

A military man who always wanted to be a politician

Considered by analysts to be the presidential candidate with the greatest potential of the three candidates proposed to the Indonesians, 72-year-old General Prabowo Subianto was facing the presidential elections held on 14 February last year for the third time, after failing in 2014 and 2019. Prabowo patiently waited many years for his opportunity in a country that, 26 years after sees the fall of Suharto, sees another military man returns to power—this time, certified by the ballot box in the world's largest democracy, in which Islam is officially professed in frank harmony with other minority religions.

Belonging to an upper social class thanks to his wealthy family origin, Prabowo possesses a consolidated cosmopolitan *background*. He masters languages and international relations thanks to his father, an important businessman in the country who had to go into political exile in the 1960s due to differences with President Sukarno, settling successively in Singapore, Malaysia, Thailand, Switzerland and the United Kingdom.¹

Upon returning to Indonesia in 1969, the young Prabowo decided to enter the General Academy of the Indonesian Armed Forces. However, his open-minded personality and broad worldview clashed head-on with the short-term mentality of his classmates and even teachers, leading to conflicts that resulted in him graduating a year late due to disciplinary infractions.

Despite this setback, his military career took off rapidly from the mid-seventies, making him a model representative of the new generation of Indonesian soldiers. He was seen as the ideal military figure who possessed the qualities needed to become the future Commander-in-Chief of the Indonesian Armed Forces. However, he never reached that high military rank despite his marriage to General Suharto's second daughter, Siti Hediati Hariyadi, from whom he would eventually divorce in 1998.

That same year, following the events that led to the fall of his father-in-law, General Prabowo who—at that time held the Headquarters of the prestigious Reserve Forces of the Indonesian Army (*Konstrad*)—was accused of torture and crimes against dissidents of his father-in-law's regime. Although acquitted and found innocent of the charges against him, he decided to leave the army with the rank of Lieutenant General and go into self-exile in Jordan where he remained busy in the family business and preparing his return to Indonesia.

Upon his return, Prabowo Subianto launched his political career by founding his own party, The Great Indonesia Movement (Gerindra), which is currently the country's second-largest political

¹ Encyclopedia Britannica. "Prabowo Subianto. President of Indonesia". February 5, 2025. Available in <https://www.britannica.com/biography/Prabowo-Subianto>

force in votes and the third largest in seats in the lower house of parliament. He has a large following in the country, undoubtedly a product of his military past under the shadow of General Suharto.

In his presidential race and immediately after his first defeat in 2014 to Joko Widodo—popularly known as Jokowi—Prabowo forged alliances with conservative Islamic groups and political parties criticized for stoking communal tensions and creating fissures in a country with a large Muslim majority. After losing the 2019 elections again to Jokowi, Jokowi in a clever turn appointed him his Minister of Defence, which automatically meant the lifting of US sanctions that he had suffered since his alleged human rights violations at the time of General Suharto's *New Order*.

As a result, the newly appointed Minister of Defence made an official visit to the US before the end of 2020 at the invitation of his counterpart, Mark Esper. In his five years as Minister of Defence, Prabowo's main objective has been the continuous increase in Indonesia's military spending, particularly on foreign purchases, which has meant countless trips abroad to countries with large arms industries such as China, Turkey, Russia, the US itself or France, where he agreed to the purchase of 42 *Rafale* fighter jets, further diversifying the country's combat aircraft fleet.²

At the beginning of 2023, Prabowo officially launched his campaign for the following year's presidential elections. He built his campaign around a large coalition of parties known as Koalisi Indonesia Maju (Forward Indonesia Coalition, locally abbreviated as KIM), which, in addition to his own party, Gerindra, included six other political formations. Together, they held 261 out of the 575 seats in the Upper House of Parliament based on the 2019 elections. The coalition also welcomed the newcomer Indonesian Solidarity Party (PSI), led by Kaesang Pangarep, the youngest son of Jokowi. Faced with the challenge of securing his election, Jokowi made a bold and highly publicized political manoeuvre: he tacitly endorsed Prabowo's presidential campaign, leading to the nomination of his eldest son, Gibran Rakabuming Raka, as the General's³ running mate for vice president.

