

RSIS presents the following Policy Report, *Indonesia's Naval Development and Maritime Security Initiative*, by the RSIS Indonesia Programme. It is also available online at this link. (Please click on the link for printable version).

Indonesia's Naval Development and Maritime Cooperation

Executive Summary

Indonesia is the world's largest archipelagic state and geo-strategically located at the crossroads of Indian and Pacific Oceans that controls some of the world's most traversed sea-lanes. The country's maritime environment is vulnerable to a variety of dangers, including illegal logging and fishing, smuggling, and maritime piracy. Extra-regional powers have even stepped up their naval presence in the region to ensure commercial safe-passage through Southeast Asian waters. Indonesia's naval planning and strategy has to contend with a number of challenges given the impact of military transformation, regional naval modernization, with the growing fleet strength and capabilities of China's Navy in South China Sea adding a new strategic dimension. Three key implications are evident in this study. First, a lack of resources for national defence is clearly hampering the Navy's ability to sustain and enhance naval cooperation initiatives. Second, interoperability between the Indonesian Navy and its counterparts in the region continues to be undermined primarily due to capability shortcomings. Third, despite agreements to conduct coordinated patrols, a lack of a coherent strategic plan on the type of naval presence that would shape the regional environment remains elusive.

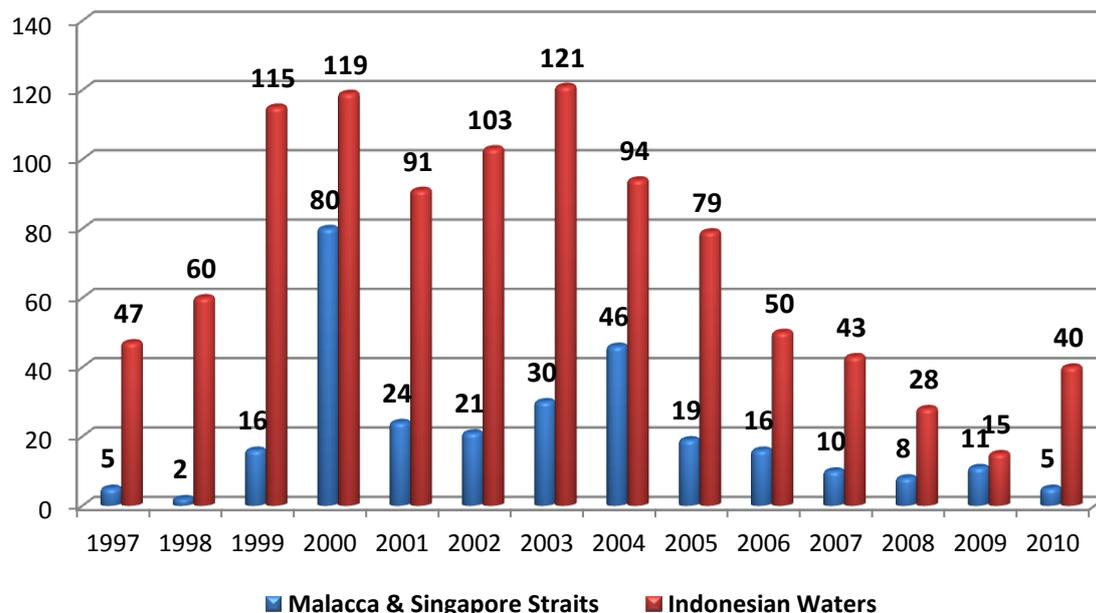
Background: Multifaceted Maritime Security Challenges for Indonesia's Navy

Predominated by a salient maritime domain, Indonesia's archipelagic waterways serve various purposes, including mercantile trade and naval expeditions. Given the rapid economic growth and extensive sea-borne trade in the Asia-Pacific, the free and safe passage of commercial ships navigating through these sea-lanes has become a prominent issue for both regional and extra-regional countries.

