The Impact of Potential Merchant Fleet and Government Policy toward Nation's Maritime Defense

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Abstract

The dynamics of the strategic environment in the South China Sea are currently very worrying due to unresolved national border issues and the domination of claims over the South China Sea by the Chinese state with the nine dashed line. The placement of the armed forces of the disputing countries has an impact on the defense and security of regional countries. Indonesia as a country in a troubled area has a direct impact on the security of its territory as a result of the deployment of other countries' armed forces. For this reason, Indonesia must anticipate existing threats to the sovereignty and security of its territory by preparing all available defense resources. The purpose of this study is to analyze the impact of potential Merchant Fleet and Government Policy toward Nation's Maritime Defense. The research method used quantitative research with analysis using Structural Equation Modeling (SEM) and supported by qualitative data. Researcher selected samples with Stratified Random Sampling and Purposive Sampling techniques. The number of samples used were 347 respondents. The results of the study show that the Merchant Fleet has a positive and significant effect on Government Policy, the Merchant Fleet has a positive and significant effect toward Nation's Maritime Defense, Government Policy has a positive and significant impact toward Nation's Maritime Defense.

Keywords: Merchant fleet; Government policy; Nation's Maritime Defense.

1. Introduction

Currently, there are a number of issues in the region that are military and non-military threats in the form of threats of violence such as piracy, sabotage, and terror on vital objects, navigational threats, resource threats (destruction and pollution of the sea and its ecosystem) as well as threats to sovereignty and law (illegal fishing, illegal immigrants, exploration and exploitation of natural resources illegally, including smuggling of goods and weapons)

(kemhan.go.id).

This condition is certainly very detrimental to the Indonesian nation and has the potential to hamper national economic development. This statement is in line with President Joko Widodo's speech at the 2016 IMO (*International Maritime Organization*) session in London which said he would build maritime infrastructure, protect marine resources from illegal and destructive exploitation, utilize marine wealth for the people, maintain security and safety of the sea as a vein. pulse of world trade (setkab.go.id, 2016).

The dynamics of the strategic environment that is so fast in the Asia Pacific region also has an impact on a very complex spectrum of threats by giving rise to factual and potential defense-security threats. The South China Sea (SCS) conflict is a factual threat today, where *to the status quo* China's unilateral *nine dash line* is very disturbing and disrupts the diplomatic relations of regional countries. China is trying to establish its presence *de jure* and *de facto*., *De jure* China issued the Law on the Territorial Sea and *Contiguous Zone* on February 25, 1992 (bphn.go.id), and *de facto* China has strengthened its military presence in the region and modernized its defense forces towards achieving mastery. the sea by placing the *Coast Guard* and Navy fleets that have an impact on regional geopolitical and geostrategic changes. There are 3 factors that have a major influence on the actions of China's internal ego in making its foreign policy decisions over the South China Sea dispute, namely military capabilities, economic needs and nationalism values (Darmawan, 2018).

A strong national defense will increase the ability to deal with various threats, both from within and from abroad. Through the Law of the Republic of Indonesia Number 3 of 2002 concerning the National Defense System, the concept of national defense underwent a very basic change. Article 3 paragraph 2 states "State defense is prepared by taking into account the geographical conditions of Indonesia as an archipelagic country". Based on the article, the orientation of national defense must refer to *archipelagic oriented*, namely the national defense is no longer *inward looking,* but *outward looking* in the face of every military threat and non-military threat that comes from the sea.

Furthermore, Indonesia also has the sovereignty and authority to protect and maintain the integrity of its maritime territory. The enforcement of sovereignty at sea has two dimensions of understanding, namely state sovereignty (*sovereignty*) and sovereign rights (*sovereign rights*) as described in articles 2, 34, 47 and 49 of the 1982 UNCLOS. the sea, especially for the components of the nation that have duties, functions and authorities at sea, so that the *action plans* implemented can be targeted, directed and integrated.

