain the main preoccupation of security forces, including the Indonesian Defence Force (TNI). Until the signing of peace deal in August 2005, the TNI had been fighting the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) in Aceh Province. While the peace process in Aceh is still holding, the prospect for a relapse cannot be overlooked. Dissatisfaction within the rank and file of former GAM combatants, growing rate of crimes, governance problems, security disturbances such as the recent shooting of foreigners, and the lack of economic development could undermine the peace process. Some within the government are still worried that some segments of the Acehnese society, especially among former GAM rebels, have not discarded the aspiration for independence altogether and used the existing political arrangement reached through the Helsinki peace accord as a stepping stone only. In Papua Province, Indonesia still faces a similar challenge from Free Papua Organisation (Organisasi Papua Merdeka, OPM). Despite the central government’s decision to grant Papua an autonomy status, the problem has not been resolved. The aspiration for independence continues to pose a threat to Indonesia’s territorial integrity.

Communal and religious violence is still considered as a security problem by Indonesia.1 Indonesia, which is comprised of more than 500 ethnic groups, is still facing the formidable task of nation-building. As a post-colonial state, Indonesia sees the process of state- and nation-building as the most relevance and pressing task to its existence as nation-states. Like other developing country, Indonesia is still characterised by internal structural weaknesses and domestic vulnerability that

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serve as the source of insecurity feeling especially, but not exclusively, among their leaders and security apparatus. In this context, internal frictions and conflict between ethnic and religious groups would undermine nation-building process and threaten national unity. Even though the problem of communal and religious violence such as in Kalimantan, Maluku, and Poso has begun to decline since 2004, the Indonesian government continues to regard it as a formidable threat to internal security and stability.

Terrorism has now come to occupy an important place in Indonesia’s perceptions of national security threats and poses a serious threat to the national security. The current threat posed by terrorist network such as the Jamaah Islamiyah has been far too lethal compared to the previous terrorist acts perpetrated by communist insurgencies in the 1960s. Since the Bali bombing in October 2002 that killed 202 people, including 88 Australians, Indonesia has suffered a number of serious terrorist attacks, including the bombings of J.W. Marriot Hotel in August 2003, the Australian Embassy in November 2004, and the second terrorist attack on Bali in October 2005. Even though Indonesia’s attempts to combat terrorism have resulted in significant successes, terrorism continues to pose a formidable threat as demonstrated by the ability of terrorist groups to launch another deadly attack on J.W. Marriot Hotel and Ritz Carlton Hotel in July 2009. Therefore, Indonesia regards “terrorism as a formidable threat to national security” which “has to be fought, not only by the police and the military, but also by every segments of the society.”

NTS and Trans-national Security Problems: Natural Disasters and Maritime Security

While Indonesia regards all NTS issues as serious threats to national security, two particular problems are perceived as alarming and necessitate special attention by both civilian government and security apparatus, including the military.

The first problem facing Indonesia is the frequent occurrence of natural disasters. The earthquake and tsunami that hit the Province of Aceh in December 2004 served as a wake-up call for Indonesia about the vulnerability of the country to natural disasters of high magnitude. It also serves as a reminder that Indonesia is sitting on “the ring

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of fire.” The devastating earthquake in Central Java in 2005 reinforced that fact. So did the earthquakes in the Provinces of Bengkulu and West Sumatera in September 2007 and also in 2009. The material destruction and loss of life resulting from such disasters have been staggering. Flooding and landslides have also become common form of disasters that took thousands of life. Therefore, disaster management — both mitigating the impacts and managing post-disaster destruction — clearly poses a serious NTS challenge for Indonesia, especially in the area of ensuring human security and safety of its people. Indeed, Indonesia recognises that the growing occurrence of natural disasters “has affected the state’s defence policy, not only in terms of force planning and logistical support, but also in terms of the procedure on how the armed forces would be used in such circumstances.”

The second problem includes a wide-range of maritime-based NTS threats, especially piracy, illegal fishing, illegal logging, drug trafficking and trafficking in persons, which all point to the importance of maritime security for Indonesia. The problem of piracy, despite the declining trend over the last five years, continues to pose a threat to the safety in and around Indonesia’s territorial waters. Incidents of smuggling, both goods and drugs, and trafficking in persons, are also considered as posing security problems for Indonesia. A conservative estimation puts the number of women and children being trafficked as high as 100,000 every year. 

Illegal fishing by foreign parties in Indonesia’s waters, which occurs every day, has cost the country some US$3 billion a year. The problem of illegal fishing also constitutes a major source of tension not only among communities but also between states, such as between Indonesia and Australia and Thailand. The problem of marine pollution, especially in the Malacca Straits, has also affected and threatened the livelihood of the coastal people along the straits. The security implications of marine environmental degradation are self-evident. The destruction of reefs, for example, has contributed to Indonesian poverty and exacerbating domestic violence.

