



# The Dynamics of the Military Industrial Complex in the Defense Industry Cooperation Framework between Indonesia and South Korea

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**Abstract.** Defense policy is an absolute thing that needs to be pursued to ensure the survival of a country. Especially in responding to the development of the defense industry in cooperation with other partner countries. Not oriented in domestic needs to meet military capabilities. The defense industry is also needed to build self-sufficiency but with a progress orientation according to the globalization era. Based on the two considerations above, it is necessary to identify how the dynamics of cooperation in the defense context are carried out. This research then discusses the military industrial complex descriptively with a qualitative approach to gain a comprehensive understanding.

**Keywords:** military industrial complex, defense cooperation, defense industry.

## 1 Introduction

National defense is an important element of the survival of the state in state relations in the world. The study of International Relations introduces a constellation of world politics that has always been a reality, namely the relationship between countries in principle is anarchy. This anarchic relationship then makes the countries in the world need to guarantee their sovereignty from potential security threats. Anarchy and security threats ultimately make it necessary for the state to move actively in the dynamics of international politics, because friends and foes in an anarchic relationship are actually based on very fluid interests. The state ultimately lives in this anarchy situation, because there is no other power than the state in the international system (1). In real terms, the state then made efforts to build its military strength as a guarantee to be able to live in this anarchic relationship. While at the same time ensuring that the lives of the people are not lacking in anything by establishing positive relations through strategic cooperation in specific fields such as the economy.

The international dynamics of anarchic relations and the belief that military power is an important guarantee ultimately make domestic political dynamics also move continuously. Countries in the world are ultimately trying to ensure that building adequate military forces has the support of their people. Efforts to build military strength are not something that is easy to do, along with the unique domestic problems and needs faced by every country in the world. The end of the Cold War and globalization made the problems and issues faced by the country undergo drastic

changes (2), but the military still (until now) plays an important role. In principle, the need for a sense of security and freedom from threats is an important thing that is always wanted by citizens in a country. Therefore collectively in the context of a state, defense always occupies a high degree and is very personal even though at the same time it has to compete with the special things experienced by citizens from time to time.

The dynamics of the international and domestic context regarding the importance of military power in the international political constellation is also an important concern in Indonesia. Even in the provisions of domestic law, Indonesia places defense and security issues collectively and with all efforts. Defense is said to be universal, which is essentially a defense that involves all citizens according to their roles and functions (3). In particular, this research will then conduct a more in-depth discussion of the strategic cooperation partners undertaken by the Indonesian government. At the same time seeking development based on the idea of the World Maritime Axis that can be carried out in line with the need to fulfill defense resources. Awareness of the geographical characteristics of Indonesia, which has a wider water area than the land and a strategic cross position, should have an absolute importance in building a strong maritime identity and culture (4). Even so, it does not mean that other dimensions besides the sea are not taken into account in building an adequate defense context in Indonesia.

These strategic partners are important in discussing Indonesia's maritime-based foreign policy strategy because if they are not approached in a friendly manner, these parties may actually turn into a threat to Indonesia. This strategic cooperation has traditionally been known in international relations through diplomatic activities. Diplomacy is carried out by adjusting national interests to mechanisms both bilaterally and multilaterally. Over time, a new variant of diplomacy emerged using military or defense instruments as the spearhead, namely defense diplomacy. If previously diplomacy was controlled by the state apparatus, in defense diplomacy the military or related ministries are the executors in the field. This development then also made defense cooperation activities and relations among countries in the world develop rapidly. Defense diplomacy can be positioned as an effort to build common interests between parties (5).. Not only trapped in the context of power contestation, but also for military activities in the realm of peace.

Indonesia and South Korea in recent years have experienced a very intensive closeness situation. In several fields, the relationship between Indonesia and South Korea continues to move towards positive developments. Not only on economic cooperation but also targeting the development of defense capabilities. The KFX-IFX and the KRI Nagapasa submarine are one of the many defense equipment that Indonesia and South Korea have successfully initiated and worked on together. The two sides agreed to continue to strengthen defense cooperation, including the exchange of regional security views and bilateral cooperation (6). This cooperation does not mean that it is without obstacles or problems, but there are a number of things which later still occur as obstacles to the success of cooperation between Indonesia and South Korea.

