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Indonesia's defence outlook: Rocky road to renewal

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The Indonesian Department of Defence (DoD) recently issued a series of proposals that it hopes could be implemented in the next few months: Raise the defence budget and troop salaries, restructure existing debt, improve defence management and planning practices, revitalise local defence industries, integrate maritime security authority, continue military modernisation, and further secure border areas.

It also promises to complete the ongoing transfer and management of the 3.3 trillion rupiah (\$484 million) worth of military-owned assets and business units, and will propose 22 Bills in Parliament in the next four years. The DoD's plans reveal several key trends.

First, the process of defence legislation remains fuzzy and uncoordinated.

The fact that the DoD was surprised that its priority Bills for next year — the Bills on State Secrecy, National Security, National Reserve, and Military Tribunal — were postponed for 2011 or after, illustrates the lack of coordination between Parliament and the DoD headquarters.

The large number of the DoD's proposed Bills — 22 out of a total of 247 to be deliberated under the current House term — also highlights an ongoing habit of solving policy issues by legislating them.

Yet, many problems on the ground actually relate to the implementation of existing laws and the lack of institutional reforms, not the lack of legal bases for action.

Also, the overarching scope of the defence legislation process — from national security to defence industrial development — also highlights the lack of inter-agency effectiveness among security and defence-related institutions. Without a "hub" to reign in the policy process, these problems seem set to continue.

Second, the DoD seems to be gradually shifting its focus from "military reform" to "defence transformation". This can be seen in the 800 billion rupiah defence industry development plans and the ongoing military modernisation.

The government also intends to outline new road maps and issue technical guidelines and regulations to ensure the DoD's sustained commitment in boosting local defence industries while supporting the military's Minimum Essential Force concept.

The shift may have come partly from the belief within the DoD that the "reform" agenda of getting the military out of politics and business is nearly complete. It may also be due to concerns over the military's decaying state of operational readiness while its neighbours are boosting their power projection capabilities.

Though certainly praiseworthy, such focus could risk overlooking more basic issues of manpower policies (such as recruitment and promotions) and military education and training.

Third, issues of maritime security and border management seem to take centre stage, hence the focus on

integrating the overlapping maritime authorities under a single command. This could mean empowering the existing Coordinating Agency for Maritime Security, or perhaps creating a new Coast Guard.

Simultaneously, the ongoing trend of revamping naval power is set to continue. While planning to dispose ageing ships, the Navy is reportedly planning to buy an extra 96 patrol boats while upgrading its integrated naval warfare system.

The state-owned ship manufacturing company PT PAL has also secured a multi-million dollar DoD contract until 2014 for new defence hardware, such as new submarines and landing platform docks.

In terms of border management, the DoD plans to boost local development projects in areas near the Malaysian border on East Kalimantan, as well as expanding the local territorial command structure along with adding new border outposts.

Finally, although the defence budget next year has been raised by some US\$700 million (\$968 million) to more than US\$4.2 billion, deficiencies in defence management practices continues to hamper any effort to optimise scarce defence resources. For example, inconsistencies in defence procurement and planning have created problems for many of the DoD's weapons suppliers.

The DoD's preference for export credits as a payment scheme has also led to higher interest rates. Little wonder then that around 65 per cent of the defence budget in the last five years is still spent on routine expenditure, not defence procurement and research and development.

All in all, Indonesia's defence outlook for the next few years suggest that while on paper it is geared towards renewal, in practice, there are many underlying challenges in translating those ideas into action. ☺
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