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Research Report

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SWP Comment

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Setting the Course after Elections in Indonesia

President Prabowo Subianto and the Complex Legacy of Jokowi

Felix Heiduk

In mid-February, the world's largest elections took place in Indonesia over the course of a single day. Around 205 million eligible voters were called to the polls to elect a new president, vice president and almost 20,000 representatives for the national, provincial and district parliaments. The spotlight was largely centred on the presidential election, as the president plays a prominent role in the country's political system, and according to the official results released on 20 March, General Prabowo Subianto will be assuming office in October. His election as head of state is seen by some observers as a threat to Indonesian democracy or even a return to dictatorship. However, it is much more likely that Prabowo will maintain the policies of his predecessor Jokowi, who prioritised the economic development of the country. Nonetheless, democratic institutions and procedures are likely to be further weakened. Germany and the EU should be prepared for Indonesia to adopt a more active and self-confident foreign policy stance under Prabowo as Jakarta will likely come to be driven by a decidedly transactional understanding of international cooperation.

The 14 February 2024 elections in Indonesia heralded the end of the ten-year presidency of Joko Widodo (known as "Jokowi"). Even though the Indonesian constitution disallowed him from running for a third term in office, it is plausible that he would have been re-elected had he been able to run again. Indeed, his popularity remains unbroken, primarily due to the fact that Indonesia's economy and prosperity have grown continuously under the Jokowi presidency. Even after COVID ravaged the economy, Jokowi led Indonesia back to an annual growth rate of around 5 per cent. Under

Jokowi, the country's long dilapidated infrastructure was also rapidly expanded: New airports, seaports and roads were built in many regions, often financed by Chinese investment; the first high-speed rail in Southeast Asia was also built in Indonesia. Public healthcare was also improved and made more efficient. However, many infrastructure projects came with huge financial, social and environmental costs, and their true benefits have been questioned, as is the case for Jokowi's prestige project, the construction of a new capital city called Nusantara.



What's more, Indonesia has become "everybody's darling" internationally. Due to its size and strategic location in South-east Asia, the country has been courted as a partner by China and Russia as well as the US, Japan, South Korea, Australia, various European countries and the EU. For Germany and the EU, Indonesia appears to be of central importance in reducing their own over-dependence on China. It is also attractive as the target of initiatives such as the G7's Just Energy Transition Partnerships (JETPs). Even though Jokowi showed little interest in foreign policy issues, from the point of view of many Indonesians, the country's national development and international status soared during his time in office.

Domestically, however, the Jokowi era is also characterised by democratic backsliding. Although Indonesia still boasts a vibrant and diverse civil society, critical representatives of non-governmental organisations (NGOs) and the media have repeatedly been prosecuted for defaming or insulting the government. Jokowi also exerted political influence over the country's supreme court to enable his son Gibran Rakabuming Raka to run for vice president, bending existing laws with the support of his brother-in-law (then chairman of the court). Jokowi also curtailed the power of the formally independent Corruption Eradication Commission. His presidency was characterised by a growing concentration of power in the hands of a few old and new elites. Indonesia also lacked a de facto parliamentary opposition; over 80 per cent the parliament belongs to Jokowi's "big tent" coalition.

Indonesia is therefore increasingly in danger of becoming a merely procedural democracy in which political and economic influence rests largely with a few extremely wealthy families who in turn steer political discourse by way of propaganda and disinformation on social media. Still, none of this changed Jokowi's 70 per cent approval rating by the time he left office.

Prabowo deliberately capitalised on Jokowi's good reputation by presenting himself as the custodian of Jokowi's legacy during the election campaign. He ran a

social media campaign peppered with half-truths and misinformation, yet his unofficial alliance with the outgoing president was cemented when he named Jokowi's son Gibran as his vice presidential candidate, thus paving the way for his election victory.

A political chameleon

Prabowo, a member of one of the country's wealthiest and most politically influential families, is now poised to take over Jokowi's legacy. His grandfather played a leading role in Indonesia's struggle for independence and was subsequently one of the founders of the state development bank, Bank Negara Indonesia (BNI), and an advisor to the first President Sukarno. Prabowo's father held several ministerial posts during the Suharto dictatorship, and his brother is one of the country's richest businessmen.