Elections 2024

Last year's elections marked the end of Joko Widodo's cycle, as he governed the country for the

² PIZARO GOZALI, Idrus. (Benar News). "Indonesia completes order for 42 French Rafale fighter-jets amid regional tensions". THE JAKARTA POST, January 10, 2024. Available in <https://www.thejakartapost.com/indonesia/2024/01/10/indonesia-completes-order-for-42-french-rafale-fighter-jets-amid-regional-tensions.html>

³ TANAMAL, Yvette and SUHENDA, Dio. "Prabowo-Gibran ticket register 2024 candidacy". THE JAKARTA POST, October 25, 2023. Disponible en <https://www.thejakartapost.com/indonesia/2023/10/25/prabowo-gibran-ticket-register-2024-candidacy.html>

maximum time of ten years that the Indonesian Constitution allows—two consecutive terms. A self-made populist politician, Jokowi as he was popularly known, unleashed a real passion among the Indonesian people as he emerged politically from his hometown of Surakarta, in East Java where he was previously mayor, without belonging to any political lobby or elite.

For the past four legislative cycles, Indonesia has held presidential and legislative elections simultaneously, making them a battleground for political parties. As always, these elections were followed by intense negotiations that determined the alliances between the government and the opposition in the country's key legislative body—the House of Representatives—and shaped its relationship with the president.

In both cases, the candidates and the political parties that support them (in Indonesia there is no internal primary process for the election of party leaders) attempted to present electoral programs. However, these manifestos struggled to resonate with Indonesian society. This is largely due to the country's political landscape, which—whether influenced by the intense nationalism instilled by Suharto or the lingering cult of leadership since Indonesia's independence—has always revolved around "centripetal" and "integrative" slogans. These nationalist ideals are likely a legacy of Indonesia's hard-fought independence, emphasizing the dominance of centralized power in Java, from where political and social control has traditionally been exercised.

A control that, through political parties that are less based on ideologies, and more structured around family lobbies and economic clans across the country-archipelago of more than 270 million inhabitants, mostly Muslims. Religion is one of the two backbone elements of the nation, to the point that Indonesian citizens are forced to declare their confessionality on their official identity card. The other is its Armed Forces, traditionally used to counteract centrifugal tendencies in a large part of its territories, as is the case with Sulawesi and Papua. For this reason, the country since its independence has applied nationalist and inclusive policies, reflected in its national motto: *United in diversity*.

Thus, in the legislative elections, a total of eighteen political parties competed, nine more than five years earlier, all striving to secure at least 4% of the national vote required to gain parliamentary representation. The Indonesian Democratic Party of Struggle (PDI-P) won the elections again with 110 seats, 18 fewer than in 2019. It was followed by the Golkar party, founded by Suharto, which rose to 102, 17 more than in the previous elections. The third place went to the party of the new president Prabowo, Gerindra, with 86 seats, 8 more than in 2019. The rest of the 234 seats have been distributed among the PKB (68), Nasdem (69), PKS (53), PD (44) and PAN (48).

As for the presidential elections, even before they were held, agreements and coalitions of the

political parties were already interwoven for the candidacy tickets (president and vice president) that in some way already pointed to the result that was produced. In the pacts, interests of all kinds are mixed, ranging from the merely partisan to the economic, social or even and mainly of a personal nature in exchange for quid pro quos of power after the elections in the form of ministerial positions and senior officials of the administration.

In this way and prior to the start of the presidential campaign, Jokowi orchestrated a strategic political move: ensuring that his eldest son, Gibran Rakabuming Raka, was included as the vice-presidential candidate alongside his former political rival and now front-runner for the presidency, Prabowo Subianto. The outgoing president's influence was so strong that, despite Gibran not meeting the minimum age requirement of 40 years to run for vice president, Widodo managed to have Indonesia's Constitutional Court—then presided over by his brother-in-law, Anwar Usman—approve a controversial change to the eligibility rules, lowering the minimum age to 35 just months before candidate nominations.⁴

Thus, from the outset, all polls indicated a clear victory for the "Prabowo-Gibran ticket", which quickly took the lead in the polls even though early projections clearly indicated that any candidate backed by Indonesia's main party, the PDI-P, would win—just as did current President Joko Widodo in 2014 and 2019.⁵ However, the chess game took a new turn when Gibran was asked to be part of the ticket as vice president for the PDP-I, a party of which he was a member. That, without a doubt, possibly precipitated his father's negotiations with his Minister of Defence, who finally included him as vice president in the ticket of his own party, Gerindra, one of the main rival political formations of the PDI-P, with which the outgoing president definitively certified his distance from the party that had raised him to the presidency of Indonesia ten years ago when he was mayor of the populous city of East Java, Surakarta.

