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## **Analysing the Indonesian Navy's Recent Frigate Procurement: A Pivot Towards Europe?**

James Guild

### **SYNOPSIS**

*In this article, **James Guild** argues that the Indonesian navy's recent acquisition of two Italian frigates provides important information about the direction of the country's military modernisation. It provides further evidence of strengthening defence ties between Europe and Indonesia, at a time where the latter's defence ties with the United States are diminishing.*

### **COMMENTARY**

The Indonesian navy [recently entered a deal](#) to acquire two Italian-made *Thaon di Revel*-class frigates (also referred to as PPA or multipurpose offshore patrol vessels). Purchased at a cost of around €1.2 billion, the deal came together on a highly expedited schedule, with the contract being signed just last year. It represents a significant upgrade in Indonesia's naval capabilities and also marks a deviation from recent patterns of defence procurement.

Over the past several years, most of Indonesia's major military purchases have [sought local production](#) or technology transfers as a condition of any agreement. The Red and White ("Merah Putih") Frigate project, for instance, involves state-owned naval yard PT PAL building a pair of *Arrowhead 140*-class frigates under licence from the United Kingdom's Babcock. The planned acquisition of two *Scorpene*-class submarines from France's Naval Group is expected to follow a similar formula, with PT PAL building or assembling major components of the submarines at its shipyard in Surabaya.

With the *Revel*-class frigates, Indonesia changed course and prioritised speed over local production. It wanted the frigates as quickly as possible. In fact, the ships had

already been built for the Italian navy by ship-maker Fincantieri, and at least one was already undergoing sea trials when Indonesia entered the picture and began negotiating last year. Financing from European banks on a [US\\$1.25 billion loan](#) (equivalent to around €1.2 billion) was finalised at the end of 2024, and the deal quickly moved forward. The ships were renamed and renumbered at a ceremony in Italy at the end of January.



The renaming ceremony for the two Italian-made multipurpose offshore patrol vessels (PPA) purchased by the Indonesia Navy was held on 29 January 2025. *Image from the [Tentara Nasional Indonesia Angkatan Laut website](#).*

## Geopolitics vs Economic Development

Why was the Indonesian navy in such a hurry to add these surface combatants to the fleet? For one, the ability of the domestic defence-industrial base to take on more big naval contracts at the moment is stretched. PT PAL's order book is already full, with the Merah Putih Frigate project in full swing and the expected commencement of a new submarine programme that will involve complex technologies like a battery-powered engine.

Indonesia's Ministry of Defence most likely felt there was an urgent operational gap that needed to be filled. In this case it was more expedient to buy than to go through the time-consuming process of negotiating for local production. In other words, strategic and operational demands took priority over the developmental mandate to give local defence companies a role in production. Fincantieri will provide training as part of the deal, but, whenever possible, Indonesia likes local defence contractors to get some production. In this deal, that was not the case.

This hints at a broader shift in Indonesia's defence posture, one where strategic and operational needs are competing more seriously with the industrial ambitions of domestic defence firms. There appears to be a growing recognition in policy circles that the global balance of power is shifting in a way that is heightening geopolitical risk. The United States is losing credibility as a global hegemon, especially under President Donald Trump, and is acting in unpredictable and antagonistic ways (freezing foreign aid, threatening tariffs, etc.). This trend creates a more unstable geopolitical environment and increases risk. The speed with which the Italian warships

will be put into service shows Indonesia is willing to take immediate steps to mitigate this risk by bolstering defence capabilities on an accelerated schedule.

### **Pivot Towards Europe?**

The ability to rapidly finalise the deal and obtain foreign financing also shows that Indonesia does indeed have the ability to scale up investment in its military modernisation and close operational gaps, if it so chooses. There is a recurring narrative in the media that the Indonesian government is [constrained by fragile finances](#). This has led some analysts to question the financial sustainability of big spending programmes, whether it be free school lunches or major military acquisitions. But these concerns appear [somewhat overblown](#), as the government is running low fiscal deficits, has a modest debt to GDP ratio and the economy is expected to continue growing at 5 per cent annually.

The fact that Indonesia was able to pull the trigger on a €1.2 billion deal, have European lenders agree to finance it in short order, and acquire two advanced surface combatants in less than a year is evidence of the state's fiscal capacity to spend more on military hardware when it chooses to do so. The government has until now mainly focused on procurements with long time-horizons that involve more local production, but the shifting geopolitical risk profile may alter that calculus in the future, and we may see more expedient purchases of military hardware that is ready for service right away.

A final aspect of this deal that deserves attention is who Indonesia purchased the ships from. This now marks at least the third European country (as well as Turkey) to supply Indonesia with major military hardware in recent years. Babcock is working with PT PAL on the Merah Putih Frigate project, while France's Naval Group is working on the [Scorpene submarine project](#). Indonesia has signed blockbuster procurement deals with other European defence contractors, notably the US\$8 billion deal to purchase up to [42 Rafale fighter jets](#) from France's Dassault. Turkey too has been an active defence partner, including through a deal to sell Indonesia a dozen ANKA drones for [approximately US\\$300 million](#).

### **Concluding Thoughts**

It may seem like Indonesia's recent purchases from European defence manufacturers are part of a strategic alignment to balance against competing great powers, but there is actually a simpler answer. European defence firms have repeatedly shown a willingness to give Indonesia what it wants. In most cases, that is local production or co-development of combat or electronic systems. In this most recent case, it was the willingness of the Italian navy and Fincantieri to give Indonesia ships that had already been built in order to accommodate its demand for speedy procurement.

By comparison, the United States has been less accommodative. Indonesia has been seeking to acquire F-15 fighter jets from Boeing for several years in a transaction [potentially worth US\\$14 billion](#). The deal was approved by the US government back in 2022, but has made little progress since. Similarly, Indonesia has been looking to purchase 24 Sikorsky S-70M Black Hawk helicopters from US-based Lockheed.

Although a preliminary agreement was announced in 2023, subsequent progress has been slow.

This means at a time of rising geopolitical tensions and increased uncertainty, when Indonesia is seeking to insure itself against risk, the United States has been slow to support Indonesia's military modernisation, in the process missing opportunities to deepen defence and economic ties. At the same time, the United States is actively undermining its own credibility on the global stage and contributing to an increased perception of risk, which is part of the reason Indonesia is looking to upgrade its military capabilities on an accelerated schedule in the first place. All of this reinforces the idea that the rules-based, liberal international order is waning, and as the world becomes a more uncertain and riskier place, this will surely have an impact on Indonesia's evolving defence posture.

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