STRATEGIC SEALIFT VESSEL IMPORT’S EFFECT ON THE PHILIPPINES-INDONESIA MILITARY COOPERATION

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Abstract
This research discusses the Philippines-Indonesia military cooperation which was influenced by the Philippines’ policy to upgrade its national defense equipment by importing Strategic Sealift Vessels from Indonesia. The authors argue that the Philippines’ decision to import Strategic Sealift Vessels from Indonesia has significant impact towards developing military cooperation between the two countries. This research used a descriptive qualitative method with documentation and literature studies data collection techniques. This research elaborates on the concepts of international trade and military cooperation to describe the correlation between the Philippines’ import policy and military cooperation between the Philippines and Indonesia. This study concludes that the Philippines-Indonesia military cooperation before the import of Strategic Sealift Vessel was only motivated by political and security motives aimed at protecting both countries’ territories from internal and external threats. Meanwhile, the Philippines-Indonesia military cooperation after the import of Strategic Sealift Vessels was motivated by political, security and economic motives as well. It was discovered that the Philippines held a tender for warships import, which was won by Indonesia with USD 90 million worth in 2014. Afterwards, both countries agreed on a logistics and defense industrial cooperation with commitment to improve the economy in 2016. Finally, both countries continued to extend their military cooperation by signing a contract on Strategic Sealift Vessels trade in addition to an agreement in the field of defense and security in 2021.

Keywords: Strategic Sealift Vessel, Import, Military Cooperation, The Philippines, Indonesia
INTRODUCTION

This study seeks to describe the impact of the Philippines’ decision in importing Strategic Sealift Vessels from Indonesia, towards both countries’ military cooperation. The Philippines and Indonesia are both maritime countries, with two-thirds of their territories consisting of water. With vast coastlines, both countries’ territories are prone to transnational organized crimes such as drugs and arms trafficking, terrorism, and illegal fishing\(^1\). Moreover, China’s claim towards the South China Sea since 2009 has increased tensions in the Southeast Asia region. Thus, it’s important for the neighboring countries to develop military cooperation to enhance national security.

The Philippines and Indonesia initiated their territorial cooperation in 1975 when both countries signed a Border Patrol Agreement and Border Crossing Agreement. Then in 1993, through a Memorandum of Understanding (MoU) establishing a Joint Commission on defense agreement. Next in 1997, both countries signed a contract on defense and security cooperation by organizing military training, joint practice, human resource development, logistics and operational development, communication and military technology\(^2\).

In 2014, the Philippines organized a tender for military warship producers from various countries, including South Korea and Australia, to be purchased by the Philippines. The tender was won by Indonesia with a USD 90 million worth contract, which resulted in the Philippines’ decision to import Strategic Sealift Vessels (SSV) produced by PT Penataran Angkatan Laut (PAL) Indonesia. The Philippines became the first country to import two SSV ships from Indonesia, worth USD 45 million each, which strengthened relationship between both countries\(^3\). Strategic Sealift Vessels are ships capable of supporting military operations, with 123 meters length, 21.8 meters width, 16 knot maximum speed and could carry up to 621 personnel and

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3 helicopters⁴.

Security and defense industry cooperation between the Philippines and Indonesia continued in 2016. Both countries agreed to enhance cooperation by organizing joint military training, human resources development, information sharing, and defense technology development. Both counties have signed various agreements, including the MoU on Cooperation in Preventing and Combating Transnational Crimes and Capacity Building, and Joint Declaration Concerning Maritime Boundary Delimitation⁵.

The authors argue that the Philippines’ decision to import Strategic Sealift Vessels from Indonesia has significant impact towards developing military cooperation between the two countries. In terms of import policies, the Philippines had imported a Strategic Sealift Vessel from Indonesia for the first time on 8 May 2016⁶. Afterwards, the Philippines imported another SSV from PT PAL Indonesia for the second time in 2017. Both countries agreed on the third SSV trade deal on 10 June 2022. Meanwhile, in terms of military cooperation, the Philippines and Indonesia has organized a Joint Defense and Security Cooperation Committee (JDSCC) annually in December 2021 and September 2022.

METHOD

This descriptive qualitative research tends to examine the impact of the Philippines’ SSV import policies form Indonesia in 2014, 2016, and 2021 towards both countries’ military cooperation. Data analysis technic implements data collection, data reduction, data display, and conclusion drawing⁷. Research data are collected through literature studies from academic publications and news websites. The authors display data related to military cooperation between the Philippines and Indonesia through description, in line with the concepts’ indicators. Finally, this

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research draws conclusion to describe the impact of the Philippines’ Strategic Sealift Vessels import on the Philippines and Indonesia’s military cooperation.

This research utilizes the concepts of international trade from Ricardo and military cooperation from Holsti. In terms of international trade, Ricardo explained that when some countries cannot obtain absolute advantage through export and imports, they would still obtain comparative advantage through international trade. On the other hand, military capacity of a country is measured by the amount of military equipment possessed by the country. By engaging in military cooperation, Holsti explained that both countries could obtain political, security, as well as economic benefits.