Prabowo's career began in the military under Suharto. He married one of Suharto's daughters and thus had an early personal connection to the then-dictator. As a general, Prabowo was stationed — among other places — in East Timor during the Indonesian occupation, where he is said to have been involved in civilian massacres. According to human rights organisations, when mass student protests called for Suharto's resignation in 1998, Prabowo was allegedly involved in the kidnappings and forced disappearances of leading representatives of the movement. These allegations remained unresolved and Prabowo was never convicted; nevertheless, he was dismissed from the military in 1998 for insubordination. After several years of self-imposed exile, he returned to Indonesia in 2001 and initially worked as a businessman in the paper and palm oil industries as well as in the oil and gas sector. At the same time, he began to pursue a political career at the national level.

Up until his current electoral victory, he had always been unsuccessful: In 2009, he ran and failed to win the vice presidency. In 2014 and 2019, he ran — and lost — against Jokowi in the race for president. Ideological and political loyalty have only seemed to be

of marginal importance to Prabowo in his political career so far. The Gerindra Party, which he founded in 2008 and which was the third-most represented party in parliament in the last legislative period, has a far-right, ultra-nationalist orientation. However, Prabowo made a pact with the more left-wing, nationalist Indonesian Democratic Party of Struggle (PDI-P) led by former president Sukarnoputri Megawati in 2009, and later he co-operated with the PDI-P's old rival, the Golkar Party. In the 2014 election campaign, Prabowo used radical nationalist slogans, only to play the "Islamic card" before the 2019 election by entering into a pact with ultra-conservative Muslim groups. He initially refused to recognise Jokowi's 2019 victory and accused him of rigging the election, but he became defence minister in Jokowi's government shortly after. It is clear that Prabowo is not really renowned for his political convictions but more so for his impulsiveness, short temper and thirst for power, which he tries to quench by making alliances with rival elites.

Domestic policy: more continuity than change

When Prabowo moves into the presidential palace in October, it cannot be taken for granted that he will act as an extension of Jokowi despite his alliance with the outgoing president during the campaign period. What is plausible, however, is that Prabowo will, for the most part, continue his predecessor's domestic policy legacy. This includes, above all, the further development of the country's infrastructure. Prabowo has announced that he will continue to pursue Jokowi's controversial 33-billion-dollar project to build a new capital city in the jungles of Borneo. Various other major projects, such as high-speed trains, are also to be continued under Prabowo, even though they are often dependent on Chinese investment and incur high levels of debt.

He also shares his predecessor's goal to transform Indonesia into an industrialised

country. Under Prabowo, the maintenance of Jokowi's industrial "downstreaming" policies will aim to further increase domestic value creation. Prabowo also wants to maintain export bans on raw materials such as nickel, bauxite and copper (the latter from 2024), which were enacted under Jokowi and are controversial in Europe.

For many years, Indonesia only exported its raw materials without being involved in other links in the value chain, as these processes — i.e. refining, processing and production — took place in the importing countries. For example, Jakarta now seeks to utilise its deposits of nickel (the world's largest) to capitalise on the growing global demand for nickel, which is needed to produce batteries for electric cars. By banning exports and incentivising foreign companies to invest in domestic refining, processing and production, Indonesia wants to spur greater value creation within its own borders as opposed to being a mere supplier of raw materials; and this has been successful so far, at least in the case of nickel. Chinese companies in particular have made significant investments in Indonesia's nickel industry, and as a result, the country's exports of nickel products have risen by almost 100 per cent since 2020.

In 2019, the EU filed a complaint with the World Trade Organisation (WTO) against Indonesia's export ban on nickel ore, and the WTO upheld the complaint. Jakarta immediately filed an appeal, resulting in a process that is likely to take many years due to the dysfunctionality of the WTO appellate body. From Jakarta's point of view, the EU is using the lawsuit to prevent commodity-exporting countries from keeping more of the value chain within their own country. The EU counters that conformity with WTO standards and regulations is central to free and rules-based international trade. Since lodging the appeal, however, facts on the ground have changed in Indonesia, and Jakarta only wants to lift the export ban once the national processing capacities have been further expanded. Aside from controlling exports, Prabowo's domestic policy goals also include making the coun-

try more independent in terms of food and energy security.

