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Indonesia: Domestic Politics, Strategic Dynamics, and American Interests

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Summary

Indonesia is a very important country to the United States, especially since the terrorist attacks of 9/11. Its importance stems from its status as the world's fourth most populous country and the most numerous Islamic country, its political instability, its role as an unwitting host to radical Islamic and terrorist groups, and its geographic position astride key trade routes linking the oil rich Middle East with the developing Far East. This report surveys key aspects of Indonesia's domestic politics and foreign policy orientation. It provides an overview of the bilateral relationship between the United States and Indonesia and examines Indonesia's domestic and international politics. The report provides information on Indonesian issues of ongoing congressional interest, including the war against terror, international military education and training (IMET), human rights, religious freedom, promotion of democracy and good governance, trade, foreign assistance, and regional geopolitical and strategic interests. The report also provides a broader context for understanding the complex interrelated nature of many of these issues. For additional information on Indonesia see the following Congressional Research Service (CRS) reports: CRS Report RS22136, *East Timor Potential Issues for Congress* by Rhoda Margesson and Bruce Vaughn; CRS Report RS20572, *Indonesian Separatist Movement in Aceh*, by Larry Nicksch; CRS Report RS21753, *Indonesia-U.S. Economic Relations*, by Wayne Morrison; and CRS Report RL31672, *Terrorism in Southeast Asia*, by Bruce Vaughn (coordinator), Emma Chanlett-Avery, Richard Cronin, Mark Manyin, and Larry Nicksch. This report will be updated.

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Indonesia: Domestic Politics, Strategic Dynamics, and American Interests

Introduction

Indonesia is the world's largest Muslim nation and is the world's fourth most populated nation overall. It has extensive natural resources. A large percentage of world trade transits the strategically important straits of Malacca which link the Indian Ocean littoral to the South China Sea and the larger Pacific Ocean basin. Indonesia is also perceived by many as the geopolitical center of the Association of Southeast Asian Nations (ASEAN), which is a key actor in the geopolitical dynamics of the larger Asia-Pacific region. Indonesia is still emerging from a period of authoritarian rule and is struggling to consolidate its status as one of the world's largest democracies. For the most part, Indonesia also represents a moderate form of Islam that has the potential to act as a counterbalance to more extreme expressions of Islam. Despite this, radical Islamists and terrorist cells have begun to thrive amidst the country's many social, economic, and political uncertainties. Indonesia's future is far from certain due to ongoing internal strife and social dislocation stemming from inter-communal discord, autonomous and secessionist movements, political machinations among elites, Islamic extremism, pervasive government corruption, and a faltering economy. The report will identify key issues for Congress before returning to the broader Indonesian context within which those issues are set.

Indonesia at a Glance

Population: 224 million (2004 est.) with a growth rate of 1.9%, 2004 est. Life expectancy 60 for men and 64 for women.

Area: 1,826,440 sq. km (about three times the size of Texas)

Geography: An archipelagic state of 17,000 islands, including some 6,000 occupied islands, which straddles the equator. Key sea lanes linking the Indian Ocean and the Southwest Pacific pass through Indonesia.

Capital: Jakarta, 8.8 million 2004 est.

Ethnic Groups: 490 ethnic groups, Javanese 45%, Sundanese 14%, Madurese 7.5%, coastal Malay 7.5%, others 26%.

Languages: Bhasa Indonesia, official modified form of Malay, and local dialects including 270 Austronesian languages and 180 Papuan. 13 languages have over one million speakers.

Literacy Rate: 85%

Religion: approximately 87% Muslim.

GDP growth: 5.1% 2004.

Per capita GDP: \$1,151, 2004

Inflation: 6.4%, 2004 est.

Main exports: Oil, natural gas, appliances, textiles

Sources: U.S. Department of State, CIA World Fact Book, Economist Intelligence Unit, BBC News.

Issues for Congress

Congress has played an active role in shaping the United States' foreign policy toward Indonesia. This has especially been the case since the end of the Cold War. Congressional involvement is particularly evident in the area of human rights. Elements within the Indonesian military have been accused of human rights abuses. In light of this, Congress has acted to restrict U.S. military assistance and training to the Indonesian military. Legislation seeking to promote human rights in Indonesia has often been referred to collectively as the "Leahy amendments" because of the active role that Senator Leahy has played in promoting human rights in Indonesia. The Leahy amendments have often been attached to Foreign Operations legislation. These amendments focus on restricting Foreign Military Financing (FMF) and International Military Education and Training (IMET) for Indonesia.

Military to Military Ties and Human Rights. The extent to which military to military ties should be reestablished in light of Indonesia's progress on human rights will likely be the focus of discussion of interested observers during President Susilo Bambang Yudhoyono's visit to Washington which is scheduled to begin on May 25, 2005.¹ President Yudhoyono reportedly is hopeful that he can resolve differences with the United States during his visit.² Admiral William Fallon, Chief of the United States Pacific Command, has indicated that the United States is determined to normalize military ties with Indonesia. Secretary of State Condoleezza Rice lifted restrictions on Indonesia's participation in International Military and Education programs in February, 2005. This was viewed by many as a first step toward normalizing the military to military relationship. Indonesia is viewed by many as a key player in the war against terror in Southeast Asia. Despite these developments many continue to have concern over human rights abuses in Indonesia.³ Senator Leahy has stated "a key gap remains regarding justice for the victims of atrocities," while Senator Bond has stated that President Yudhoyono has made "a strong commitment to reform, to a recognition of human rights and to fighting corruption."⁴

¹ "Indonesian President Likely to Discuss Military Ties During US Visit 25 May," *BBC News*, May 7, 2005.

² "US Military Embargo Hopefully Resolved During Yudhoyono's Visit," *Organization of Asia-Pacific News Agencies*, May 16, 2005.

³ "US Determined to Restore Ties with Indonesian Military, Naval Chief," *Associated Press Newswire*, May 6, 2005.

⁴ Ken Guggenheim, "Fight Looms in Congress Over Easing Indonesia Military Restrictions," *Associated Press*, February 2, 2005.

Figure 1. Map of Indonesia

Source: Map Resources. Adapted by CRS. (K. Yancey 2/04)

During the Cold War, the United States was primarily concerned about communist influence in Indonesia. Since the end of the Cold War, and particularly after 1991, congressional views on Indonesia have been influenced by ongoing concerns over human rights abuses by the Indonesian National Defense Forces (TNI). The events of 9/11 added the concern of how best to pursue the war against terror in Southeast Asia. Some Members of Congress remain dissatisfied with progress on bringing to justice Indonesian military personnel and police responsible for human rights abuses in East Timor. Another concern of some Members of Congress is the lack of progress toward identifying and bringing to justice the perpetrators of the attacks on Americans in West Papua. There is further concern about alleged human rights abuses associated with the current military operations in Aceh. As the United States has moved from the post-Cold War world to fight the war against terror, human rights concerns have increasingly been weighed against American security interests, and particularly the need to develop effective counterterror cooperation with Indonesia to combat radical Islamic groups. Many observers view such cooperation as critical to effectively fight terrorism in Southeast Asia. There is also concern over increasing anti-Americanism.

Some analysts have argued that the need to obtain effective counterterror cooperation and to secure American strategic interests in the region necessitates a working relationship with Indonesia and its key institutions, such as the military. Other Indonesian observers take the view that the promotion of American values, such as human rights and religious freedom, should guide U.S. relations with Indonesia while others would put trade and investment, or the promotion of democracy first. Some have viewed military cooperation between the U.S. military and the Indonesian military during relief operations following the December 26 tsunami in Sumatra as having focused attention on the issue of the need for military to military cooperation.