Over the last two decades, piracy continues to plague Indonesia's archipelagic waters. Though Indonesia has gradually stepped up its maritime presence, several obstacles continue to diminish the government's efforts to consistently uphold the good order within its sprawling archipelagic waters. These obstacles include: the lack of resources for national defence and security, the lack of focus in exclusively combating piratical attacks, and maritime territorial disputes and resource claims.

Nonetheless, over the last two decades, piracy continues to plague Indonesia's archipelagic waters (see Figure 1). These incidents take a variety of forms from unarmed robbers stealing portable and high-value items to pirates hijacking ships with automatic weapons and a complex modus operandi. Merchant vessels are completely vulnerable to these attacks when they are making slow passage through narrow and congested waterways like the Malacca Straits.

Figure 1
Recorded Piracy Attacks against Ships, 1997-2010

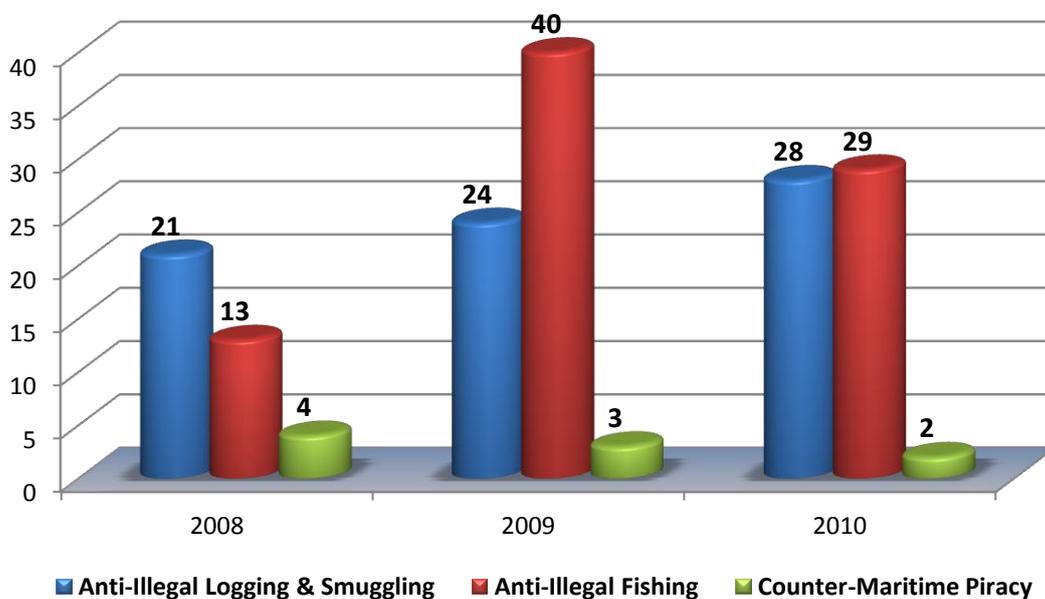


Source: ICC International Maritime Bureau, "Piracy and Armed Robbery against Ships: 1 January-31 December 2005," *Annual Report* (London: January 2006), p. 5; ICC International Maritime Bureau, "Piracy and Armed Robbery against Ships: 1 January-31 December 2010," *Annual Report* (London: January 2011), p. 5.

Though Indonesia has gradually stepped up its maritime presence, several obstacles continue to diminish the government’s efforts to consistently uphold the good order within its sprawling archipelagic waters. *Firstly*, a lack of resources for national defence and security has seriously undermined the overall performance of multiple agencies that ensure maritime security. The Indonesian Navy, on its part, has to compete for national funding with other maritime law enforcement agencies, despite both the Marine Police (Polair) and the Coast Guard (KPLP) being beneficiaries of extensive foreign assistance.

Secondly, given a wide spectrum of transnational problems, Indonesia’s concerns with maritime security is far broader than exclusively combating piratical attacks in a specific area of interest. The Indonesian Navy is more concerned with the prevention of rampant illegal logging and fishing activities (see Figure 2). The government welcomes foreign assistance, but prefers to utilise such aid according to their security priorities which in reality means, preventing the depletion of its natural resources as a result of outright thievery.

