

CHAPTER 2

Indonesia's Defense and Security Outlook: Challenges and Responses in 2014

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Introduction

During the election year of 2014, Indonesia enjoyed a stable political and security landscape. Since 1999, the country's three consecutive polls have gone smoothly with significant participation rates. The last election was no different. Indonesian police and election commissions, which had supervised polls at the local, regional and national level, were well-rehearsed at managing the electoral process.

The only exceptions are the worrying trends of political development in Aceh and continued regional disaffection in Papua. Home-grown terrorism also continues to evolve, despite persistent counter-terrorism campaigns in Indonesia. In the wake of the hostage taking in Sydney and the arrest of twelve Syria-bound Indonesian nationals in Kuala Lumpur, the country's security authorities are increasingly concerned with the growing ties between local militant networks and terrorist groups fighting in Iraq and Syria.

On the external front, the Indonesian government remained preoccupied with a range of cross-border security issues. This includes human trafficking, illegal fishing and robberies at sea. Meanwhile, persisting maritime disputes over the South China Sea and increased major power rivalry continue to present challenges to Indonesia's aspiration for regional peace and stability.

Homeland Security Review

Aside from an overall benign domestic security environment, maintaining stability in Aceh and Papua remained a difficult undertaking for the Indonesian government. The major security inquiry in Aceh is nowadays whether or not there will be a resurgence of the separatist rebellion. Crime rates in Aceh rose rapidly after the winding down of the 4 billion USD tsunami reconstruction fund in 2011, leaving many unemployed.

Since the 2009 election, the Aceh Party (PA)—the local party of the former Free Aceh Movement (GAM) combatants, dominated the regional government¹. Based on the 2014 poll results, the PA had retained control of the local government with a slight decline in its electoral gain. Arguably, this reflects a level of discontent among the local population on poor public services and unaccountable governance in the past five years².

However, the democratic process is likely to contain Aceh's secessionist leanings in the near term. One test of the relationship between central and regional governments was the latter's insistence on raising a perceived separatist flag, which prompted Jakarta to demand it be taken down³. A stalemate ensued for several months in 2014, triggering speculation over whether or not Jakarta would forcibly intervene, although the local government eventually agreed to comply⁴.

In contrast, the Papuan insurgency still simmers. In July 2014, there were a series of violent acts in Puncak Jaya and Lanny Jaya districts, where two civilians and two policemen were shot and killed by unknown armed groups⁵. The dissident movements have recently conducted various street protests and flag raising ceremonies demanding independence⁶. Internationally, the Indonesian government has also faced serious criticism for alleged human rights abuses in the eastern-most island.

Peace efforts remain elusive in Papua. The previous administration under President Yudhoyono had introduced special autonomy and initiated a dialogue process with Papuan leaders⁷. In recent years, it has also attempted to demilitarize Papua by shifting the responsibility for local security from the military to the police. However, the militant separatist groups continue to undermine local security, forcing the Indonesian government to maintain low-level counter-insurgency operation.

¹ Under the Helsinki Peace Accord, the Indonesian government agreed to grant the special autonomy rights for the province, including the ability to form local political parties, making it the only province that is allowed to do so.

² See "Govt, GAM should not 'Abandon' Acehnese," *The Jakarta Post* (27 February 2012).

³ Other issues include the regulations on natural resources management and transfer of land administration authority to local government in Aceh. See "Aceh Warns Jakarta to Keep Its Promise, or Else," *The Jakarta Post* (9 August 2014).

⁴ See "Aceh Gives up GAM Flag for Oil," *The Jakarta Post* (27 November 2014).

⁵ See "Violence Rampant in Papua," *The Jakarta Post* (31 July 2014).

⁶ See "Pro-independence Protesters Clash with Police in Indonesian Papua," *Jane's Intelligence Weekly* (31 October 2012).

⁷ See Tim Kajian Papua LIPI, "Otsus Plus and Partisipasi Rakyat Papua," a paper presented at seminar organized in Jakarta, 12 December 2013.

