



Indonesia's Military Modernization Must Go Beyond New Hardware

Evan A. Laksmana Thursday, July 8, 2021

When Japan signed a deal with Indonesia in March enabling it to export defense equipment to the Southeast Asian country, some media outlets highlighted the [supposed shared interests between Japan and Indonesia in countering China](#). According to the [Associated Press](#), for example, the agreement would allow the two countries to “strengthen their military ties in the face of China’s increasingly assertive activity in the region.” But a closer look reveals that Tokyo and Jakarta have very different reasons for signing the agreement.

While Japanese officials stressed the need to deter China and prevent it from making unilateral changes to the status quo in maritime hotspots, the press release from the Indonesian Defense Ministry did not mention China or even the South China Sea. Instead, it focused on the deal’s [significance for defense technological and industrial cooperation](#), capacity building, and education and training. These focus areas reflect Defense Minister Prabowo Subianto’s multibillion-dollar efforts to modernize Indonesia’s military.

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On its face, the deal, signed during a visit to Tokyo by the Indonesian foreign and defense ministers for “2+2” talks with their Japanese counterparts, is certainly noteworthy. It could reportedly lead to the transfer of eight Japanese *Mogami*-class multimission frigates to the Indonesian navy, a deal worth up to \$3.6 billion. Under a provisional plan, Japan would deliver four of the 3,900-ton frigates beginning in late 2023 or early 2024, with the other four slated to be built at the Indonesian state-run firm PT PAL’s shipyard in the port city of Surabaya.

If the deal is fulfilled according to plan, it would be a significant step forward for Japan’s defense industry, which is [still struggling](#) to break into the lucrative regional arms market. Despite the Japanese government’s emphasis on exporting arms to countries concerned with China’s behavior, as well as the lifting of a ban on arms exports in 2014, Japanese companies have so far shown [little enthusiasm](#) for joint development or export opportunities. Many of them are still concerned with the potential for domestic blowback given the prevalence of anti-military views among the Japanese public. Moreover, for industrial firms like Mitsubishi—the manufacturer of the *Mogami*-class

frigates—most of their revenues do not come from the defense sector. The **reputational costs of arms exports** could thus pose an unwanted and disproportionate risk to the more important nonmilitary side of their business.

Japanese officials hope that will slowly change through partnerships with growing regional powers like Indonesia. Indeed, since being named defense minister two years ago, Prabowo has focused on arms procurement deals, holding talks with senior officials and ministers from almost a dozen countries—including major arms exporters like France, India, Turkey and even China—precisely for that reason.

In part, this flurry of activity has been driven by fears over potential U.S. sanctions. Under the Countering America's Adversaries Through Sanctions Act, known as CAATSA, Jakarta could fall under U.S. sanctions if it buys Russian-made equipment. Those concerns led it to drop a planned **purchase of 11 Sukhoi Su-35 fighter jets** from Russia last year.

The more pressing concern is the need to rebuild Indonesia's decaying military hardware. Since President Joko Widodo took office in 2014, the Indonesian military has seen over a dozen accidents involving its aging arsenal of helicopters, aircrafts and ships. In April, a *Cakra*-class KRI Nanggala-402 submarine sank while conducting live-fire torpedo exercises, killing all 53 crew members on board. Precisely why and how the 40-year-old vessel sank remains under investigation.

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While it may be tempting for some observers to link Indonesia's procurement push to regional tensions with China, Jakarta remains uninterested in taking sides in Beijing's mounting strategic competition with the U.S. and its allies. Indonesia's international military engagement should not be interpreted through such a distorted lens. Jakarta aims to become, and could soon be, a well-established regional player in its own right. That alone is a good reason to critically examine its defense policy.

Overall, Indonesia might be looking to spend **more than \$100 billion** on defense procurement and military modernization over the next two decades. That is a significant increase from the past five years, during which the government only allocated an average of around **\$1 billion annually for procurement and modernization**. There is a clear need for such a spending spree given the country's inadequate **Minimum Essential Force**, or MEF, a 15-year procurement list issued in 2010 to help the military meet its current operational demands. At the same time, a procurement-heavy approach to defense diplomacy and engagement is less than ideal for Indonesia.

First, Jakarta has yet to develop full-spectrum, long-term capability development plans to replace the current MEF, which is set to expire in 2024. Such plans require more than just a hardware shopping list; they also require sound strategic assessments, scenario-based planning and improvements in organizational infrastructure and personnel, including education, training and military exercises. One can think of these programs as the updated “software” that is required for new military hardware to function at full capacity.

Second, Indonesia has yet to resolve major budgetary contradictions in its defense planning goals and properly balance its modernization efforts with sound strategy. While the Defense Ministry has outlined plans to boost procurement spending, it also wants to establish a 25,000-strong reserve component by next year, while creating new military units and upgrading existing ones. As it stands, more than half of Indonesia’s defense budget already goes to personnel-related costs, so something will have to give.

Moreover, progress remains slow on implementing a 2012 defense industrial law that seeks to strengthen domestic defense companies. With Indonesia’s massive procurement efforts for the next two decades likely to be dominated by foreign contractors, it remains unclear how the country plans to develop its own defense companies and integrate them with the regional and global arms supply chain.

Resolving these dilemmas will require a clear-eyed assessment of Indonesia’s needs when it comes to national security. The military seeks to acquire the latest generation of high-tech, sophisticated systems, but its daily operational demands—from illegal fishing to disaster relief and counterterrorism—may not necessarily require high-priced platforms like submarines or missile-defense systems. Balancing strategic trends and operational demands will remain a difficult task for Indonesia’s defense policymakers.

Finally, Indonesia needs a clear blueprint for defense diplomacy. As it stands, the country’s defense establishment either goes through the motions of preexisting commitments, like the Association of Southeast Asian Nations’ annual Defense Ministers Meeting, or focuses its military exchanges and other programs on potential weapons suppliers.

Such patterns may be well established in the history of [Indonesia’s defense diplomacy](#). But this limited outlook is no longer viable given the changing strategic environment in the Indo-Pacific and Indonesia’s central role in the region. Indonesia needs to be more systematic and purposeful in its defense diplomacy and consider ways that it can be proactive in preventing conflict and tempering regional strategic rivalries. After all, it has a much more important role to play beyond just buying new, high-tech weaponry.

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