



Indonesia: Domestic Politics, Strategic Dynamics, and American Interests

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Summary

Indonesia is the world's fourth most populous country and the most populous Muslim nation. It is also a moderate Muslim state that is strategically positioned astride key sea lanes that link East Asia with the energy resources of the Middle East. Indonesia is seen by many as a valuable partner in the struggle against radical Islamist militants in Southeast Asia. Indonesia is continuing to democratize and develop its civil society and rule of law under the leadership of President Susilo Bambang Yudhoyono (SBY), who many view as reform-minded. However, a legacy of abuse of human rights by the military that stems from the three-decade reign of former President Suharto, who stepped down in 1998, remains unresolved.

The parliamentary elections of 2009 further consolidated Indonesian democracy and marked a continued preference by Indonesian voters for secular-nationalist parties rather than Islamic or Islamist political parties. President Yudhoyono's Democrat party made significant gains due to the voters' approval of the president. President Yudhoyono won the presidential election of July 2009 with a strong mandate. This is thought to enable him to pursue a reformist agenda in his second term as president.

U.S. foreign policy concerns have focused on building relations with Indonesia to more effectively counter the rise of militant Islamist extremists, as well as to develop relations with a geopolitically important state. The United States has sought to promote democracy, the rule of law, and human rights in Indonesia in addition to American trade and investment interests there.

The election of President Barack Obama, who spent part of his childhood in Indonesia, and his subsequent outreach to the Muslim world has done much to spur expectations in Indonesia and the United States that the bilateral relationship will be enhanced during his administration. Expectations for development of the bilateral relationship were also lifted by the November 2008 proposal by President Yudhoyono to develop a strategic partnership between Indonesia and the United States. This initiative was followed by Secretary of State Hillary Clinton's decision to travel to Indonesia during her first trip abroad as Secretary of State in February 2009.

This report surveys key aspects of Indonesia's domestic politics and strategic dynamics in addition to provide general background information on Indonesia. It also provides an overview of the bilateral relationship between the United States and Indonesia. The report examines issues of ongoing congressional interest, including Indonesia's role in the struggle against violent Islamist extremists, security assistance, human rights, religious freedom, promotion of democracy and good governance, trade, foreign assistance, and regional geopolitical and strategic interests. The report seeks to provide a broader context for understanding the complex interrelated nature of many of these issues.

Contents

Recent Events: Indonesia’s Parliamentary and Presidential Elections	1
Parliamentary Elections.....	1
Presidential Elections	3
Overview	5
Potential Issues for Congress.....	5
Military-to-Military Ties and Human Rights.....	6
Historical Background	8
Political Transition	9
The Role of the Military.....	9
Autonomous and Secessionist Movements	11
Timor-Leste	11
Aceh	13
West Papua and Papua.....	14
Inter-Communal Strife and Pan Islamic Movements	15
The Economy.....	17
The Environment	18
Religious Freedom.....	20
Human Rights	21
The Struggle Against Radical Islamist Extremists.....	22
Health Issues: Avian and Swine Flu.....	24
External Relations.....	24
United States-Indonesian Relations	26
Geopolitical and Strategic Interests	28
U.S. Assistance to Indonesia.....	29
Security Assistance	29
Tsunami Relief.....	31
Options and Implications for the United States	31

Figures

Figure 1. Map of Indonesia	34
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Tables

Table 1. Recent Indonesian Parliamentary Election Results	2
Table 2. U.S. Foreign Assistance to Indonesia	29

Contacts

Author Contact Information 35

Recent Events: Indonesia's Parliamentary and Presidential Elections

Parliamentary Elections

On April 9, 2009, Indonesians went to the polls in the third parliamentary election held since Indonesia's transition from the authoritarian New Order era of former President Suharto. The 2009 parliamentary elections followed elections held in 1999 and 2004 and mark a further consolidation of Indonesian democracy as well as a robust endorsement of President Susilo Bambang Yudhoyono (SBY) and his Democrat Party, and a strong and increasing preference for secular-nationalist parties over Islamic or Islamist parties.¹ The President's Democratic Party, Partai Demokrat (PD), is now the single largest political party in Indonesia. The Indonesian Parliament is elected separately from the executive. In 2004, 84% of the 148 million registered voters cast votes. This was a lower percentage turn out from the 93% of the 118 million voters that cast ballots in the 1999 parliamentary elections.²

