

The Role of Defense Diplomacy to Enhance Defense Industry in Developing Countries: Case Study of Indonesia and India Cooperation

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Abstrak

Penelitian ini bertujuan untuk mengetahui peran diplomasi pertahanan dalam meningkatkan industri pertahanan di negara berkembang, terutama untuk Indonesia dan India. Dalam menghadapi tantangan geopolitik, diplomasi pertahanan berperan penting dalam mendorong kerja sama internasional dan transfer teknologi. diplomasi pertahanan dapat secara signifikan membantu dalam membangun hubungan internasional, melakukan transfer teknologi, dan meningkatkan kemampuan dan kekuatan pertahanan nasional. Indonesia telah mencapai kemajuan dalam industri pertahanan, terlihat dari kemampuannya dalam memproduksi dan mengekspor peralatan militer saat ini. Kerja sama dengan India, sebagai salah satu negara yang memiliki industri pertahanan berkembang pesat dapat menekankan pentingnya kolaborasi strategis untuk meningkatkan kapasitas pertahanan domestik, termasuk transfer teknologi, peningkatan konten lokal, dan peluang investasi bersama, yang semuanya berkontribusi pada stabilitas regional di Indo-Pasifik serta meningkatkan hubungan bilateral. Penelitian ini menggunakan metodologi deskriptif kualitatif untuk mengeksplorasi dan mendeskripsikan proses dan dampak kolaborasi dan transfer teknologi di sektor pertahanan. Kesimpulannya menunjukkan bahwa diplomasi pertahanan memainkan peran krusial dalam pengembangan industri pertahanan di negara berkembang, dengan kolaborasi antara Indonesia dan India yang tidak hanya meningkatkan kapabilitas pertahanan nasional tetapi juga stabilitas regional dan hubungan bilateral

Kata Kunci: *Diplomasi Pertahanan, Industri Pertahanan, Indonesia, India*

Abstract

This research aims to find out the role of defense diplomacy in improving the defense industry in developing countries, especially for Indonesia and India. In the face of geopolitical challenges, defense diplomacy plays an important role in promoting international cooperation and technology transfer. Defense diplomacy can significantly assist in building international relations, conducting technology transfer, and improving national defense capabilities and strength. Indonesia has made progress in the defense industry, as seen in its ability to produce and export military equipment nowadays. Cooperation with India, as one of the countries that has a rapidly developing defense industry can emphasize the importance of strategic collaboration to improve domestic defense capacity, including technology transfer, increased local content, and joint investment opportunities, all of which contribute to regional stability in the Indo-Pacific and improve bilateral relations. This research uses a qualitative descriptive methodology to explore and describe the process and impact of collaboration and technology transfer in the defense sector. The result shows that defense diplomacy plays a crucial role in the development of defense industries in developing countries, with collaboration between Indonesia and India improving not only national defense capabilities but also regional stability and bilateral relations..

Keywords: *Defense Diplomacy, Defense Industry, Indonesia, India*

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Introduction

In the midst of the current development of geopolitical dynamics, both developed and developing countries will face various threats from within and outside the country. In the context of developing countries, there are various challenges in developing their defense industry to be of high quality due to limited trained and experienced resources that can slow down the development process, lack of capital and investment in developing the defense industry in developing countries, and technology that develops very quickly in developed countries which makes it difficult for developing countries to catch up with these technological capabilities because they often depend on foreign technology supplies. (Widyatmoko et al., 2022).

Possessing great importance in ensuring stability and security in the Asian region, Indonesia and India are currently two developing countries that continue to strive to improve their respective defense industries to meet their needs and improve their capabilities in the defense sector. The defense industry will be a very strategic sector, besides being useful for the interests of a country, this sector also has a considerable economic impact. Both countries use defense diplomacy as one of the instruments that can help in this improvement process.

Defense diplomacy is one of the important instruments that can be effectively used to improve the defense industry of a country. Defense diplomacy can be used as an effort to encourage developing countries, both independently and collectively, to collaborate in the field of defense by building strategic partnerships and transferring technology. The implementation of defense diplomacy itself will create a strategic, safe, and stable environment, as well as improve bilateral relations in the region (Anwar, 2014).

In enhancing the defense industry in developing countries, defense diplomacy can help in several ways, the first is that it can increase cooperation in the field of defense with other developing or developed countries, so that a country's national defense capabilities will increase. Second, it increases the transparency of a country's defense policy, so as to ease existing tensions and increase mutual trust. Third, the last is to increase the military capabilities of a country (Ferisetiadi et al., 2022).