Regarding counter-terrorism, Indonesia's security authorities have been concerned with the domestic ramifications of the ongoing conflicts in Iraq and Syria. The brutal reputation of the Islamic State (IS) has inspired radical-minded individuals seeking instant outcomes and combat experience to join the notorious terrorist group. In Indonesia, the emergence of the Islamic State has had a profound impact. A militant East Indonesia Mujahedeen (MIT), for instance, pledged allegiance to the Islamic State in a video posted on YouTube on 30 June 2014⁸. According to an official estimate, at least 500 Indonesians have joined either IS or other militant groups⁹.

In response, the Indonesian government has declared any affiliations to the terrorist group to be categorically "a crime against the state" according to the Article 139 of the country's Criminal Penal Book. Referring to the 2006 Citizenship Law, counter-terrorism authorities have further warned that "(Indonesians) who pledge allegiance to any foreign country or entities based in other country would lose their citizenship." Having confiscated numerous IS standards and publications in many parts of the country, the national police's anti-terror squad arrested seven suspected IS sympathizers in Poso, Central Sulawesi on mid-September 2014¹⁰.

Preventing radicalized individuals from travelling to the conflict zones and joining the Islamic State is a challenging undertaking for Indonesia. At one level, the current trend appears temporarily expedient as extremists being drawn out of the country will reduce the risk of immediate terrorist attacks at home. At another level, high-profile government participation in the anti-Islamic State international coalition could alienate some elements of the local Muslim population, potentially undermining the level of domestic support to the incumbent administration. Despite significant improvements in counter-terrorism capabilities, Indonesia has not made meaningful progress in de-radicalizing home-grown militants and terrorists¹¹, suggesting that its security architecture is still ill-prepared to anticipate the future threat of the returned Indonesian militants and further expansion of violent ideology.

⁸ See "Caliphate Question: Islamic State's Impact on the Jihadist Community," *Jane's Intelligence Review* (1 August 2014).

⁹ See "ISIS Presence in Indonesia Raises Concern," *The Jakarta Globe* (17 July 2014).

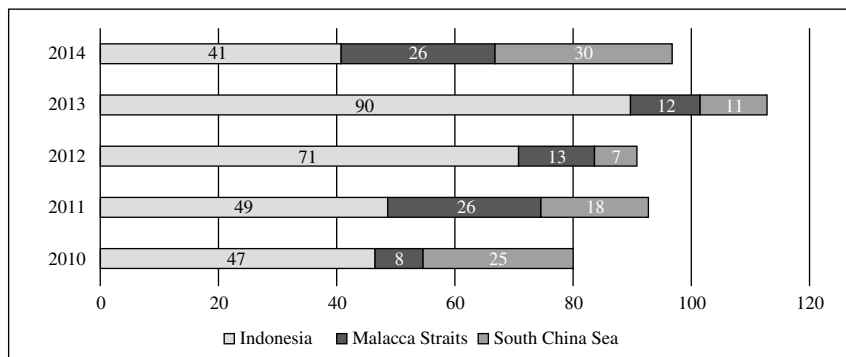
¹⁰ See "Language Barrier Hampers Interrogation of Foreign Terror Suspects," *The Jakarta Globe* (15 September 2014)

¹¹ See "De-radicalization Attempts Have Lacked Focus, Says Expert," *The Jakarta Post* (15 January 2014).

Border and Maritime Security Review

Maritime security has been a major concern in Southeast Asia. For Indonesia, piracy or robbery at sea poses a threat to free and safe navigation and potentially undermines its sovereignty over the maritime domain. Despite a decline of attacks against commercial vessels passing through Indonesian waters from 2012 to 2014, there was an increase of incidents in nearby maritime regions—most notably the Malacca Straits and South China Sea (see Figure 1 below). In these incidents, the perpetrators conducted a variety of modus operandi ranging from unarmed robbery to hostage-taking or ship hijacking.

Figure 1: Reported Piracy Attacks in Indonesia’s Archipelagic Waters and Maritime Borders



Source: Adopted from ReCAAP’s Annual Reports, 2013-2014.

