

# Navigating the Turbulent Development of KF-21 Project between South Korea and Indonesia

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## ABSTRACT

*South Korea and Indonesia are no strangers in defense cooperation. The two states have been working together on a project to develop military jet called the KFX-IFX project. However, the project's ups and downs spark questions of what lies ahead for both the project and the two states. Through the use of the qualitative research method, the article makes use of numerous secondary data to answer its research questions. To enhance the analysis, relevant concepts, like defense diplomacy and rational choice theory, are also utilized. Starting off, the article begins with explanations over the KF-IFX jet project development. The project has witnessed some negative developments that have arisen from Indonesia's tardiness in paying its share. Following that, a discussion over the driving force behind South Korea and Indonesia's defense diplomacy is provided. On this matter, the factors can be understood in terms of the benefit given to the international reputation, confidence building as well as towards capacity building of both states. After that, the article touches upon the rationality behind Indonesia's move to maintain its commitment in the project. For this, the article finds that Indonesia has a lot at stake hence abandoning the project would not be beneficial.*

**Keywords:** Defense Diplomacy, Indonesia, KF-21, South Korea.

## Introduction

*The capacity to produce and manufacture military grade planes has been something that only a handful of states possess. However, in recent times, some other states have taken it to their own hands to develop such a capacity. One such state is South Korea. Its geographic settings have made it necessary for it to put a huge importance on its own defence capabilities and capacities. This is also made more urgent in the midst of growing North Korea military buildups, specifically on its nuclear arsenal (Hagstrom, 2022).*

*It is no surprise that the country has been working closely with numerous states, notably the United States, to develop its defense capabilities. In regard to the US, South Korea has a long historical background that in part owes it to the US, especially during the early days of the Cold War where the US supported it. Despite the ups and downs in the two states' bilateral relations, the US still views South Korea as a key partner in both the global and regional stage (Huynh, 2021). On top of that, the same stance also resonates on the part of Seoul. South Korea has developed its defence industries to a point where they are capable of working along other relevant actors in the field.*

*Indonesia, a growing power in the Indo-Pacific, has also been one of South Korea's key regional partners. The growing centrality of Indonesia and its key role in the regional architecture provided by ASEAN made it a pressing issue for South Korea to maintain ties with Indonesia. In the last decades, the two states have shared long mutually benefitting ties in a vast scope of fields. This can be clearly observed in the economic relations between the two states where they have created a comprehensive economic partnership agreement (CEPA). The same ties are also present in their defense cooperation as the two have been involved in numerous activities under the umbrella of defense diplomacy.*

*One of their ongoing projects is the KFX-IFX project that apart from involving the Korea Aerospace Industry, also involves Indonesia. The goal of the cooperation is quite ambitious, that is the creation of a fighter jet that would be shared following the previously agreed portion. The cooperation would mainly revolve around Seoul and its aerospace industry as Indonesia plays a more passive role in the provision of its agreed fund. Unfortunately, there have been numerous issues that involved both states. Numerous harsh gestures were made by Seoul to press Indonesia to fulfill its part of the deal of which Jakarta has somewhat slowly responded. Despite the fluctuating development of the jet, both sides appear to still wish to carry out the project as initially agreed. There lies a lot to see in the defence relations between the two states. Defense relations and the conduct of defense diplomacy are important areas of state relations in the international system. In regard to the KFX-IFX jet project, the project, should it be carried out through to the end, could benefit both states through the provision of military jets that may enhance their respective defense capabilities and capacities. Not to mention how both states are regional powers in the Indo-Pacific which in itself is already a thriving region in the eyes of the world's global powers (Yadav, 2022). With the importance of the issue laid out, this research aims to provide proper understanding of the fluctuating developments of the KFX-IFX jet project which has filled Indonesia and South Korea defense relations. Apart from that, it also aims to shed light on the driving forces that have led the two states to this collaboration as well as the underlying rationality behind Indonesia's rapprochement on its commitment.*

### **Research Method**

*The article utilizes the qualitative research method that is based on secondary data. The qualitative research method is a research method that begins with the determination of the research questions that are followed by data collection and interpretation along with concluding the research (Bryman, 2012). The secondary data originates from numerous news coverages and research articles on the related topic. The analysis would mainly focus on the state level of analysis but it would also put into consideration other levels of analysis, notably the international levels, that intertwine with the primary level. It is with such methods that this article provides the explanations for its aforementioned points.*

### **The Bumpy Road of KF 21's Joint Project**

*The KFX-IFX jet project is a defence cooperation project between South Korea and Indonesia that has its roots in 2009-2010. Originally, it was initiated back in 2001 under President Kim Dae-jung administration before a partnership was made with Indonesia later (Da-gyum, 2022). The project revolves around the creation and production of a military jet named KF-21 Boramae. The jet is a 4.5 generation fighter jet. As a joint project between South Korea and Indonesia, the two countries first agreed upon a proper cost-sharing scheme in which*