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3 Ibid, p. 15.
External Security Problems: Sovereignty, Territorial Disputes, Border Security and Regional Uncertainty

Until very recently, Indonesia’s concerns over the external sources of security threats were characterised by a degree of suspicion towards the intention of major powers in Southeast Asia. While this perception of major powers has not entirely disappeared, Indonesia has also begun to express its concerns over specific external security problems posed by neighbouring countries over the security of Indonesia’s territorial waters and resources. Rapid economic growth in the region has increased the need for new resources required for sustaining economic development, especially an increase in the demands for gas and oil. In this regards, for littoral Southeast Asian states, the 200 nautical mile Exclusive Economic Zones (EEZ’s) serves as the most important sources for gas and oil, and also for marine resources such as rich fish stocks. In this context, resource security becomes an important issue for Indonesia, and breach of Indonesia’s sovereignty by external actors, both state and non-state, are considered as a serious threat to national security.

This problem, in turn, complicates and exacerbates the problem of overlapping territorial claims, especially in areas rich in such natural resources, among regional states. Indeed, Southeast Asia remains a region fraught with unresolved territorial disputes and border problems among the regional states. Indonesia, for example, has serious territorial disputes with Malaysia, first over Sipadan-Ligatan Islands, and now over the jurisdiction of Ambalat in the Sulawesi Sea. Malaysia’s claim over Ambalat, and the patrols conducted by Malaysia’s vessels in the area, is often seen in Indonesia as “a threat to use force” by the country. This problem, and various naval incidents in the area between the two countries, might have led Indonesia to believe that “the potential for the violation of Indonesia’s territory by other countries is very high so that Indonesia needs to prepare the readiness of its defence force…” Indeed, TNI Commander General Endriartono Sutarto, for example, flatly stated that “the most dangerous threat comes from other countries“ and that “Malaysia dares to claim our

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8 *Buku Putih Pertahanan Indonesia 2008*, p. 54.
territory and acts rudely to our migrant workers because they know that we are not that strong.”

The experience with the loss of two islands — Sipadan and Ligitan — to Malaysia, and also the dispute over Ambalat with that neighbouring country, has led Indonesia now to regard the security of its border areas as a priority. This new concern on the security of border areas, especially in Indonesia’s outermost islands, reflects the country’s growing perceptions of external threat against its sovereignty and territorial integrity. It has been argued, for example, that “if one of those outermost islands is lost like what happened to Sipadan and Ligitan Islands, then we will lose not only land territory but also the territorial waters and its resources.”

For that reason, Indonesia’s government asserts that “securing border areas and outermost islands constitutes a function of national defences aimed at upholding state sovereignty.” The Commander of Indonesia’s Navy, Admiral Agus Suhartono, believes that if Indonesia does not pay attention to the security of outermost islands, they could become a source of conflict with other countries.

In between the internal and transnational security concerns, Indonesia is also concerned with changes in international and regional power structures. In East Asia, the rise of China constitutes the most salient aspect of such changes. Over the last ten years or so, China has consistently demonstrated its ability to sustain economic growth at an impressive rate. Along with its economic development, China’s military capability has also improved significantly. The concern with China relates first and foremost to the question of how China is going to use its new stature and influence in achieving its national interests and objectives in the region. However, the challenge for Southeast Asian states, including Indonesia, of China’s rise is not so much conceived in terms of “China’s threat” but more in terms of China’s future role and place in the region, and how it will affect regional security architecture. While China has consistently

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11 Buku Putih Pertahanan Indonesia 2008, p. 55

demonstrated its commitment to a peaceful rise and played a positive role for the stability and security of the region, the strategic uncertainty surrounding China’s rise remains a security challenge for regional states, including Indonesia.

Implications for Defence: Policy, Force Structure and Procurements

What are the implications of Indonesia’s security outlook as discussed above for the defence sector? In facing those security challenges, Indonesia recognises the importance of national security strategy to address them which is partly reflected in national defence policy and posture. However, it is not easy to determine various influences on defence policy of Indonesia. What we can say here is that, in theory, defence policy and posture of Indonesia would reflect, and is influenced by, its threat perceptions, even though “threats have not been the most important influences on the development of [Southeast Asian] countries’ armed forces: long-term, non-threat factors have generally been far more significant.” 13 The following discussion will examine the extent to which Indonesia’s current defence policy, force structure, and procurement has been influenced by its assessments and perceptions of security challenges facing the country.

