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INDONESIA AND SOUTH KOREA DEFENSE DIPLOMACY: CASE STUDY OF PROCUREMENT OF CHANG BOGO CLASS VESSELS IN 2010-2018

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Abstract

Indonesia has chosen South Korea as a cooperation partner because South Korea is agreed to Indonesia's procurement policy. The research objective was to analyze the stages of procurement of Chang Bogo class submarines and the role of defense diplomacy during the process. This study uses qualitative methodology with its analysis techniques. The study concluded that the procurement of submarines succeeded in terms of the number of submarines, but the percentage of transfer technology provided had not yet reached the minimum percentage of Indonesia's need and Indonesia must build adequate infrastructure to achieve the independence goals of the defense industry but Indonesia was still experiencing fluctuate economic condition. Therefore, the procurement of defense and security equipment tools (*alpalhankam*) must adjust to that condition.

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INTRODUCTION

According to the Indonesian Defense White Paper 2015, the conditions for defense equipment and security today recognized Indonesia still faced with limitations in terms of both quantity and underdevelopment in terms of technology, as well as the slow regeneration process (Ministry of Defence, 2015). In defending the sovereignty of the threat, the state must have a strong defense and is supported by an adequate Defense and Security Equipment Tools (*Alpalhankam*). One way to overcome this is to cooperate with other countries. Currently, international cooperation is something that must be done in every country in meeting its domestic needs. International cooperation aimed at improving bilateral relations between the two countries involved to achieve its national interests.

By holding the good cooperation and do not ignore the sovereignty and rights of other countries, a country can increase trust and strengthen bilateral relations between one country and another that does the same job. The state also can communicate effectively linked to national interests. It is approved by the Minister of Defense of Indonesia, Ryamizard Ryacudu, as saying that at this point everything can't be done alone, but must cooperate mainly in the field of *alpalhankam*, because a great country was working with other countries to develop its defense industry.

The defense industry is important for national defense. This is because the defense industry that provides military equipment to the country. In the current technological developments, the military had to have a piece of sophisticated military equipment and to compete with other countries. By cooperating with other countries that already have sophisticated technology, Indonesia is expected to meet the target set *alpalhankam* in the Minimum Essential Force (MEF) and building the technology defense industry in the future. Indonesia is also expected to be able to face the challenges of the industrial revolution

4.0 with *alpalhankam* domestically adequate and technologically advanced, given the rapid advancement of technology developments that threats coming will be more diverse.

Procurement *alpalhankam* Indonesia stipulated in Law no. 16 in 2012. In the Act explained that each procurement *alpalhankam* mandatory use of domestic production and the procurement is regulated by laws or regulations, the user aims to increase the military strength of the TNI. However, if the country fails *alpalhankam* produced by the domestic defense industry, procuring of *alpalhankam* can cooperate with other countries with mechanism offset, which involves education, training, technology transfer, research and development, engineering, production, marketing, and financing (Defense Industry, 2012).

The purpose of Act no. 16 The year 2012 is to achieve the independence of the Indonesian Defense Industry. One attempt to achieve such independence is the transfer of technology or the transfer of technology. It is encouraging countries that have limited military technology to cooperate with other countries through technology transfer. Transfer of technology can also improve the defense capabilities and develop the domestic defense industry.

In the defense industry cooperation, a country should have good relations with other countries. As we know that the defense industry cooperation is the collaboration of the highest for a country and requires a high level of confidence. Thus the required communication and cooperation negotiations in achieving a good and mutually beneficial to both parties. To realize the vision of the independent defense industry and procuring *alpalhankam* to add a military force able to compete internationally, Indonesia is also working with other countries. One of them is the defense industrial cooperation with South Korea.