Figure 2
The Indonesian Navy’s Maritime Security Operations



Source: Adapted from “Berita Operasional, 2008-2010,” Indonesian Armed Forces (TNI) Headquarters. Data is available at www.tni.mil.id.

Considering the severe impact of sea-borne trade disruptions to regional and global economies, the Indonesian government remains deeply concern over the potential of foreign intervention in the management of its sea-lanes of commerce. This position is apparent in its continued reluctance to sign the Japan proposed Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP).

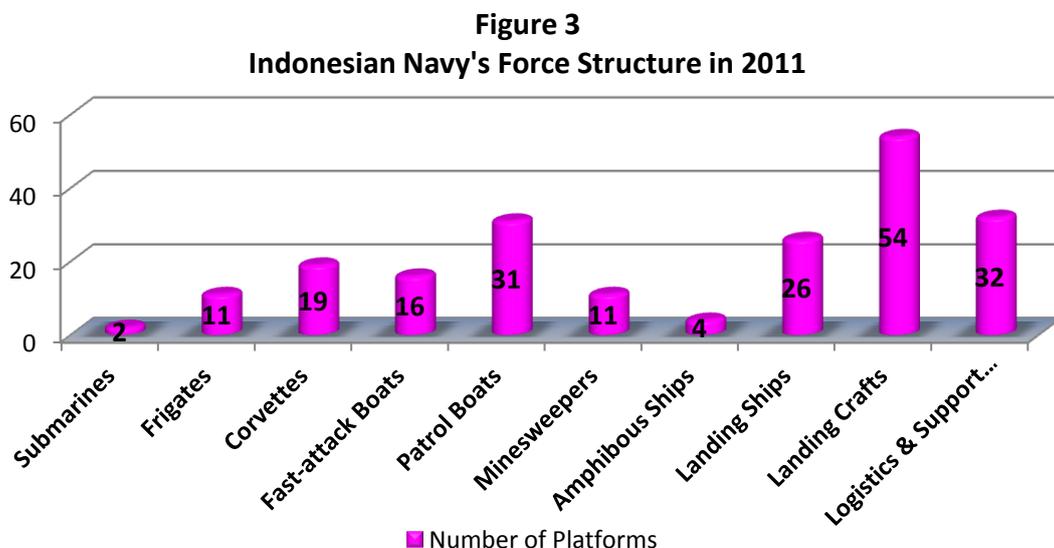
The other outstanding maritime challenge for the Indonesian Navy is territorial disputes and resource claims. Though Indonesia has no sovereignty claims over the sea and islets in the South China Sea, it remains cautious over China’s “historic waters” claim that overlap with

the portion of Indonesia’s exclusive economic zone (EEZ) adjacent to the Natuna Islands. China’s overlapping claims cover an offshore area with huge concentrations of natural gas reserves. Moreover, the growing capabilities of China’s South Sea Fleet have been observed intensively in recent years.

Indonesia’s Naval Planning

Compared to Southeast Asian navies, the Indonesian Navy may be the largest naval force regarding the number of personnel and naval platforms, but it is actually a small navy with an overstretched capacity to cover roughly 6 million square kilometres of the country’s maritime domain. The Navy’s force structure comprises of two naval flotillas—Western Fleet in Jakarta and Eastern Fleet in Surabaya each with naval strike force and maritime patrol group. Predominated by non-combatants ships, the naval order-of-battle consists of two tactical attack submarines, 11 missile-guided frigates, while its patrol and coastal combatants encompass various types of missile corvettes, fast-attack boats and mine countermeasure vessels (see Figure 3).

The Indonesian Navy may be the largest naval force in Southeast Asia based on the number of personnel and naval platforms, but in reality remains a small navy with its capacity stretched to breaking point. Based on the Indonesian Navy’s strategic planning, the country aims to gradually transform its current force structure into a naval force with ‘green water’ capabilities by 2024 using a concept of minimum essential forces. Over the next 20 years, it is likely that the Indonesian Navy will not acquire significant elements for power projection beyond its national borders, at least, not more than a minimum essential force.