Indonesia’s Defence Policy

According to the Act No. 3/2002 on State Defence, the main objective of Indonesia’s defence policy is to “protect and uphold state sovereignty, maintain territorial integrity of the Unitary republic of Indonesia, and ensure the safety of Indonesian people from all forms of threats and disturbances.” 14 This objective, as specified in the Defence White Paper issued in February 2008, is to be achieved through the fulfilment of five main strategic goals, namely: (1) to deter all forms of threats to Indonesia and its people; (2) to defeat military aggression by foreign countries; (3) to overcome military threats that undermine the existence and interests of Indonesia; (4) to address non-military threats that might have adverse impacts on Indonesia’s sovereignty, territorial integrity, and safety of the people; and (5) to contribute to

international peace and regional stability.\textsuperscript{15} These five strategic goals of Indonesia’s defence is to be carried out by the Indonesian Defence Force (TNI), conceived as the main component of state defence, through war operations and military operation other than war.

To implement its defence policy, Indonesia’s defence strategy is still characterised by government’s insistence to defend and hold on to the total people’s war (\textit{hankamrata}) doctrine. This reflects the ongoing resources constraints facing Indonesia, especially in terms of funding, in developing its defence capability, thus affecting the country’s ability to achieve defence objectives effectively, especially in deterring military threats from abroad. This doctrine stipulates that in case of a foreign military invasion, Indonesia would resort to “total defence system, which involves all the people and resources, national facilities and potentials...”\textsuperscript{16} Indonesia, however, recognises that the resort to war constitutes the last option. Therefore, Indonesia’s defence policy also emphasises the importance of the use of diplomacy, through regional and international cooperation, as the first line of defence.

Such formulation of the defence objectives and strategy clearly reflects Indonesia’s recognition of wide-ranging challenges to national security, both internal and external. However, in reality, Indonesia’s national security concerns remain primarily internal in nature. This, in a way, reflects Indonesia’s conviction that there is no foreseeable threat of invasion for the next ten to fifteen years.\textsuperscript{17} Consequently, Indonesia’s defence policies and posture continues to reflect such priority of internal security concerns. In this context, it is hardly surprising that the maintenance of internal security remains a major task for the military in Indonesia. Indonesia’s defence policy, for example, continues to focus on improving the capability to fight law-intensity war, especially in dealing with armed insurgency threats. Since the intensification of conflict in Aceh during the 1999–2004 period, the Army has significantly improved its counter-insurgency capability.

Indonesia also plans to improve its defence posture so that the armed forces would have the capability “to uphold the Unitary Republic of Indonesia” (reflecting the

\begin{footnotes}
\item[15]\textit{Buku Putih Pertahanan Indonesia} 2008, pp. 60–64.
\item[16]\textit{Mempertahankan Tanah Air Memasuki Abad 21}, pp. 44–45.
\item[17]\textit{Buku Putih Pertahanan Indonesia} 2008, p. 7.
\end{footnotes}
concern over separatist threats) and “to undertake military operation other than war”, especially to overcome the threats of terrorism and separatism. Moreover, Indonesia’s armed forces, especially the Army, has also emphasised the need to strengthen “rapid deployment forces” that could be deployed against any internal security threats. Indeed, the new defence doctrine issued in January 2008 continues to demonstrate “an unchanging emphasis on internal threats and a wide variety of nonmilitary responsibilities for the military.”

Despite the emphasis on internal security, however, Indonesia has also incorporated, albeit in a limited way, the need to overcome non-traditional security threats in its defence policies and priorities. It acknowledges that the need to improve Indonesia’s defence capability “to overcome non-traditional security threats [has] become more pressing and immediate,” especially maritime-based security threats, communal violence, and natural disaster. Indonesia also recognises the salience of maritime security threats to both national and regional security. While some neighbouring countries have responded to this problem through the development of naval capability, Indonesia has only undertaken limited measures, for the lack of fund, to improve the capability of its navy, with the emphasis on safeguarding vital sea lanes, principally the Straits of Malacca, Sunda, and Lombok due to the longstanding problem of piracy and the possibility of a terrorist attack. It is also important to note that given the problems of breaches of territorial sovereignty, unresolved territorial disputes with neighbouring country, the need to protect EEZs, and the importance of resources security, there have been discussions among the public, politicians, and defence planners, urging the government to begin modernising and boosting the country’s naval capability.