Despite the appeal filed by the PDI-P candidate duo, Ganjar-Mahfud, before the Constitutional Court⁶ accusing the Prabowo-Gibran ticket of electoral misconduct, the overwhelming victory of the latter led Prabowo to declare himself the winner even before the official results were announced, and the appeals of his opponents were resolved. The opposition accused high-ranking officials of being involved in supporting the Prabowo-Gibran candidacy through voter

⁴ WIDIANTO, Stanley and ANANDA, Teresia. "Indonesia court clears path for Jokowi's son to run for vice presidency", REUTERS Agency. October 16, 2023. Available in <https://www.reuters.com/world/asia-pacific/indonesia-court-upholds-minimum-age-requirement-president-vp-candidates-2023-10-16/>

⁵ PAAT, Yustinus. "Ruling Party PDI-P Confirms Gibran's Departure". THE JAKARTA GLOBE, October 27, 2023. Available in <https://jakartaglobe.id/news/ruling-party-pdip-confirms-gibrans-departure>

⁶ "Ganjar-Mahfud File Petition on Dispute Over Presidential Election Results". The Constitutional Court of the Republic of Indonesia. March 23, 2024. Available in https://en.mkri.id/news/details/2024-03-23/Ganjar-Mahfud_File_Petition_on_Dispute_Over_Presidential_Election_Results

intimidation and alleged attempts to buy votes, demanding a re-run of the elections.⁷

Thus, on March 20 last year, after more than a month since the recount elections were held, the Indonesian Election Commission (KPU) published on its YouTube channel that Prabowo secured 58% of the votes, compared to 24% for the former governor of Jakarta Anies Baswedan and 16% for the former governor of Central Java Ganjar Pranobo, the other two candidates for the presidency.

After the presidential elections and during the long period between the vote and the new president's inauguration on 20 October, all parliamentary parties joined the Advanced Indonesia Coalition (KIM, in its local acronym), led by the newly elected leader—except for the PDI-P, which remains the largest party in the legislature. As a result, the ruling coalition supporting President Prabowo holds 470 out of the 580 seats in the House of Representatives (DPR).⁸

Post-election alliances are a very common practice in Indonesia, where political parties devoid of ideology traditionally "accommodate" electoral results through an unpredictable game of political influence and concessions. Consequently, the parliament will not play a decisive role in determining the success of the new president. A majority opposition could have complicated the legislature by delaying the parliamentary initiatives of the party that supports the president and frustrating its legislative proposals. However, Prabowo recently extended an unprecedented hand to the opposition by offering the PDI-P a place in his government during a meeting with the party's leader, Megawati Soekarnoputri—his long-time rival since the fall of General Suharto's regime in the late 20th century.⁹

A nationalist with a universal vocation

This retired military officer, who served in the Armed Forces of the dictator Suharto, declared after being elected that he will work to maintain effective relations with all world powers in line with Indonesia's *non-aligned* foreign policy and its regional policy of good neighbourliness, stressing however the importance of strengthening military power to defend the country's independence. During his time as Minister of Defence, his trips abroad were a constant, knowing how to adapt his dark military past from the time of the dictator Suharto to the modern times that today's

⁷ YUSTIKA. "Ganjar-Mahfud contest Indonesian Presidential Election results in Constitutional Court". GUTZY ASIA. March 22, 2024. Available in <https://gutzy.asia/2024/03/22/ganjar-mahfud-contest-indonesian-presidential-election-results-in-constitutional-court/>

⁸ STRANGIO, Sebastian. "Indonesian Prabowo Seeking PDI-P Support for Governing Coalition". THE DIPLOMAT. October 16, 2024. Available in <https://thediplomat.com/2024/10/indonesian-prabowo-seeking-pdi-p-support-for-governing-coalition/>

⁹ AHMAD FAJRI, Daniel. "Spokesperson Says Prabowo Welcoming for PDIP to Join Government 'From the Start'". TEMPO.CO. January 15, 2025. Available in https://en.tempo.co/read/1964207/spokesperson-says-prabowo-welcoming-for-pdip-to-join-government-from-the-start?tracking_page_direct

Indonesia demands of its rulers.