Source: Adapted from International Institute of Strategic Studies, *The Military Balance 2011* (London: Routledge, 2011), p. 243.

Based on the Indonesian Navy's strategic planning, the country aims to gradually transform its current force structure into a naval force with 'green water' capabilities by 2024 using a concept of minimum essential forces. The Navy aims to develop a force structure based on Indonesia's geostrategic requirements, primarily to protect sea-lanes of communication and choke points. At the operational level, future naval force structure will consist of 3 fleets equipped with Integrated Fleet Weapon Systems (SSAT) that encompass a strike force, a patrol force, a Marine Corps component and naval supporting elements.

For the naval strike force, future acquisition plans include missile-guided destroyers, tactical submarines, fast attack missile boats, torpedo boats and minesweepers. Meanwhile, Marine Corps elements will be developed and possibly stationed in western, central, and eastern Indonesia. Over the next 20 years, it is unlikely that the Indonesian Navy will acquire significant elements for power projection beyond national borders, at least, not more than a minimum essential force. These planned naval acquisitions will be susceptible to delays due to limited available resources for national defence. If Indonesia's economy achieves double-digit growth, then the government is likely to allocate 1.5 to 2 percent of its Gross Domestic Product for defence purposes.

Indonesia's Cooperative Naval Engagements

Amidst the current strategic environment, the best course of strategy for Indonesian government to secure the country's national interests is to develop cooperative relations among navies in Asia-Pacific. This is expected to intensify in the future given the eagerness of extra-regional countries either to participate in the maritime security operations or offer their assistance.

The current strategic environment will remain challenging for the foreseeable future. In that regard, the Indonesian government aims to secure the country's national interests by developing cooperative relations among navies in Asia-Pacific. Recently, the Indonesian government announced its vision of a "thousand friends, zero enemy" foreign policy aimed at promoting national interests and enhancing its

cooperative relations with all countries via bilateral ties and through multilateral institutions.

In that respect, the Law on Indonesia's National Defence has mandated the Indonesian Navy to engage not only in naval warfare for national defence, but also undertake naval cooperative missions. According to Indonesia's naval doctrine, the Navy will deploy naval task forces to uphold the good order at sea through routine and strategic maritime presence, while promoting confidence-building measures through cooperative engagements with other navies. It further specifies the quality of warships to engage in naval diplomacy, including high-level combat readiness, agile operational flexibility, a long endurance at sea and capable of ashore projection.

In that context, the trilateral Malacca Straits Patrols (MSP) represents a significant development with respect to the Indonesian Navy's cooperative engagement with other

navies in Southeast Asia. The Indonesian Navy has also reached an agreement with Malaysia and Singapore navies to incorporate aerial surveillance—known as the ‘Eyes-in-the-Sky’ initiative into the trilateral cooperation initiative. This plan is an important means for naval picture building to increase maritime domain awareness.

At this juncture, there are no proposals yet to upgrade the MSP from coordinated to joint patrols, despite high-ranking officials from the participating countries indicating that the prospect of conducting the latter in the future remains a possibility, particularly after mutual confidence and interoperability among the respective navies have been properly established. Future maritime security initiatives should therefore address technical requirements for conducting joint naval operations, including material resources, well-trained personnel and real-time intelligence sharing.

“Project SURPIC” between Indonesia and Singapore is an example of the best practices in deepening technical cooperation among navies. The project itself is a naval surveillance system that enables the navies of respective countries to share a real-time maritime situation picture in the Singapore Straits, thereby improving their interoperability for maritime security missions. Later, in 2009, both navies upgraded the system with an internet-based network for easy accessibility at any location. Other key enhancements also included the deployment of advance technologies, such as the Open and Analysed Shipping Information System (OASIS) for maritime situational awareness and the Sense-Making Analysis and Research Tool (SMART) for maritime sense-making. Closer naval cooperation and greater interoperability could have been achieved by the two navies if the Defence Cooperation Agreement (DCA) between Indonesia and Singapore was ratified in 2007.

