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Indonesia's 2024 General Elections: Competing Defence Visions and Military Priorities

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SYNOPSIS

*Despite the small constituency of Indonesia's defence economy, it remains important for regional policymakers to take a closer look at the presidential candidates' political manifestos on military affairs. **IIS GINDARSAH** and **ADHI PRIAMARIZKI** discuss the candidates' defence visions and military priorities.*

COMMENTARY

The year 2024 will feature two significant landmarks in Indonesia. First, 2024 is an election year. In addition to the controversy surrounding the Constitutional Court's decision against imposing a maximum age for presidential candidates, the upcoming general elections will be fiercely competitive owing to a row between incumbent President Jokowi and the ruling party – the Indonesian Democratic Party of Struggle (PDIP) – as well as ideological criticism of existing economic liberalisation policies from leftist-nationalist politicians and populist religious leaders.

Second, under the so-called Minimum Essential Force (MEF) programme, Indonesia's existing arms modernisation process is scheduled to be concluded by the end of 2024. However, the defence ministry is likely to miss the deadline for completion owing to the COVID-19 pandemic, ongoing trade wars, and the global economic slowdown. Intensifying geopolitical rivalries are likely to influence the general political atmosphere and shape the way the presidential candidates address key national security issues.

Domestic Constituency

Defence policy is an elite-driven subject and rarely more popular than issues relating to law enforcement and social welfare. Although annual defence budgets had been increasing since the early 2000s, the Indonesian government continued to heavily rely on foreign loans or export credits to fund major arms imports. Notwithstanding a commitment in the early period of the Jokowi administration to spend 1.5% of GDP on defence, the share has remained at around 0.8% of GDP over the past 10 years. In contrast, developed countries allocate above 1% of their GDP for military expenses.

Although the Defence Industry Law, intended to support domestic defence enterprises, has been in place for more than a decade, Jakarta's military spending remains unable to nurture an indigenous weapons manufacturing capacity and contribute to the national economy through significant job creation and tax paying. Instead, Indonesia depends on foreign suppliers for sophisticated armaments – including multi-role jet-fighters, attack helicopters, and submarines.

However, recent regional wars have spurred profound changes in the global arms market. Russia's capacity for arms exports has been under strain owing to its need to meet war demands in Ukraine as well as to the G7 countries' persistent sanctions against Russia. American and European defence firms are enjoying soaring profits and huge backlogs in meeting orders as the world's military spending rises. Non-Western suppliers such as China and South Korea also look poised to take advantage of the slowdown in Russian arms exports and growing world demand. Unfortunately, the new market outlook – growing global demand and limited supplies – tends to undermine the bargaining power of developing nations like Indonesia in major defence procurements.

Ambitions for Military Transformation

Amid an increasingly volatile external environment, the three presidential candidates – Anies Baswedan, Prabowo Subianto and Ganjar Pranowo – have recently made their respective political manifestos available for public scrutiny. All of them share similar views of a changing geopolitical landscape but offer unique strategic approaches and different priorities for military transformation.



The three Indonesian presidential candidates have recently published their respective political manifestos on the changing geopolitical landscape and their unique strategic approaches and different priorities for military transformation. Nevertheless, state financial capacity will remain limited, and the incoming administration will have to find new sources of revenue to finance new priorities in the defence realm.

Image from Wikimedia Commons.

In his recent foreign policy speech, Anies called for a “threat-adapted” defence strategy to tackle emerging “grey zone” tactics by foreign forces and “hybrid” conflicts. The former Jakarta governor foresees Indonesia having new “essential forces”, comprising an adaptable army, a “blue water navy” and automation of the air force. His “vision and mission” document also underlines “network-centric” operational capabilities for future military procurements.

Prabowo’s political manifesto suggests that international politics will become more complex and unstable for the next five years. Prompted by force attrition on the Ukraine battlefields, the incumbent defence minister will, if elected, continue with the formation of a “reserve component” to reinforce Indonesia’s military personnel during wartime. Prabowo promotes a concept of “optimum essential forces” and supports the military’s “forward presence” to anticipate the prospect of conflict in regional maritime hotspots. Given the double-edge sword of artificial intelligence, he also underscores the importance of early warning systems and cyber defence capabilities.