*Indonesia is responsible for 20% of the cost while South Korea and the KAI (Korea Aerospace Industry) hold the remaining 80% (Lendon & Seo, 2022). The project's emergence can be traced back to 2009-2010 when Indonesia and South Korea signed the Letter of Intent and Memorandum of Understanding respectively.*

*Unfortunately, the project has a lot of drawbacks. Numerous issues started to appear in the many years to come. The issues could range from financial issues to matters on the transfer of technology scheme. For financial issues, the issue mainly arises from Indonesia's delayment of the payment. South Korea did not take Indonesia's condition well. In 2021, Indonesia had only paid a quarter of its supposed portion (20% of the total cost), leaving it still with more than \$700 billion to pay (GDC, 2021). In that year too, hundreds of Indonesian who partook in the project as engineers were returned home following the absence of Indonesia's payment (Bisht, 2021). Although the engineers eventually returned to South Korea following Indonesia reaffirmed its commitment, it can be understood how the project is by no means a walk in the park. Recently in late November 2022, during a speech by South Korea's president, Indonesia's flag was draped over (Dubois, 2022). Such a gesture can be taken as South Korea's desire to witness concrete commitment from Indonesia in regard to the KFX-IFX jet project.*

*In the midst of turbulence, other countries have taken notes of what's going on in the joint project's development. One such country is Poland which recently stated its interest to partake in the jet development program (Minseok & Chuanren, 2022). The statement was released by Sebastian Chwaley, head of PGZ (Polish Armament Group). Although interest is still present solely in that statement, a look into Poland's capacity should provide us with a better understanding of this new development. As a state in its region, Poland is no stranger to the defence industry. Poland is after all one of the NATO (North Atlantic Treaty Organization). It is against this backdrop that Poland's military industry, both state owned and private ones, has proven to be capable as apparent in its contribution to the European and US markets (Kogan, 2019). Upon such consideration, it is no surprise that many would assume that South Korea would be interested to engage further with Poland on the jet program. Poland's capacity, should it participate, that is, to take part in the program's production/manufacturing along with its access to the European market would certainly be beneficial to both the program and South Korea. At last, with the current absence of any formal agreement, concrete progress still remains to be seen.*

*However, things do not remain bleak in regards to Indonesia's position. There have been some positive developments on Indonesia's part to maintain its presence and commitment. Some moves have been made to show Indonesia's commitment, like how it finally resumed payment since its last one in 2019 (KBS World, 2022). Apart from the recent payment, Indonesia has also made some plans for its future payments. As of now, as stated by Dwi Pudjiastuti Handayani, Director of Budget for Political, Legal, Defense and Security Affairs, and the Budget section of the State General Treasurer, the necessary funding for KFX-IFX program has been allocated in Indonesia's national budget for 2022 and 2023 (Alaydrus, 2022). This new development surely confirms Indonesia's commitment not only for the KX-IFX program, but also in regard to South Korea as its partner in defence matters.*

### ***The Driving Force behind the Defence Diplomacy***

*The conduct of defence diplomacy between Indonesia and South Korea, in the case of the KFX-IFX project, is the result of numerous factors. Those factors can be understood in the defence*

*diplomacy lens. There are some motives that can be seen to be present between the countries. They are the motive for confidence-building measures, capacity building and international reputation. Confidence-building measures refer to the motive to boost or develop trust in the other states. Meanwhile, capacity building points to the motive to increase or grow the states' defence capacities, either in developing the human resource or procurement of relevant armaments. Finally, international reputation refers to states' motive to improve its international reputation through the many channels of defence diplomacy.*

*For starters, the KFX-IFX project can be seen as a confidence-building measure towards South Korea for Indonesia. Following this motive, it would not be beneficial in the long run for Indonesia to abandon the project as it would also mean that it leaves South Korea. As a growing power in the Indo-Pacific, it is important for Indonesia to maintain good ties with other regional powers, including South Korea. In the case of Indonesia, this is also worth highlighting because the two nations have enjoyed good relations, especially in the public sphere. It is inevitable for them to eventually find themselves to collaborate or partner up in high political projects, like the KFX-IFX project (Parameswaran, 2018). For Indonesia to abandon the project, it would certainly damage Korea's confidence in Indonesia as one of its partners.*