Several factors appear to have contributed to the Democrat Party's victory in the April 2009 parliamentary elections. Declining food and fuel prices as well as programs for the poor improved Yudhoyono's and his Party's standing.³ According to Marcus Mietzner of the Lowy Institute in Sydney, Australia: "... it was the introduction of massive cash programs for the poor that triggered Yudhoyono's meteoric rise from electoral underdog to almost unassailable front runner ... the government spent approximately \$2 billion on compensation payments ..."⁴

A related factor in the election appears to have been shifting Indonesian perceptions of the economy from 2005 to 2009. More Indonesians generally felt that the national economic condition was worsening, but by early 2009, this negative perception changed as more Indonesians came to believe that the national economic condition was now better than the previous year. In February 2009, 37% believed that the economy was better while 31% believed it was worse.⁵

Another key factor appears to be the general popularity of President SBY as well as positive perceptions of his anti-corruption drive. Some 80% of Indonesians polled believed that SBY was good, or very good, in fighting corruption. Indonesian voters also believed that the Democrat Party was the least corrupt of the political parties by an increasing margin in the lead up to the April 2009 parliamentary election. That said, Indonesians believe that the parliament and the

¹ Islamic parties are viewed here as those inspired by Islamic values but that would not seek to use the state to explicitly codify these values into law that would apply to all Indonesians while Islamists would be more likely to do so. Militant Islamists are those that would use violence to pursue their agenda.

² "Election Guide Indonesia," IFES, <http://www.electionguide.org/country.php?ID=102>.

³ Country Report Indonesia, *Economist Intelligence Unit*, May 2009.

⁴ Marcus Mietzner, "Indonesia's 2009 Elections: Populism, Dynasties and the Consolidation of the Party System," *Lowy Institute for International Affairs*, May 2009.

⁵ Lembaga Survei Indonesia, (Saiful Mujani/William Liddle) as referenced in presentation viewgraphs by Marcus Mietzner, Lowy Institute, Australia. Marcus Mietzner, "Indonesia's 2009 Elections: Populism, Dynasties and the Consolidation of the Party System," *Lowy Institute for International Affairs*, May 2009.

judiciary are the two most corrupt institutions in Indonesia.⁶ Indonesians have a consistently negative perception of the legislative branch.⁷

The apparent lack of resonance of Islamist messages with Indonesian voters appears to have been a key factor in the parliamentary election results.⁸ It appears that the Indonesian voter is less ideological and more pragmatic than some assumed.⁹ The Islamic vote declined from 38.1% of the vote in the 2004 election to 27.8% of the vote in 2009. Indonesian Islamic parties received 44% of the vote in the 1955 election and 37.59% in 1999.¹⁰ Some have cautioned that the fortunes of the Prosperous Justice Party (PKS), the United Development Party (PPP), the National Mandate Party (PAN), the National Awakening Party (PKB), and other Islamic or Islamist parties that did not make the representative threshold of 2.5% had stable or declining performance more because of internal divisions and political stagnation than as a result of a major shift in voter attitudes.¹¹ Others also point to the inability of Islamic parties to “translate ideological identity into concrete programs.”¹²

A politically significant outcome of the parliamentary election is that the Democrat Party attained sufficient votes and seats to be allowed to nominate its own presidential candidate. Indonesian election law requires parties to attain 20% of the seats in the 560 Member House of People’s Representatives (DPR) or 25% of the national vote to be able to nominate a presidential candidate. The Democrats’ strong performance in the parliamentary election, by nearly tripling their vote from their 2004 electoral performance and crossing the 20% nomination threshold with 20.9% of the vote, meant that President Yudhoyono was in a stronger position on the issue of coalition partners and the selection of his vice presidential running mate.