This research will then discuss the dynamics of the military industrial complex of cooperation between Indonesia and South Korea in the field of defense, especially in the procurement of defense equipment. In terms of the development of the study,

similar strategic cooperation is a common thing and is often found in the experiences of several countries in the world. However, what makes the difference in this discussion between Indonesia and South Korea is the process of technology transfer and continued cooperation that takes place in the medium and long term (7). Moreover, the two countries have government characteristics, military capabilities and technological capabilities that are different from one another. It will be interesting to then explore in more detail the dynamics of the military industrial complex, which looks at the pattern of relations between the three main actors; namely legislators, government agencies and public companies. Moreover, on the other hand, there is a domestic need to ensure that the lagging behind weapons technology in Indonesia and other countries in the world can be cut through the cooperation between the two countries.

## 2 Method

This research will use qualitative research methods with a descriptive approach. Descriptive it is a method of examining a group of people, an object, a set of conditions, a system of thought or a class of events in the present (8). The use of this method is carried out to facilitate data collection, which is then carried out by collecting, analyzing and interpreting the data. The descriptive approach provides an overview of objects, cases and situations carefully. This approach weaves reality into stories through the regular breakdown of a problem, situation or event. Through the use of this qualitative descriptive research method, the data obtained can be analyzed and written in a comprehensive story. In particular, this research then identifies potential configurations of Indonesia's strategic partners based on the country's defense needs.

This research will explore data sources that are literature studies, through references related to research problems. Good data will be related to how natural or how natural the data is obtained in 'real life' (9). The data sources come from official government documents, books, papers, articles or other library sources that can support the course of research. Data collection was carried out using web-scraping and snowballing techniques after finding preliminary data from the secondary, which will be followed by searching data on primary sources either directly or indirectly.

## 3 The Military Industrial Complex Concept

This research will then use the concept of the military industrial complex as an instrument in dissecting the issues raised. Military Industrial Complex (MIC) is a term used to describe the relationship between the defense industry and the military sector within a country. This term was first conveyed by the President of the United States, Dwight D. Eisenhower in 1961 in his speech about warnings of the dangers that the United States would face if MIC was not managed properly (10). This concern emerged as a response to the rapidly growing defense acquisition agenda that is currently running in the United States.

MIC is a complex network of governments, defense companies, and the military. The relationship in MIC can be seen as follows; *First*, the government and defense companies; the government then plays an important role in the MIC, because they are the main decision makers in terms of purchasing defense equipment. Governments can also influence markets by setting regulations, issuing contracts, and providing incentives for certain firms. Meanwhile, on the other hand, the defense industry seeks to influence government decisions by providing political lobbying and campaigning and offering attractive contracts to the government. Many fields can then become the scope of the relationship between the government and the defense industry, from regulation, procurement, research and development, to the political context.

*Second*, defense and military companies/industry; the defense and military industries interact in a number of ways. Defense companies can sell their products to the military, as well as hire ex-servicemen to provide the necessary technical expertise and experience. Meanwhile, on the other hand, the military requires advanced equipment and technology from defense companies to meet the needs of national defense. The future prospects for the landscape of defense industry development raise questions about how a country can maintain its defense industry within a framework of sustainable development and production (11). This need is absolute in addition to the limitations in the military body in development, besides that the global situation is moving rapidly in view of technological advances, especially in weapons technology.

*Third*, dependency and relations between the defense industry; MIC also creates dependencies between defense companies. Some large companies can have large contracts that affect the market as a whole, whereas small companies can depend on small contracts to survive. There is also cooperation between companies to build and develop new products and advanced technologies. Dependence on the defense industry can be a positive or negative thing, depending on how big and how healthy the relationship between the parties involved is. Relations which then lead to aspects of dependency can provide challenges in at least a number of ways, such as technological independence, security of supply, cost efficiency to economic dependence. The state can eventually become trapped in dependency if it does not properly play its role as actor, regulator and sponsor (12). Dependence on the defense industry can affect a country's economic dependence on the industry. If the defense industry is the main industry in the country, the economic dependence will be very large. This can cause the country to be vulnerable to global market fluctuations that affect the performance of the defense industry and the country's economy as a whole.