The main component of defense at sea places the Indonesian Navy as the front line. However, as the main component of national defense at sea, in reality the ability of the Indonesian Navy (Main Equipment for Weapon Systems) to maintain *coverage area* is inadequate. This is due to the fact that the number and age of the Navy's defense equipment are generally obsolete. This condition has an impact on the capacity and capability of the Indonesian Navy in carrying out the defense and security functions of the marine dimension. As said by military observer Connie R Bakrie (2021) at the National Seminar at Seskoal with the theme Sea Power that the importance of the composition of the number of warships and the modernization of Hi Technology-based defense equipment is associated with the vast area that must be guarded and defended.

National defense is the obligation of all citizens, as written in the 1945 Constitution, Article 27 paragraph 3, which states that "every citizen has the right and is obliged to

participate in efforts to defend the state", Article 30 paragraph 1, reads "every citizen has the right and is obliged to participate in national defense and security efforts", Article 30 paragraph 2, reads "State defense and security efforts are carried out through a universal people's defense and security system by the Indonesian National Armed Forces and the Indonesian National Police, as the main force, and the people, as a supporting force", as well as Article 30 paragraph 3, which reads "The Indonesian National Armed Forces consists of the Army, Navy, and Air Force, as the state's instrument in charge of defending, protecting and maintaining the integrity and sovereignty of the state".

Meanwhile, national defense is prepared by taking into account the geographical conditions of Indonesia as an archipelagic country, where the orientation of national defense must refer to *archipelagic oriented* , no longer *land oriented.* In response to this, the Indonesian government's policy as the World Maritime Axis puts the marine defense sector as one of the development priorities. Various data and analysis as well as accurate information related to the model of state defense in the Indonesian seas are very much needed. So far, the marine area and all its potentials tend to be forgotten, so it is time to return to the concept of a maritime state. Maritime is an inseparable part of national maritime defense, as well as to make Indonesia a world maritime axis country. The Indonesian nation must be able to read the potential and strategic functions of the sea. The Indonesian people must be able to change their mindset in seeing the importance of the sea for the nation and state. The national defense strategy must be able to answer three basic things, namely first what to defend, second with what to defend it, thirdly how to defend it. The defense strategy should be formulated by taking into account geographical conditions, the dynamics that occur in the strategic environment both in the international and regional environment (potential threats), as well as the use of weapons system according to the MEF (Minimum Essential Force) and strategic plan. Indonesia's defense strategy should be able to link and integrate the strength characteristics of each defense force, both land, sea and air, without being dominated by dimensions. The formulation of the defense strategy is aimed at creating integrated armed forces.

Merchant Fleet as a service business in the field of providing space for water transportation or sea transportation for the purpose of transporting cargo of passengers and goods from one place to another. In certain conditions, where the situation is very urgent, the government has the right to mobilize all of its resources to overcome all forms of threats that can disturb the stability of the country. Based on the Law of the Republic of Indonesia Number 3 of 2002 concerning Mobilization and Demobilization states that when the territory of the Unitary Republic of Indonesia is in a state of danger, the President can declare mobilization, and every object of mobilization must fulfill the call (Ministry of State Secretariat, 2019). The mobilization was carried out by the state with the deployment of Reserve Component and Supporting Component to assist the Arm Forces in facing the dangers of war. However, in reality this could not be carried out due to the absence of derivative regulations regarding the mechanism for implementing the rules for the involvement of supporting components when mobilized (RoE: Rule of Engagement). This can cause a gap like in the image 1.1 below:

NORMATIVE GAP
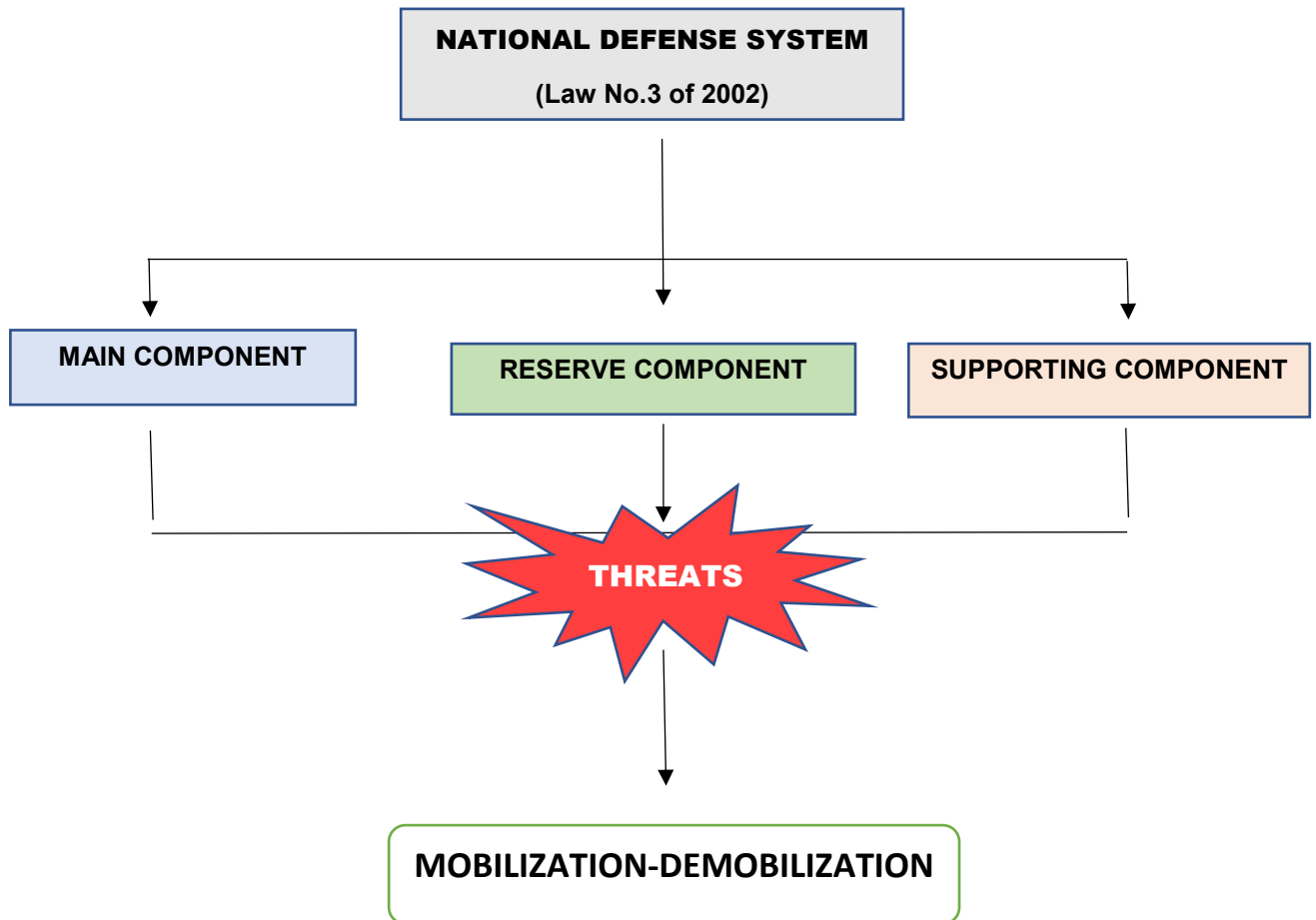
Figure 1. *Normative Gap*

The development of defense forces according to the strategic plan only focuses on increasing the capabilities of the Main Component (TNI-MEF strategic plan until 2024) and empowering the reserve components (2,500 in 2021), while the Supporting Components for the marine aspect as a multiplier force in the Indonesian government's national defense system have not been empowered (normative gap). In accordance with Law number 23 of 2019 concerning the Management of National Resources and the General Defense Policy of 2021 which states the empowerment of the defense components, however, in reality the Supporting Components, especially aspects of the defense dimension of the sea as a multiplier force in the national defense system, have not been empowered by the government until now.

Meanwhile, according to Law number 3 of 2002 concerning the National Defense System related to the article on mobilization and demobilization, there are currently no rules governing the mechanisms and rules regarding entities who will do what during the implementation of National Resource mobilizations, especially the marine dimension

component if an incident occurs war emergency. This will have an impact on the readiness of the national defense that adheres to the concept of the Universal Defense System in the future.