The Tsunami. On December 26, 2004, an undersea earthquake off the coast of Sumatra triggered a tsunami wave that killed an estimated 122,000 (with an additional 114,000 missing) and left over 406,000 displaced persons in Indonesia. Most of the devastation was in Aceh in northwest Sumatra which was the closest landfall to the epicenter of the Indian Ocean earthquake. This disaster led to a

massive international relief effort in which the United States has played a leading role. In Indonesia, this included helicopter-borne assistance from the aircraft carrier *USS Abraham Lincoln*, which was accompanied by the *USS Bonhomme Richard*, and the *USS Fort McHenry*. Before their departure from the area 2,800 relief missions were flown, some 2,200 patients were treated, and 4,000 tons of relief supplies were delivered.⁵ The United States announced it will devote \$907 million to tsunami assistance in South and Southeast Asia of which \$656 million remains to be divided among the affected countries.⁶ (For further information see CRS Report RL32715, *Indian Ocean Earthquake and Tsunami: Humanitarian Assistance and Relief Operations*, Rhoda Margesson, Coordinator.)

Historical Background

Modern Indonesia has been shaped by the dynamic interaction of indigenous cultures and political forms with external influences — especially the succession of influences of Hinduism, Buddhism, Islam, Dutch colonial rule, and a powerful and nationalistic independence movement.⁷ The geographic definition of modern Indonesia began to take shape under Dutch direct colonial rule which began in 1799.⁸ The Dutch East Indies were occupied by Japan during World War II. Independence was declared by nationalist leader Sukarno following the Japanese surrender in 1945. The Republic of Indonesia then gained its independence from the Dutch in 1949 after a four-year anti-colonial insurrection.⁹

Independence was followed by a period of parliamentary democracy which was replaced in 1959 by President Sukarno's "Guided Democracy," which lasted until 1965.¹⁰ On September 30, 1965, the military, under General Suharto, neutralized Sukarno. The official version of events is that the military stepped in to avert a communist coup. In the aftermath, over 160,000, and possibly up to a million, Indonesians lost their lives. President Suharto ruled Indonesia until 1998. During this 32 year period, his authoritarian "New Order" provided the political stability thought necessary by his supporters for fast paced economic growth. Indonesia's economy grew at an average rate of almost 7%¹¹ from 1987 to 1997.¹²

⁵ "Indonesia: Tsunami Reconstruction," USAID, May 11, 2005, [<http://www.usaid.gov>]

⁶ "US to Devote \$907 million to Tsunami Reconstruction," *US Fed News*, May 18, 2005.

⁷ Much of the background information is drawn from a comprehensive chapter by Harvey Demaine, "Indonesia: Physical and Social Geography," in *The Far East and Australasia* (Surrey: Europa Publications, 2002).

⁸ Harvey Demaine, "Indonesia: Physical and Social Geography," *The Far East and Australasia* (Surrey: Europa Publications, 2002). p. 493.

⁹ Jusuf Wanandi, "Indonesia: A Failed State?" *The Washington Quarterly*, Summer 2002, p. 136.

¹⁰ Michael Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order* (London: Routledge Publishers, 1998). p. 1.

¹¹ "Background Note: Indonesia," Department of State, Bureau of East Asian and Pacific (continued...)

A period of reform, or “*reformasi*,” followed Suharto’s fall. Suharto was succeeded by B.J. Habibie (1998-99), Abdurrahman Wahid (1999-2001), and Megawati Sukarnoputri (2001-04). Despite the political instability during this period, a number of key reforms designed to enhance good governance and expand democracy were implemented. By 2003, the period of reform was faltering. In 1999, approximately 70% of Indonesians felt that Indonesia was going in the right direction. In a December 2003 poll this figure dropped to 44%.¹³ Key reforms, such as getting the military out of business and fighting corruption, including corruption in the courts, remain to be completed. Recent efforts under President Yudhoyono’s administration are cause for optimism. In 2004 the parliament ordered the military to get out of business by 2009. Armed forces Chief General Endriartono Sutarto went further in April 2005 and stated that the military would get out of business in two years.¹⁴ Yudhoyono is a former general and went through US IMET training earlier in his career. He is viewed as sympathetic to military reform.¹⁵

The source of legitimacy, or lack thereof, for government has changed for the Indonesian people over time. The colonial administration was viewed as illegitimate. Its rule, based on force, was overthrown in a freedom struggle culminating in the post World War II era. The Sukarno Presidency sought to base its rule on the moral concepts of *Pannscila*, but it did not provide sufficient economic development. This was subsequently provided by President Suharto until 1997. At that point, Indonesians were no longer prepared to accept what was increasingly viewed as a corrupt and authoritarian regime. Suharto delivered economic growth, but when that growth faltered his political support quickly vanished. This brought on the era of democratic reform whose energy had appeared to be dissipating before fully completing its goal of instituting responsive and representative government. A key test for President Yudhoyono’s government will be its ability to establish its political legitimacy based on good governance and a more firmly established civil society while also delivering the benefits of economic prosperity to the people.¹⁶

Political Transition

Indonesia has made significant progress toward institutionalizing its democracy and more firmly establishing civil society. For example, Parliament passed legislation

¹¹ (...continued)
Affairs, October 2003.

¹² Michael Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order* (London: Routledge Publishers, 1998). p. xviii.

¹³ “Survey of Indonesian Electorate,” *Asia Foundation*, December 9, 2003.

¹⁴ Donald Greenless, “Indonesia ants its Military out of Business,” *International Herald Tribune*, May 4, 2005.

¹⁵ Jane Perlez, “Bush Seks to Heal Long Indoensia Rift,” *The New York Times*, February 8, 2005.

¹⁶ Muthia Alagappa, ed. *Political Legitimacy in Southeast Asia: The Quest for Moral Authority* (Stanford: Stanford University Press, 1995).

in 2003 to impose transparent accounting standards for government and to establish an independent commission to prosecute corruption.¹⁷ The General Elections Commission also functioned well during the 2004 elections.¹⁸ A vigorous and open media is another continuing success of the developing civil society in Indonesia. The process of decentralization currently underway also holds the prospect of greater say for average Indonesians in the affairs of their daily lives.¹⁹ Indonesia's free and fair parliamentary elections in April 2004, and Presidential elections of July and September 2005, did much to instill confidence in Indonesia's democratic process.

The Role of the Military

The Indonesian National Defense Force (TNI) is generally regarded as the strongest institution in Indonesia. Its origins date to the struggle for independence. The TNI has traditionally been internally focused, playing a key role in Indonesian politics and preserving the territorial integrity of the nation, largely from internal threats, rather than focusing on external security concerns. Its strong tradition of secular nationalism has acted to help integrate the nation. Government expenditures on the military in 2003 totaled only 1.3% of GDP.²⁰ The key elements of the military in Indonesia are the Army Strategic Reserve Command, Kostrad, the Army Special Forces Command, Kopassus and the Military Regional Commands, or 12 Kodams. There are also Air Force and Naval commands. While the military now has a less formal role in the politics of the nation than it had in the Suharto era, it remains a key actor behind the scenes.²¹ While the military has been a source of authoritarian power in the past, it has largely stood aside and allowed the political transformation of recent years to unfold. That said, some observers are concerned about its indirect influence over politics. The Indonesian military has attracted negative attention through its alleged involvement with human rights abuses in East Timor, Aceh, Papua, and Maluku.

During the period of reform, the TNI officially abandoned the doctrine of *dwifungsi*, or dual function, which gave it an official role in the politics of the nation.²² Appointed members to the legislative bodies from the military were removed while the police were separated from the TNI. Efforts were also begun to more firmly establish civilian control of the armed forces. Supporters of the reform

¹⁷ John McBeth, "The Betrayal of Indonesia," *Far Eastern Economic Review*, June 26, 2003.

¹⁸ Christine Tjhin, "Civil Society After Akbar's Acquittal," *The Jakarta Post*, February 17, 2004.

¹⁹ Tim Meisburger, ed. *Democracy in Indonesia: A Survey of the Indonesian Electorate in 2003* (Jakarta: The Asia Foundation, 2003). p. 55.

²⁰ Asia Society, "Indonesia," [<http://www.asiasource.org>].

²¹ Rizal Sukma, "The Military and Politics in Post-Suharto Indonesia," in Thang Nguyen and Frank Jurgen Richter, eds., *Indonesia Matters: Diversity, Unity, and Stability in Fragile Times* (Singapore: Times Media Private Ltd. 2003).