Military cooperation has economic, political and international security motives. Firstly, in terms of economic transaction, states have allocated defense budget to export and import military equipment. Thus, there is interdependence among states to fulfill the need for national defense through weapons trade. Secondly, military cooperation sustains employment and domestic weapons industry, whether state or private enterprises, to export weapons overseas and provide services for weapons maintenance and repairment. Thirdly, states conduct diplomatic strategy, which are political activities to achieve national interest. This effort involves interstate relations by diplomats and other representatives to coordinate perspectives, and finding common interest from negotiations. Fourthly, strengthening national security to protect the country from domestic and external threats, such as transnational organized criminals, armed groups, terrorists, pirates, and illegal smugglers. National security is essential in maintaining economic stability. Fifthly, diplomatic influence determines national interest and strategy, to be able to conduct and evaluate policies to improve bilateral relations between states. Finally, balance of power means that states or group of states protect their national security by balancing their military power with rival states. Balance of power could be achieved through interstate cooperation, increasing military forces and equipment, as well as expanding

RESULTS AND DISCUSSION

This study describes the correlation between the Philippines’ policy to import Strategic Sealift Vessels (SSV) from Indonesia and the Philippines-Indonesia military cooperation, in line with Holsti’s aspects of economic transaction, sustaining employment and domestic weapons industry, diplomatic strategy, strengthening national security, diplomatic influence, and balance of power.

The Philippines-Indonesia Military Cooperation before Strategic Sealift Vessel Import

The Philippines-Indonesia military cooperation before the import of Strategic Sealift Vessel was generally motivated by political and security motives. The Philippines and Indonesia initially signed a Joint Commission MoU on defense agreement in 1993. Afterwards in 1997, both countries signed a defense and security contract in the form of training, joint practice, human resource, logistics and operational development, communication technology, logistics support system, and maintenance services\(^{11}\). According to Holsti, military cooperations have political, security and economic motives. Hence, the Philippines and Indonesia’s military cooperation before the import of Strategic Sealift Vessels was driven by political and security motives to strengthen bilateral relations and protect territorial sovereignty from internal and external threats. However, this cooperation did not have an economic motive.

The Philippines’ Strategic Sealift Vessel Tender

The Philippines’ Ministry of Defense held an international tender for war ship allocation worth USD 90 million in 2014. The tender was won by Indonesia, which produced Strategic Sealift Vessels (SSV). Initially, the Philippines held a war ship tender to demonstrate its diplomatic influence. The Philippines is a democratic country ruled by a president, which also holds a position as the commander in chief. Upon leadership since

2010 until 2016, President Benigno Aquino III was open to cooperation for peace and prosperity with other countries, including the United States and Indonesia\textsuperscript{12}.

Secondly, the Philippines held a war ship tender to protect its national security from domestic and external threats. Being the fifth largest island nation in the world, the Philippines is prone to transnational organized crimes and illegal smuggling\textsuperscript{13}. Since May 2013, President Benigno Aquino III has allocated USD 2 billion funding to modernize military equipment, especially to protect the country’s maritime border\textsuperscript{14}. This policy is also to anticipate China’s claim towards the South China Sea which increased tensions in the region.

Thirdly, in terms of balance of power, the Philippines’ economy grew 7.2\% in 2013 and 6\% in 2015 due to investment and manufacture. However, the Philippines’ military power ranks 51 from 126 countries, with only 220,000 frontline soldiers, 45 tanks, 778 armored vehicle, 135 aircraft, and 82 helicopters\textsuperscript{15}. Therefore, the Philippines imported SSVs from Indonesia to improve its balance of power in the region.

Fourthly, in terms of diplomatic strategy, since 2014 the Philippines only interacted with China through multilateral forums such as the ASEAN+1, ASEAN+3 and ASEAN Regional Forum, while opposing China’s claim towards the South China Sea\textsuperscript{16}. President Aquino III reported China’s claim to international arbitrary, but China opposed this decision\textsuperscript{17}. Because of that, President Aquino III attempted to strengthen the Philippines’ military capacity as a diplomatic strategy.

Fifthly in terms of economic transaction, the Philippines held a 2014 tender to fulfill its need of military equipment. Indonesia won the tender to provide the Philippines with two SSVs, with the first SSV due to be shipped to the Philippines in 2016. This

\textsuperscript{16} Amador, Merced & Teodoro, \textit{The Philippine’s Foreign Policy and Relation Towards Major Power}. (Asia Centre & DGRIS, 2015), 5.
shows that the Philippines’ SSV import, as an economic transaction plays a big role to upgrade its military capacity.

Finally, the Philippines maintained domestic defense industry. Indonesia developed SSVs from South Korean technology. To accommodate the Philippines’ ship orders, Indonesia modified SSVs with 35% of local materials\(^\text{18}\). Hence, the Philippines’ SSV import has maintained the continuity of local defense industry.