Overall, Indonesia’s naval cooperative engagement is expected to intensify given the eagerness of extra-regional countries either to participate in the maritime security operations or offer their assistance. As part of its strategic partnership with Indonesia, China has pledged to increase maritime security cooperation and provided technical assistance, including naval personnel training and navigational equipment aids. The two countries are reportedly planning to conduct coordinated naval patrols aimed at preventing illegal fishing in the South China Sea, primarily in the adjacent waters of the Natuna Islands. Other than an overt foreign naval presence, the Indonesian government welcomes the assistance of external powers, particularly, capacity-building offers, including personnel training and equipment transfers.

Challenges Ahead for the Indonesian Navy

While eager to make a positive impact for regional maritime security, the Indonesian Navy faces a number of challenges to enhance its naval cooperation initiatives. *Firstly*, inadequate resources for national defence have placed a great strain on the Navy’s ability to sustain and enhance naval cooperation schemes. Sustaining joint naval operations requires the government to commit a substantial amount of funds to cover manpower, hardware, fuel and maintenance expenses. *Secondly*, the Navy’s capability gap has further constrained

The Indonesian Navy faces a number of challenges to enhance naval cooperation initiatives. These include: the inadequate resources for national defence and the evident capability gap between the Indonesian Navy and its counterparts. Given the on-going tensions in the South China Sea, the Indonesian Navy has to think carefully about how to craft the country's naval presence for future cooperative engagement.

interoperability between the Indonesian Navy and its counterparts, thereby complicating the establishment of effective naval cooperation.

Meanwhile, Indonesian government has separately agreed with China and ASEAN countries to conduct coordinated naval patrols in the South China Sea. Given the on-going territorial disputes over the Spratly and Paracel Islands, it has to think carefully about how to

craft the country's naval presence for future cooperative engagement. The starting point is to identify common interests in the area combined with an assessment on the potential danger to those interests. According to the agreed policy objective, the next stage will be to consider which naval capabilities are relevant to effectively deal with the identified threats and risks, and determine the consequential missions for each naval task force. A list of technical factors also should be considered in any policy discussion, such as the number of naval assets involved, the terms of naval operations and the rules of engagement. Such process of policy-making is noteworthy due to the operational flexibility of naval platforms in a naval presence package that could be simultaneously used for deterrence and security reassurance purposes among the participating parties. Likewise, Indonesia's officials and naval officers should have uniform perspectives on what constitutes a security threat when they prepare for coordinated maritime patrols with Malaysia and Philippines in the tri-border area of the Celebes Sea, where it engages in a dispute with the former over the possession of the Ambalat sea-block.

About RSIS and the Indonesia Programme

The *S. Rajaratnam School of International Studies (RSIS)* was officially inaugurated on 1 January 2007. Before that, it was known as the Institute of Defence and Strategic Studies (IDSS), which was established ten years earlier on 30 July 1996. Like its predecessor, RSIS was established as an autonomous entity within Nanyang Technological University (NTU). RSIS' aim is to be a leading research institution and professional graduate school in the Asia-Pacific. To accomplish this mission, RSIS provides a rigorous professional graduate education in international affairs with a strong practical and area emphasis; conducts policy relevant research in national security, defence and strategic studies, international political economy, diplomacy and international relations; and collaborates with like-minded schools of international affairs to form a global network of excellence.

The *Indonesia Programme* is one of nine active research programmes under the umbrella of IDSS. The Programme studies current developments and a wide range of key issues in the archipelago, including political Islam, military and security affairs, foreign policy and regional relations, as well as national and local politics – especially in the Riau region. Through various research, networking, and teaching activities, the Programme has not only provided a platform for networking between the Singapore policy community and the emerging political elites in Indonesia, but it has also tried to further deepen mutual understanding and closer friendship between the two neighbours.