²² For a detailed analysis of earlier role of the military in politics see Harold Crouch, *The Army and Politics in Indonesia* (Ithaca: Cornell University Press, 1978).

agenda in Indonesia would like to see additional measures taken, including reform of the army's territorial structure, the withdrawal of the military from independent business activities, improving the military's sensitivity to human rights, and eliminating links to extremist elements.²³

Two theories have been put forward as to why the TNI has not acted more effectively in suppressing ethnic and religious violence in Indonesia. One theory argues that the military simply lacks the capability to act more effectively. It takes the view that the chain of command from Jakarta to the outlying provinces has broken down. The other theory is more complicated. It takes the view that elements within the TNI have over time "deliberately fomented violence or failed to act against it... [the objective being to] weaken the national leadership ..."²⁴ to undermine the democratic reform process as a way of instigating a return to authoritarian rule and/or insuring that the privileges of the army would not be threatened. There were allegations of military action independent of civilian authority in the events in East Timor as well as allegations of TNI involvement with the now disbanded extremist group Lashkar Jihad.

Some analysts of the TNI see it as having regained much of the power that it lost with the fall of Suharto. In this view, what has changed is that this power is less formalized. In the past, the TNI budget was estimated to have been 70% self generated. The government is now seeking to get the TNI out of business in two years. This part of the TNI budget was outside governmental control. The TNI has emerged from the *reformasi* period with its territorial command structure intact, even as it lost its military representatives in parliament. While most analysts do not fear an overt coup by the military, some are concerned that the military will be inclined to act as a king-maker.²⁵

The TNI will likely continue to play a central role in the evolution of the Indonesian polity in the years ahead. It could be a constructive force supporting democratic change, or at least not obstructing it, or it could support a return to more authoritarian government. It will also continue to play a key role in attempting to suppress autonomous and secessionist movements in Indonesia and it will likely seek to preserve its prominent place in Indonesian society. John Haseman and Angel Rabasa, two leading analysts of the TNI, have pointed to several alternative outcomes for Indonesia. In each of these the role of the military could be crucial. These include consolidation of democracy and civil society, continuing corruption, faltering reforms

²³ Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002).

²⁴ John Haseman, "Indonesia: The Regional Giant," in Bruce Vaughn ed. *The Unraveling of Island Asia: Governmental, Communal, and Regional Instability* (Westport: Praeger Publishers, 2002).

²⁵ Col. John Haseman, William Liddle and Salim Said, "The Evolving Role of the TNI," USINDO Security Workshop, October 16, 2003.

and economic stagnation, a return to authoritarianism, increasing influence of radical Islamic views, and increasing secessionist tensions and disintegrative forces.²⁶

Autonomous and Secessionist Movements and Inter-Communal Strife

The primary security threats to Indonesia are generally thought to come from within. The political center of the Indonesian archipelago is located in Jakarta on Java. Traditionally, power has extended from Java out to the outlying areas of Indonesia. This has been true both under Dutch rule and the modern Indonesian state. Throughout its history there has been resistance in peripheral areas to this centralized control. This manifested itself in the former Indonesian province of East Timor, which is now an independent state, as well as in the far west of Indonesia, in Aceh, and in the far eastern part of the nation, in West Papua. Threats to internal stability also stem from inter-communal strife between various ethnic and religious groups.

There has been debate about whether Indonesia is an organic state or an artificial creation of Dutch colonial rule. Analysis of early Indonesian history reveals a level of integration in terms of economics and trade if not extensive political unity. While early empires were precursors of the Indonesian state, political unity is generally considered to have been a product of Dutch colonial rule, including a series of lengthy wars to subdue outlying islands and independent political units. The Dutch Aceh War lasted from 1873 to 1913; making it possibly the longest continuous colonial war in history. It has been suggested that a key lesson of Indonesian history is that “unifying the archipelago administratively can only be done by the use of force.”²⁷ Forces of economic integration, or the creation of a national identity stemming from the nationalist movement which started in Java in 1908,²⁸ could be other integrative forces.

East Timor

The Portuguese, whose influence in Timor dates to the 1600s, gave up control of the island in 1975. With the Portuguese departure, three main parties emerged. Of these Frente Revolucionaria do Timor Leste Independente (Fretelin), a leftist leaning group, soon emerged as the dominant party. On December 7, 1975, Indonesia invaded East Timor with the then tacit compliance of the United States and Australia.²⁹ Indonesia, Australia, and the United States are thought to have been concerned that East Timor would turn into another Soviet satellite state similar to

²⁶ Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002).

²⁷ Merle Ricklefs, “The Future of Indonesia,” *History Today*, December 1, 2003.

²⁸ Jusuf Wanandi, “Indonesia: A Failed State?” *The Washington Quarterly*, Summer, 2002, p. 135.

²⁹ “Ford and Kissinger Gave Green Light to Indonesia’s Invasion of East Timor, 1975,” *The National Security Archives*, December 6, 2001.

Cuba. A third of the population of East Timor is thought to have died as a result of fighting or war-induced famine during the subsequent guerilla war fought by Fretelin against Indonesia's occupation.³⁰

On August 30, 1999, East Timorese voted overwhelmingly to become an independent nation. 98.6% of those registered to vote in the referendum voted, with 78.5% rejecting integration with Indonesia. In the wake of the vote, pro-integrationist militias attacked pro-independence East Timorese and destroyed much of East Timor's infrastructure. Some 7,000 East Timorese were killed and another 300,000, out of a total population of 850,000, were displaced, many to West Timor. Many believe "Indonesian complicity in this catastrophe can not be denied."³¹ The TNI's apparent decision to act outside of civilian control in East Timor also undermined ongoing efforts to reform it.

It is thought that the TNI had two key reasons for trying to forestall an independent East Timor. First, there was an attachment to the territory after having fought to keep it as a part of Indonesia. Second, was the fear that East Timorese independence would act as a catalyst for further secession in Aceh and Papua. Hardline elements of TNI formed pro-integrationist militias in East Timor. These groups sought to intimidate the East Timorese into voting to remain integrated with Indonesia under an autonomy package being offered by then President Habbibie. The opposite took place.³² The subsequent devastation of East Timor may have been meant as a warning to others who might seek to follow its secessionist example. Some believe that TNI involvement in the violence stemmed largely from local "rogue" elements. Others believe that it was orchestrated higher up in the military command structure. General Wiranto served as Minister of Defense and Security for President Habbibie from May 1998. It is thought that by 1999 "enough time had passed for Wiranto to have consolidated his control over the military."³³

East Timor gained full independence in 2002. Since that time Indonesia and East Timor have worked to develop good relations. Progress was made in establishing the border between the two countries in April 2005 during President Yudhoyono's visit to East Timor. This followed the establishment of the joint Commission of Truth and Friendship which was established to deal with past crimes.³⁴ (For further information CRS Report RS22136, *East Timor: Potential Issues for Congress*, by Rhoda Margesson and Bruce Vaughn.)

³⁰ Michael Mally, "Regions: Centralization and Resistance," in Donald Emmerson ed. *Indonesia Beyond Suharto: Polity, Economy, Society, Transition* (Armonk: M.E. Sharp, 1999). p. 98.

³¹ Donald Emmerson, "Voting and Violence: Indonesia and East Timor in 1999," in Donald Emmerson ed. *Indonesia Beyond Suharto: Polity, Economy, Society, Transition* (Armonk: M.E. Sharp, 1999). p. 357.

³² John Haseman, "Indonesia," in David Wiencek, ed. *Asian Security Handbook 2000* (Armonk: M.E. Sharpe Publishers, 2000).

³³ Emerson, p. 356.

³⁴ "Indonesia: International Relations," *The Economist Intelligence Unit*, May 17, 2005.

Aceh

Aceh is located at the extreme northwestern tip of the Indonesian archipelago on the island of Sumatra. The Acehenese fought the Portuguese in the 1520s as well as the Dutch.³⁵ As a result of their resistance and independence, Aceh was one of the last areas to come under Dutch control. Its struggle for independence is carried on today by Gerakan Aceh Merdeka (GAM). The 4.4 million Acehenese have strong religious beliefs as well as an independent ethnic identity. While many Acehenese had more explicitly Islamic goals for their movement in the past, they have more recently focused on independence with ethnic, rather than religious, identity at the core of their struggle. Many Acehenese view Indonesia as an artificial construct that is no more than “a Javanese colonial empire enslaving the different peoples of the archipelago whose only common denominator was that they all had been colonized by the Dutch.”³⁶ GAM abandoned its earlier anti-American rhetoric and appears to have realized, as a result of the East Timor experience, the value of internationalizing the conflict to put pressure on Jakarta. While autonomy has been offered by the Indonesian government, GAM has favored independence.