Internally, Prabowo advocates an approach of economic sovereignty and strong governance for Indonesia. His presidency comes at a decisive moment for Southeast Asia's largest economy, with the country positioned as a growing strategic player that has led to its recent entry into the BRICS+ announced by Lula da Silva, the organization's rotating president, on 7 January, when he stressed that "Indonesia, the most populous country and the largest economy in Southeast Asia, shares with the other members of the group support for the reform of global governance institutions and contributes positively to the deepening of cooperation in the Global South".¹⁰

Amid growing global competition between the United States and China—further intensified by Donald Trump's return to the White House—Prabowo's political agenda has, from the outset, been defined by four main pillars: economic growth and strategic development of natural resources; governance, fiscal policy, and social agenda; strategic independence and its implications for foreign investment and trade; and, finally, key risks and opportunities for global businesses.¹¹

Economic growth and strategic development of natural resources

The primary declared priority of Indonesia's eighth president since its independence in 1945 is the country's economic growth, which he has set at an annual rate of 8% over his five-year term. His most important strategy, which will continue the policies of his predecessor, Widodo, is based on *downstreaming* policies—processing raw materials within Indonesia rather than exporting them in an unrefined state. These types of policies, key in many emerging countries, are already being implemented in Indonesia in the case of nickel, which has led to strong foreign investments, especially Chinese, in industrial processing plants on Indonesian soil. Prabowo hopes to extend the success obtained to other raw materials in which Indonesia is at the forefront of world production, such as palm oil, copper and bauxite.¹²

This will undoubtedly create opportunities for foreign companies, as Indonesia desperately seeks investment to develop its processing operations. Evolution Strategy aligns with Prabowo's broader goal of achieving greater self-sufficiency in the country's industrial sector, generating more jobs, expanding exports of goods, and decreasing the country's dependence on volatile

¹⁰ Presidency of the Republic of Brazil. "Brazil announces Indonesia as a full member of BRICS." GOV.BR. Retrieved January 9, 2025. <https://www.gov.br/planalto/es/ultimas-noticias/2025/01/brasil-anuncia-a-indonesia-como-miembro-pleno-del-brics>

¹¹ SIMPSON, William. "Indonesia Under Prabowo Subianto: Outlook for Global Businesses". STEPTOE.COM. Available in <https://www.steptoec.com/en/news-publications/stepwise-risk-outlook/indonesia-under-prabowo-subianto-outlook-for-global-businesses.html>

¹² MUHAMAD, Dimas. "The Next Chapter of Indonesia's 'Downstreaming' Agenda". THE DIPLOMAT. Available in <https://thediplomat.com/2024/11/the-next-chapter-of-indonesias-downstreaming-agenda/>

global markets. However, challenges remain, particularly regarding environmental impacts and social conflicts with local communities in relation to industrialization initiatives that have been a source of tension and environmental groups.¹³

Governance, fiscal policy and social agenda

Prabowo's governance model is based on his nationalist spirit and a character shaped by his military training, which reflects strong authority and a centralized idea of power. The day after his inauguration as the country's president, Prabowo Subianto publicly announced the list of his forty-eight ministers. Of them, twelve from the previous Jokowi administration remain as ministers. The configuration of Prabowo's government was not easy. The Red and White Cabinet, alluding to the colours of Indonesia's national flag, includes a mix of technocrats and social and political figures from the seven-party coalition that Prabowo has assembled since coming to power. On the one hand, his personal preferences had to be combined materialized in the appointments of his faithful squires who have accompanied him during his long journey in the desert of long years until he has managed to become president, with the "political tolls" to the parties that have supported him in the coalition that has brought him to power. This measure is considered essential to ensuring political stability, but it has been criticized for potentially inflating the bureaucracy, which could undoubtedly affect the president's ability to manage the broad and heterogeneous coalition—an issue that could be critical in implementing his ambitious agenda.¹⁴

In fiscal matters, the continuity as minister of a relevant technical figure with proven experience in the management of public resources such as Sri Muliani, who was untouchable in Jokowi's governments during his two presidential terms, will undoubtedly be key to facing the numerous challenges that lie ahead, including defence spending, new infrastructures and an increase in the salary of civil servants.