The consequences of relationships in MIC can create positive and negative impacts. Positive impacts include increased innovation and technological advances in the defense industry, while negative impacts include risks of corruption, political influence, and a shift in focus from the needs of national defense to the economic benefits of certain companies. Relations within the MIC are complex and intertwined between the government, defense companies and the military. This can create both positive and negative impacts on national security and the defense industry as a whole. The study of MIC can provide deeper insight into the relationship between the defense industry and the military sector in a country, as well as its impact on foreign policy, economy and national security. MIC in the next era of globalization continues to develop and face new challenges. Changes in focus in the production of defense equipment, increasing competition, and shifting relations between importing and

exporting countries are all important factors in the dynamics of MIC in the era of globalization.

The MIC concept then has several variations of understanding that continue to roll along with the needs of the situation and conditions. MIC initially appeared in the contestation of power in the era of the World War up to the Cold War. In the Cold War era, for example, the need to develop MIC was to build military readiness, technological superiority, research and development initiated in research-based industries (13). Rune Ottosen in the later contemporary era, for example in identifying MIC, stated that there was a need in the future to include propaganda in the game as a battle of hearts and minds that opened up military and entertainment complexes (14). In principle, in building a MIC, it is necessary to look at the identification mentioned in the previous explanation by looking at who are the stakeholders in a defense industry.

The existence of stakeholders in MIC is an important component to see state behavior in an international political agenda. This behavior, for example, is reflected in Turkey's experience in developing its defense industry involving four main stakeholders, namely the government, industry, military and also research institutions (15). Globalization is ultimately what forced the MIC and what is evident in the experience from Turkey has brought about a broadening of actors. Traditionally, MIC is known to have three main actors (government, industry and military) which will then be explored in relation to a defense agenda (16). However, with the many expansions of phenomena and conditions that force the involvement of other parties, MIC is not as rigid as it was when it first appeared. Previously, it was mentioned that there are considerations in the aspect of entertainment, while in other approaches it is also possible to involve research institutions (which can refer to universities). Besides that, there is also a need to build complex relations with the media (17), normatively this expansion is considered a necessity to see future needs that need to be responded by the state and its strategic interests.

#### 4 **Discussion**

First, the network between the government, the defense industry and the military. This section will identify the roles of the three actors, namely the government, the defense industry and the military, which are involved in the defense industry cooperation agenda between Indonesia and South Korea. The Indonesian government in practice plays a role not only as a regulator, but as a player in the form of state-owned enterprise. While the military, in this case the Tentara Nasional Indonesia (TNI), is said to be the user of the defense equipment procurement that has been carried out. The three actors above then became a complex network in explaining the military industrial complex in the defense industry cooperation between Indonesia and South Korea.

In principle, the government in military-industrial complex relations plays a role as a regulator in legal aspects. The Indonesian government itself in the context of defense industry cooperation with South Korea uses the provisions in Law No. 16 of 2012. Based on legal provisions in Indonesia, it is stated that in the procurement of defense equipment originating from other countries it is necessary to consider several

main things. The absence of domestic production, the participation of the defense industry, the obligation to transfer technology, the absence of potential embargoes to counter-trade mechanisms and local content are considerations that need to be taken into account in the procurement process. Organizationally and structurally, the Government of Indonesia has also established the Defense Industry Advancement Committee / Komite Kebijakan Industri Pertahanan (KKIP) whose task is to formulate and evaluate policies for the development and utilization of the Defense Industry (18).

Indonesia is unique in carrying out its role in the defense industry, by having a state-owned enterprises sector that focuses on the defense sector. The Indonesian government does not only carry out its role as a regulator with legal provisions in the defense industry, but also as a player through BUMN. Since 20 April 2022, the Government of Indonesia has established a defense industry holding company called Defense Industry Indonesia (DEFEND ID), involving five corporate entities as part of it, namely Dirgantara Indonesia, PAL Indonesia, PINDAD, LEN Industri and DAHANA (19). Of course state-owned enterprises are not alone, there is a private sector that plays a role as a player in the defense industry in Indonesia, with a total of 33 corporate entities (20).