Another observation of the Indonesian electorate in 2009 leads some to conclude that conventional wisdom on Indonesia appears to have overestimated the importance of religion, and civil-military relations. It now appears to some analysts that religion and civil-military issues are not as salient as they once were in Indonesian politics.¹³ Although political stability is enhanced by the decline of divisive issues in the political milieu, the apparent move toward personality politics may not be stabilizing in the long run. In the view of many, the Democrat Party lacks structure and is driven by its members’ support for Yudhoyono as an individual.

Table I. Recent Indonesian Parliamentary Election Results

Party	% votes 2009	Seats 2009	% votes 2004	Seats 2004	% votes 1999	Seats 1999
Democrat Party	20.9	148	7.45	57		

⁶ “Parliament and the Judiciary the Most Corrupt Institutions,” *Media Indonesia*, June 4, 2009.

⁷ “Indonesia,” National Democratic Institute, <http://www.ndi.org/content/indonesia>.

⁸ Lembaga Survei Indonesia, (Saiful Mujani/William Liddle) as referenced in presentation viewgraphs by Marcus Mietzner, Lowy Institute, Australia.

⁹ N. Karmini, “Muslims reject Hardline,” *The Advertiser*, May 12, 2009.

¹⁰ “Indonesian Islamic Parties in Decline,” *States News Service*, May 12, 2009. Bahtiar Effendi, “Islamic Parties Have Long Been at an Impasse,” *The Jakarta Post*, April 17, 2009.

¹¹ Marcus Mietzner, “Indonesia’s 2009 Elections: Populism, Dynasties and the Consolidation of the Party System,” *Lowy Institute for International Affairs*, May 2009.

¹² Bahtiar Effendi, “Insight: Islamic parties Have Long Been at an Impasse,” *Jakarta Post*, April 17, 2009.

¹³ William Liddle, “Indonesia’s July 9 Presidential Elections,” USINDO Presentation, June 3, 2009.

Party	% votes 2009	Seats 2009	% votes 2004	Seats 2004	% votes 1999	Seats 1999
Golkar	14.5	108	21.58	128	22.44	120
PDI-P	14.0	93	18.53	109	33.74	154
PKS	7.9	59	7.34	45	1.4	14
PAN	6.0	42	6.44	52	7.12	35
PPP	5.3	39	8.15	58	10.71	39
PKB	4.9	26	10.57	52	12.61	51
Gerindra	4.5	30				
Hanura	3.8	15				

Source: IFES, <http://www.electionguide.org>. The Economist Intelligence Unit, May 2009. Syafiq Hasyim, "Blending Dakwa and Politics: The Case of PKS Justice Prosperous Party," in *The Rise of Religion-Based Political movements*.

Notes: Data gaps are explained by the parties in question not running in the election year indicated.

Presidential Elections

The Indonesian president is directly elected in a separate presidential election that is held after the parliamentary elections. Under Indonesian law presidential candidates run with their choice of vice presidential candidates. The presidential election of July 8, 2009, gave President Yudhoyono 60% of the vote while Megawati Sukarnoputri of PDI-P received 26% of the vote and Jusuff Kalla of Golkar received 12%.¹⁴ If one candidate for president in Indonesia receives over 50% of the vote in the first round they become president. If no single candidate receives over 50% then a subsequent run off election is held between the two leading candidates for president. No second round was necessary in the 2009 presidential election given that President Yudhoyono's received over 50% of the vote in the first round.