Indonesia and India have great potential in the defense industry. In Indonesia, defense diplomacy is used as a strategy that aims to protect the value of the defense industry and encourage cooperation in this field in the procurement of weapons and encourage the development of the local defense industry in the form of reciprocal transactions (Styawati et al., 2023). India has also utilized the instrument of defense diplomacy by forging many international collaborations to acquire advanced technologies and also forming strategic partnerships. India's diplomatic efforts are dominated by partnerships with countries such as Russia, France, and the United States which provide a lot for the development of the defense industry in India. The case study of this research will describe how defense diplomacy can influence the growth of the defense industry in Indonesia and India. This article aims to analyze the contribution of defense diplomacy in boosting the defense industry in developing countries, with the main focus on cooperation between Indonesia and India through in-depth analysis of the cooperation initiatives undertaken.

Research Method

In this study, researchers used descriptive qualitative research methods. As explained by John Creswell, qualitative research is research conducted by collecting, analyzing, and interpreting data without conducting direct research or observation in the field (Creswell, 2014). This method also explains that this writing can prove a change in viewing a reality, phenomenon, and symptom. Meanwhile, the descriptive method is an approach to research

that aims to provide a clear and in-depth description of a phenomenon, event, or a condition that occurs today with the aim of understanding in depth how the phenomenon can occur and solving the problems that occur. The data obtained for this research utilizes a literature study, which is carried out by examining library materials such as books, journals, articles, news, and internet sites related to the object of this research.

Result and Discussion

Diplomacy is an effort made by international relations actors to resolve a problem by prioritizing peaceful means. Diplomacy always facilitates state leaders to communicate well. Defense diplomacy is a cooperation carried out by a country with other countries, either bilaterally or multilaterally or international organizations by using peaceful armed forces as well as foreign and security policy. With defense diplomacy, a country can establish good relations in various fields such as economy, politics, defense and culture (Yusro et al., 2020). Defense diplomacy plays an important role in the development of the defense industry by contributing in various ways, such as encouraging international cooperation and facilitating technology transfer.

The enormous contribution of defense diplomacy in building international cooperation and partnerships can help promote strong relations between countries. Agreements or cooperation often cover several aspects such as research, production and development on defense technology and systems. By cooperating with other countries, they can exchange technology, information, expertise, and resources that can help develop and modernize a country's defense industry (Riyadi & Dewi, 2022). Defense diplomacy can also contribute to technology transfer. Related to the previous contribution, countries that have good relations and cooperation can gain access to advanced technology from their partners. Technology transfer is essential to develop a country's defense industry capabilities so that it does not always depend on foreign suppliers (Muniruzzaman, 2020).

The defense industry is one of the important things in supporting the country's defense and security system. In Indonesia itself, as stated in Law No. 16 of 2012. This policy aims to create synergy and optimize the use of national resources, support the development of the national defense industry, and reduce dependence on imports by developing local technological capacity. The defense industry is also a national industry consisting of state-owned enterprises and privately owned enterprises, either individually or in groups, determined by the government to partially or wholly produce defense and security equipment, maintenance services to meet strategic interests in the field of defense and security located in the territory of the Unitary State of the Republic of Indonesia (UU No 16, 2012).

In defense diplomacy, the defense industry is an instrument that plays an important role in securing the national interests of a country. By having an independent defense industry, a country can of course be free from foreign influences or not depend continuously on supplies from abroad, this will of course influence the making of a country's foreign policy (Luthfi, 2021). Therefore, defense diplomacy has a major contribution to the development of a country's defense industry. Defense diplomacy also provides the opportunities for developing countries to establish strategic partnerships or cooperation that aims to improve their national security and ownership of an advanced defense industry. Through various defense diplomacy activities such as military dialogue, defense cooperation, information exchange, technology transfer, and defense policy transparency, a country's defense industry can develop rapidly (Amrullah, 2014).

In Indonesia, it was recorded that in 2022, there will be 194 defense business entities consisting of the main equipment industry, main component industry, supporting component

industry and raw materials industry. This defense industry has also experienced a lot of significant progress in recent years, for example, PT Pindad is now able to create tanks, combat vehicles and several sophisticated weapons which have been exported abroad (Kominfo, 2018). In the beginning, Indonesia relied heavily on defense equipment imports from other countries. However, various policies set by the government have made Indonesia work hard to improve its capabilities in the defense industry.

