

INDONESIAN ARMS ACQUISITION PLANS AND PROGRAMSGeneral

~~(e)~~ The acquisition of major new arms and equipment is considered essential in meeting Indonesia's perceived security needs in the coming years. In line with the current 5-year development plan, the Armed Forces have been procuring a variety of weapon systems designed primarily to build a more effective deterrent and to improve the military's capability to detect and respond rapidly to any territorial challenge. Emphasis has been placed on replacing or refurbishing old, obsolescent equipment rather than drastically increasing force size. Despite notably increased military spending since 1979, non-military development programs continue to receive principal emphasis within the overall government budget. As a result, arms procurement decisions made by General Jusuf have often been based on lowest cost as well as the quickest delivery date. The military leadership also does not want to rely on any one foreign source for military items, and is actively promoting increased self-sufficiency through expansion of its domestic arms industry. Partly because of its bad experience with Soviet security arrangements in the early 1960s, Indonesia has rejected Moscow's arms offers and instead has turned to the US, Western Europe and certain non-Communist Asian states, including South Korea, for its military equipment needs.

Ground, Naval and Air Equipment Purchases

~~(s)~~ The successful completion of the ground forces yearly upgrading goals has depended significantly on the timely acquisition of high-priority equipment to replace the many old or unserviceable line items. Over the past 3 years, the military has purchased varying quantities of individual and crew-served weapons, communications gear, and various kinds of transport and armored vehicles from several countries. Most of the upgraded infantry units have now apparently received the M-16 rifle, with new FNC Belgium assault rifles acquired for elite units. South Korea supplied most of the crew-served weapons, although the Army also has ordered a number of French rocket launchers and Belgium machine guns. Under a rehabilitation contract with the Netherlands, the Army has received about 233 French AMX combat vehicles. It also plans to overhaul its British armored cars and procure a number of Cadillac Gage vehicles for its cavalry battalions. Last year, the Marine Corps purchased 37 new AMX-10 armored vehicles from France; because of specification and quality faults, the Marines have delayed purchases of additional French armor. The Army also faces equipment-related problems such as inadequate maintenance, training, and repair facilities for the new systems, and insufficient budgets to obtain and operate some of the new equipment. Indecision and long acquisition lead times have continued to set back upgrading schedules. HANKAM has now established a priority for ordering artillery, with scheduled delivery from the US of 171 105-mm towed howitzers. Additional interest has been expressed in both European and US air defense systems including the Chaparral missile, the Vulcan gun system, and the Roland air defense system, possibly to further upgrade defenses on Natuna Island.

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REVIEW ON 21 July 2002~~

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~~(S/NOFORN)~~ Considered vital in protecting the country's territorial seas and disputed offshore claims, the Navy has been rapidly upgrading its aging fleet. Sixteen new ships have been acquired since 1979, including three new missile-equipped Dutch frigates, two submarines from West Germany, four missile patrol boats from South Korea and five Korean amphibious landing ships. Additional patrol and landing craft are on order, as well as two Dutch minehunters, a Yugoslav frigate and two large helicopter landing ships from South Korea. Indonesia has also expressed interest in US destroyers, additional German submarines and the Harpoon anti-shiping missile, apparently to supplement the present Exocet system on its new combatants. However, the extensive variety of new and more complex naval weapons is creating major repair and logistic problems. Even without the new equipment, Indonesia's inefficient naval support elements have been hard-pressed to maintain their ships effectively. Without sufficient training or adequate support systems, these problems have only been compounded.

(b)(1),1.4 (c),1.4 (d)

#### Domestic Arms Production and Expected Developments

~~(S)~~ One of the guiding principles underlying equipment procurement under the 5-year plan has been the need for indigenous arms production in line with the military's self-reliance doctrine. In mid-1980, President Suharto formed a senior intergovernmental team to plan Indonesia's defense industrial expansion. The team is composed of several senior officials, including General Jusuf and Minister of State for Research and Technology, Dr. B. J. Habibie, who has consolidated Indonesia's principal military industries. Currently, Habibie's aircraft facilities assemble Casa C-212 light transports and BO-105 and Puma helicopters. Similar co-production plans exist for naval patrol vessels at local shipyards, which presently produce various small craft. Indonesia's limited ground force weapons industry also is to expand; and prototype armored vehicles, an assault rifle, and jeep have been publicly demonstrated. A principal key to further production, however, is greater cooperation with foreign countries in transfer of technology and licensing agreements. As a result, Habibie teams have been visiting several countries, including the US, where interest has been expressed in co-production of the TOW missile system.

(b)(1), 1.4 (c)

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