Likewise, Ganjar displays awareness of evolving geopolitical realities and potential global disruptions ahead. He promises to transform the Indonesian military into a “deterrence-capable” defence force. The two-term Central Java governor envisages the post-2024 military modernisation programme to procure a “formidable arsenal with technological supremacy”, dubbed SAKTI, the Sanskrit term for “powerful”. In addition to the formation of a new cyber force within the military establishment, Ganjar recommends an “archipelagic defence bastion” strategy by incorporating both offence-

oriented “power projection” capabilities and defensive “anti-access/area denial” systems.

Defence Industry Visions

“Autarky” or self-sufficiency in meeting military needs has been the expedient slogan for vote-getting in Indonesia. This politicised approach is well echoed in the campaign materials of the three presidential contenders.

Anies stresses the transfer of knowhow from Indonesia’s hi-tech arms imports to empower defence companies at home. He supports technological innovation and weapons production, most notably space-based systems for communication, navigation, remote sensing and surveillance. Hence, Anies plans for a modest budget increase for national research and development (R&D) from its current share of 0.24% of GDP to 0.6% by 2029. Despite having a less-detailed narrative revolving around indigenous strategic industries, Prabowo is determined to bolster R&D funds up to 2% of GDP.

Meanwhile, Ganjar envisions a “world-class” defence industrial base in Indonesia and pledges 1% of GDP for research and innovation. His official campaign document hints that national autonomy in weapons manufacturing will be pursued by incorporating local defence firms into the global arms supply chain. The idea is in line with the defence industrial transformation agenda outlined in the recently published [2045 Golden Vision of Indonesia](#). The document promotes a “spending to invest” scheme, acquisitions of foreign arms manufacturers by domestic defence enterprises, and joint ventures between financial investors and technology owners. Through these modes, the vision seeks to improve national competitiveness amid the changing international arms market.

Defence Economic Outlook

After unprecedented monetary policy tightening, major central banks are believed to have ended their interest rate rises. However, easing monetary policy will be slow on account of still-strong demand-side inflationary pressures and uncertainty around the geopolitical outlook. Consequently, the high cost of borrowing will make it harder for the Indonesian government to issue new bonds and service existing debts, which currently account for 37.95% of GDP or far below the 60% threshold.

Whoever wins the forthcoming election, state financial capacity will remain limited. Rising interest payments will absorb huge portions of Indonesia’s annual budgets, squeezing the fiscal space for defence spending. Of all the Indonesian presidential candidates, Prabowo seems more committed to big government, calling for spending in areas like education and healthcare. He also calls for a steady increase of the defence budget to support his ambition for arms modernisation.

In contrast, Ganjar and Anies are more prudent in the approach to administering state finances. Both stress good governance principles such as accountable, efficient,

effective and transparent management of defence resources. Notwithstanding the fact that major weapons procurements were funded out of foreign loans, Anies confidently aims to reduce Indonesia's debt ratio to a level below 30% of GDP.

In the context of rising geopolitical tensions, the incoming administration will have to find new sources of revenue to finance new priorities in the defence realm. With a view to making sizeable defence spending viable, the new president may opt for taxing banks' additional earnings resulting from the rise in interest rates since mid-2022 and energy or mining companies that made huge profits thanks to recent price surges for strategic commodities. However, these measures are less likely to be decided in the short term owing to intense debates and lobbying in parliament.

Lastly, a period of entrenched US dollar strength owing to the tightening of monetary policy could also cause extreme currency depreciations, further weighing on the country's economic growth and undermining its purchasing power for cutting-edge military hardware. Indonesia's future challenges are likely to be further complicated by the country's budgeting cycle. An incoming president can only initiate his defence planning in 2025 for implementation in the following year. Long-term development of the strategic industry is likely to be hindered under the existing practice whereby defence budgets are allocated on an annual basis.

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