The current crisis dates to 1976. In the late 1980s, many of GAM’s fighters received training in Libya. GAM then began to reemerge in Aceh. This triggered suppression by the TNI from which GAM eventually rebounded. Since 1998, GAM has reportedly expanded its ranks five times and has controlled up to 80% of the province. A peace process collapsed in May 2003.³⁷ President Megawati then called on the military to once again suppress the Free Aceh Movement. This has been the largest military operation for the TNI since East Timor. The decision to take a hard-line, nationalist stance on Aceh was popular among Indonesian voters.³⁸ Human rights groups have accused both government and GAM forces of human rights abuses in the past.³⁹

In mid-May 2005, Indonesia lifted a one-year state of civil emergency while leaving its military presence of over 40,000 troops in Aceh. GAM forces are thought to number around 5,000. This positive step towards normalcy in Aceh, which was ravaged by the tsunami of December 26, 2004, follows an apparent shift on independence by Achinese rebels. The Free Aceh Movement initiated a unilateral truce in the wake of the tsunami. It was reported that some Achinese fighters favor a broad based autonomy solution along the lines of the autonomy that Papua New

³⁵ S. Wiuryono, “The Aceh Conflict: The Long Road to Peace,” *Indonesian Quarterly*, 3rd Quarter, 2003.

³⁶ Kirsten Schulze, *The Free Aceh Movement (GAM): Anatomy of a Separatist Movement* (Washington: East West Center, 2004). p. 7.

³⁷ Kirsten Schulze, *The Free Aceh Movement (GAM): Anatomy of a Separatist Movement* (Washington: East West Center, 2004).

³⁸ John Haseman, “Indonesia: A Difficult Transition to Democracy,” in David Wiencek and Ted Carpenter eds. *Asian Security Handbook*, 3rd ed. *Terrorism and the New Security Environment*, (Armonk: M.E. Sharpe, Inc. forthcoming 2004).

³⁹ “Abuses Mount in Aceh,” *Human Rights Watch*, August 20, 2001.

Guinea is prepared to grant Bougainville.⁴⁰ Security Minister Widodo Adisucipto has stated that military counter-insurgency operations would continue even as the two year old state of emergency would not be renewed.⁴¹ More than 12,000 people are thought to have been killed over the past 30 year struggle for independence. Peace talks in May 2005 in Helsinki Finland have been viewed as “very encouraging” with a fourth round scheduled for the end of May.⁴² Other earlier assessments of the talks had been less positive about the prospect of achieving a lasting peace for Aceh.⁴³ (For further information, see CRS Report RS20572, *Indonesian Separatist Movement in Aceh*, by Larry Niksch.)

West Papua

West Papua, formerly known as West Irian or Irian Jaya, refers to the western half of the island of New Guinea. West Papua has a population of approximately two million and an area of approximately 422,000 square kilometers, which represents about 21% of the land mass, and less than 1% of the population of Indonesia. West Papua has a long land border with Papua New Guinea to the east. About 1.2 million of the two million inhabitants of West Papua are indigenous peoples from about 250 different tribes. The rest have transmigrated to West Papua from elsewhere in Indonesia. There are some 250 language groups in Papua. Papuans are mostly Christians and animists. The province is rich in mineral resources and timber.⁴⁴

West Papuans are, like the people of Papua New Guinea (PNG), which is situated on the eastern half of the island of New Guinea, a Melanesian people and are distinct from the Malay peoples of the Indonesian archipelago. Like Indonesia, West Papua was a Dutch colonial possession. West Papua did not become a part of Indonesia at the time of Indonesia’s independence in 1949. The Dutch argued that its ethnic and cultural difference justified Dutch control until a later date. Under President Sukarno, Indonesia began mounting military pressure on Dutch West Papua in 1961. The United States sponsored talks between Indonesia and the Dutch and proposed a transfer of authority over West Papua to the United Nations. Under the agreement the United Nations was to conduct an Act of Free Choice to determine the political status of West Papua. The Act of Free Choice was carried out in 1969, after Indonesia had assumed control over West Papua in 1963. The Act of Free Choice, which led West Papua to become part of Indonesia, is generally not considered to have been representative of the will of all West Papuans. A referendum on

⁴⁰ “Rebels Favor Bougainville Model for Aceh’s Self Government,” *Asian Political News*, April 18, 2005.

⁴¹ “Indonesian Government to Return Aceh to Civilian Rule,” *Oster Dow Jones*, May 12, 2005.

⁴² “Jakarta Lifts State of Emergency in Aceh,” *Channel News Asia*, May 18, 2005.

⁴³ Amit Chanda, “As Aceh Talks End Without Much progress, Indonesia Looks to US,” *WMRC Dailly Analysis*, January 31, 2005.

⁴⁴ “A People Under the Jackboot,” *The West Australian*, September 18, 2004.

Indonesian control over West Papua was not held. Instead, a group of 1,025 local officials voted in favor of merging with Indonesia.⁴⁵

West Papuan groups continue to oppose Indonesian control over West Papua. The Free West Papua Movement, or Organisasi Papua Merdeka (OPM), emerged in opposition to Indonesian control over West Papua. Many West Papuans have a sense of identity that is different from the main Malay, and predominately Muslim, identity of the rest of the Indonesian archipelago, and many favor autonomy or independence from Indonesia.⁴⁶ By some estimates, as many as 100,000 Papuans are thought to have died as the result of military operations.⁴⁷ In May 2005, the Papuan's People's Civil Rights Coalition reportedly protested the United Nation's 1969 decision to transfer control over West Papua to Indonesia.⁴⁸ Coordinator of the Institute for Human Rights and Advocacy John Rumbiak has reportedly stated that "The Government in Jakarta has allowed the military to prevail in Papua, to take the security approach which has denied ordinary people their rights and enriched military officers who are making big money for themselves through dealings with mining, logging and oil and gas interests."⁴⁹

In March 2005, it was reported that elements of the Indonesian military's Strategic Reserve Command, Kostrad, were to be sent to West Papua. This reportedly could mean up to 15,000 additional troops in West Papua. Church representatives also accused the military of using funds set aside for humanitarian purposes in West Papua to fund operations against the OPM. It was further reported that the military was funding the formation of East Timor style anti-separatist militias.⁵⁰

A Papuan Peoples Congress attended by 2,700 leaders in June 2000 called for international recognition of Papuan sovereignty.⁵¹ Although a Special Autonomy Law was passed in Jakarta for Papua, it has not been implemented.⁵² It is thought that a greater sharing of rich local resources and increased self government could dissipate some anti-Jakarta sentiment in Papua.

While the State Department is aware of the human rights situation in West Papua, other American national interests also shape the U.S. posture towards Indonesia. Declassified documents released in July 2004 indicate that Secretary of

⁴⁵ For further information see Larry Nicksch, "Papua-Irian Jaya," CRS Memorandum, 4/16/02.

⁴⁶ "When Jacob Rumbiak was 11," *Port Philip Leader*, April 4, 2005.

⁴⁷ "Indonesian Police, Demonstrators Clash in Papua Province," *Oster Dow Jones*, May 10, 2005.

⁴⁸ "Papuan Protestors Reject Integration," *Jakarta Post*, May 3, 2005.

⁴⁹ "A People Under the Jackboot," *The West Australian*, September 18, 2004.

⁵⁰ "Indons to Build Up Papua Force," *Hobart Mercury*, March 19, 2005.

⁵¹ Tim Huxley, *Disintegrating Indonesia? Implications for Regional Security* (London: International Institute for Strategic Studies, 2000). p. 42.

⁵² Report of an Independent Commission, *Peace and Progress in Papua* (New York: Council on Foreign Relations, 2003).