*Second*, in the interaction between the defense industry and the military; the defense industry cooperation framework between Indonesia and South Korea involves multiple actors, including the government, state-owned enterprises, the private sector and military personnel. The interaction between the defense industry and the military is an important aspect of national security for nations around the world. This cooperation involves a multi-agent framework that brings together various stakeholders such as government, state-owned enterprises, the private sector and the military. The defense industry cooperation between Indonesia and Korea is really reciprocal. Not only Indonesia receives weapons from South Korea, but on the other hand, South Korea also buys some products such as CN-235 aircraft for Korea (ROKAF) and Korea Coast Guard (KCG) through counter-trade mechanism (21). The symbiotic relationship between the defense industry and the military is essential for the development, production and acquisition of advanced defense technologies and equipment. A strong defense industry ensures that the military is properly equipped to defend national sovereignty and respond effectively to emerging security challenges.

Cooperation between Indonesia and South Korea in the defense industry is based on a comprehensive framework that includes many stakeholders. This framework includes the following key elements, such as; government involvement, public company contributions, and military commitment. The two governments play a central role in promoting and facilitating cooperation in the defense industry. They provide the necessary strategic support, allocate resources, and create an environment conducive to collaboration. Since 2021, experts have been sent from Indonesia to carry out defense industry cooperation, especially participating in the construction of fighter aircraft and submarines with South Korea (22). State-owned defense companies from Indonesia and South Korea are an integral part of this partnership. They are responsible for the development, production and marketing of defense equipment, and their involvement promotes technology transfer and joint research initiatives. Active participation of military personnel is very important in defense industry cooperation between Indonesia and South Korea. Their expertise and

feedback ensures that equipment and systems meet the specifics of military operations.

*Third*, regarding dependency among the defense industry, cooperation between Indonesia and South Korea brings a spirit towards independence through long-term collaborative production. Cooperation between Indonesia and South Korea in the field of defense has instilled a spirit of self-reliance in both countries. By working together, they reduce their dependence on foreign suppliers and improve their ability to develop and manufacture defense equipment in the country. The defense industry program between Indonesia and South Korea involves a mutually beneficial relationship where both countries recognize each other's strengths and potential contributions. Indonesia has abundant resources and a skilled workforce, while South Korea is known for its advanced technological prowess and solid defense industry. Rather than just sourcing complete defense products from foreign sources, this partnership aims to jointly produce defense systems, components and technologies, accelerating the development of defense systems and also domestic industries. Through their collaborative efforts, Indonesia is gaining access to advanced Korean knowledge and technologies, allowing local industries to build capacity and expertise. This technology transfer allows the Indonesian defense sector to become more self-sufficient in the long term.

Indonesia benefits from the transfer of skills and expertise from Korean defense industry experts. Training and capacity building programs allow Indonesian employees to play a larger role in joint manufacturing initiatives, reducing reliance on foreign expertise. Defense production cooperation enhances the national security of both countries. As national industries become more efficient, the armed forces can rely on advanced defense equipment that is locally produced and tailored to their specific needs. Long-term production cooperation in the defense sector also creates economic benefits for both countries. It stimulates investment, stimulates job creation and facilitates the export of technology, promoting economic growth and development. The spirit of self-reliance and joint commitment to cooperation in the defense industry have strengthened the diplomatic relationship between Indonesia and South Korea. This cooperation promotes trust, understanding and friendship between the two countries.

## 5 Conclusion

MIC in Indonesia is a complex network in building defense cooperation between Indonesia and South Korea. Cooperation between Indonesia and South Korea is a bilateral agenda in various fields, with one of the main fields on defense. The domestic mechanism in Indonesia demands the willingness of foreign partners to transfer technology in order to build the independence of the defense industry in Indonesia in the future. Apart from being a regulator, the Indonesian government also plays a role as a player through state-owned enterprises whose industrial users are the TNI. South Korea made adjustments to defense cooperation with Indonesia in various products, including KFX/IFX and the procurement of submarines. The adjustments were made due to constraints in financing, development stages up to the Covid-19 situation which impacted the finances of both countries.

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