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20 Mempertahankan Tanah Air Memasuki Abad 21, p. 50.
21 Ibid, pp. 81–82.
**Force Structures and Capability Development Plan**

Indonesia’s force structure, in which the Army constitutes the largest service, still reflects the primary preoccupation with internal threats to security. Indeed, despite the domestic political changes that led to military’s withdrawal from politics, the Army remains the core of Indonesia’s armed forces. However, as challenges and the sources of threat to Indonesia’s national security have increasingly become more complex, a gradual emphasis on the need to tackle non-traditional and trans-national threats — which requires a modest improvement in conventional naval and air capability — has also begun to take place. In general, seen in terms of the country’s size, defence challenges and tasks at hand, Indonesia’s military is still a relatively small force compared to other militaries in the region. The total number of service personnel only constitutes around 0.17 percent of the total population of 237 million, namely around 413,726 [sic].

The Army. The Army, which still comprises over 75 percent of all three services combined, has about 317,273 service personnel and is structured on a territorial and central command basis. As of 2009, the Indonesian Army has 12 territorial commands (Komando Daerah Militer, Kodam) across the country. Each Kodam is divided into several units: Resort Military Commands (Korem) based in major towns; District Military Commands (Kodim) based in kabupaten (district); and Sub-District Military Commands (Koramil) based in kecamatan (sub-district). The total number of personnel serving in these territorial structures, which run parallel to the structures of civilian political authority, is about 150,000, or almost 50 percent of the total army personnel. The Army also maintains two main centralised commands, namely Kostrad (Army Strategic Reserve Command, with 27,000 personnel) and Kopassus (Special Forces Command, with 3,500 personnel). In terms of weaponry and supporting equipments, the Army suffers various shortages. As disclosed by Army Chief of Staff General Ryamizard Ryacudu on 25 June 2002, infantry and cavalry units still use aging weapons of the 1960s with operational readiness around 70 percent. The Army

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23 Force structure is understood as the numbers, size, and composition of the units that comprise an armed forces, which includes personnel, weapons systems, and support systems.


25 Ibid.
also faces the problems of shortage in ammunition and transportation vehicles.26 Out of 59 units of Army’s aircraft, only 26 units are ready for operation.27

The Navy. The Indonesian Navy headquarters is located in Jakarta. Its strength is around 62,556 personnel.28 Operationally, the Navy is divided into two fleets: an Eastern Fleet based in Surabaya, East Java, and a Western Fleet based in Jakarta. The marines, with about 20,000 personnel, is organised into the First Marine Corps Group (3 marine battalions) based in Surabaya, the Independent Marine Corps group (3 battalions) based in Jakarta, and one marine brigade (3 battalions) based in Teluk Ratai, Sumatera.29 The Navy is among others equipped with 2 sub-marines, 29 principal surface combatants (8 frigates and 21 corvettes), 41 patrol and coastal combatants, and 28 logistic and support vessels.30 Like the Army, however, the Indonesian Navy also faces a serious problem and shortage in terms of weaponry and supporting equipments. Most weapons and equipments have been in the service since 1950s and 1960s. According to Navy Chief Admiral Bernard Ken Sondakh, “at this time, none of Indonesia’s warships are combat ready as it should be. It is ready only in the sense that it’s seaworthy.” 31 Out of 207 units of vessels, only 157 units are ready for operation, and only 32 units of its aircraft (out of 72) can be operated.32

The Air Force. The Indonesian Air Force, with 33,900 personnel, is divided into two Air Force Operational Commands (KOOPSAU), one based in Jakarta (covering Western part of the country) and one in Makassar, Sulawesi (covering eastern part of the country). It maintains seven airbases, in Jakarta, Malang (east Java), Madiun (Central Java), Makasar (South Sulawesi), Bogor (West Java), Subang (west Java), and Pekan Baru (Sumatera). Like the other two services, the condition of Indonesia’s Air Force is no better, if not worse. Its current strength, among others, comprises of 5 combat squadrons, 2 squadrons helicopters, and 5 transportation squadrons in poor condition, and 3 training squadrons. It only has 16 units of radars (only 14

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28 Ihza, Tragedi dan Strategi Pertahanan Indonesia, p. 77.
30 Ibid. For a comprehensive discussion on Indonesia’s defence strength, see Leonard Sebastian, Realpolitik Ideology: Indonesia’s Use of Military Force (Singapore: ISEAS, 2006), pp. 233–249.
31 Widoyoko, et. al, p. 44.
32 Bakrie, Defending Indonesia, p. 119.
are operational), which hardly covers Indonesia’s defence needs. With the total operational readiness below 60 percent, the Air Force is struggling to maintain its ageing weapon systems and equipments. Indeed, most of Air Force weapons and equipment are in poor condition, aged between 25–40 years, and many can no longer be used. Plans to improve air force’s inventory in the late 1990s had to be suspended due to the severe financial crisis that hit the country in 1997/1998. In this regards, it has been noted that “there is a big gap between the real strength of the air force and its ideally minimum ideal need in maintaining [Indonesia’s] air sovereignty.