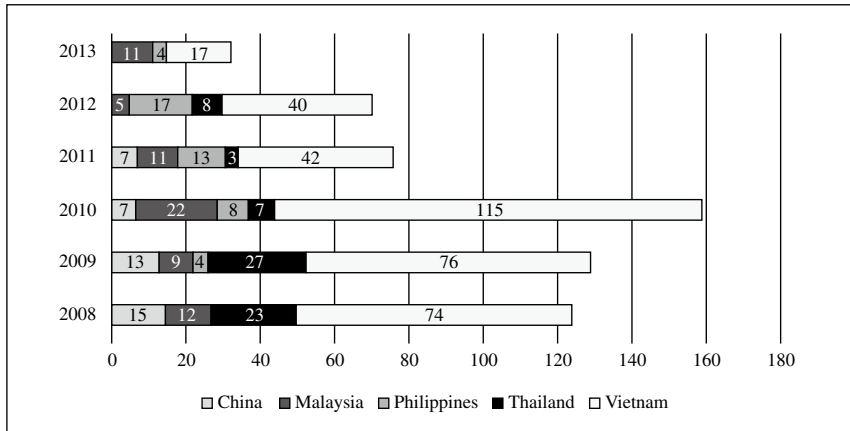
In addition to that, Jakarta has to deal with rampant trans-boundary security issues, complicating its bilateral ties with neighboring countries. With on-going conflicts in the Middle East and South Asia, asylum seekers and illegal migrants have increasingly passed through Indonesia en route to Australia. Recently, this problem has further strained diplomatic relations due to Australia’s military operation to turn illegal migrant boats back to Indonesian territory¹².

Illegal fishermen also continue to create tensions over fishing rights between Indonesia and its neighbors, such as China, Malaysia, Philippines, Thailand and Vietnam. From 2001-2013, according to one estimate, Indonesia has potentially lost

¹² See “Indonesia ‘Caught by Surprise’ over Australia Boat Turnbacks,” *The Jakarta Globe* (21 May 2014).

about 520 billion USD due to rife “illegal, unreported and unregulated” fishing¹³. In 2014, the marine law enforcement authorities have confiscated at least 115 foreign vessels for poaching fish in Indonesian waters¹⁴. This figure is higher compared to the past three years (see Figure 2 below).

Figure 2: Captured Illegal Fishing Boats Based on Country of Origin



Source: Indonesia's Ministry of Marine and Fishery.

Protecting Indonesia's maritime interests is a central agenda of the new administration under the Indonesian President Joko Widodo. Responding to rampant illegal fishing, he ordered drastic measures be taken to stem further losses of the country's marine resources. These include sinking the foreign fishing fleets poaching in Indonesian seas, while detaining the crews onboard for further legal proceedings¹⁵. As part of its “war on illegal fishing,” Jakarta has also established a new Maritime Security Agency (Bakamla) to better coordinate joint sea patrols between the Navy, coast guards and the police¹⁶.

Indonesia's airspace and sea borders remain vulnerable. Throughout 2014, the Air Force has intercepted at least three foreign aircraft entering national airspace without

¹³ The Fisheries Resources Laboratory's data quoted in “Kapal Siluman di Laut Nusantara,” *Tempo* (29 June-5 October 2014).

¹⁴ See “Patroli Tangkap 115 Kapal Asing,” *Koran Tempo* (6 December 2014).

¹⁵ See “Jokowi Declares War on Illegal Fishing,” *The Jakarta Post* (19 November 2014).

¹⁶ See “New Maritime Body Ready to Set Sail,” *The Jakarta Post* (12 December 2014).

permits. In the wake of these illegal crossings, Jakarta has sought to toughen the enforcement of the 2009 Aviation Law, which stipulates up to five years imprisonment or a maximum 2 billion IDR fine for airspace violators. The military's top leadership also requested the right to participate in investigations of illegal flights¹⁷.

