

EMPOWERING INDONESIA–MALAYSIA DEFENCE INDUSTRY COLLABORATION WITH THE GLOBAL SOUTH THROUGH A POLITICALLY STRUCTURED STRATEGIC ALLIANCE (P2SA) MODEL

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ABSTRACT. Indonesia and Malaysia represent two powerhouses from the Global South with ambitions to develop local defence industrial bases. Despite sharing close cultural, historical, and geographical ties — in addition to strong political and security relations — Indonesia–Malaysia collaboration in the defence industry remains stagnant, and has in some respects even become regressive. Although the ASEAN Defence Industry Collaboration (ADIC) initiative has existed since 2009, both Indonesia and Malaysia have followed different and often diverging paths. Indonesia has co-developed its first submarine and fourth-generation fighter jet with South Korea, as well as its medium battle tank with Turkey. Malaysia, on the other hand, built its first patrol vessels with Germany, its Littoral Combat Ships with France, its Littoral Mission Ships with China, and its light armoured vehicles with Turkey. This study examines three underexplored trends in current Indonesia–Malaysia defence industry collaboration. First is the bilateral defence industrial relationship between Indonesia and Malaysia. Second is the increasing divergence in how both countries engage in defence industry partnerships with the Global South. Third, the study explores how Indonesia–Malaysia defence industry collaboration can be strengthened not only at the bilateral level, but also within the broader Global South context. Using a mixed-methods approach, this research evaluates national defence industrial strategies through policy analyses, defence white papers, industry reports, and expert interviews. Building upon the 'strategic alliance' model, this study proposes a new framework — the Politically Structured Strategic Alliance (P2SA) Model — to empower Indonesia–Malaysia defence industry collaboration with the Global South. The central argument is that a purely commercial, apolitical strategic alliance is unsustainable in the highly politicized defence sectors of not only Indonesia and Malaysia, but also many other Global South countries. Therefore, while maintaining the fundamental characteristics of a strategic alliance — such as joint ventures (JVs), collaboration, and consortiums — the proposed P2SA Model emphasizes the importance of allocating a proportion of ownership, management control, funding, credit, and incentives in any multinational defence industry collaboration to political stakeholders from all participating countries. This model not only increases trust but also enhances the long-term sustainability of collaboration by safeguarding it from domestic political shifts. By aligning the interests of the alliance with those of the ruling political groups, it ensures continued commitment from all involved parties. These findings are highly significant, as they offer a sustainable, long-term solution for expanding Indonesia–Malaysia defence

industry collaboration — both bilaterally and across the Global South. Moreover, this model enhances resilience against potential disruptions caused by Original Equipment Manufacturers (OEMs) from the Global North.

KEYWORDS: defence industry; Indonesia; Malaysia; Global South, strategic alliance.