**The Philippines-Indonesia Military Cooperation after Strategic Sealift Vessel Import**

The Philippines’ Strategic Sealift Vessel (SSV) imports from Indonesia have enhanced both countries’ military cooperation in terms of economic transaction, sustaining employment, diplomatic strategy, strengthening national security, diplomatic influence, and balance of power. The Philippines and Indonesia signed an MoU on Logistics and Defense Industry in 2016, while importing the first SSV. Indonesia agreed to supply the Philippines’ military needs, including SSVs produced by PT PAL and airplanes produced by PT DI (Persero)\(^\text{19}\).

The Philippines and Indonesia continued to strengthen their military cooperation by signing an MoU on logistics and defense industry during a Trilateral Ministers’ Meeting in Kuala Lumpur. The meeting was signified in order to modernize the Philippines’ weaponry. Indonesia appreciated the Philippines’ decision in importing two SSVs from Indonesia in 2014, with each ship arriving in 2016 and 2017. The Philippines’ Secretary of National Defense H.E. Mr. Deflin Negrillo Lorenzana and Indonesian Minister of Defense Prabowo Subianto have agreed that both countries need to cooperate in order to contribute towards world peace through diplomacy and information sharing on counterterrorism and deradicalization.

The Philippines and Indonesia have further developed a bilateral ministerial forum entitled the Joint Defense and Security Cooperation Committee (JDSCC). JDSCC becomes a platform for discussing common challenges of territorial security, continuing

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bilateral cooperation and defense industry. JDSCC was first held virtually on 13 December 2021, and Indonesia became the host of JDSCC’s second meeting in September 2022. Both countries have also developed Philindo cooperation on intelligence sharing, joint patrols, operation and training, service to service working group, visitation, courses, and navy to navy talks on maritime border protection. Finally, the Philippines’ Minister of Defense have signed a contract with PT PAL Indonesia on 10 June 2022 to import another SSV\textsuperscript{20}.

On one hand, economic transactions have increased between the Philippines and Indonesia, since the Philippines have imported SSVs three times from Indonesia, which was followed by enhanced military cooperation during each import. Additionally, military cooperation between both countries has sustained employment and domestic weapons industry. Being a developing economy with low military capability, President Duterte decided to import SSVs from Indonesia to modernize the Philippines’ weaponry\textsuperscript{21}. Since the Indonesian Defense Minister’s visit to the Philippines in 2016, both countries have strengthened maritime cooperation, including an MoU on Logistics and Defense Industry Cooperation\textsuperscript{22}.

On the other hand, the Philippines’ SSV imports from Indonesia have also boosted its leverage in responding towards rising tensions in the South China Sea. In terms of diplomatic influence, President Duterte declared an independent foreign policy and tried to strengthen diplomatic relations with China, unlike his predecessor whom kept a diplomatic distance with China. Duterte succeeded in signing a 13-point MoU with Xi Jinping on economy, trade, tourism, culture, anti-narcotics, and maritime affairs\textsuperscript{23}.

The Philippines also has a diplomatic strategy to achieve its national interest by cooperating with China in exploring natural resources around the South China Sea, in


order to fulfill the Philippines’ energy needs, due to the prediction that the Philippines’ oil will run out in 2020\textsuperscript{24}. Joint maritime border patrols with China around the South China Sea require the Philippines to improve its naval capability, by importing SSVs from Indonesia\textsuperscript{25}. This way, the Philippines have strengthened its national security from domestic and external threats through cooperation in exploring natural resources on the disputed maritime area, since the Philippines cannot win an open war against China on the South China Sea\textsuperscript{26}.

Furthermore, the Philippines’ policy also aimed to maintain balance of power between China and the United States’ involvement in the South China Sea\textsuperscript{27}. Previously 1,300 Filipino soldiers have conducted joint training with 700 US troops around 5 km radius as 200 Chinese ships enter the South China Sea\textsuperscript{28}. Despite having cooperation with the US since 1951, Duterte argued that the Philippines should conduct more independent foreign policies\textsuperscript{29}. Therefore, besides from cooperating with the US and China, the Philippines also imported SSVs from Indonesia to improve military cooperation.

CONCLUSION

This research concludes that the Philippines’ Strategic Sealift Vessel (SSV) imports from Indonesia has a significant impact towards strengthening military cooperation between the two countries. On this military cooperation, the Philippines needed to import military equipment from Indonesia to strengthen its military capacity, while Indonesia needed to accommodate its economic needs by exporting SSVs to the Philippines.

Before SSV import, the Philippines and Indonesia’s military cooperation had political and security motives, such as through joint commission, joint border committee, border patrol agreement and border crossing agreement to manage territorial border, communication, human resource development and intelligence sharing. Without economic motive.

On the other hand, the Philippines and Indonesia’s military cooperation after SSV import had a political, security as well as economic motive in terms of economic transaction. The Philippines purchased SSVs to anticipate rising tensions in the South China Sea, while the Philippines and Indonesia’s military cooperation continues in various aspects including logistics and defense industry.

REFERENCES