Similarly, in May 2014, the Indonesian government was miffed by Malaysia's construction of a light beacon in Tanjung Datu Island, located on the border between West Kalimantan and Sarawak. Although Kuala Lumpur had halted the work on the partially constructed structure, Jakarta deployed three warships and planned to build a new naval base in the disputed area¹⁸. Meanwhile, the Navy has urged the Indonesian government to construct a lighthouse in Carter Shoal to demarcate an area located on the north of Bintan Island, which is being intruded by vessels from Malaysia with increasing frequency¹⁹. To date, bilateral talks to settle border disputes are ongoing between Jakarta and Kuala Lumpur.

Regional Security Assessment

Changing power structures in East Asia continue to be a strategic concern for Indonesian policymakers. Senior diplomats maintain that dealing with the rise of China and the pivot position of the United States are the key challenges of the country's regional diplomacy. Similarly, defense officials have been increasingly concerned that major power rivalry is no longer a remote possibility, but is rather becoming an emerging reality in the region.

As part of its "rebalancing" strategy in Asia, the U.S. government has restructured its regional military presence and recalibrated its bilateral alliances and partnership with key regional countries—including Indonesia. With ongoing negotiations for the Trans-Pacific Partnership (TPP), it seeks to lay a foundation for a more enduring U.S. economic presence in the region by tying Asian economies closer to its own and absolving allies of having to make a long-term choice between Chinese and U.S. protection²⁰.

¹⁷ See "TNI Wants Role in Illegal Crossings Probes," *The Jakarta Post* (14 November 2014).

¹⁸ See "Malaysia Dismantles Lighthouse in Disputed Maritime Territory," *Jane's Navy International* (22 October 2014).

¹⁹ See "Indonesia Mulls Lighthouse in Disputed Waters," *Jane's Defense Weekly* (10 September 2014).

²⁰ See "Pivotal Commitment: Washington's Policy towards Asia-Pacific Tested," *Jane's Intelligence Review* (1 April 2014).

In response to that, Chinese President Xi Jinping announced an ambitious plan of creating the “New Silk Road” during his state visit to Indonesia in October 2013. The plan involves two economic corridors—a land-based “Silk Road Economic Belt” through Central Asia, the Middle East and on to Europe; and a “Maritime Silk Road” including key sea-lanes in Southeast Asia and Indian Ocean. For that purpose, Beijing has persuaded 21 countries to sign up for a new Asia Infrastructure Investment Bank (AIIB). These strategic initiatives arguably aim at placing China at the heart of Asia’s trade and regional order as an alternative to the U.S. regional economic primacy²¹.

Against that backdrop, the new administration in Jakarta promotes its own strategic vision. At the 9th East Asia Summit in November 2014, President Widodo outlined Indonesia’s aspiration to become a “Global Maritime Fulcrum,” connecting the Pacific and Indian oceans. This includes the development of the country’s maritime connectivity and infrastructures by building “sea highways,” constructing deep seaports and logistical networks, as well as developing indigenous maritime tourism, fishing and shipping industries. The Indonesian government also encourages nations to cooperate in maritime development, while eliminating the sources of tensions at sea, such as illegal fishing, sovereignty violations, territorial disputes, piracy and marine pollution²².

Indonesia’s maritime doctrine has the potential to develop in parallel with China’s concept of the Maritime Silk Road²³. Jakarta appears interested in enhancing Sino-Indonesian economic relations, from the issue of trade to infrastructure development²⁴. This is represented in its recent decision to join in the China-led AIIB. Being a competitor to the U.S.-led World Bank and Asian Development Bank, many analysts believe that Beijing is likely to use the new infrastructure bank to bolster the country’s influence in the regional economic order. In a view to downplay regional concerns, Indonesia has proposed that AIIB’s headquarters be located in Jakarta and that it plays a significant role in deciding the bank’s policies and work programs²⁵.

²¹ See “China Bids for Prime Regional Economic Position,” *Jane’s Intelligence Review* (1 December 2014).

²² See “Presenting Maritime Doctrine,” *The Jakarta Post* (14 November 2014).