Collaboration between the Indonesian defense industry and defense industries from other countries is also used as an important moment in increasing the independence and progress of the Indonesian defense industry.

its capabilities which have developed very rapidly, Indonesia is also a country that has a fairly high level of defense equipment imports. In the Indonesian Defense Industry Center by the DPR RI, recorded from 2015-2019 Indonesia was in 17th place as the largest country importing defense equipment with a total of 1.8% of the world total. Meanwhile, for export activities carried out, since 2012-2020 exports have fluctuated (Aida, 2024). The import and export of defense equipment carried out is of course a form of defense diplomacy activity, by carrying out a lot of cooperation in the defense sector, of course it will increase mutual trust and have better and more stable relations.

Rank	Importer	Share of global arms imports (%)		Per cent change from 2014–18 to 2019–23 ^a	Main suppliers and their share of importer's total imports (%), 2019–23					
		2019–23	2014–18		1st	2nd	3rd	4th	5th	6th
1	India	9.8	9.1	4.7	Russia	36	France	33	USA	13
2	Saudi Arabia	8.4	11	-28	USA	75	France	7.6	Spain	7.0
3	Qatar	7.6	1.5	396	USA	45	France	25	Italy	15
4	Ukraine	4.9	0.1	6 633	USA	39	Germany	14	Poland	13
5	Pakistan	4.3	2.9	43	China	82	Sweden	4.0	Türkiye	3.8
6	Japan	4.1	1.5	155	USA	97	UK	1.8	Germany	0.4
7	Egypt	4.0	5.3	-26	Germany	27	Italy	22	Russia	20
8	Australia	3.7	4.6	-21	USA	80	Spain	15	Switzerland	2.3
9	South Korea	3.1	2.8	6.5	USA	72	Germany	15	France	9.3
10	China	2.9	4.9	-44	Russia	77	France	13	Ukraine	8.2
11	United States	2.8	1.6	67	UK	25	Netherlands	12	France	10
12	Kuwait	2.7	1.0	169	USA	70	Italy	20	France	8.6
13	United Kingdom	2.4	1.6	41	USA	89	South Korea	4.0	Israel	2.7
14	UAE	2.4	3.3	-31	USA	57	Türkiye	9.9	France	9.2
15	Israel	2.1	2.0	5.1	USA	69	Germany	30	Italy	0.9
16	Netherlands	1.9	0.2	751	USA	99	Finland	0.6	Germany	0.6
17	Türkiye	1.6	2.2	-29	Spain	31	Italy	23	Russia	15
18	Norway	1.6	0.8	92	USA	89	South Korea	4.8	Italy	3.6
19	Poland	1.6	0.4	253	USA	45	South Korea	34	UK	4.4
20	Singapore	1.5	1.3	17	Germany	32	France	27	USA	26
21	Algeria	1.1	4.8	-77	Russia	48	Germany	15	China	14
22	Philippines	1.0	0.5	105	South Korea	37	Israel	28	USA	14
23	Indonesia	1.0	2.4	-60	USA	27	South Korea	18	France	17
24	Italy	0.9	1.4	-37	USA	95	Germany	1.8	France	1.4
25	Greece	0.9	0.9	-4.2	France	58	USA	21	UK	11

Figure 1. Most Arms Transfer Countries

Based on data from SIPRI, the top arms importer in 2019-2023 was India. Indonesia has succeeded in increasing the capacity of its defense industry, as evidenced by the decline in the rank of importers. as explained in the previous section, that in 2015-2019, Indonesia was ranked 17th as an importer of transfer arms.

Indonesia is cooperating in the defense industry with one of the developing countries that has a strong defense industry, although it is still ranked as the top importer of arms transfers, India. The Indian defense industry is one of the fastest growing defense industries in the world. In recent years, India has experienced very rapid growth and is still developing its defense industry. The government's vision for the domestic defense industry, combined with its attractiveness in the international arena, has contributed to a large budget and a very promising future for the sector. The industry's growth is also supported by growing domestic

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demand and significant export potential in engineering services and component procurement (Chhibber & Dhawan, 2020).

The Indian government is taking various steps to encourage the independence of its defense sector. One of them uses the slogan "Make in India" which aims to reduce dependence on supplies from abroad and improve its own defense equipment products. The government also announced positive indigenization, providing financial support of 75% of its domestic procurement capital budget (ET Online, 2024). Most of India's defense industry is controlled by the government or related agencies. In India itself, the defense industry is dominated by the Defense Public Sector Unit, weapons factories and defense research and development organizations which will be responsible for the research and development carried out (Das, 2019).