State Kissinger advised former President Nixon to “understand the problems they [the Suharto government] face in West Irian.” The documents reportedly indicate that the United States estimated at the time that between 85% and 90% of West Papuans were opposed to Indonesian rule and that as a result the Indonesians were incapable of winning an open referendum. Such steps were evidently considered necessary to maintain the support of Suharto’s Indonesia during the Cold War. A similar view was taken towards East Timor.⁵³

In February 2005, in order to resume full IMET, the Secretary of State “certified that Indonesian cooperation in the investigation [of the August 2002 ambush and killing of two American citizens near Timika, West Papua] had met the conditions set by Congress.”⁵⁴ Indonesian police indicated at one point that elements from the Indonesian military may have been involved in the attack near Timika. Some of those who believe that elements of the military may have played a role think that it could have been done in an effort to discredit the OPM (the Free West Papua movement). Some pro-independence supporters believe that Anthonius Wamang, who has been indicted for the attack, may have been a military informer.⁵⁵ The OPM has denied involvement with the attack and stated that Wamang “has worked closely with the Indonesian military for the past four years in the sandalwood business and also as part of a pro-Indonesian militia.”⁵⁶ In June 2004, Rumbiak stated that Wamang is living in Timika.⁵⁷ As of March 10, 2005, Wamang was thought to remain free, and the Indonesian government had yet to issue an indictment for his arrest.⁵⁸

In January 2003, the government of Indonesia approved a plan to divide West Papua into Central Papua, East Papua, and West Papua, which was reportedly not well received by Papuans as it was viewed by many as a threat to autonomy. Its implementation was postponed. In 2005, Indonesia initiated a voluntary repatriation of West Papuans from Papua New Guinea. Reportedly, approximately 350 families returned to Merauke from PNG in February of 2005.⁵⁹ Demonstrators and police clashed in Jayapura in May. The Indonesian government put forward a plan to divide

⁵³ Jim Lobe, “US Sacrificed Papua to Court Suharto,” [http://www.atimes.com] “US ‘Concern’ Over West Papua,” *The Australian*, and Alan Sipress, “Declassified US Papers Spark Indonesian Rebuke,” *Washington Post*, July 18, 2004.

⁵⁴ “State Department Issues Background Note on Indonesia,” *U.S. Fed News*, May 2, 2005. “Military Program Readmits Indonesia,” *Associated Press*, February 28, 2005.

⁵⁵ Slobodan Lekic, “Widow of American killed in Papua Ambush Urges US to Keep Ban on Indonesian Army,” *Associated Press*, January 28, 2005.

⁵⁶ “West Papua Rebels Accused US of Cover-up Over Ambush Killings,” *Agence France Press*, July 2, 2005.

⁵⁷ “Murder Accused to Face Community Meeting,” *Australian Broadcasting Corporation*, June 30, 2004.

⁵⁸ “Indonesia’s Transition to Democracy,-Dan Burton,” Congressional Testimony, *Federal Document Clearing House*, March 10 2005.

⁵⁹ “Papuans Return Home,” *PACNEWS*, February 28, 2005.

West Papua into five, instead of the previously planned three, provinces. Opponents view this as a plan to divide Papuan resistance to Indonesian rule.⁶⁰

Inter-Communal Strife and Pan Islamic Movements

While the vast majority of Indonesians practice a moderate form of Islam, a very small radical minority seek to establish an Islamic state. Other extremists are hostile to the Christian minority and an even smaller group would use violence to establish an Islamic Khalifate throughout the Muslim areas of Southeast Asia. While they represent an extremely small percentage of the population, such groups have created much internal turmoil. A distinction can be drawn between those groups, such as the now disbanded Lashkar Jihad, which are focused on Indonesian areas of conflict, such as between Muslims and Christians in the Maluku, and a group such as the Jemaah Islamiya (JI), which has used terrorist methods to promote its broader extreme Islamist agenda with linkages to al Qaeda. There have also been allegations that Lashkar Jihad was a tool of hardliners within the military that opposed the reform movement and who allowed, or possibly even assisted, Lashkar Jihad activities that destabilized the nation, thereby highlighting the need for a strong military that could impose order. There are disturbing reports of long-term trends to violence in the region.⁶¹ There has also been inter-group conflict elsewhere in Indonesia such as between Muslims and Christians in Poso in Central Sulawesi and with local Dyaks and internal Madurese migrants to Kalimantan.

In the three years before a peace accord was negotiated between Christian and Muslim communities, an estimated 5,000 people were killed and a half million displaced in the Maluku.⁶² Communal unrest has continued albeit at a lower level of intensity as a final peace settlement has not been achieved. In May 2005, seven were killed including five police officers during an attack on a police post in Maluku.⁶³

Economy

The Indonesian economy was severely damaged by the Asian financial crisis of 1997-98. Per capita GDP fell from \$1,088 in 1997 to \$475 in 1998. It only partly recovered to \$800 by 2003.⁶⁴ In 2004 per capita GDP recovered to \$1,151.⁶⁵ Indonesia's Gross Domestic Product (GDP) grew by 5.1% in 2004. This looked to improve in 2005 as Indonesia registered a 6.35% GDP increase for the first quarter

⁶⁰ "Governor Wants to Split Papua into Five Provinces," *PACNEWS*, February 10, 2005.

⁶¹ Sydney Jones, *International Crisis Group*.

⁶² "Indonesia Flashpoint: The Maluccas," *BBC News*, June 18, 2004.

⁶³ Amit Chanda, "Seven Killed in Indonesia, as Violence Flares up Again in Restive Maluku Province," *Global Insight Daily*, May 17, 2005.

⁶⁴ John McBeth, "The Betrayal of Indonesia," *Far Eastern Economic Review*, June 26, 2003.

⁶⁵ "Indonesia: Economic Background," *The Economist Intelligence Unit*, May 17, 2005.

of 2005.⁶⁶ Indonesia is considered to have a well-balanced economy with all major sectors contributing. Domestic consumption accounts for roughly two thirds of Indonesia's GDP, but expanded foreign investment and exports are considered crucial for GDP growth.

Indonesia's economy performed well in early 2005 despite the devastation of the tsunami of December 26, 2004. Slight drops in private and public consumption were offset by a 13.4% jump in exports in the fourth quarter of 2004. Investment continued to rise at the same time.⁶⁷ Foreign businesses have in the past been reluctant to invest in Indonesia in part because of concerns about the legal and judicial framework. Concern about transparency and security conditions have also inhibited past foreign investment.⁶⁸

Indonesian GDP,% Real change

1996	7.8%
1997	4.7%
1998	-13.1%
1999	0.8%
2000	4.9%
2001	3.5%
2002	3.7%
2003	4.1%
2004	5.1%
2005	5.4% est
2006	5.9% est

Economist Intelligence Unit Database

Indonesia's key economic sectors as measured by percentage of GDP include agriculture, 17%; industry, 41%; and services, 42%. Forty-five percent of the labor force is occupied in agriculture, while 16% is involved in industry, and 39% in services. Indonesia's key exports include petroleum and petroleum products, natural gas, and clothing and accessories. Indonesia's major markets include Japan, Singapore, Taiwan, Korea, the European Union, and the United States.⁶⁹ (For further information see CRS Report RS21753, *Indonesia-U.S. Economic Relations*, by Wayne Morrison.)

Foreign Policy

Indonesian foreign policy has been shaped largely by two men, Presidents Sukarno and Suharto. Once a leading force in the Non-Aligned Movement (NAM) of the early Cold War era, Indonesia has traditionally sought to remain largely independent from great power conflict and entangling alliances. Sukarno's world view divided the world into new emerging forces and old established forces. Sukarno sought to fight the forces of neo-colonialism, colonialism, and imperialism, which brought his government closer to China in 1964-65. Suharto's New Order lessened Sukarno's anti-western rhetoric and focused on better relations with the region. Under Suharto, Indonesia was one of the founding members of the Association of Southeast Asian States (ASEAN) in 1967 and played a key leadership role in the

⁶⁶ "Indonesia Registers a 6.35% Rise in GDP in First Quarter," *Thai News Service*, May 19, 2005.

⁶⁷ "Indonesia Economy: Quick View," *The Economist Intelligence Unit*, May 16, 2005.