²³ See C.P.F. Luhulima, “Superimposition of China’s ‘Silk Road’ and Indonesia’s Maritime Fulcrum,” *The Jakarta Post* (13 December 2014).

²⁴ See Makmur Keliat, “Brief Notes on Sino-Indonesian Economic Relations,” *The Jakarta Post* (11 November 2014).

²⁵ See Malia Rochma, “Banking on Infrastructure: A Lessons from China,” *The Jakarta Post* (17 December 2014).

Despite the growing bilateral economic ties, Indonesian policymakers still register a degree of strategic ambiguity toward China. Recently, regional leaders have been concerned over the Chinese President's keynote speech at the 4th Conference on Interaction and Confidence-Building Measures in Asia (CICA) in Shanghai on 20-21 May 2014, where he called for a "new regional security co-operation architecture" among Asian countries²⁶. This notion is arguably a deliberate attempt to de-emphasize conferences and groupings involving the United States. Like other Southeast Asian countries, Jakarta is uncomfortable to see China seeking to define its regional relationship in competition with other major powers.

China's growing assertiveness in the South China Sea was not out of Indonesia's observation. Although it is not a claimant in the multilateral disputes, Indonesian defense officials have been increasingly aware that Beijing's nine-dashed line claim has the potential to overlap with a segment of its exclusive economic zone adjacent to the Natuna Islands²⁷. This perception appears consistent with the 2010 defense guideline that anticipates the islands and surrounding waters to be among Indonesia's flashpoints. The perceived conflict scenarios could involve external military presence and foreign occupation of the country's economic exclusive zone²⁸.

Responding to recent developments in the South China Sea, Indonesia has indicated that it will station some of its latest weapon systems to the Natuna Island. The military is planning to upgrade its airbase in Riau Islands for the deployment of combat aircrafts, including Su-27/30 jetfighters and AH-64 attack helicopters²⁹. Over the past two years, Jakarta has also intensified its defense diplomacy through military exercise and training programs. In the wake of Chinese harassment to Indonesian maritime patrol vessels, who made attempts to arrest illegal fishermen on 23 March 2013³⁰, the Air Force conducts a unilateral exercise in the Natuna Sea, signaling Beijing to respect the country's sovereignty³¹. In early 2014, the Indonesian Navy hosted a multilateral exercise on humanitarian assistance and disaster relief with regional navies, including China³². The fact that the exercise was conducted in

²⁶ See "China Proposes to Set Up Regional Security Cooperation Architecture," *Xinhua* (22 May 2014).

²⁷ See Moeldoko, "China's Dismaying New Claims in the South China Sea," *The Wall Street Journal* (24 April 2014).

²⁸ See *Minimum Essential Force Komponen Utama* (Jakarta: Indonesia's Ministry of Defense, 2010), p. 42.

²⁹ See "Indonesia to Station Su-27, Su-30s on the South China Sea," *Jane's Defense Weekly* (2 April 2014).

³⁰ See "Kisah Gesekan di Laut Natuna," *Garuda Militer* (25 September 2013). Available at <http://garudamiliter.blogspot.com>.

³¹ See "Exercise not Disrupting Commercial Flights," *The Jakarta Post* (31 October 2013).

³² See "Next Komodo Naval Exercise to Focus on Maritime Peace," *The Jakarta Post* (3 April 2014).