Among the star programs to be faced is the one already initiated by his predecessor of the planned multimillion-dollar relocation of the country's capital from Jakarta to Nusantara, on the island of Borneo, which will involve an outlay of 33,000 million dollars that has been entrusted almost entirely to private capital, and in which the Indonesian state has only assumed 20% of the expenses for fundamentally the construction of basic infrastructure, buildings and public services within the "central zone" of the government.

¹³ SAHPUTRA, Yogi Eka. "Tensions flare as Indonesian islanders resist China solar development". MONGABAY. Available in <https://news.mongabay.com/2024/10/tensions-flare-as-indonesian-islanders-resist-china-solar-development/>

¹⁴ CABINET SECRETARIAT OF THE REPUBLIC OF INDONESIA. Office of Assistant to Deputy Cabinet Secretary for State Documents & Translation. "President Prabowo Subianto Announces "Red and White" Cabinet Lineup". Available en <https://setkab.go.id/en/president-prabowo-subianto-announces-red-and-white-cabinet-lineup/>

However, despite various diplomatic campaigns and attempts to attract investors—including efforts involving influencers—the project has yet to attract significant international investment. Even those who initially showed interest, such as the Japanese multinational SoftBank, which was expected to contribute nearly the entire investment of \$30-40 billion, ultimately withdrew from the project.¹⁵ So far, only minimal government investment and a few minor contributions—such as Spain's \$500,000 donation through the Spanish Fund for Technical Assistance (BAD)—have been successful in Indonesia's plan to attract potential foreign investors.¹⁶

Another major initiative of Prabowo's administration is his promise to provide free meals to 20 million school-aged children and pregnant women to reduce child malnutrition and improve educational outcomes. To achieve this, he will need a considerable sum of \$30 billion. While the initiative has been widely welcomed by the population, concerns have emerged regarding its feasibility and impact on the country's necessary fiscal sustainability.

To address all these budgetary challenges, Prabowo will have to undertake a major overhaul of the country's tax system, seeking to increase tax revenues to 18% of the country's gross domestic product (GDP) with unpopular measures such as the announced increase in VAT by two points, bringing it to 12%. Thus, and although the new Indonesian president has pledged to keep the budget deficit below 3%, the strong spending commitments could strain Indonesia's finances, especially if tax reforms and other measures to increase revenues do not materialize, among which the programs to support the emergence of the underground economy by favouring the reduction of corporate income tax from 22% to 20%, although this would depend on the volume of their income.

Strategic independence and its implications for foreign investment and foreign trade

As soon as he took office, at the beginning of November last year, Prabowo undertook a long international trip. The president began a round of visits to several countries to strengthen bilateral and multilateral relations. As his first step after officially assuming office, the agenda aimed to demonstrate how, where, and in which direction Indonesia's foreign policy would move under his leadership. The new president's international journey began with a first stop in China and then headed across the Pacific to the United States, from where he travelled to Lima (Peru) to participate in the Asia-Pacific Economic Cooperation (APEC) summit in Brazil, where the G20 participated. After that, crossing the Atlantic, he continued to the United Kingdom to finish in

¹⁵ LAMPERTI, Lorenzo. "All the shadows that overshadow Nusantara, the new capital of Indonesia." WIRED. Available in <https://es.wired.com/articulos/todas-las-sombras-que-eclipsan-a-nusantara-nueva-capital-de-indonesia>

¹⁶ Newsroom Infobae. "Spain contributes half a million dollars to the development of the new Indonesian capital". INFOBAE. Available in <https://www.infobae.com/america/agencias/2024/03/26/espana-contribuye-con-medio-millon-de-dolares-al-desarrollo-de-la-nueva-capital-indonesia/>

several Arab countries before finally returning to Indonesia thus ending a journey that led him to make a complete trip around the world.¹⁷ Two new issues emerged from this trip that have in some way meant a change of course in Indonesian foreign policy in relation to the previous ten years in which former President Widodo held power.