Indonesia and South Korea as long as it has good relations. Bilateral cooperation

between Indonesia and South Korea covers various fields including in trade, investment, energy, mineral resources, infrastructure, construction, information technology, agriculture, fisheries, forestry, labor, tourism, technology, prevention of corruption and terrorism, defense industry and the use of peaceful nuclear (Jeon & Yuwanto, 2014). Cooperation in the sector further strengthen bilateral relations between Indonesia and South Korea and increase trust between the two countries so that more and launch a process of cooperation that is the highest of bilateral cooperation namely defense industry cooperation.

South Korean Defense Minister Jeon Jei-Guk as Chairman of the South Korean delegation at the meeting of the 7th Committee of Defense Industry Cooperation Indonesia and South Korea agree to this. He said that cooperation in the defense industry is the highest level in the field of defense cooperation. Indonesia is also the best partner for South Korea. Indonesia always regarded South Korea as a model, an example of success in advancing the defense industry and also in the technology of military equipment. Through South Korea, Indonesia also has to understand and get the lesson that to achieve mastery of sophisticated technologies required effort and struggle harder (Ministry of Defense, 2018).

Diplomatic Relations between Indonesia and South Korea can also be seen in a multilateral context in which the two countries are often met in multilateral fora such as ASEAN + 3, EAS, ASEM, and the G-20. At the government level, Indonesia and South Korea are also very often hold meetings on a regional basis to develop joint activities to fight for the East Asian region that is peaceful, prosperous, and advanced. South Korea also sent the Korean Ambassador to ASEAN and open the Office of Mission to ASEAN in Jakarta in 2012 (Jeon & Yuwanto, 2014).

In the field of military and defense relations between the two countries is

getting stronger and is characterized by the increasing frequency of visits of senior military and increasing the procurement of naval, land, and air, as well as military equipment. Cooperation in the field of oceanography and military training also continues to run (Jeon & Yuwanto, 2014). In 2010, President Susilo Bambang Yudhoyono pointed to South Korea as a partner to be involved in the development plans of Indonesia. President Yudhoyono then sends a special team led by Coordinating Minister for Economy to South Korea in February 2011 and discussed plans for the long-term development of Indonesia in the forum Korea-Indonesia Joint Ministers Meeting (Jeon & Yuwanto, 2014). Then proceed with the development of bilateral cooperation in the defense industry. It is characterized by a deal the Government of Indonesia with partner Korea Aerospace Industry (KAI) in the production program of fighter jets KFX/IFX and in December 2010 when President Lee Myung-bak attended the Bali Democracy Forum, President Yudhoyono proposed the cooperation production of armored vehicles, submarines, and air force training plane (Jeon & Yuwanto, 2014).

On December 20, 2011, Indonesia signed a contract to purchase three submarines with Daewoo Shipbuilding and Marine Engineering (DSME) worth USD 1.1 billion. The submarine is Chang Bogo class submarine with diesel power weighs 1,400 tons, has a length of 61.3 meters, and eight holes weapon for launching torpedoes, mines, cruise missiles, and other weapons. The submarine is also capable of carrying 40 sailors. In purchasing these submarines there is an element of technology transfer as well as in making the first and second submarine to be built in South Korea, while the third submarine will be built at PT. PAL Indonesia, Surabaya. The submarine was completed in 2018 (Sindo News, 2011).

The first and second submarine was completed in South Korea in 2018. In the

construction of the first and second ships, South Korea restricts Indonesia's involvement in the process of making these submarines due to safety reasons. This makes Indonesia cannot learn directly about the South Korean technology used in the manufacture of submarines, but only to observe. However, in the third shipbuilding, both sides agreed would involve PT. PAL directly in the manufacture of these submarines.

Researchers will discuss the stages of procurement class submarines Chang Bogo and defense diplomacy Indonesia in negotiations to maximize the role of Indonesia in the manufacturing class submarines Chang Bogo (especially in overcoming obstacles in the field of technology - licensing of these submarines, Indonesia's involvement directly in the process of technology transfer, and measures taken to overcome the lack of infrastructure in producing parts of Chang Bogo class submarine in the country, namely PT. PAL Indonesia) that found a solution that benefits both parties in their respective interests.