By 2023-2024, the defense industry in India would increase by 32.5% to reach around \$2.63 billion. The government expects the sector to expand and triple by 2028-2029. The government is also actively promoting the country's defense industry by focusing on domestic design, development and manufacturing. The country's defense industry is strong enough to make the country's economic growth rise to the top three in the world (JPPN, 2024). With this highly advanced defense industry, India is collaborating and collaborating with Indonesia.

Defense industry cooperation is one of the instruments of defense diplomacy. In the context of Indonesia and India, this collaboration aims to demonstrate the existence of defense diplomacy activities between Indonesia and India. Indonesia and India are collaborating in the defense industry sector to increase national defense capabilities and meet their defense equipment needs. Reporting from PT Pindad, a state-owned company whose main products are land defense systems and weapons systems, it established a strategic collaboration with Indian defense industry companies, namely Tata Groups and Bhukhanvala Industries on May 30 2018. This collaboration was marked by the launch of the water cannon. Through this collaboration, Pindad can improve its defense industry both domestically and globally. Both countries are also committed to developing pindad products in the global market (Pindad, 2018).

On April 30 2024, Indonesia and India held a Defense Industry Exhibition cum Seminar in Jakarta, as a celebration of 75 years of the establishment of diplomatic relations between the two countries. This exhibition was attended by at least 50 companies from both countries. This event showcases defense industry products from both countries (Martiar, 2024). Defense cooperation between Indonesia and India also improves relations between the two countries in the Indo-Pacific region, this is proven by the agreement between the two countries, namely the "Shared Vision of India-Indonesia Maritime Cooperation in the Indo Pacific" which aims for a free, open Indo-Pacific Region and inclusive but must still respect ASEAN centrality (Chaudhury, 2024).

By establishing strong cooperation in the defense industry, there are many positive impacts that can be taken by Indonesia and India. First, the defense capabilities of the two countries will increase, because the two countries can share knowledge, technology and experts from the defense industry. Second, by increasing local content, Indonesia can continue to encourage the domestic defense industry. This can prove that developing countries are also capable of increasing local content with a target of meeting up to 40% of the needs of the domestic defense industry. Third, technology transfer, technology transfer from India to Indonesia can help Indonesia absorb technology from abroad and be able to achieve independence in its defense industry (Anjaiah, 2024). Fourth, this collaboration can have a good impact on the economies of both countries. Fifth, it can maintain regional stability in the Indo-Pacific Region, because both are maritime countries that have interests in the Indian Ocean Region.

Sixth, India will become a country with a large level of defense exports in the world by 2030, this will of course help Indonesia gain benefits from India's defense exports. Seventh, this collaboration can produce joint investment opportunities in the defense industry. Where Indian companies such as Bhukhanvala Industries are committed to investing in and promoting weapons systems made by PT Pindad in Asia and globally. Lastly, it can improve bilateral relations between the two countries, apart from being based on many factors to have good bilateral relations, Indonesia and India can have a closer commitment and relationship towards regional security and stability in their region (Roy, 2020).

Conclusion

Defence diplomacy plays an important role in enhancing defense industry cooperation between Indonesia and India. In the context of current geopolitical dynamics, both face similar challenges in improving national defense capabilities. Defense diplomacy can help facilitate cooperation between the two countries, including in terms of increasing defense policy transparency, reducing tensions, and increasing military capabilities as explained in the explanation, that Indonesia can improve itself in reducing imports of arms transfers.

Defense industry cooperation between Indonesia and India has resulted in various strategic agreements, such as the partnership between PT Pindad and Tata Group and Bhukhanvala Industries. Through this cooperation, Indonesia and India seek to improve national defense capabilities, while developing their own domestic defense industry. This cooperation also opens up opportunities for both countries to expand market reach and increase independence in the defense industry. By sharing knowledge, technology and expertise, India and Indonesia can strengthen both defense industries, create new jobs and increase their exports of defense products to the global market. This cooperation also has a positive impact on regional stability, especially in the Indo-Pacific Region. Through cooperation in the defense industry, Indonesia and India can support each other in maintaining regional security and stability, and strengthen bilateral relations. Thus, defense industry cooperation between Indonesia and India will not only have an impact on the two countries themselves, but also on regional stability and relations between countries in the Indo-Pacific Region. In addition, this cooperation can also prove that developing countries are also able to improve the quality of their defense industry in the international arena..

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