There were three pairs of presidential and vice presidential candidates in the 2009 presidential election. President Yudhoyono, who has been described as a moderate, cautious, and intelligent man of common sense, picked Boediono as his vice presidential running mate.¹⁵ Some have observed that Yudhoyono chose Boediono for his abilities rather than for his political standing. Boediono was Central Bank Governor and was a relative unknown who does not bring with him a vote block in parliament. That said, he has a doctorate from the Wharton School at the University of Pennsylvania and was Coordinating Minister for Economic Affairs before taking his post at the Central Bank. He is credited with devising the government initiative to disperse cash to Indonesia's poorest 19 million families and is thought to be a key architect of Yudhoyono's economic policies.¹⁶

Yudhoyono's former vice president from Golkar, Jusuf Kalla, ran against Yudhoyono with former General Wiranto of the Hanura Party. Wiranto was accused of human rights abuses in East Timor

¹⁴ Country Report Indonesia," *The Economist Intelligence Unit*, July 2009.

¹⁵ Richard Lloyd Parry, "Dictator's Former Henchmen Offers Winning Smile to Voters," *The Times*, April 9, 2009.

¹⁶ "Indonesia's Yudhoyono Confirms Boediono as YP Candidate," *Channel News Asia*, May 15, 2009.

by a U.N.-backed Special Tribunal.¹⁷ Former President Megawati Sukarnoputri of PDI-P ran for president with vice presidential running mate Probowo Subianto. Probowo is leader of Gerindra, a former Kopassus [Special Forces] Commander, and the former son-in-law to former President Suharto. Probowo's critics believe he was responsible for violence towards anti-Suharto intellectuals and students, as well as against the ethnic Chinese community in Jakarta, during Indonesia's transition from Suharto's authoritarian New Order to *reformasi* and more open government in 1998.¹⁸

The outcome of the presidential election of 2009, with its strong mandate to return President Yudhoyono to the office of the presidency, is important for several reasons. First, it marks the continued development of Indonesia's democracy and civil society and move away from past authoritarian government. Indonesian voters continue to prefer national, secular, and democratic leaders who are likely to continue to pursue *reformasi* policies. The vote was also an endorsement of SBY's handling of the economy under his first watch. This will likely make further economic development and investment a priority in SBY's second term.¹⁹ The election may also mark the further transformation of Indonesia political parties.

The outcome of the parliamentary and presidential elections in Indonesia are important to the United States for several reasons. First, American security interests could potentially be threatened should radical Islamists rise in Indonesia. The strong performance by the Democrat Party and other national secular parties in the 2009 parliamentary election indicates that Islamist political fortunes are declining and not rising as had been feared in the wake of the 2004 elections. Second, Indonesia is a strategically located state and a leader in Association of Southeast Asian Nations (ASEAN) and other regional organizations in Asia. As such, American geopolitical interests can be furthered by the election of a government that would seek to work with the United States to further mutual geopolitical and security interests in the region. A third factor concerns the expansion of democracy and the rule of law in Indonesia and the region. U.S. foreign policy also would hope that the elections produce a government in Indonesia that would strengthen human rights, religious freedom and bilateral trade ties.

¹⁷ Philip Bowring, "Indonesia's Prospects," *International Herald Tribune*, May 20, 2009.

¹⁸ Adam Gartrell, "Poll fury hits Riot Generals," *The Courier-Mail*, May 13, 2009.

¹⁹ "Indonesia Politics: Yudhoyono Reelected," *The Economist Intelligence Unit*, July 9, 2009.

Overview

With an estimated population of 240.3 million, Indonesia is the world's most populous Muslim nation and is the world's fourth most populated nation overall after China, India and the United States. Its population is growing by approximately three million people a year.²⁰ It has extensive natural resources. A large percentage of world trade transits the strategically important straits of Malacca that 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 continues to emerge from a period of authoritarian rule and is consolidating its status as one of the world's largest democracies. 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 operated in the country. Internal strife and social dislocation stemming from inter-communal discord, autonomous and secessionist movements, political machinations among elites, Islamist extremism, government corruption, and economic uncertainty have all undermined stability in Indonesia in the past. More recently, Indonesia has been consolidating democratic gains, building a more robust civil society, and strengthening its economy, which suffered major setbacks during the Asian financial crisis of 1997/98.