For this reason, Indonesia as the largest maritime country in the world, the Commercial Fleet as one of the Supporting Components of maritime defense should be empowered and managed to assist the strength of the main components of defense. The Commercial Fleet referred to here is not only about ships, but along with all the supports for the running of the commercial shipping process itself. Starting from the commercial ship industry, anchoring facilities and human resources. All aspects of the Commercial Fleet Support Component must comply with calls when needed, in accordance with the regulations and defense systems adopted by the state. Of course, these components must be integrated with a mature and planned strategy that must be prepared by the state.

From the description above, the purpose of this study is to analyze the potential influence of the Merchant Fleet and Government Policy toward Nation's Maritime Defense.

2. Research Methodology

Research method is conducted quantitatively with an emphasis on 3 (three) variables, namely the Potential Role of the Merchant Fleet, Government Policy and Nation's Maritime Defense. Of the three variables, the influence and relationship of each variable will be analyzed using *Structural Equation Modeling* (SEM) and data collection techniques by providing questionnaires.

The researcher chose the sample with a sampling technique with the *Stratified Random Sampling* and the *Purposive Sampling*. Respondents used in this study were 347 respondents. Meanwhile, the population and the sample in collecting the questionnaire data are stakeholders in the Merchant Fleet companies, both state-owned and private, including regulators in government agencies as policy implementing agencies. The population and sample of the Merchant Fleet can be seen in table 2.1 below:
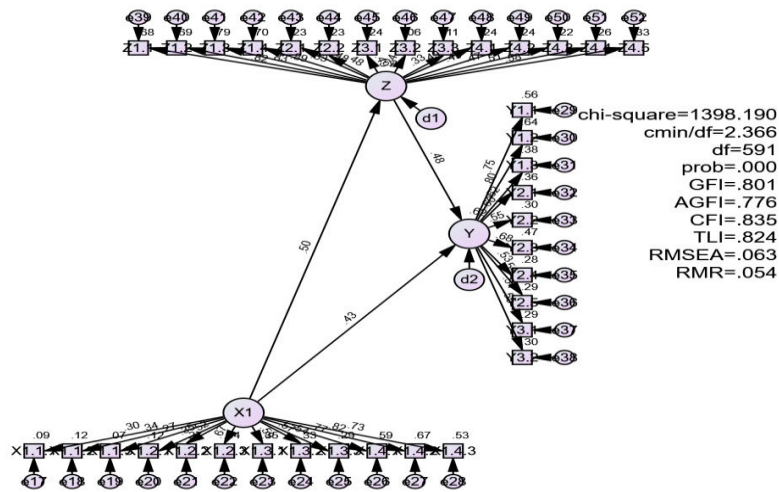
Table 1. *Sample of Merchant Fleet*

No.	Merchant Fleet	Sample
1	PT. PELNI	115
2	PT. ASDP	160
3	PT. Pertamina	72
		347

3. Results and Discussion

In the analysis of the SEM model that has been carried out, the results are as shown in Figure 1 below:

chi-square=1398.190
cmin/df=2.366
df=591
prob=.000
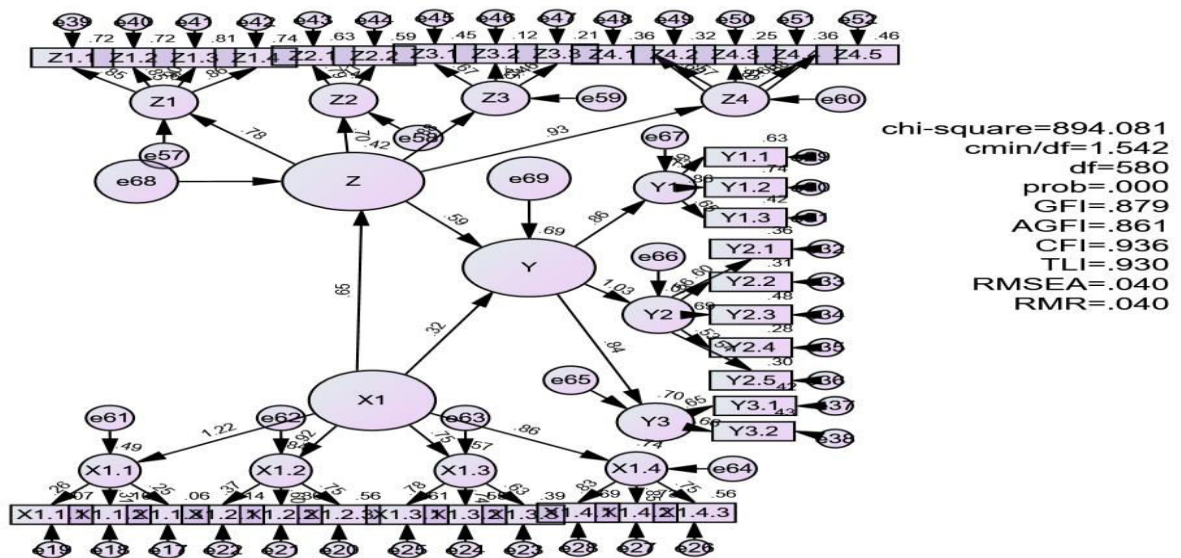GFI=.801
AGFI=.776
CFI=.835
TLI=.824
RMSEA=.063
RMR=.054