The three services clearly suffer serious shortcomings. Indeed, it has become customary to describe Indonesia’s defence force as “underfunded, undertrained, and under-equipped”. Among East Asian countries, the ability of Indonesia’s defence force to address security challenges, especially the regional ones, is considered one of the weakest. Among Indonesian defence policy community, the key question in this regard has always been: does the existing force structure (including weapon systems and supporting equipment) reflect the necessary capability to address the country’s security problems? The above discussion suggests that the ability of Indonesia to manage and address the perceived security problems facing the country constitutes a key problem in Indonesia’s defence. Indonesia realises that its defence capability is far from adequate to address the existing security concerns, which have increasingly become more complex. Therefore, over the last five years or so, Indonesia has begun to address this fundamental defence problem.

The basis for the defence development plan is provided for in the Law No. 17/2007 on Long-Term Development Plan 2005–2025, which envisions a defence capability “beyond minimum defence requirement capable of upholding Indonesia’s sovereignty, protecting people’s safety and maintaining territorial integrity” with “a respectable deterrent effect in order to support Indonesia’s diplomatic position”. During the
period of 2005–2019, defence capability plan is aimed at achieving “a minimum essential force,” namely “a force level that can guarantee the attainment of immediate strategic defence interests, with the procurement priority is given to the improvement of minimum defence strength and or the replacement of outdated main weapon systems/equipments.”  

In operational terms, there is no immediate plan to introduce a significant increase in the number of personnel of the military, but the priority will be given to improving the quality of combat readiness, mobility, and the maintenance and improvement of general naval capability, marine corps, and the air force.

In other words, the mid-term capability development plan reflects the need to address the problem of ageing main weaponry systems and other supporting equipment in the three services. The priority for the Army is “to narrow the defence gap in the islands outside the Island of Java, both in terms of organisation and main weaponry system (Alutsista).” In practical terms, this will be carried out through the establishment of new territorial commands unit, both at provincial and district levels. The Army also plans to develop “mobile ground units that can be deployed rapidly to target areas.” This requires the Army to improve airborne capability, air mobility, and mechanised and raiders mobility. The priority for the Navy is “to modernise Alutsista by adding new submarines into the service and replacing outdated, ageing and unusable.” The Air Force plans “to replace outdated aircraft and its weapon systems, with a priority on tactical fighters, transportation units, radar units, and training squadrons.”

Indonesia’s defence development plan is also based on the need to acquire certain task-oriented capabilities so that the military could respond effectively to immediate security challenges facing the country. In this regard, as mentioned earlier, Indonesia’s defence force is expected to be able to acquire the capability to address three sets of security problems: internal security challenges, NTS and trans-national threats,

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39 *Buku Putih Pertahanan* 2008, p. 121.

40 Alexandra R. Wulan, *Satu Dekade Reformasi Militer Indonesia [A Decade of Military Reform in Indonesia]* (Jakarta: Pacivis and FES, 2009), p. 97.

41 *Buku Putih Pertahanan* 2008, p. 121.

42 Ibid.

43 Ibid., p. 122.

44 Ibid., p. 126.

45 Ibid., p. 130.
and external security challenges. In the realm of internal security, Indonesia remains preoccupied with secessionist threats, communal and religious violence, and the problem of terrorism. With regard to NTS and trans-national problems, Indonesia is primarily concerned with natural disasters and maritime security. From external sources, Indonesia is worried about the violation of its sovereignty by state and non-state actors, territorial disputes, border security, and strategic uncertainty resulting from geostrategic changes in the East Asian region. However, as shown in the previous discussion, the capability of Indonesia’s military to address these challenges is limited and inadequate, especially in terms of weapon systems and supporting equipments. Defence procurements, therefore, constitutes an important way for Indonesia to address this problem.

**Defence Procurements: The Problems of Budgetary Constraints**

Indonesia procures much of its military equipments from foreign sources. After being halted by serious financial crisis of 1997/1998, and the ensuing economic and political turmoil of transition period, Indonesia has now begun to resume defence procurement programs. Stronger economic performance since 2004 allowed Indonesia to increase its defence spending significantly. Even though the Army is still considered as the “backbone” of Indonesia’s defence, a greater priority in procurement policy is being given to fulfil the needs of the Navy and the Air Force.\(^{46}\) While the reasons for this could partly be attributed to the ageing and poor condition of the two services’ inventories, the growing procurement emphasis for the Navy and the Air Force also reflects Indonesia’s determination to improve the capability of the two services in handling other pressing security challenges beyond the overriding concerns over internal security.