In the procurement Chang Bogo class submarine with South Korea, Indonesia participated. Building the submarines is characterized by the production of the first and second submarine built in South Korea and then the production of the third submarine involving PT. PAL Indonesia in Surabaya. Indonesia's direct involvement in the process of making the submarine can contribute to building the capacity of Indonesian human resources and technology development in the country to independence in the future of the defense industry. As we know that in the procurement of these submarines are policy mechanisms offset by Law no. 16 in 2012 that there is an element of technology transfer. Therefore, this study aims to analyze the stages of procurement of Chang Bogo class submarines and the role of defense diplomacy during the process.

METHODS

The method used in this study is qualitative. According to Creswell qualitative research method is the method used to explore and understand the meaning of who relies on text and image data with the unique steps in analyzing the data (Creswell, 2010). The author chose a qualitative method in this study because the data collection, the authors use the technique informant interviews and documents related to the case to be investigated. So research with qualitative methods to support the authors in obtaining the results of research and the search for conclusions from the data obtained.

The study design was a draft proposal which can be arranged as a study guide. The design of the case study focuses on the specifics of the case in an incident. Creswell said that the case study is a research strategy in which the study researchers investigated carefully a program, event, activity, process, or group of individuals. It is appropriate in this study, where researchers will investigate the process of procurement of Chang Bogo class submarine result of Indonesian defense cooperation with South Korea (Creswell, 2010). It is appropriate in this study, Techniques of data collection is an instrument or tool used to collect data to be systematic and facilitate researchers. Research Instruments in the qualitative approach are the researchers themselves. Because the instrument is the researchers themselves, the investigator must be validated. Validation is meant is the understanding of qualitative research methods, knowledge mastery of the area concerned, the readiness of the object of study investigators to enter both academic and logic. Then, since the instrument in this study is the researchers themselves so researchers aided tools such as voice recorders, cameras, stationery, and interview guidelines.

Moleong says that search out natural (investigators) in the collection of more

data to rely on him as a means of collecting (Moleong, 2005). This study uses a data collection tool in the form of guidelines that provide a set of interview questions and written questions regarding the studied variables to the informant to be answered. This is done with the aim that the question in the interview did not deviate from the study variables. Guidance interviews made by researchers is based on the points in question to the informant to obtain the required data in the study. It is intended that the process can be run in-depth interviews among researchers with rolling informant interviews and the data thus obtained as required.

The interview is the process of obtaining information for research purposes with a question and answer technique, face to face (face to face) with the informant or informants. Interviews can be conducted in a structured and unstructured and can be done through face to face or by phone. In the present study using unstructured interviews to obtain data in this study. Researchers using interviews aim to obtain real data clearly and deepen research on defense diplomacy strategy to boost bilateral defense cooperation between Indonesia and South Korea (Sugiyono, 2011).

In addition to the interview as the primary means of data collection, the researchers also use other data collection techniques used in this study among others. Observation, a collection of necessary data with down directly to the sites. According to Nasution (Sugiyono, 2010), states that observation is the basis of all science. Scientists can only work based on the data, the facts about the world of reality obtained through observation. This observation is used for research that has been planned systematically about how defense diplomacy strategy Indonesia and South Korea. Researchers will conduct field studies directly in the Ministry of Defense, Purnomo Yusgiantoro Center, PT. PAL Indonesia, and the Ministry of Foreign Affairs.

Documentation Studies, the studies used to seek and obtain secondary data. Study documentation is any written material in the form of essays, memos, announcements, instructions, magazines, bulletins, statements, rules of a public institution, and the news was broadcast to the media. From the description above, the method of documentation is the collection of data by examining the important records that are closely connected with the object of research. The purpose of this method is used to obtain the data clearly and concretely on defense diplomacy strategy for Indonesia and South Korea.