Indonesia at a Glance

Population: 240.3 million with a growth rate of 1.1%
Life expectancy: 70.76
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
Capital: Jakarta, 8.8 million
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 many Austronesian and Papuan languages. 13 languages have over one million speakers
Literacy Rate: 90.4%
Religion: Muslim 86.1%, Protestant 5.7%, Catholic 3%, Hindu 1.8%
GDP growth: 6.1% 2008, 3.5% 2009 est.
GDP by Sector: Agriculture 13.5%, industry 45.6%, services 40.8%
Labor force by sector: Agriculture 42.1%, industry 18.6%, services 39.3%
Per capita GDP purchasing power parity: \$3,900
Unemployment rate: 8.4%
Main exports: Appliances, textiles
Destination of Exports: Japan 21.6%, Singapore 11.7%, United States 11.1%, China 10.1%.
Natural resources: petroleum, tin, natural gas, nickel, timber, copper, soils, coal, gold, silver
Sources: U.S. Department of State; CIA, *The World Fact Book*; Economist Intelligence Unit; BBC News

Potential Issues for Congress

The key challenge for the United States and Indonesia is how to build on recent progress in the relationship and the good will felt towards President Obama and President Yudhoyono and deliver demonstrable results in developing a strategic and comprehensive partnership between the two countries. High expectations will likely require tangible progress to be made in the near to mid-term to maintain positive momentum in the relationship. It appears that both the Obama and Yudhoyono administrations are committed to taking the relationship forward. A conference sponsored by the U.S.-Indonesia Society in April 2009 suggested a number of areas for enhanced

²⁰ "Indonesia's Population Increasing by 3 Million Yearly," *Xinhua News Agency*, June 3, 2008.

bilateral cooperation. Specifically, the USINDO report focused on bilateral cooperation in the areas of education, democracy and reform, multilateral and bilateral trade relations, food security cooperation, global climate change, bilateral security relations, and investment and business cooperation.²¹

The Bush Administration's lifting of restrictions on International Military Education and Training (IMET), Foreign Military Financing (FMF), and Foreign Military Sales (FMS) in 2005 helped deepen the bilateral relationship and provided a basis for further improved relations. Indonesia also moved forward on the following issues of concern to the United States.²²

- The expansion and consolidation of Indonesia's democracy through the 2004, and subsequent 2009 parliamentary and presidential elections.
- The election of President Yudhoyono, who is generally seen as reform-oriented.
- The goodwill towards, and increased understanding of, Indonesia in the United States in the wake of the December 26, 2004 tsunami.
- The U.S. perception of Indonesia as an increasingly valuable partner in the war against militant Islamist extremists, and valuable U.S. assistance to Indonesian counterterrorism security organizations.
- Timor-Leste's desire to develop positive relations with Indonesia.
- The arrest of Anthonius Wamang, a suspect in the shooting of two Americans near Timika, in the Indonesian province of Papua.
- Peace in Aceh.
- Increasing appreciation among American policy makers of the strategic and geopolitical importance of Indonesia.
- Indonesia's position on the East Asian Summit.²³

Much non-governmental organization and Congressional interest has focused on past abuses in Timor-Leste. This focus has abated somewhat as Timor-Leste has sought to move beyond the past and build good relations with Indonesia. Ongoing interest remains over the human rights situation in Papua and West Papua Indonesia, which could slow current forward momentum in the bilateral relationship should new human rights issues come to light.

Military-to-Military Ties and Human Rights

In 2005, the Administration of President George Bush moved to open International Military and Education and Training (IMET), Foreign Military Financing (FMF), and Foreign Military Sales (FMS) programs for Indonesia. This was viewed by many as a first step toward normalizing the

²¹ "The 2009 U.S.-Indonesia Comprehensive Partnership: Engaging the Non-Government Sector," *The United States-Indonesia Society*, Conference Findings and Recommendations, April 16-17, 2009.

²² This is an expanded version of a list developed by CRS Specialist Larry Niksch.