Firstly, from the meeting in China with Xi Jinping, Prabowo managed to obtain significant financial aid of \$10 billion in exchange for a joint final declaration of the summit by which Indonesia agreed to mention the Chinese claims to the South China Sea that affect both countries as "an overlapping claim" of both countries, radically modifying the traditional Indonesian position in a dispute in which, to date, Indonesia had never acknowledged Chinese claims in the area.¹⁸

The second was the official announcement, by Brazil as the country that holds the rotating presidency of the BRICS+, of the admission of Indonesia as a full member of the organization. This decision stood in contrast to Prabowo's stance during the presidential campaign, when he had opted to remain neutral on Indonesia's accession to the group led by Russia and China, signalling his intent to maintain a balanced foreign policy.¹⁹

Interestingly, Indonesia's newly elected president notably avoided visiting any ASEAN member states during his first official trip abroad. ASEAN, in which Indonesia has historically played a prominent role, was largely overlooked during the presidential campaign, as candidates paid little attention to the Indo-Pacific region. However, on his return, Prabowo has confirmed what was already guessed during the presidential campaign when the candidates paid little attention to ASEAN or the Indo-Pacific, in a clear indication of the organization's diminishing importance in the country's foreign policy. In this way, the future president of Indonesia seems willing to stop prioritizing ASEAN in terms of the country's foreign policy. Attention that, as we have seen, seems to be shifting towards bilateral agreements with countries where Prabowo has made a stopover on his first trip. In this way, Indonesia is increasingly looking beyond its backyard to promote itself as an emerging G20 country seeking its place in the international arena.²⁰

In parallel, Indonesia's decision to open negotiations for accession to the Organization for Economic Cooperation and Development (OECD) on February 20 of last year—just six days after

¹⁷ TAWAKAL, Iqbal. "Ramification of President Prabowo's Foreign Trips". MODERN DIPLOMACY. December 10, 2024. Available in <https://moderndiplomacy.eu/2024/12/10/ramification-of-president-prabowos-foreign-trips/>

¹⁸ SANJAYA, Trystanto. "Chaos in Indonesia's foreign policy?". THE JAKARTA POST. January 23, 2025. Available in https://www.thejakartapost.com/opinion/2025/01/23/chaos-in-indonesias-foreign-policy.html?utm_campaign=os&utm_source=mobile&utm_medium=ios

¹⁹ AGENCIES. "Prabowo thanks India for Indonesia's BRICS accession, vows to strengthen security ties". THE JAKARTA POST. January 26, 2025. Available in <https://www.thejakartapost.com/world/2025/01/26/prabowo-thanks-india-for-indonesias-brics-accession-vows-to-strengthen-security-ties.html>

²⁰ CAMROUX, David y HARNADI, Mahrus. "Prabowo's pivot away from ASEAN and the Indo-Pacific". EAST ASIAN FORUM. August 9, 2024. Available in <https://eastasiaforum.org/2024/08/09/prabowos-pivot-away-from-asean-and-the-indo-pacific/>

Prabowo's electoral victory—indicates that under his leadership, the country will continue to align itself with Western economic standards.²¹

Despite the fact that, in terms of foreign direct investment, Indonesia is increasingly a battleground for influence between the US and China, with the latter dominating in areas such as infrastructure investments and the processing of raw materials and minerals, while the US seeks to expand its role through initiatives in clean energy cooperation and security, the country does not want to turn its back on the West. In this way, Prabowo seeks to revive Indonesia's former role as a "non-aligned country" within a delicate balance between competing global powers.

Key risks and opportunities for global companies

In this way, Prabowo's presidency will undoubtedly represent a series of risks, but also opportunities for multinational companies. In the first case, as mentioned above, Indonesia wishes to process goods and resources and not focus exclusively on the export of its raw materials. As a result, there are high expectations in sectors such as manufacturing, energy and infrastructure, where Indonesia's transformation policies towards new commodities can be a major fishing ground for foreign investors. That said, substantial risks remain. Prabowo's aggressive fiscal spending, which has already been talked about including the high costs of social programs such as the proposal for free school meals, has a direct impact on the viability of Indonesian public finances. If revenue increases, like tax increases, do not keep pace with spending, the country could run into budget deficits that could dampen the confidence of foreign capital.