⁶⁸ John McBeth, "Indonesia: Warning Signs," *Far Eastern Economic Review*, December 4, 2003.

⁶⁹ "Indonesia," *CIA World Factbook*, 2003.

organization. Indonesia's internal problems since 1998 have kept it largely internally focused. As a result, it has not played as active a role in the organization as in past years. Indonesia exerts a moderate voice in the Organization of Islamic Conference (OIC) and is a member of the Asia-Pacific Economic Cooperation (APEC) grouping.

Indonesia's strategic interests are largely regional. Indonesia signed the Timor Gap treaty with Australia in 1991. This provided for a mutual sharing of resources located in the seabed between Australia and the then-Indonesian province of East Timor. This lapsed with the independence of East Timor. Australia and Indonesia also signed a security agreement in 1995 which fell short of an alliance but called for mutual consultations on security matters. Indonesian displeasure with Australia's support of East Timor independence in 1999 led Indonesia to renounce the agreement. Indonesian ties with the West have at times been strained over alleged human rights abuses by the TNI. Indonesia and China normalized ties in 1990 which had been strained since the alleged abortive coup by the Indonesian Communist Party (PKI) in 1965. Tensions remain over disputes related to the South China sea, particularly near the Natuna Islands at the southern end of the South China Sea, though in recent years ties have warmed. Under President Megawati the emphasis of Indonesian foreign policy has shifted to focus on trade.

Indonesia has apparently embarked on a major foreign policy initiative with China which marks a significant departure from past tensions in their bilateral relationship. In 1967, Indonesia suspended diplomatic relations with China for its alleged support of an attempted coup by the communist party of Indonesia. In April 2005, President Yudhoyono and Chinese President Hu Jintao signed a series of trade, investment and maritime deals which have been described as a 'strategic partnership.'⁷⁰ President Yudhoyono has speculated that trade between Indonesia and China could triple to \$20 billion in three years.⁷¹ The developing relationship will also reportedly include arms sales and assistance. Indonesian Defense Minister Juwono Sudarsono has reportedly signed a memorandum of understanding on defense technology which includes arms sales and bilateral military cooperation.⁷² It is also reported that China will work with Indonesia to develop short range missiles.⁷³ Indonesia's shift to enhance its relationship with China, immediately prior to President Yudhoyono's visit to Washington, may be seen by some as an attempt to influence American debate over whether to reestablish military to military ties with Indonesia.

In April and May of 2005, tensions between Indonesia and Malaysia mounted over a maritime territorial dispute in the Ambalat area of the Sulawesi Sea. Both Indonesia and Malaysia have reportedly awarded offshore exploration contracts in

⁷⁰ Amit Chanda, "Economic Pact Between China and Indonesia," *Global Insight Daily*, April 26, 2005.

⁷¹ "The Indonesia-China Partnership," *The Jakarta Post*, April 27, 2005.

⁷² "China Offers Arms to Indonesia to Secure Malacca Strait Ally," *BBC News*, April 26, 2005.

⁷³ "Indonesia, China to Develop Missiles," *Reuters News*, May 17, 2005.

the Ambalat area.⁷⁴ Indonesian Kostrad units were placed on full alert as a result of the tensions.⁷⁵ Indonesia and Malaysia agreed to resolve the dispute peacefully after a Malaysian patrol boat and a Indonesian Navy ship collided in the disputed area.⁷⁶

Indonesia and the War Against Terrorism

Many Indonesians view of the war against terror in a fundamentally different way than the United States. This was particularly so prior to the Bali bombing of October 2002 in which some 200 people were killed, including many Western tourists. The Bali bombing, and Marriott bombing of August 2003, changed the government's perception of the threat and evoked a rigorous response from the police. Prior to these bombings, Indonesia viewed the terrorist organization Jemaah Islamiya (JI) as foreign and focused on anti-western activities. Since the Bali bombing, U.S. and Indonesian differences have decreased. Nevertheless, 30% of Indonesians felt in March 2003 that the root cause of terrorism in Indonesia resulted from oppression against Muslims in Indonesia or elsewhere, injustice toward Arab countries in the Middle East, or felt that terrorists are holy warriors against the infidels.⁷⁷ Domestic perceptions limit the ability of President Yudhoyono to take on a politically sensitive issue in Indonesia which is a priority policy issue for the United States.⁷⁸ While government-to-government cooperation is improving, past polls indicate that the United States has become very unpopular in Indonesia. Only 15% of Indonesians had a favorable opinion of the United States in 2003 as opposed to 75% three years earlier.⁷⁹ More recent polls confirm the continuation of this negative trend.⁸⁰ Broad public opposition to U.S. attacks on Islamic countries, Indonesian's perceptions of U.S. global influence and fear of antagonizing extremist groups who enjoy rising public support have all contributed to the government's reluctance to too aggressively pursue JI. Despite this, the government has made a significant effort to track down those responsible for the Bali and Marriott bombings.

Indonesian counterterrorist capability resides with both the police and the military. American human rights concerns have led to greater U.S. cooperation with the police than with the military. The United States is helping to fund, train, and arm the Indonesian police's special terrorism response unit. All members of the unit are

⁷⁴ "Malaysia, Indonesia Agree to Standoff in Sulawesi Sea," *Voice of America*, May 6, 2005.

⁷⁵ "Indonesian Strategic Reserve Troops to Guard Ambalat Waters," *BBC News*, April 29, 2005.

⁷⁶ "Indonesia Alleges Malaysian Navy Ship Collides with Indonesia Vessel," *Associated Press*, April 9, 2005.

⁷⁷ "Polling on Indonesia," *International Republican Institute*, March, 2003.

⁷⁸ John McBeth and Tom McCawley, "Bleak Prospects Ahead for the Front Runner," *Far Eastern Economic Review*, October 2, 2003.

⁷⁹ Ellen Nakashima, "U.S. Policy Censured in Indonesia," *The Washington Post*, October 21, 2003.

⁸⁰ Brian Knowlton, "Anti-US Anger Spreading in Islamic States," *International Herald Tribune*, May 19, 2005.

checked to make sure they have not been involved in human rights violations.⁸¹ “Unit - 81” is the military’s key counterterrorist unit. It is part of the Kompassus command. Kompassus forces are the TNI’s most elite forces. Local intelligence units attached to regional territorial commands represent another potential resource in the war against terrorism.⁸² The Indonesian High Court rejected Jemaah Islamiya leader Abu Bakar Bashir’s appeal of his March 2005 conviction for being part of a conspiracy that led to the Bali bombing of October 2002 that killed over 200, many of which were Western tourists. Bashir was given a 30 month sentence.⁸³ (For further information, see CRS Report RL31672, *Terrorism in Southeast Asia*, by Bruce Vaughn, Emma Chanlett-Avery, Richard Cronin, Mark Manyin, and Larry Niksch.)

United States-Indonesian Relations

President Yudhoyono’s visit to Washington in May 2005 will likely lead to a renewed debate between those who would emphasize human rights in Indonesia as opposed to those who would emphasize the need for a closer strategic relationship with Indonesia in order to better fight the war against terror and to promote American strategic interests in the region. The Bush Administration moved to restore IMET assistance in early 2005 in what many view as the first step to restoring the full military to military relationship. Many see this as necessary to be able to most effectively fight the war against terror in Southeast Asia. Others point to continuing human rights abuses, such as the mysterious death of human rights campaigner Munir on a Garuda flight to the Netherlands,⁸⁴ and continue to call for restrictions on the military to military relationship.

President Bush’s October 22, 2003 visit to Indonesia sought to strengthen bilateral counterterror ties. During his visit to Bali, President Bush described Indonesia as a country whose democratic institutions are improving. President Bush and President Megawati discussed issues of common concern including counterterrorism, democratization, military cooperation, U.S. support for the territorial integrity of Indonesia, U.S. support for the economy of Indonesia and various developments in Asia and the Middle East. President Bush also proposed a six-year, \$157 million education support program for Indonesia.⁸⁵

Other U.S. initiatives toward Indonesia include the establishment of a congressional Indonesia Caucus in February 2004 and the 2003 Report of the National Commission on U.S. Indonesian Relations. The caucus has been described

⁸¹ John McBeth, “Elite Force,” *Far Eastern Economic Review*, November 13, 2003.