The study will be conducted with authors documentation in the Ministry of Defense, Purnomo Yusgiantoro Center, PT. PAL, and the Ministry of Foreign Affairs. instruction, magazines, bulletins, statements, rules of a public institution, and the news were broadcast to the media. From the description above, the method of documentation is the collection of data by examining the important records that are closely connected with the object of research. The purpose of this method is used to obtain the data clearly and concretely on defense diplomacy strategy for Indonesia and South Korea. The study will be conducted with authors documentation in the Ministry of Defense, Purnomo Yusgiantoro Center, PT. PAL, and the Ministry of Foreign Affairs. instruction, magazines, bulletins, statements, rules of a public institution, and the news were broadcast to the media.

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RESULT AND DISCUSSION

In building the advanced countries and of good quality in terms of economy, human resources excellence has a strong character, and respected by other nations, a nation can't walk alone but must have a strong defense in the face of all threats coming from within and outside the country. The defense force a country can provide deterrence effect for other countries as well as those who threaten the sovereignty of the nation. Thus the Indonesian National Army as a major component of the Indonesian nation's defense also must improve in the times to strengthen the country's defense.

There are four main elements in the National Defense System that doctrine, strategy, posture, and defense structures. Effectiveness of the four basic elements that can work if supported by a strong defense industry and independent. Building a strong defense industry and autonomously required mastery in the field of science and technology. But this time, Indonesia was confronted by limitations in the field of science and technology while the country's defense force is inseparable from defense modernization because of the rapid development of science and technology at this time, especially in the face of the industrial revolution 4.0 (Ministry of Defense, 2014).

Based on this, the government is working with other countries in the procurement of defense equipment and security. Procurement *alpalhankam*

Indonesia stipulated in Law no. 16 in 2012. In the Act explained that each procurement *alpalhankam* mandatory use of domestic production and the procurement is regulated by laws or regulations, the user aims to increase the military strength of the military, and there must be a transfer of technology element. However, if the country fails *alpalhankam* produced by the domestic defense industry, procuring *alpalhankam* can cooperate with other countries through the offset mechanism, which involves the education, training, technology transfer, research, and development, engineering, production, marketing.

Stages procurement Chang Bogo class submarine

In the section, Results are several stages in the procurement *alpalhankam*. These steps include planning, budgeting, acquisition, and monitoring. Researchers will analyze procurement stages Chang Bogo class submarine by Indonesia to South Korea by three perspectives: from the perspective of diplomacy, international cooperation, and defense diplomacy. The analysis is as follows. When viewed from the perspective of diplomacy, in the planning stages are stages of identifying needs, the establishment of goods or services, how, schedule, and budget procurement of goods or services. Indonesia is a submarine that needs to keep the ALKI region. In determining the goods or services seen from several factors.

Based on the information sources that have been described previously that in determining the country invited to cooperate in the procurement of these submarines is determined in terms of good relations between the two countries factor for the highest defense cooperation is cooperation and requires a high level of confidence. Indonesia selected South Korea as a good relationship and a good history of cooperation with South Korea. Also, South Korea has a submarine with advanced technology and is willing to transfer

technology to Indonesia, and the technology transfer portion given South Korea is the most suited to the needs of Indonesia.

Building good relations between Indonesia and South Korea saw from the various cooperation between the two parties, and the cooperation goes well have to contribute in building the confidence of both sides to cooperate at a higher level, namely in the areas of procurement Chang Bogo class submarine. Stages in the procurement of which is under the supervision *alpalhankam* an important role in the prospects of passage of the submarine procurement project in the future. So that in case of technical and non-technical issues that are not in accordance with the initial contract and can harm a party may immediately be reported and can be sought solutions to these problems to achieve maximum results. It is included in the perspective of Defense Diplomacy for Confidence Building Measures.

In the area, there are also planning needs identification stage where there is a meeting of the operational part to determine the submarine as well as technology transfer required percentage Indonesia. It can affect the defense capabilities of Indonesia and the Indonesian defense industry in the future. For that, the meeting should be attended by experts in the technical field and should be described in detail to determine the next stage of the acquisition phase and budgeting. Where the stage of the acquisition will be discussed on the offset mechanism in Indonesian policy that accommodates the operational part of Indonesia.