*For capacity building, the way Indonesia can be benefited through obtaining the knowledge relevant to the production of military jets can be taken as one of its examples. Aside from that, Indonesia can also be benefitted through the transfer of technology either in the available access to the jet prototype and parts. Not only that, Indonesia can also give its engineers the knowledge and experience to work on the jet as apparent in the hundreds of engineers that have been sent back. However, the benefit obtained through the project has come under scrutiny. This was because of how Indonesia does not own the jet prototype entirely, which is only 15%. The percentage of ownership renders its benefits somewhat insignificant. Hence, Indonesia deliberated upon the issue, as apparent in how it attempted to renegotiate the means of payment with South Korea, so it would better fit Indonesia's national interest (Sari, 2021). But as the current state shows, other aspects, both in and outside the defence diplomacy considerations, encouraged Indonesia to remain committed to the project.*

*In regard to the international reputation, Indonesia's confirmation on its commitment is also in line with it. Through confirming its commitment to the project, Indonesia has proven itself to be a committed partner who also wishes to see the project through to the end. This can also be connected to the project's high political nature which makes it important for Indonesia itself. Moreover, in the globalized and interconnected international system, flow of information and narratives are an omnipresent activity that involves all kinds of actors. Should Indonesia do the opposite, either in leaving its state of payment up in the air or even leaving the project entirely, it would certainly affect its international reputation. Indonesia's identity as one of the growing powers may be jeopardized as its capacity to collaborate with other states would be affected. This is to say not only in regard to its commitment but also capacity to remain committed. The latter is of utmost importance considering that as a growing power, it is important for Indonesia to show its capacity to partake in projects with huge stakes like the KFX-IFX project.*

### ***The Underlying Rationalities on Indonesia's Commitment***

*Following the many developments the project has garnered, especially the negative ones, Indonesia has made its policy/reaction to it. Despite some setbacks, especially in Indonesia's capacity and consistency to continue the payment, Indonesia has made it clear that it is still committed to the project. In regard to it, the rational choice model can be utilized to better understand it. The model consists of 4 stages, the problem definition, goal selection, options and alternatives identification along with the choice (Ramadani & Tristi, 2019). Problem definition is the stage where states define the problem/issue they are facing. Goal selection is the stage where they select the goals they are striving for when they are dealing with it. Options and alternatives identification refers to the stage where states identify the options it can resort to in dealing with the issue. The choice is the final stage where states select and execute the options it considers to fit the bill.*

*Upon recognizing the problem, Indonesia may have defined it as an issue in which it must decide its position, either to continue or abandon its participation in the project. The issue made its appearance following Indonesia's absence of payment which has not been received well by its South Korean counterpart. The goals that Indonesia wished to fulfill would be based on its national interest along with the cost and benefit considerations. Some of the goals Indonesia had would be maintaining its reputation as an opt partner, keeping its ties with South Korea, and increasing its defence capabilities. Other factors that may affect the goals selection would be its initial motivation in joining in the program and its current development (including the many setbacks and difficulties Indonesia has been facing). The options that Indonesia was being faced would be to either leave or maintain its commitment to the project. As previously explained, Indonesia has a lot to gain for it to remain committed to the project. Indonesia is an emerging actor in the Indo-Pacific, a region that also hosts South Korea which is another regional power. Similar to ASEAN, Indonesia is also growing in its centrality but to maintain its growth, it also needs to formulate relevant policies to that end. For the centrality to be acknowledged by other powers in the region, Indonesia needs to make it apparent that it is capable of cooperating and emanating goods to other states that work with it. For this occasion, Indonesia already has the KFX-IFX jet project as the means to accentuate its centrality. Should Indonesia decide to back down, it would certainly affect its partners' perception of it.*

*The option for Indonesia to just abandon the project altogether is not something that should be considered as a mere what-if scenario. In the past, like in 2020, there were rumors that Indonesia would end its commitment in the project (Aristama, 2020). It was rumored then that it was not that beneficial for Indonesia to spend all that money for the jet's development when it could just buy it once the jet is available.*

*In the choice of policy stage, Indonesia eventually resorts to the option to maintain its commitment to the project. This final policy would not only ascertain its commitment but also give the green light for other moves as well, take for example the policy to pass the budget for the program in the national budget. Apart from that, other moves like having Indonesia's defence minister to meet with its South Korean counterpart is worth noting as well. The most notable effect would be its confirmation that Indonesia is still part of the project.*

## Conclusion

The long and relatively inconsistent dynamic between Indonesia and South Korea in regard to KF 21 is an important takeaway in the current relation between the two. Issues surrounding Indonesia's commitment, specifically its payment, have filled the development of the project. Moreover, Indonesia's defence diplomacy with South Korea also played a big part in its eventual policy. The three motives of defence diplomacy that played huge roles are the confidence-building measure, capacity building and international reputation. Finally, the rationality between Indonesia rapprochement can be understood through the use of rational choice model. In which, Indonesia's eventual policy to reaffirm its commitment was the result of proper considerations of problem definition, goals it wished to attain, and options identification.

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