

*The authors' views are their own and do not represent the official position of the Institute of Defence and Strategic Studies of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced with prior permission from RSIS and due recognition to the authors and RSIS. Please email to Editor IDSS Paper at [RSISPublications@ntu.edu.sg](mailto:RSISPublications@ntu.edu.sg).*

No. 074/2023 dated 19 September 2024

## **Prabowo's Core Value: Shaping Economic and Foreign Policy Beyond Binary Choices**

*Klaus Heinrich Raditio*

### **SYNOPSIS**

**KLAUS HEINRICH RADITIO** provides an analysis of Indonesian president-elect Prabowo Subianto's economic and foreign policies in anticipation of the leader's inauguration on 20 October 2024. He argues that Prabowo's nationalism will be the guiding force behind his domestic and international policies, which will consequently transcend beyond a binary choice between the United States and China.

### **COMMENTARY**

Prominent Indonesian foreign policy scholars argue that the incoming president's personality will play a bigger role in Indonesia's new chapter of diplomacy. [Rizal Sukma](#) suggests that Prabowo Subianto will be an active president in the international arena while [Ahmad Rizki Umar](#) believes that the personal approach will dominate foreign policymaking. This article not only shares their views on the bigger role that Prabowo will play in managing Indonesia's foreign relations but also presents the underlying thought that will drive Prabowo to lead in such a manner.

Some scholars have attempted to predict the new administration's foreign policy direction. Their analysis mainly revolves around whether Indonesia will align with any of the major powers. Some suggest that the new government will [have less in common with the West](#), [leaning more towards China](#) and [potentially distancing itself from the United States](#).

Others anticipate that Indonesia will continue to partner with China, [possibly compromising its commitment to nonalignment](#) or even [acquiescing to Beijing's expansive ambition](#). Scholars who disagree with this view argue that because Prabowo was educated in Western countries during his formative years and trained in US army officer training schools, the new administration may be able to attract the United States into displacing China as Indonesia's [main economic contributor](#), or at least lessen Indonesia's reliance on China in downstream projects by having Indonesia [partner with countries such as Japan](#).

Rather than hastily predicting the new administration's major powers preference, a thorough examination of Prabowo's mindset will yield a better understanding of the direction that his foreign policy is likely to take.

Prabowo is a nationalist at heart, with an international outlook. His family's history of political involvement, combined with his international upbringing, nurtured Prabowo's patriotic conscience and ambition to do something great for the motherland. This patriotic disposition, which would have been reinforced during his military training, will be the primary driver not only of Prabowo's foreign policy but also of his leadership in general.

Prabowo mentioned during his [remarks at Indonesia's Centre for Strategic and International Studies \(CSIS\)](#) in November 2023 that in order for Indonesia to claim leadership in the region, it must set a good example by taking care of people's well-being. In contrast to scholars who predict that Prabowo will usher in a big shift from the policy of President Jokowi – [who was more domestically focused](#) – this article argues that Prabowo's nationalism will guide his leadership, beginning at home.



Indonesian president-elect Prabowo Subianto's patriotic disposition, military training, and nationalism will likely guide his leadership on economic and foreign policies. *Image from Wikimedia Commons.*

## **Economic and Industrial Policy**

In [the May 2024 Qatar Economic Forum](#) and his [June 2024 Newsweek opinion piece](#), Prabowo outlined his domestic priorities: food security, energy security, poverty alleviation, and downstreaming projects. To achieve these goals, Prabowo will introduce a nationalist-style economy that accommodates the market while also providing a social safety net to the underprivileged and allowing state intervention to alleviate extreme poverty.

Prabowo's pledge to [continue prioritising the downstreaming industry](#) has a strong nationalist tone. He believes that downstreaming is [crucial for creating a prosperous nation](#). The key question is who Prabowo will seek assistance from.

Jokowi laid the groundwork for downstream projects by securing Chinese investment, so Prabowo will probably follow the same path. It seems unlikely that there will be investment diversification, particularly in critical minerals, since Western countries – especially the European Union – are [disputing Indonesia's ban on raw material exports](#). Additionally, Indonesia does not consider Japan to be as reliable as China when it comes to [technology transfer](#), making cooperation with Japan in downstream projects unlikely. Realistically, Western countries are not likely to support Indonesia in moving up in the global supply chain.

So far, Chinese companies have built more than [90% of Indonesia's nickel smelters](#) as Indonesia aims to transition from exporting nickel ores to higher value-added products such as cathodes, nickel sulphates, and even battery recycling. In 2022, Indonesia exported [US\\$34 billion worth of products from the downstream nickel industry](#). Since Jokowi has established a strong foundation for Sino-Indonesian cooperation, particularly in areas that support Prabowo's nationalist agenda, the incoming leader is expected to follow Jokowi's China policy for at least the next five years.