In the budgeting phase in which each is open and detailed budget including local market prices, the unit cost information, the cost of the contract, the comparison with similar contracts, the estimated cost calculation carried out by consultant planners as well as other information that can be accounted for. With the breakdown of an open and accountable manner, it can

build trust parties involved in the procurement process.

In the procurement, stages are stages of acquisition and oversight. Relating to the acquisition phase offset mechanism in which the project's procurement of submarines to offset direct government ie production where Indonesia and South Korea jointly working to make these submarines. In connection with Indonesia's policy related to Law no. 16 in 2012 in which the offset mechanism requires technology transfer elements in every procurement. South Korea agreed to provide technology transfer to Indonesia.

Then from the monitoring stage. First, based on Permenhan no. 17 of 2014, pre-audit evaluation results mainly deals with audit object qualification assessment, evaluation of bids, negotiation and readiness to implement the trial Procurement Evaluation Team; then pre-audit before signing the contract with the object of the audit, especially the reasonableness of the price, the suitability of the technical specifications and the completeness/accuracy of the contract clause, The current process of technology transfer as well as officials involved in overseeing the implementation of the project if Indonesia gets a portion corresponding to the initial agreement. Based on the research results with sources of Sea Baranahan, Matra Defense Ministry submitted that there is a technical problem, but the data and procurement contracts ships are the data confidential. But explained that with good communication with the South Korean side, the problem can be solved and the submarine is made to meet the standards of manufacture of submarines. Referring to the statement Pedrason (Pedrason, 2015) concerning the definition of defense diplomacy that all the methods and strategies used by countries that may compete, but they have been using this type of specific practices, including economic, cultural, political cooperation, defense cooperation, and diplomacy to

make friends, cooperate, and most importantly, to build and enhance mutual trust. To analyze the procurement Chang Bogo class submarine between Indonesia and South Korea from the perspective of defense diplomacy, the researchers analyzed that Indonesia and South Korea use on defense and diplomacy to cooperate and build and increase mutual trust.

For example, in terms of technology transfer. Purnomo Yusgiantoro said that South Korea is sincere to transfer technology to Indonesia. It is also approved by the Functional. Young Diplomat experts, Sub-Directorate of East Asia and the Pacific III Ministry of Foreign Affairs that the portion of the distribution of technology transfer provided by South Korea is the most suitable to Indonesia.

According to Multazam (Multazam, 2010), there are three main variants in defense diplomacy that Defense Diplomacy for Confidence Building Measures Defense Diplomacy for Defense Capabilities and Defense Diplomacy for Defense Industry. This study discusses the Defense Diplomacy for Defense Capabilities and Defense Diplomacy for Defense Industry in the procurement business Chang Bogo class submarine in the cooperation between Indonesia and South Korea.

Defense diplomacy to defense capabilities done to strengthen the defense capability of a material that one of them through the purchase *alpalhankam* and other defense components. Meanwhile, for the defense industry defense diplomacy conducted through a strategic partnership between the countries of weapons production, cooperation and development of weapons research, licensing, investment in the defense industry, and technology transfer (Multazam, 2010).

By buying submarines from South Korea to meet the minimum essential force Indonesia, Indonesia boosts Indonesia's defense capability. Then in terms of technology transfer is the first step for Indonesia to build the domestic defense industry so that Indonesia can achieve its

goal of self-reliance on the defense industry in the future. As described in previous studies conducted by Raden Mas Jerry Indrawan and Bayu Widiyanto that the independence of a nation's defense industry will be qualified if they are supported by sophisticated technology. Indonesian Defense Industry should be able to keep up with technology today. Currently, there are still some obstacles in the military that affect the process from initial research and development (R & D) through procurement. The policy can help offset the independence of the country's defense because of there requirements and reciprocal technology transfer and joint production with major manufacturers of security defense equipment (*alpalhankam*) world in which it supports the development of the Indonesian Defense Industry (Indrawan & Widiyanto, 2018).