To boost its naval capability, Indonesia plans to acquire two submarines, which are expected to enter service by 2014. It has also expressed interest in purchasing two ex-Korean navy Type 209 Chang Bogo-class submarines.\(^{47}\) Between 2005–2007, it acquired four Landing Platform Dock (LPD) from South Korea. In July 2007 and

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January 2008, the Navy acquired four SIGMA Corvette from the Netherlands. In June 2009, TNI Commander General Djoko Santoso reveals that the military plans to acquire four more corvettes for the Navy. During the period of 2005–2009, according to Minister of Defence Juwono Sudarsono, Indonesia acquired four units of radars, and four more are planned for 2010–2014. In early January 2010, the new Minister of Defence Purnomo Yusgiantoro, revealed that the government plans to procure 96 patrol vessels to strengthen border security and to prevent illegal fishing in Indonesian waters. Meanwhile, as part of its mid-term plan to improve its capability, the Air Force plans to purchase 7 more units of Sukhoi from Russia. According to Air Force Chief Vice Marshal Imam Sufaat, the Air Force also plans to add four to six Hercules transport aircraft in 2010, which will add significant improvement in the ability of Indonesia’s military to carry out emergency relief operations in case of natural disaster.

Even though current procurements have largely gone to the Navy and Air Force, it does not mean that the capability of the Army has not been improved. For one, especially due to the overriding concern over internal security, the Army continues to rely on a strategy of “expanding the army physical presence”, by establishing new territorial command units, both at provincial and district levels. In 2002, for example, the Army formed Iskandar Muda Kodam in the Province of Aceh due to the growing challenge posed by Free Aceh Movement (GAM) in the region. A plan to create two more Kodams, one in Papua and one in West Kalimantan, is also being considered. In terms of weaponry and equipments, the Army plans to equip itself with 5 more Russian-made MI-35 combat helicopters, which will bring the total number under

48 Wulan, Satu Dekade, p. 119–120.
the service to 7, and 10 more MI-17s.\textsuperscript{55} Over the long-term, the Army plans to have at least eight helicopter squadrons, which will be spread across the archipelago: Semarang, Lampung, East Kalimantan, East Nusa Tenggara (NTT), Papua, Maluku and Sulawesi.\textsuperscript{56}

Indonesia has consciously procured its military armaments and other equipments from a diversified foreign sources. By 2004, major suppliers for Indonesia’s defence needs are still the US (34 percent), France (12 percent), Germany (12 percent), Russia (10 percent), and United Kingdom (9 percent). Other countries contributed 23 percent of Indonesia’s defence needs.\textsuperscript{57} However, Indonesia also attempts to meet its defence needs through domestic procurements from state-owned domestic aviation and defence industry. In July 2009, a state-owned defence manufacturer, PT Pindad, delivered 40 indigenously-built APCs as part of 154 combat APCs ordered by the Ministry of Defence for the use by various Army units throughout Indonesia,\textsuperscript{58} and another 33 on 13 January 2010.\textsuperscript{59} In December 2009, the Ministry of Defence signed an agreement with Dirgantara Indonesia (DI) for the purchase of three new CN235-220 maritime patrol aircraft worth $80 million, to be delivered within three years.\textsuperscript{60} In November 2009, PT PAL also delivered two Landing Platform Docks (LPD) ordered by the Navy.\textsuperscript{61} This newly-revived interest in promoting domestic procurement by the military, in order to revitalise and enhance the capacity of its domestic defence industry, constitutes a new priority of President Susilo Bambang Yudhoyono’s second administration.


\textsuperscript{59} Yuli Tri Suwarni, “Back on Target: Weapons Budget To Reach Rp 63t over 5 Year,” \textit{The Jakarta Post}, 14 January 2010.


Indonesia’s procurement policy to a certain degree reflects national security concerns, such as the need to protect Indonesia’s territorial sovereignty and border security. It is also driven by territorial disputes with neighbouring countries, especially Malaysia. When expressing the Navy’s interest in purchasing submarines, for example, the Head of Information Department of the Navy First Admiral Iskandar Sitompul explicitly referred to “Malaysia factor” and stressed the need for Indonesia to acquire submarines with better deterrent effect than Malaysian-owned Scorpene, such as the Russia’s Kilo class. He argued that Indonesia “must possess submarines with greater deterrent effect. If they [Malaysians] know we have that, they will be scared.” 62

Indonesia’s decision to acquire more transport helicopters has been clearly driven by the need to improve the capability to carry out emergency relief operations in the event of natural disasters. The same reason was also given by Air Force Chief Vice Marshal Imam Sufaat when he expressed the Air Force’s plan to acquire more Hercules transport aircraft.63