⁸² Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002). pp. 33, 82.

⁸³ “Indonesian High Court Rejects Bashir Terror Appeal,” *Thai News Service*, May 19, 2005.

⁸⁴ “Govt Must Be Constantly Reminded to Solve Munir Case,” *LKBN Antara*, December 16, 2004.

⁸⁵ President Bush, “President Bush, President Megawati Hold Joint Press Conference,” The White House, October 22, 2003.

“as an informal, bipartisan group of members of Congress dedicated to maintaining and strengthening the U.S. Indonesia relationship.”⁸⁶ Representatives Dan Burton and Robert Wexler are the Co-Chairs of the caucus. The report was sponsored by the United States Indonesia Society, the Asia-Pacific Research Center at Stanford University, and the National Bureau of Asian Research. The report calls for a partnership for human resource development to promote in Indonesia an effective democracy, sustainable development, and the rule of law. As part of this initiative, the report calls for a pledge by the United States for \$200 million in additional annual assistance in the areas of education, democratization, economic growth, and security over a five year period.⁸⁷

There has been some reported movement on developing closer economic relations between Indonesia and the United States. In 2004, U.S. exports to Indonesia totaled \$3.2 billion while imports totaled \$8.7 billion.⁸⁸ It was reported that accelerating a Trade and Investment Framework Agreement would be discussed “on the sidelines of President Susilo Bambang Yudhoyono’s visit to the U.S.”⁸⁹

In an address in Washington, DC in March 2004, former Indonesian Foreign Minister Ali Alatas identified U.S. “unilateralism,” differences in approach to the war against terror, and U.S. policy toward Israel and Palestine as issues that adversely affect Indonesians’ views of the United States and cause friction in the bilateral relationship.⁹⁰ Alatas pointed out that Indonesia prefers multilateral action sponsored by the United Nations and that it sees the need to address the root causes of terrorism, such as poverty and social injustice, as well as its agents.

Human Rights

Much attention has been focused on human rights aspects of the bilateral relationship. The State Department’s 2004 annual human rights report, released February 28 2005, described the Indonesian government’s human rights record as “poor; although there were improvements in a few areas,” adding that security force members “continued to commit abuses, the most serious of which took place in areas of separatist conflict.”⁹¹

An attack on American teachers near Timika in West Papua in August of 2002 has attracted the attention of many in Congress. In the attack, two Americans were

⁸⁶ “Congressman Burton Establishes Indonesia Caucus,” United States Indonesia Society, February 13, 2004.

⁸⁷ Ed Masters, *Report of the National Commission on U.S. Indonesian Relations* (Seattle: National Bureau of Asian Research, 2003).

⁸⁸ State Department, “Background Note: Indonesia,” May 2005.

⁸⁹ “RI-US Agree to Accelerate TIFA,” *Bisnis Indonesia*, May 19, 2005.

⁹⁰ Ali Alatas, “Indonesia and the United States: Toward a New Era of Partnership,” U.S. Indonesia Society Inaugural 10th Anniversary Lecture, March 23, 2004.

⁹¹ U.S. State Department, “Indonesia Country Report on Human Rights Practices -2004,” February 28, 2005.

killed and 12 others were wounded. The Americans killed were teachers at the New Orleans based Freeport McMoRan-owned mine. It is thought by some observers that elements of the military at the local level were involved in the attack, either in an attempt to extort more money from the mine⁹² or to discredit the Free Papua Organization (OPM).⁹³ Others believe that Kompasus forces were involved. General Endriartono Sutarto reportedly stated that an internal TNI investigation did not indicate TNI involvement but instead pointed to the Free Papua Movement (OPM). An initial Indonesian police investigation reportedly implicated TNI personnel.⁹⁴ Former Deputy Secretary of Defense and former Ambassador to Indonesia Paul Wolfowitz reportedly views the TNI as a bulwark against Muslim radicalism in the region.⁹⁵ In February 2005, Secretary of State Rice lifted restrictions on Indonesia's involvement in IMET programs.

Indonesian- and United Nations-sponsored efforts have not led to the imprisonment of Indonesians accused of crimes against humanity related to the events in East Timor in 1999. In February of 2003, a United Nations-sponsored tribunal indicted former TNI chief Wiranto and six other generals, as well as East Timor's former Governor, of crimes against humanity.⁹⁶ A total of 440 Indonesian servicemen and militia members were indicted for crimes surrounding the 1999 referendum by the U.N. backed transitional justice structures in East Timor. A hundred and one East Timorese have come before the court but 339 other suspects are in Indonesia. The Indonesian investigations into the crimes acquitted the 16 Indonesian defendants. Indonesia and East Timor have opted to pursue the matter through a joint Commission of Truth and Friendship whose findings will not lead to prosecutions.⁹⁷ A United Nations Commission of Experts was formed to carry out an assessment of the results of the East Timor Rights Tribunal carried out by Indonesia. They traveled to Indonesia and met with President Yudhoyono during their visit in Indonesia from May 18-20, 2005.⁹⁸

The December 2003 appointment of Brigadier General Timbul Silaen to the post of Regional Police Commander in Papua was received with dismay by both the State

⁹² Karl Schoenberger, "Indonesian Military Using Terror Fears to Regain Power," *Knight Ridder Tribune News Service*, March 21, 2003.

⁹³ "Country Report: Indonesia," *The Economist Intelligence Unit*, September, 2003.

⁹⁴ Bantarto Bandoro, "R.I.-U.S. Military Ties Not Out," *Jakarta Post*, July 25, 2003.

⁹⁵ Slobodan Lekic, "Indonesian Military Helps Shape Elections," *Associated Press*, January 23, 2004.

⁹⁶ Karl Schoenberger, "Indonesian Military Using Terror Fears to Regain Power," *Knight Ridder Tribune News Service*, March 21, 2003.

⁹⁷ Susan Harris, "Five Years on, and East Timor is Still Waiting for Justice," *Canberra Times*, May 19, 2005.

⁹⁸ "President receives UN Commission of Experts, Pledges Cooperation," *Organization of Asia Pacific News Agencies*, May 19, 2005.

Department and human rights groups. General Silaen was indicted for crimes against humanity in East Timor by United Nations prosecutors.⁹⁹

One argument for IMET is that Indonesian officers who are exposed to U.S. military training are more likely to respect human rights and to value civilian control of the military. American access to senior level military leaders has been facilitated by the program in the past. Those skeptical of this argument do not see a correlation between TNI officers' participation in the program and their human rights performance afterward.

Geopolitical and Strategic Interests

The Malacca, Sunda, and Lombok straits are some of the world's most important strategic sea lanes. Close to half of the total global merchant fleet capacity transits the straits around Indonesia.¹⁰⁰ A significant proportion of Northeast Asia's energy resources transit these straits. The United States continues to have both economic and military interest in keeping the sea lanes of communication open.¹⁰¹ Further energy deposits may also be found in the waters of Southeast Asia.

Some analysts are concerned about growing Chinese influence in the region. China was perceived as being more assertive in the 1990s, for example, by fortifying Mischief Reef. China is now seen as being more subtle. China signed a Joint Declaration on Strategic Partnership with ASEAN in October 2003 and is developing a China-ASEAN Free Trade Agreement to augment its existing bilateral trade agreements with many ASEAN members. This has been viewed as a possible "foundation for a strategic partnership."¹⁰² China and Indonesia also announced a series of agreements amounting to what some have described as a 'strategic partnership' in April 2005. At the same time, China is expanding its naval capability. Over the past year China has reportedly begun construction on 70 naval vessels and is considering further purchases of *Sovremenny* class destroyers from Russia. While usually discussed in the context of a potential conflict with Taiwan, China's navy is thought to have the capability to sea lift a division, or roughly 10,000 troops.¹⁰³

⁹⁹ "U.S. Slams Papua Police Appointment," *Far Eastern Economic Review*, December 18, 2003.

¹⁰⁰ Ed Masters, *Report of the National Commission on U.S. Indonesian Relations* (Seattle: National Bureau of Asian Research, 2003).