Foreign policy: a more active role and growing self-confidence

Indonesia is not only one of the most populous democracies in the world, but it is also regarded as a symbol of the compatibility of democracy and Islam. Due to its size and geographical location, the country is also an important player in the context of the growing great power rivalry between the US and China in the Indo-Pacific. Indonesia's status as a candidate country for membership in the Organisation for Economic Co-operation and Development (OECD) underpins its growing economic weight. Indonesia is increasingly being courted by more and more of states. Accordingly, the range of issues relevant to Jakarta has grown considerably over the last decade, whether with respect to regional integration issues, the civil war in Myanmar, conflict in the South China Sea, the Taiwan issue or the war in Gaza. Despite its growing portfolio of concerns, under Jokowi, Indonesia employed a very passive foreign policy, as this area of international engagement only seemed to be of interest to the president when linked to Indonesia's economic development. Still, this did not mean that Jokowi broke from Jakarta's longstanding foreign policy traditions, including neutrality, the rejection of alliances and geopolitical blocs and, above all, the pursuit of strategic autonomy through so-called hedging. The latter refers to involving a large number of international players in certain issues to maximise advantages for oneself while also reducing the risks of being over-dependent on individual states.

Prabowo, who grew up in England, Switzerland and Malaysia, is likely to act differently than his predecessor on the international stage. Unlike Jokowi, he speaks fluent English, enjoys the global spotlight and wants to further boost Indonesia's international profile and status. Although Prabowo is unlikely to alter the established

principles of Indonesian foreign policy, it can be expected that he will push Jakarta to play a more active role on the international stage. Indeed, as defence minister, Prabowo did not shy away from unconventional ideas and unpredictable approaches. For example, he presented a peace plan for Ukraine that was neither coordinated with-in his own government nor with external partners; the plan raised eyebrows in Kiev, Washington and Brussels due to its perceived "pro-Russian" elements. The fact that he recently announced plans to open an Indonesian embassy in Gaza also fits in this context. Prabowo also spoke about Indonesia joining the BRICS group in the near future during his campaign. On the other hand, he has also exhibited an extreme sensitivity to the perceived patronisation and "neo-colonial attitudes" of certain foreign powers.

Beyond learning to adapt to Jakarta's spontaneous international initiatives, Indonesia's partners must adopt an even more transactional approach to dealing with the country; Jakarta will expect concrete returns for its international engagement. Indonesia will most likely come to focus on short-term benefits of a primarily material nature. In this context, Germany and other European countries are likely to be presented with select opportunities for cooperation, for example in Indonesia's transition to renewable energies. Prabowo has already commented favourably on the G7's JETP with Jakarta, which was agreed upon while Germany assumed the rotating presidency of the G7.

New realism in relations with Indonesia

It is important for Berlin to realistically assess the importance of its relations with Indonesia in the regional context. At least two features should be taken into account when developing and applying this realistic approach. Firstly, Germany will largely be unable to achieve many of its goals in the Indo-Pacific if it does not work closely with

Indonesia. These goals include the diversification of supply chains, the establishment of commodity partnerships, the fight against climate change and the assurance of secure maritime trade routes. The strategic importance of the archipelago state is simply too great, both geopolitically and geo-economically, to be ignored. Even a brief glance at a map of the region confirms this assessment.

Although Germany and Indonesia are the largest respective economies in Europe and Southeast Asia, bilateral relations between the two are comparatively underdeveloped. Bilateral trade is rather low; indeed, Germany's trade volume with Vietnam and Malaysia, both much smaller economies, is more than twice as high as German-Indonesian trade. Politically and socially, German-Indonesian relations are also quite underdeveloped, even if they are generally co-operative and friendly in many policy areas.

Secondly, in the spirit of new realism, it is important for Germany to accept that transactionalism is not a dirty word when dealing with Indonesia – quite the opposite actually. The fact that Jakarta is being courted by many international partners due to its growing strategic importance makes it necessary to engage the country with pragmatism, especially when it comes to Indonesia's material interests under the new government, but also with respect to its wider strategic outlook. While the Indonesian government's outlook is often incongruent with Germany's, for example with regard to Russia's invasion of Ukraine, for bilateral cooperation to come to an equal footing, it is advisable that Germany seek close coordination with Prabowo's government from the outset, addressing possible divergences of interest early and openly while jointly exploring potential solutions. Aside from bilateral engagement, Germany should strive to work with Indonesia on international governance issues in multilateral fora as well.