The recent increase in Indonesia’s defence procurements, however, still constitutes the first step in a long process of Indonesia’s plan to boost its defence capability. In fact, recent acquisitions have not even adequately met the minimum defence requirements. Indonesia’s ambition to boost its defence capability is still constrained by the classic problem of limited defence budget. Indeed, one major problem in Indonesia’s defence planning has been the gap between defence needs and the availability of funding for defence due to the limited financial capacity of the state. Budgetary constraints constitute a major problem for defence capability development. This problem is reflected in the limited amount of funds allocated for procurements out of the total defence spending. Acquisition budget constitutes a relatively small proportion of total defence spending. Indeed, it has been noted that “around 65 per cent of the defence budget in the last five years is still spent on routine expenditure, not defence procurements and research and development.” 64 This only constitutes

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a small improvement from the period of 2000–2005, when the largest share of the defence budget, around 73 percent, went to routine expenditure.\textsuperscript{65}

Despite a steady increase over the last five years, Indonesia’s total defence budget remains low and, consequently, cannot meet the minimum defence requirements requested by the Ministry of Defence. The government has been able to meet approximately only less than 50 percent of the requested budget. In 2005, for example, the Ministry of Defence requested a total of Rp. 45 trillion (USD 4.5 billion) to cover defence needs, but it was only allocated Rp. 23.1 trillion (USD 2.31 billion). In 2006, the MoD requested Rp. 56.9 trillion (USD 5.69 billion), but it was given Rp. 28.2 trillion (USD 2.82 billion). For the 2010 budget, the MoD requested Rp. 158.1 trillion (USD 16.05 billion), but it was given only Rp. 40.6 trillion (USD 4.18 billion), which can only meet 25.67 percent of the minimum defence needs.\textsuperscript{66} The total 2010 budget itself still only accounts for about 0.78 percent of Indonesia’s GDP. Faced with such budgetary constraints, many plans to improve the defence capabilities were either postponed or cancelled. Indeed, the Government has made it clear that the money in the 2010 budget will be spent mostly on improving the maintenance of old equipment, and only Rp. 6.4 trillion is earmarked for weapons procurement.\textsuperscript{67} This focus on maintenance has been triggered by the pressing need to overcome poor safety record of TNI’s aircraft which have suffered a series of fatal accidents over the last three years.

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Requested & 45.0 & 56.9 & 74.4 & 100.5 & 127.1 & 158.1 \\
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Realised & 23.1 & 28.2 & 32.6 & 32.8 & 33.6 & 40.6 \\
\hline
\end{tabular}
\caption{Comparison Between Minimum Defence Needs and Realised Budgets of Indonesia’s Defence Budget, 2005–2010 (in Trillion IDR)}
\end{table}

Sources: Ihza, Tragedi dan Strategi, p. 86.

\textsuperscript{65} Wulan, \textit{Satu Dekade}, p. 129.

\textsuperscript{66} Ihza, \textit{Tragedi dan Strategi}, p. 86.

Regional Cooperation: Diplomacy as the First Line of Defence

Indonesia realises that no country would be able to address its security challenges by working alone. It believes that bilateral, regional and international cooperation would contribute significantly to its defence needs and to its efforts in addressing various security challenges, especially the NTS and trans-national security problems. Regional cooperation even becomes more relevant and important to address security challenges stemming from strategic uncertainties brought about by geo-political changes in the region. In this regards, Indonesia has registered a strong preference for cooperative security approach rather than a collective defence system or defence alliance, especially with extra-regional powers. In between its preference for cooperative security on the one hand, and its unfavourable view of collective defence system, stands Indonesia’s strong support to collective security approach entrenched in the United Nations (UN) system.

Within Southeast Asian region, Indonesia has developed good security and defence relations with fellow members of the Association of Southeast Asian Nations (ASEAN). Indonesia regards security and defence cooperation with its neighbours as necessary for maintaining regional stability. For example, Indonesia has developed close bilateral defence cooperation with Malaysia and Singapore, including joint military exercises, coordinated patrol in the Malacca Straits, provision of combat training facilities, and also cooperation in defence industrial sector. It has been noted that “these military ties and exercises serve many purposes, the most important being to get to know and understand each other, thus removing suspicions and misunderstanding.”\(^68\) Indeed, Indonesia’s bilateral defence cooperation with members of ASEAN has increased over the years. However, Indonesia shares the view with other ASEAN member states that there is no need to transform the Association into a defence pact.\(^69\) Indonesia expects that defence cooperation would contribute to the realisation of its vision of an ASEAN Security Community (ASC), which became an official ASEAN platform in October 2003. What ASEAN needs to do now is to implement what it has pledged to do.