Figure 3.1. *Structural Model First Order*

Based on the figure above, it is known whether the developed model is supported by data, so it is necessary to *goodness of fit evaluation test.* The following are the results of the *goodness of fit* carried out on *the structural model* of this research. Hair et al., (2010) suggest using at least one *absolute-fit-index* (GFI, RMSEA or RMR) and at least one *incremental-fit-index* (CFI, NFI, RFI, IFI, AGFI or TLI) to define a model. can be considered *fit*. Thus, looking at the results of the model test in the table above, it can be concluded that the model does not fit because no one has met the criteria. Based on these results , it can be concluded that the structural model is not *fit*.

Then the next stage is carried out by carrying out a Second Order Structural model as shown in Figure 2 below:

chi-square=894.081
cmin/df=1.542
df=580
prob=.000
GFI=.879
AGFI=.861
CFI=.936
TLI=.930
RMSEA=.040
RMR=.040

Figure 3.2 *Structural Model Second Order*

At least one *absolute-fit-index* (GFI, RMSEA or RMR) and at least one *incremental-fit-index* (CFI, NFI, RFI , IFI, AGFI or TLI) to determine whether a model can be considered *fit*.

Based on the results of the model test in the table above, it can be concluded that the fit model is because there are those who meet the CFI criteria of 0.936, namely 0.9, TLI of 0.930 i.e. 0.9 and RMR 0.040 less than 0.05 and RMSEA 0.040 less than 0.05. Based on these results, it can be concluded that the structural model can be declared *fit*.

1. Hypothesis Testing

Hypothesis testing is carried out to provide answers to problems that are related to whether there is an influence between the independent variable and the dependent variable, including:

H1: Merchant Fleet has a positive and significant effect on Government Policy.

H2: Merchant Fleet has a positive and significant effect toward Nation's Maritime Defense.

H3: Government policies have a positive and significant impact toward Nation's Maritime Defense.

The results of the SEM test show the following hypothesis testing:

Table 2 *Hypothesis Test*

	Hipotesis	Estimate	S.E.	C.R.	P
H1	Merchant Fleet => Government Policy	1.343	.284	4.723	**
H2	Merchant Fleet => Nation's Maritime Defense	.530	.153	3.458	**
H3	Goverment Policy=> Nation's maritime Defense	.479	.068	7.064	**

2. Analysis Results

From the analysis of the research conducted, the results obtained are as follows:

1. The results of the first hypothesis test show a coefficient of 1.343 with a CR of 4.723 and a p value of 0.000 <0.05 so that it can be seen that the Merchant Fleet has a positive and significant to Government Policy.

2. The results of the second hypothesis test show a coefficient of 0.530 with a CR of 3.458 and a p value of 0.000 <0.05 so that it can be seen that the Merchant Fleet has a positive and significant effect toward Nation's Maritime Defense.

3. The results of the third hypothesis test show a coefficient of 0.479 with a CR of 7.064

and a p value of 0.000 <0.05 so that it can be seen that Government Policy has a positive and significant effect toward Nation's Maritime Defense.

Based on the results of testing the hypothesis 1, the merchant fleet has a significant direct influence on government policy. The estimated coefficient of the parameter of the commercial fleet on government policy is 1.343 and is significant at the 5% alpha level. This can be interpreted if the merchant fleet increases by one unit and the values of other variables remain the same, then the government's policy will increase by 1.343.