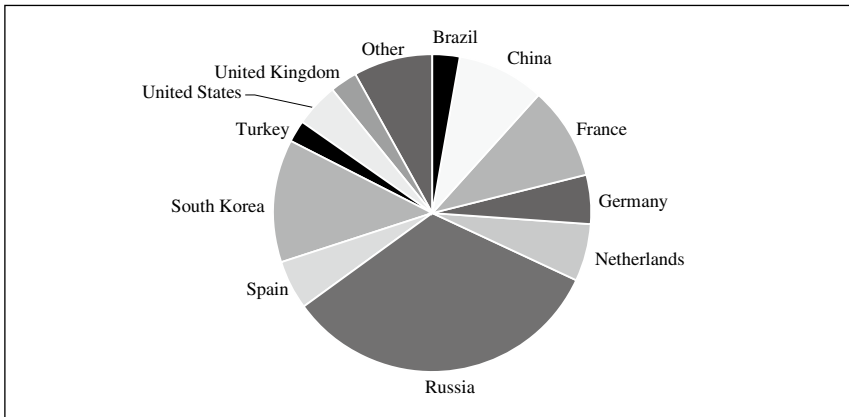
the waters near the Natuna Islands suggests it is a deliberate attempt to reinforce Indonesia's sovereignty in the maritime region.

Defense Development

The new Indonesian Defense Minister Ryamizard Ryacudu announced on 6 November that the government would strive to increase Indonesia's defense spending to 1.5 percent of its GDP. This is in keeping with a campaign promise of President Widodo, who promised not only better equipment but also salary increase for military personnel. Any attempt to reach this level of spending by 2020 would require the new administration to increase its defense budget by an average of around 16 percent annually in real terms³³.

Whilst increasing its defense budget, Indonesia has recently procured military systems from many strategic partners (see Figure 3 below). Russia and South Korea have been the biggest beneficiary of Jakarta's expanded arms acquisition strategy. Although this strategy creates logistical and maintenance challenges for the military, it contributes positively to the country's defense industrial base through access to competitive technologies for air, land and naval systems.

Figure 3: Foreign Shares of Indonesia's Arms Acquisitions, 2009-2014



Source: Dataset collated from various public records.

³³ See "Indonesian Defense Minister Reaffirms Spending Boost Pledge," *Jane's Defense Weekly* (12 November 2014).

In April 2014, Jakarta announced a formal defense offset policy, which was deliberately designed to facilitate the gradual development of Indonesia's defense industry over the next two decades³⁴. The offset policy further outlines the 2012 Defense Industry Law requirements for a mix of counter-trade and technology transfer, enabling local participation in defense procurement programs. President Widodo has recently promised to accelerate the development of domestic arms manufacturers through industrial collaboration. By the end of 2014, Indonesia had secured defense industrial accords with Turkey, South Korea, and France covering the co-development of medium tanks, Korean/Indonesian next-generation fighters, and an ammunition and explosives plant³⁵.

Naval development is among the central pillar of President Widodo's maritime doctrine. The new Indonesian government appears determined to bolster the country's naval systems with the latest technologies to defend national sovereignty on maritime domain, while ensuring free and safe navigation through its sea lanes of commerce³⁶. For that purpose, defense officials have undertaken two key initiatives—*first*, system upgrades to overcome the technological obsolescence of existing platforms; and *second*, acquisition of new naval vessels to enhance the fleets³⁷. Whilst gradually replacing outdated systems with more modern platforms, the Navy would make further investments in key areas, such as guided-missile frigates, naval aviation and surveillance, theater air defense, and anti-submarine warfare capabilities³⁸.

Future Outlook

The path that the new Indonesian government will take towards managing domestic security challenges remains an open question. The counter-terrorism campaign likely to gain strong political support in the country. However, Jakarta will have to struggle in maintaining its control over Aceh and Papua. In the light of Indonesia's new maritime doctrine, the modernization of the military is likely to focus on the development of air and naval forces, where many ageing platforms are still in operation, and capability advances will be the most required if Indonesia is serious about responding to its regional security challenges.

³⁴ See "Indonesia Announces Offset Programme," *Jane's Defense Weekly* (9 April 2014).

³⁵ See "Annual Defense Report 2014: Industry," *Jane's Defense Weekly* (26 November 2014).

³⁶ See "Jokowi Launches Maritime Doctrine to the World," *The Jakarta Post* (13 November 2014).

³⁷ See "Annual Defense Report 2014: Asia-Pacific," *Jane's Defense Weekly* (26 November 2014).

³⁸ See "Indonesian Intent," *Jane's Defense Weekly* (8 October 2014).