Through the technology transfer process of making this submarine so that Indonesia can know the process of making the submarine directly, as well as what is needed in the manufacture of technologically advanced submarines, in terms of equipment and infrastructure to determine the budget for building infrastructure and providing necessary equipment.

Viewed from the perspective of Defense Diplomacy for Confidence Building Measures in the agreement between Indonesia and South Korea are the points where Indonesia and South Korea will conduct personnel exchanges, experiences, and information related to defense, and to conduct bilateral dialogues regularly on strategic issues and security which concern together, exchange of scientific data and technology, promote cooperation between the two armed forces, as well as providing assistance and logistical support of the defense. This is done to increase mutual trust and communication between the two parties. From the perspective of Defense Diplomacy for Confidence Building Measures visits from Indonesia negotiate how problems related to fluctuating

budgets. Based on information from informants, researchers saw that Indonesia negotiate with South Korea that production Chang Bogo class submarine to be adapted to the economic conditions in Indonesia. South Korean parties agree it is by extending the project of making 12 submarines into four batches. With a background of good bilateral relations between the two parties and the history of cooperation between Indonesia and South Korea, South Korea increase the confidence level against Indonesia so agreed.

Perspective Defense Diplomacy for Defense Capabilities there are problems related to policy changes as there are new laws, namely Law no. 16 in 2012 contained the offset mechanism by 85%. In addressing this, as presented by Purnomo Yusgiantoro and part Dirtekindhan Pothan Ministry of Defense that Indonesia continues to negotiate to offset the percentage achieving the desired percentage by the Indonesian side. The offsetting mechanism contained in the regulation of technology transfer obligations of the different elements in each procurement *alpalhankam* with foreign parties. South Korea agreed to provide technology transfer to Indonesia.

But this time the percentage of a given technology transfer has yet to reach the stage of a predefined minimum in Indonesian policy. According to information from sources explained that Indonesia is still negotiating for Indonesia to get a portion of the technology transfer following the policies of Indonesia and Indonesia still seeking development of adequate infrastructure in the production of the second batch of submarines that will be done entirely in Indonesia with assistance from the South Korean side.

It is also described in a previous study by Prasetyo et al. who said that it is a consequence of the obstacles encountered. If the future of all obstacles both technical factors and the procedure can be overcome then *alpalhankam* resistance can be realized.

According to the study, as a percentage

of average may PT.PAL reaches the percentage of 50% in the ability of technology in building endurance submarines, but is expected in the construction of submarines fourth and fifth vessels may carry out the construction of ships with similar type with the assistance of foreign parties. Results of the evaluation on the independence of the defense industry in both the manufacture, use, and care for unmet. It is part of the obstacles both on the technical and procedural factors (Prasetyo et al., 2017).

Perspectives for the Defense Industry Defense Diplomacy there are problems that the lack of infrastructure on the part of Indonesia that is hindering the process of technology transfer. As described in previous studies conducted by Sri Ayu Isdayanti Meidiani that behind the defense cooperation between South Korea willing to transfer technology where it is needed by Indonesia in producing *alpalhankam* independently. The challenge Indonesia is an adjustment to equity Indonesia and South Korea's technology so that in the process of development between the two countries can run smoothly and the availability of the defense budget to accommodate such cooperation (Meidiani, 2018).

So in addressing the issue Indonesian side to negotiate with South Korea that Indonesia participated directly in the execution of Chang Bogo class submarine in South Korea and began to assemble the parts submarines in Indonesia. Science obtained from the procurement of submarines also contribute to the development of Indonesia's defense industry to meet the challenges of the industrial revolution 4.0 in the future. The government is still seeking an adequate infrastructure for it, as described resource Purnomo Yusgiantoro and from the PT. PAL Indonesia that Indonesia will extend the project until the third strategic plan and divided into four batches where the second batch of the project of making the submarine began to be done entirely in

Indonesia.