The results of the quantitative analysis which can be described based on parameter estimation tests and SEM model goodness-of-fit tests prove that the merchant fleet has a significant influence on government policy. Further analysis of the influence of the merchant fleet on government policy uses a theoretical framework that outlines the concepts of experts. The operation of the merchant fleet in the field is greatly influenced by various types of ships, such as cargo ships, passenger ships, tankers and roro or ferry boats and also fishing boats. These ships, not only play a role in the country's economy, but can also be used as a supporting component for security at sea in conditions of war (Ajeseni, 1999).

This is in line with previous research by Richard Bruines (2018) that there is a strategy to deal with state threats through anti-submarine warfare assisted by civilians to be involved in reporting sea activities, monitoring coastal waters, reporting suspicious activities at sea and even assisting defense in the sea and bay. The role of civil society as a support system for the state's maritime defense that acts to defend the forefront of the state's maritime boundaries. The strategy for dealing with state threats through anti-submarine warfare is assisted by civilians to be involved in reporting sea activities. Therefore, it is important to have state or government policy involvement in determining various facilities and strategies.

Based on the results of hypothesis testing 2, there is a significant direct effect of the merchant fleet latent variable on nation's maritime defense. The magnitude of the parameter estimate of the direct influence of the merchant fleet on nation's maritime defense is 0.530 and is significant at the 5% alpha level. This can be interpreted if the merchant fleet increases by one unit and the values of other variables remain the same, then the nation's maritime defense will increase by 0.530.

The merchant fleet is greatly influenced by the activities of the various types of ships in operation. As Symon, W.R., (1951) said, that the high level of mobilization, as well as the wide reach of the merchant fleet in trade transactions, makes the merchant fleet have a very strategic role. In the context of defense when the situation is peaceful, the merchant fleet can be used as intelligence, reconnaissance, and important information gathering for the military. Meanwhile, in conditions of war, the merchant fleet can be used as a military fleet that functions to send troops, defense equipment, and logistics to the battle field. This reality at the same time shows that the involvement of the merchant fleet in nation's maritime defense has a significant influence.

Based on the results of hypothesis testing 3, the merchant fleet as an endogenous latent variable has an indirect and significant influence through government policies on nation's maritime defense. The estimated coefficient of the merchant fleet parameter for nation's maritime defense is 0.479 and is significant at the 5% alpha level. This can be interpreted if the value of the merchant fleet increases by one unit then indirectly through government policy the nation's maritime defense will increase by 0.479. Considering that the merchant fleet has significant involvement and influence on nation's maritime defense, it is

necessary to have a policy that regulates the mechanism of the role and duties of the merchant fleet in facing war. This aims to provide clear rules regarding the mechanism of the rights and responsibilities of the merchant fleet in supporting state sovereignty. In order to achieve comprehensive nation's maritime defense, this mechanism and technical instructions must be socialized thoroughly and at the same time provide training and guidance to all human resources in the merchant fleet so that they are ready when needed (Witono, 2022).

According to Antonio, Juan & Carmen. (2019) in his research explained that policy is a rule drawn up for the international relations of a country towards other countries to protect the existence of a country's territory. Policies related to national interests that have a relationship with national interests. Jacobus Petrus Beuke, (2021) provides an additional explanation that policies have an impact on national interests related to the state's defense power to control the behavior of other countries in the framework of a manifestation of the state's ability to protect various national interests.

4. CONCLUSION

From the description above, it can be concluded that there is an influence between the independent variable and the dependent variable as follows:

1. Merchant Fleet has a positive and significant effect on Government Policy.

2. Merchant Fleet has a positive and significant impact toward Nation's Maritime Defense.

3. Government Policy have a positive and significant impact toward Nation's Maritime Defense.

5. RECOMMENDATION

1. The rapidly changing dynamics of the strategic environment pose threats to the defense and security of country in the region and the number of warships owned is limited and obsolete, so the Government must make policies to empower maritime resources as a multiplier force in the Nation's Maritime Defense..

2. The government must create a new strategic defense model by including the merchant fleet as a supporting force in Nation's Maritime Defense.

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