When it comes to international governance, however, Prabowo is likely to be an even more difficult partner for the EU than his predecessor. Brussels is currently nego-

tiating a free trade agreement with Jakarta, which has so far received only a lukewarm reception from Prabowo. In his keynote foreign policy speech during the election campaign, he indicated that he would be prepared to let negotiations collapse if the EU did not change its "protectionist" stance. Prabowo believes that his country is at a direct disadvantage when it comes to Indonesian agricultural exports due to an EU regulation targeting deforestation. This mainly relates to palm oil, of which Indonesia is the world's largest exporter. The EU regulation aims to ban the import of raw materials such as palm oil if they are linked to illegal deforestation. The regulation also imposes strict certification requirements on palm oil producers. In August 2023, Jakarta initiated proceedings at the WTO challenging EU tariffs on Indonesian biodiesel produced from palm oil.

The proposed free trade agreement aims to abolish 95 per cent of tariffs on goods and services, expand foreign direct investment and level the playing field between private and state-owned companies. This would offer new opportunities to increase the volume of trade between EU states and Indonesia, which has been quite low when compared to other countries in the region. If negotiations on the agreement were to be successful, especially considering that Indonesia is such a key player in the region, the EU's strategic presence there would be undoubtedly strengthened. Germany should therefore work to ensure that the free trade agreement is concluded while Jokowi is still in office until autumn of this year.

Difficulties in EU-Indonesia relations should not lead to the assumption that the country's foreign and security policies will only become increasingly anti-European and anti-Western; this is not the case. Under Prabowo's tenure as defence minister, Indonesian security policy actually oriented itself more towards the US and NATO. This approach can be attributed, in part, to China's massive rearmament and its aggressive behaviour in waters claimed by Jakarta around the Natuna Islands in the South China Sea. In this context, Indonesia

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is actually seeking to balance its growing economic dependence on China with security cooperation with the US and its partners and allies. In addition to joint military exercises and training programmes, US-Indonesia security cooperation primarily concerns the sale of arms. In order to modernise its armed forces, Indonesia recently ordered F15 fighter jets and Black Hawk helicopters from the US as well Rafale jets from France and drones from Turkey.

However, when assessing Indonesia's recent arms trade with the US and Europe, it should not be overlooked that one of Jakarta's overarching goals has always been the development of its own domestic defence industry. A law passed in 2012 stipulates that domestic companies are to be favoured in the procurement of military equipment. If orders from abroad are placed, any such arms deal must include extensive knowledge and technology transfer to Indonesia in order to benefit its own defence industry. For example, two Sigma-class frigates were recently built at Indonesian shipyards in cooperation with a Dutch company. Therefore, Indonesia's motivation to engage in defence cooperation with Dutch, US, French or Turkish partners is not only strategic in nature, it is also crucial that any defence cooperation provides training, technical expertise, licences and/or the expansion of Indonesia's own industrial capacities. The modernisation of the country's military therefore also follows, at least in part, the domestic political imperative of national economic development. Germany and the EU should realistically reflect this primacy of economic affairs in their relations with Jakarta.

A turning point or more of the same?

The fact that Prabowo, an ex-general linked to the Suharto era, was able to win the country's presidential elections on his third attempt does not mean the return of a

dictatorship. But the manner of his election victory has indeed revealed a deteriorated quality of Indonesia's democracy. Prabowo ran for president in 2024 in a domestic political context in which democratic institutions were much weaker than they were ten years ago. Moreover, should there be further democratic backsliding under Prabowo, it is unlikely that it will be met with strong opposition in parliament. This is because nearly all of the parties now in parliament have been part of ruling coalitions over the last ten years that have condoned if not outright supported undermining democratic control of the executive branch. Therefore, the 2024 elections could well represent a turning point in Indonesian democratisation, as some fear that the country is moving closer to becoming a merely procedural democracy.

Internationally under Prabowo, Indonesia will most likely play a more self-confident and active role. It is quite possible that the new president will occasionally make headlines with his unconventional ideas and approaches, and the country's relations with the EU are likely to remain difficult. During the election campaign, Prabowo favoured nationalistic rhetoric, declaring "Indonesia first"; this could soon be followed by even more transactionalism and "protectionism". For Germany and other European actors, this presents challenges, but could at least open up some opportunities for political cooperation. Broader, more strategic cooperation with Jakarta will not always be easy, if not only because of the new president's sometimes unpredictable political style. However, because of Indonesia's strategic role and importance beyond Southeast Asia, broader cooperation will remain a necessity if Germany and the EU wish to achieve their regional goals.

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