At regional level, Indonesia has also been a strong supporter of an enhanced security and defence cooperation among ASEAN members. ASEAN member states share common security concerns which revolve around the need to manage NTS and transnational security problems and challenges. The decision by ASEAN’s leaders to transform ASEAN into an ASC by 2015 has opened greater opportunity for ASEAN to work closely to manage those challenges. More specifically, Indonesia has also supported greater and deeper cooperation among ASEAN defence establishments such as through the ASEAN Defence Minister Meeting (ADMM) and exchanges of military officers. Indonesia believes that cooperation among ASEAN establishments in addressing non-traditional security problems, such as in emergency relief operations and piracy, could contribute to greater mutual understanding and confidence among regional countries.

Indonesia has also strengthened its relations with extra-regional major powers and other regional middle powers. Indonesia is aware of dramatic changes taking place within East Asia and has therefore been more engaged in shaping the emerging regional architecture in the region. For example, it recognises the importance for the region to accommodate the rise of China and India, and manage the relationship among the major powers. While it has not officially proposed what kind of architecture is suitable for coping with the new strategic challenges, Indonesia has begun to expand and deepen its bilateral relationship with major powers (US, China, Japan, and India) and regional middle powers such as Australia and South Korea. Indonesia, however, continues to support and participate in the ongoing process of regional community-building in East Asia, through various building blocks such as the ASEAN Plus Three (APT) process, the ASEAN Regional Forum (ARF), and the East Asia Summit (EAS).

At the global level, Indonesia has been participating in UN-sanctioned Peace Keeping Operations (PKOs) and sees its involvement as a manifestation of both international obligation as a member of international community and the implementation of Constitution 1945 that obliges the Republic to actively participate in building world peace and stability. Such Indonesia’s participation has started as early as 1957 when it sent the first Indonesia’s PKO delegation to Egypt, Middle East, under the United Nations Emergency Force (UNEF). Until today, Indonesia has sent 43 contingents to
participate in UN-PKO missions in more than 20 countries across the globe. It has also sent 47 teams of military observers to many countries.\textsuperscript{70}

Indonesia’s participation in UN-PKOs is generally seen as bringing four main benefits to the country. First, it is believed that such participation would contribute positively to the efforts of maintaining and preserving global security and stability. This would improve Indonesia’s image abroad as a responsible member of international community committed. Second, participation in PKOs would also bring benefits to Indonesia’s diplomacy, especially in improving its relations with other members of the international community. Third, experiences in PKOs are expected to bring more insights on conflict resolution for Indonesia, including the knowledge on tactical and combat capability for those soldiers participated in the missions. This knowledge is expected to provide lessons for Indonesia through which it can professionalise the military in conducting future missions, especially regarding domestic ones. Finally, participation in PKOs would provide inputs for improvement in the conduct of UN-PKOs future missions.\textsuperscript{71}

**Conclusion**

In recent years, security challenges facing Indonesia has increasingly become more complex. It faces three set of security problems: internal security challenges, NTS and trans-national threats, and external security challenges. Internally, Indonesia remains preoccupied with secessionist threats, communal and religious violence, and the problem of terrorism. With regard to NTS and trans-national problems, Indonesia is primarily concerned with natural disasters and maritime security. From external sources, Indonesia is worried about the violation of its sovereignty by state and non-state actors, territorial disputes with neighbouring countries, border security, and strategic uncertainty resulting from geostrategic changes in major power relationship in the East Asian region. However, Indonesia believes that it does not face any foreseeable threat of foreign invasion for the next ten to fifteen years.

\textsuperscript{70} *Buku Putih Pertahanan 2008*, pp. 152–153.

Indonesia’s defence capability is inadequate to address those challenges. Its major problem has been the poor state of its main weapon system and other equipment. Therefore, Indonesia has begun to undertake necessary measures to improve its defence capability. It realises that Indonesia’s force structure and procurements should reflect the need to address security challenges. Stronger economic performance since 2004 allowed Indonesia to increase its defence spending significantly, and a greater priority is being given to fulfil the needs of the Navy and the Air Force. The recent increase in Indonesia’s defence procurements, however, still constitutes the first step in a long process of Indonesia’s plan to boost its defence capability. Indeed, Indonesia’s ambition to boost its defence capability is still constrained by the classic problem of limited defence budget.

Indonesia has also sought to maximise its national security through bilateral, regional and global cooperation. Bilaterally, Indonesia has developed close security and defence cooperation with other ASEAN countries. Regionally, Indonesia continues to encourage ASEAN fellow members to deepen cooperation among them, especially by working seriously to transform the Association into an ASEAN Security Community. Outside the region, Indonesia has enhanced its partnership with major powers and regional middle powers. As a manifestation of its obligation as a member of international community, Indonesia has also participated in UN-PKO missions abroad.