¹⁰¹ John Noer with David Gregory, *Chokepoint: Maritime Economic Concerns in Southeast Asia* (Washington: National Defense University Press, 1996).

¹⁰² Edward Masters, Committee on International Relations, Subcommittee on Asia and the Pacific, Testimony for a Hearing on, "The United States and Asia: Continuity, Instability, and Transition," March 17, 2004.

¹⁰³ Edward Cody, "With Taiwan in Mind, China Focuses Military Expansion on Navy," *The Washington Post*, March 20, 2004.

U.S. Security Assistance to Indonesia

American security assistance to Indonesia is subject to certain restrictions set forth in P.L.108-447, The Consolidated Appropriations Act of 2005. Section 572 of P.L.108-447 states that Foreign Military Financing funds may be made available for Indonesia if the Secretary of State certifies to Congress that the TNI is working to “counter international terrorism, consistent with democratic principles and the rule of law,” that the Indonesian government is “prosecuting and punishing” members of the armed forces involved in “gross violations of human rights or to have aided or abetted militia groups,” that the Indonesian armed forces are cooperating with “civilian judicial authorities and with international efforts to resolve cases of gross violations of human rights in East Timor and elsewhere,” and that the TNI is implementing reforms “to increase the transparency and accountability of their operations and financial management.” Under part (b) of section 572, IMET funds may be made available to Indonesia if the Secretary of State determines that “Indonesian Government and Armed Forces are cooperating with the Federal Bureau of Investigation’s investigation into the August 13, 2002 murder of two American citizens and one Indonesia citizen” near Timika. Section 590 allows FMF for the Indonesian navy for enhancing maritime security.

Indonesia has participated in the Regional Defense Counter Terrorism Fellowship Program which includes intelligence cooperation, civil-military cooperation in combating terrorism and maritime security. Indonesia has also participated in the Theater Security Cooperation Program with the U.S. Pacific Command. This has involved Indonesia in counterterrorism seminars promoting cooperation on security as well as subject matter expert exchanges.¹⁰⁴ Indonesia and the U.S. held a joint counterterror exercise with Indonesian Marines and U.S. Navy Seals in May 2005.¹⁰⁵

Military to military ties between the United States and Indonesia have ebbed and flowed since the 1950s. This has been conditioned by both the disposition of the regime in Jakarta to the United States and by U.S. perceptions of the TNI’s record on human rights. A significant relationship was established by the 1960s. This was expanded in the wake of Sukarno’s demise. The relationship waned in the 1980s but increased again in 1990.¹⁰⁶ On November 12, 1991, Indonesian soldiers killed or wounded hundreds of unarmed civilians at the Santa Cruz cemetery in Dili, East Timor. Congress first cut IMET funding for Indonesia in 1991 in response to the Dili massacre. Further restrictions were levied in 1999 in response to TNI involvement with atrocities in East Timor.

¹⁰⁴ “United States-Indonesia Military Relations,” *Congressional Record*, Senate, Page S734, February 1, 2005.

¹⁰⁵ “US, Indonesian Navies Hold Joint Anti-Terror Exercises,” *Oster Dow Jones*, May 10, 2005.

¹⁰⁶ Col. John Haseman, “U.S.-Indonesia Military to Military Relations,” *Asia-Pacific Defence Reporter*, November 2002.

Jemaah Islamiya activity in Indonesia and Southeast Asia highlights the need for closer cooperation in the war against terror. In August of 2002, Secretary of State Powell pledged \$31 million to train police, \$16 million to build a counterterrorism unit, and \$4 million for army counterterrorism training for Indonesia over several years. At that time, Secretary Powell reportedly said that the United States and Indonesia were beginning to normalize military to military ties though “we are not there yet.”¹⁰⁷

The Administration’s policy on assistance to Indonesia is informed by the role that Indonesia can play in the war against terror. In 2004, Principal Deputy Assistant Secretary of State for East Asia and Pacific Affairs Donald Keyser stated in testimony before the Senate Foreign Relations Committee that counterterrorism is at the top of the priority list for strategic foreign assistance goals in FY2005. “In Indonesia for example, we intend to build on the successful efforts, funded by the Non-proliferation, Anti-terrorism, De-mining and Related Programs (NADR) account, to continue training and to expand the Indonesian National Police’s Counter-terrorism Task Force.” He added that the Economic Support Fund (ESF) will be used to support basic education “as a key element in the effort to combat terror.”¹⁰⁸ The United States and Indonesia cooperate on counterterrorism in a number of areas with assistance going to the police and security officials, prosecutors, legislators, immigration officials, banking regulators and others.

U.S.-Indonesian counterterror capacity building programs have included the \$12 million for the establishment of a national police counterterrorism unit and \$4.9 million for counterterrorism training for police and security officials over the period 2001-2003. Such assistance has also included financial intelligence unit training to strengthen anti-money laundering, counterterror intelligence analysts training, an analyst exchange program with the Treasury Department and training and assistance to establish a border security system as part of the Terrorist Interdiction Program.¹⁰⁹

The State Department budget justification document for FY2006 states that “Indonesia’s contribution to the Global War on Terror is also a vital U.S. interest.” It goes on to state that ESF funds will provide technical assistance and training to Indonesia that will strengthen counter terrorist activities. It also states that FY2006 “counter terrorism training program activity for Indonesia will shift from two years of Task Force operational training, equipping, formation and development to program transition, sustainment, oversight, and liaison.”¹¹⁰

¹⁰⁷ “Indonesia Gets U.S. Aid Against Terror,” *BBC News*, August 2, 2002.

¹⁰⁸ “Fighting Terrorism Top U.S. Goal,” State Department Press Release, March 2, 2004.

¹⁰⁹ Information drawn from State Department Fact Sheet, “Summary of Counter Terrorism Assistance for Indonesia,” 10/03 update.

¹¹⁰ “FY2006 Congressional Budget Justification for Foreign Operations,” U.S. Department of State, Released February 15, 2005.

Table 1. U.S. Foreign Assistance to Indonesia

Account*	FY2004	FY2005 est	FY2006 request
CSH ¹¹¹	\$33,000,000	\$36,700,000	\$27,540,000
DA	33,291,000	27,848,000	48,424,000
ESF	49,705,000	64,480,000	70,000,000
FMF	-	992,000	1,000
IMET	599,000	600,000	800,000
INCLE	—	-	5,000,000
NADR-ATA	5,778,000	5,300,000	5,300,000
NADR-EXBS	220,000	-	450,000
P.L. 480 Title II	3,315,000	11,900,000	18,190,000

The United States is promoting counterterrorism in Southeast Asia on a regional and multilateral basis as well as on a bilateral basis with Indonesia. Such an approach is viewed as complementing and promoting bilateral assistance and focuses on diplomatic, financial, law enforcement, intelligence and military tools. Two key objectives of the U.S. government are to build the capacity and will of regional states to fight terror. These objectives are pursued through a number of programs. The United States-ASEAN Work Plan for Counter-Terrorism has identified information sharing, enhancing liaison relationships, capacity building through training and education, transportation, maritime security, border and immigration controls, and compliance with United Nations and international conventions, as goals for enhanced regional anti-terrorism cooperation.

The Anti-terrorism Assistance Program, directed at law enforcement training and associated hardware, has aided Indonesia, among others. In addition, Financial Systems Assessment Teams and the Terrorist Interdiction Program (which focuses on border controls) have also assisted Indonesia. The United States has also supported the Southeast Asian Regional Center for Counter-terrorism in Kuala Lumpur. Foreign Emergency Support Teams are designed for rapid deployment in response to a terrorist related event while Technical Support Working Groups work with regional partners to find technical solutions to problems such as bio-terrorism warning sensors.¹¹²

¹¹¹ Child Survival and Health (CSH), Development Assistance (DA), Economic Support Funds (ESF), Foreign Military Financing (FMF), International Military Education and Training (IMET), International Narcotics Control and Law Enforcement (INCLE), Non-proliferation Anti-terrorism Demining and Related Programs Export Control and Border Security Assistance NADR-EXBS, Non-proliferation Anti-terrorism Demining and Related Programs Antiterrorism Assistance (NADR-ATA).

¹¹² Drawn from State Department budget justification material.