In addition to this, it is also necessary to highlight the complex administrative, legal and regulatory framework that the country presents for foreign investments. Making processes more flexible in a delicate balance between protectionism and economic liberalism is one of the great pending issues that Prabowo's government must face in the next five years²². Prabowo's bulging cabinet, although with a clear objective of maintaining political stability, is a clear example of the potential for bureaucratic inefficiency that slow decision-making can cause.²³

It is for all these reasons that only three months after its constitution, Prabowo returned to distribute directives to all his ministers. Despite the fact that the new government maintains a high approval rating among his compatriots (89.9%), the president stressed that "his cabinet does not

²¹ OCDE. Press release. "OECD makes historic decision to open accession discussions with Indonesia". THE JAKARTA POST. February 20, 2024. Available in <https://www.oecd.org/en/about/news/press-releases/2024/02/oecd-makes-historic-decision-to-open-accession-discussions-with-indonesia.html>

²² MOFSOL MUHAMMAD, Giovanni. "Navigating Foreign Investment in Indonesia: Legal Risks, Obligations, and Policy Shifts Amid the Capital Relocation and New Administration". DENTONS. September 20, 2024. Available in <https://dentons.hprplawyers.com/en/insights/articles/2024/september/20/navigating-foreign-investment-in-indonesia>

²³ New desk. "Potential cabinet ministers join Prabowo orientation program". THE JAKARTA POST. October 16, 2024. Available in <https://www.thejakartapost.com/indonesia/2024/10/16/potential-cabinet-ministers-join-prabowo-orientation-program.html>

work to score points" but is committed to "providing the best for the people" that so far has materialized in populist policies such as the reduction of national airfares or the stabilization of food prices and the program of free meals for schoolchildren and pregnant women. which together with the decision to reverse a controversial plan to increase the value added tax (VAT) has caused his popularity to remain at high levels.²⁴

However, Indonesia's enduring political and social risks represent another crucial factor for global companies considering investments in the country. Additionally, Prabowo's controversial past as a military general accused of human rights abuses during the Suharto regime has raised international concerns. In response, Prabowo has actively worked to dispel doubts, demonstrating his commitment to democracy and addressing Indonesia's longstanding structural challenges while mitigating fears of potential authoritarian tendencies that could overshadow his presidency.

25

Conclusion

On 31 January 2025, General Prabowo Subianto marked 100 days since taking office as Indonesia's eighth president since its independence in 1945. A declared nationalist, former military officer, and ex-son-in-law of dictator Suharto, Prabowo has finally won a presidential election on his third attempt.

However, the four main pillars of his administration in its first three months appear to be stalled due to the bureaucratic inefficiency of his oversized government and his highly personalized vision of Indonesia's role in the world. His triumph may be placing the country at a crossroads that paralyzes the opening of the current political period that began in 1998 with the fall of the Suharto regime.

On the domestic front, his attempt to implement populist policies—such as providing free meals to nearly 100 million schoolchildren and pregnant women—clashes with the need to fund these initiatives through unpopular measures, such as raising consumption taxes in a country with very low wages. On the international front, Prabowo's focus on globalization in foreign relations, at the expense of Indonesia's traditional regional leadership, complicates his ambition of achieving strategic independence.

In this way, Prabowo's government, which, amid the current geopolitical environment, provides a

²⁴ New desk." Prabowo lauds cabinet's performance at three-month mark". THE JAKARTA POST. January 23, 2025. Available in https://www.thejakartapost.com/indonesia/2025/01/23/prabowo-lauds-cabinets-performance-at-three-month-mark.html?utm_campaign=os&utm_source=mobile&utm_medium=ios

²⁵ INDONESIA INVESTMENT. "Risks of Investing in Indonesia". February, 2 2025. Available in <https://www.indonesia-investments.com/business/risks/item76?>

combination of challenges and opportunities, may suffer shocks due to a new search for non-alignment. The management of sectors such as technology and energy, which are at the heart of the economic competition between the United States and China and in which Indonesia has a lot to say with its enormous resources in the primary sector, will involve a delicate balance that can impact its external relations and its internal development.

The way in which Prabowo's Indonesia will address this problem that combines economic growth and strategic development of natural resources; governance, fiscal policy and the social agenda; Strategic independence and its implications for foreign investment and foreign trade and, finally, the key risks and opportunities for global companies, will be the key.

*Fco. Javier Saldaña Sagredo**
Colonel (R) Spanish Army
Defense Attaché in Indonesia (2015-2018)
[@fjsalda](#)