Referring to the definition of international cooperation according to Moehadi Soegiono namely in international cooperation, the state is no longer as an actor exclusively in international politics but only part of the network of interactions, political, military, economic, and cultural together with economic actors and civil society (Perwita & Yani, 2006). Then it can be analyzed that international cooperation is the interaction of each actor in the international system and including a transaction in it. In the procurement of Chang Bogo class submarine is an international cooperation between Indonesia and South Korea. Besides, there are two companies involved in the procurement of Chang Bogo class submarine, these include the PT. PAL Indonesia and DSME of South Korea.

This is due to the purchase of Chang Bogo class submarine is an international transaction between Indonesia and South Korea, and also a separate MoU will the transaction. The purpose of the binding agreement is that there are no losers because in terms *alpalhankam* and weapons is a sensitive matter as described in the section of research results.

The parties involved interact to carry out national interests. Indonesia needs a submarine but has a technology transfer policy as a step to achieve the goal of self-sufficiency Indonesia defense industry. Then Indonesia seeks cooperation partners in the project, which approved the policy. Cooperation is bilateral cooperation approved by the two governments but in the work of making a submarine conducted by the Indonesian state-owned companies, namely PT. PAL Indonesia and DSME in South Korea. The process is also done in South Korea and Indonesia.

Based on the results of the study are documented in overcoming obstacles from the perspective of international cooperation among others, is the first issue that needs to be *alpalhankam* Indonesia in cooperation with South Korea related procurement

Chang Bogo class submarine which aims to surveillance in the border region and in Indonesian waters.

Both in terms of weapons technology, there is a third party who owns the submarine weapons systems. Indonesia should have a separate agreement with a country that has such weapons systems. Indonesia has a special agreement with the state, where there is a mechanism in the agreement on the protection of submarine weapons technology from falling into a third party.

CONCLUSIONS, RECOMMENDATION, AND LIMITATION

There are problems on the Indonesian budget uncertainty that impede infrastructure development in Indonesia and the extension of the procurement project Chang Bogo class submarine, South Korea does not have a license on the submarine's weapons systems, and there is a change in Indonesian policy. Based on the results of the research conducted, the authors can conclude that. In determining the selection of submarines in the submarine procurement project, the stages of the procurement of submarines by Indonesia, among others, from the planning stage, acquisitions, budgeting, and oversight. The planning stage includes the identification of the need to determine a budget. The results of the procurement planning contained in the Public Procurement Plan. Later stages of acquisition-related offset mechanism Indonesia. Then budgeting consists in detail and is open to assess the fairness of the offer, set a ceiling to the legitimate offers, and the basis for the amount of a performance bond for deals whose value is lower than 80% of the total value of HPS, then the monitoring stage.

Stages of defense diplomacy by Indonesia among others in the planning stages to build trust South Korea, at the planning stage to the operational meeting where the stage can determine the stage of

budgeting. At this stage of the acquisition policies that accommodate the operational part, at the stage of monitoring held a meeting related to the process of technology transfer, and hold meetings involving legal action. In addressing the problem of uncertainty budgets, inadequate infrastructure, lack of ownership of weapons technology, and policy changes, Indonesia negotiates with South Korea so that these problems can be solved.

Recommendations can be given is that the government in collaboration with the Ministry of Defense and the Ministry of SOEs in order to continue to be committed to developing the infrastructure of the Indonesian defense industry in order to achieve the independence of the industry and also gives an appropriate budget in achieving that goal. In terms of procurement stage *alpalhankam* the budgeting stage to be made a special budget rule for the development of infrastructure and the development of local content in every procurement *alpalhankam* because progress depends on the readiness of the defense industry infrastructure and resources of local content to meet the needs of the industrial revolution 4.0 in the future. In terms of defense diplomacy, that the government began to invest and cooperate in the development of weapons systems contained in the procurement *alpalhankam alpalhankam* to accommodate existing and ongoing.

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