In a nutshell, with regard to Indonesia's economic and industrial policy, the Prabowo administration will adopt a strong-state approach. The government will optimise its role in ensuring people's welfare. Prabowo himself will cultivate a personal brand as a highly competent and altruistic leader in managing the country's affairs.

## **Foreign and Security Policy**

As a former military general, Prabowo is determined to strengthen Indonesia's defence system. He believes that in order for Indonesia to be seen as a regional leader, it must have [a strong military](#). In [preparing its draft national budget for 2025](#), the incumbent administration has accommodated the defence vision of Prabowo, who has been Jokowi's defence minister since 2019. The proposed budget shows [a 22% rise in](#)

[defence spending, from Rp135 trillion \(US\\$ 8.8 billion\) in 2024 to Rp165 trillion \(US\\$10.7 billion\).](#)

Defending the country is undoubtedly Prabowo's top priority. He has declared that defending territorial integrity is the most important constitutional mandate. During [a speech to military and police officer candidates in July 2024](#), he emphasised the importance of defence over other areas, such as infrastructure development, by stating that it is pointless to build roads, airports, dams and high-speed railways if a country cannot defend itself.

In order to achieve his defence ambitions, Prabowo must cooperate with the West, which has traditionally been a partner of Indonesia. The defence partnership goes beyond [arms purchases](#) by Indonesia, like those of the 36 F-15 jets in 2022. It involves elements such as [Indonesian cadets studying in US military academies](#) and the [Garuda Shield](#) joint exercises between the Indonesian and US armed forces that have taken place annually since 2007 (and have since been expanded to include 22 other countries).

In contrast, military ties between Indonesia and China remain [underdeveloped](#). One factor that limits bilateral defence cooperation is China's behaviour in the South China Sea (SCS), which Jakarta views with much concern. In response to the changing dynamics in the SCS, Prabowo may pursue different diplomatic strategies than those of his predecessor. President Jokowi has made diplomatic efforts to assert Indonesia's maritime rights in the SCS and uphold international law by referencing the 2016 rejection of China's SCS claims by a tribunal of the UN Convention on the Law of the Sea (UNCLOS) in Jakarta's diplomatic notes to the United Nations in [May](#) and [June 2020](#).

However, his actions are somewhat limited as China has become an important economic partner to Indonesia. China is Indonesia's largest trading partner and the second-largest source of foreign direct investments (FDI). In 2023, Indonesia was the largest recipient of China's Belt and Road Initiative, receiving [US\\$7.3 billion in investments](#), not to mention the significant presence of Chinese companies in constructing Indonesia's nickel smelters.

It can be argued that, from Jokowi's perspective, China's behaviour in the SCS so far is not a severe threat. Instead, China's contribution to the downstreaming agenda is considered to outweigh its illegal activities in Indonesia's Natuna waters.

Prabowo might depart from Jokowi's foreign policy if there is a significant development in the region. Specifically, if the threat perception of China's behaviour in SCS reaches a certain level of severity, Prabowo might adopt a different policy towards China. First, Prabowo will have to maintain ASEAN cohesiveness amid turbulence as the role of the grouping is urgently required for regional peace and stability. Second, Prabowo

might persuade China to exercise restraint and behave in a manner aligned with the 1982 UNCLOS. But such an approach can only be effective if Prabowo's diplomacy is [backed up by a certain level of military capacity](#). Accordingly, Prabowo will maintain defence cooperation with the West and avoid aligning too closely with China.

## Concluding Thoughts

For the most part, Prabowo will continue Jokowi's economic and foreign policy, based on his nationalist agenda that begins at home. This policy involves partnering with China for Indonesia's economic and industrial policy and cooperating with the West for its defence build-up. Prabowo's personality would add a strong flavour to Indonesia's diplomacy since his foreign minister pick will most likely be one of his confidants.

Prabowo is expected to play a bolder role in maintaining regional stability due to his [determination to reclaim Indonesian leadership of ASEAN](#). The SCS issue might provide a chance for him to play an active role, and [ASEAN is a platform to enhance his stature](#).

Simply put, nationalism is Prabowo's core value, and foreign policy is his cup of tea.

***Klaus Heinrich RADITIO** is a lecturer in Chinese politics, at Driyarkara School of Philosophy, Jakarta, Indonesia. This article was commissioned by the Indonesia Programme at the Institute of Defence and Strategic Studies (IDSS), S. Rajaratnam School of International Studies (RSIS).*