²³ Indonesia reportedly worked to have a more expansive membership in the recently formed East Asian Summit to include Australia, New Zealand and India in addition to the ASEAN states, China, Japan, and Korea. Other countries, led by China, reportedly favored a more exclusive grouping that left out India, Australia, and New Zealand. This move was viewed by some observers as favorable to American interests. Sunny Tanuwidjaja, "The East Asian Summit and Indonesia," *The Jakarta Post*, February 1, 2006.

military-to-military relationship. Indonesia has been a key player in the war against terror in Southeast Asia and an increasingly important geopolitical actor in the Asia-Pacific region. Despite these developments, many continue to have concern over human rights abuses in Indonesia. Senator Patrick Leahy has stated that “a key gap remains regarding justice for the victims of atrocities.” Other Members, however, have emphasized the progress Indonesia has made in several areas. Senator Christopher Bond, for instance, has stated that President Yudhoyono has made “a strong commitment to reform, to a recognition of human rights and to fighting corruption.”²⁴ An example of military cooperation with Indonesia is the Tri-border initiative that involves radar and maritime operations in the Makassar Strait to monitor possible terrorist or pirate activity.²⁵ Other examples of U.S.-Indonesian military cooperation include U.S. assistance to Indonesia’s new defense university and U.S. assistance with the procurement of C-130 Hercules transport aircraft, which, according to Defense Minister Juwono Sudarsono, will take advantage of U.S. discount pricing and foreign military financing.²⁶

During the Cold War, the United States was primarily concerned about communist influence in Indonesia. After the Cold War, congressional views on Indonesia were more 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 and Papua. The January 2006 arrest of Anthonius Wamang, who is thought to have led an attack near the town of Timika in Papua that killed two Americans, did much to resolve what had been an obstacle to developing the relationship. As the United States 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. There is also increasing appreciation of Indonesia’s geopolitical position within Southeast Asia and the larger East Asia region among American decision-makers.

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 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 first. Some have viewed military cooperation between the U.S. military and the Indonesian military during relief operations following the December 2004 tsunami in Sumatra as having focused attention on the issue of the need for military to military cooperation.

²⁴ Ken Guggenheim, “Fight Looms in Congress Over Easing Indonesia Military Restrictions,” *Associated Press*, February 2, 2005.

²⁵ John Haseman and Edward Lachica, “The U.S.-Indonesia Security Relationship: The Next Steps,” U.S.-Indonesia Society, January, 2009.

²⁶ “U.S. to Help RI in Procurement of Six Hercules,” *Jurnal Nasional*, June 1, 2009. “RI’s First Defense University,” *The Jakarta Post*, March 12, 2009.

Historical Background

Modern Indonesia has been shaped by the dynamic interaction of indigenous cultures with external influences—especially the succession of influences of Hinduism, Buddhism, Islam, Dutch colonial rule, and a powerful and nationalistic independence movement. The geographic definition of modern Indonesia began to take shape under Dutch direct colonial rule, which began in 1799. The Dutch East Indies were occupied by Japan during World War II. Following the Japanese surrender in 1945, independence was declared by nationalist leader Sukarno. After a four-year anti-colonial insurrection, the Republic of Indonesia gained its independence from the Dutch in 1949. The Dutch retained control of the present day territory of Papua and West Papua until the transition period 1963-1969.²⁷

Indonesian independence was followed by a period of parliamentary democracy, which was replaced in 1959 by President Sukarno's "Guided Democracy" that lasted until 1965.²⁸ In the late 1950s the United States provided clandestine assistance to military rebellions in outlying provinces of Indonesia out of fear that the communist PKI was gaining control of the country.²⁹ On September 30, 1965, the military, under General Suharto, neutralized Sukarno. One interpretation of events is that the military stepped in to avert a communist coup. In the aftermath, an estimated 500,000 Indonesians lost their lives in riots and purges that were characterized as "anti-communist." 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 annual rate of almost 7% from 1987 to 1997.³⁰ Suharto's death in January 2008 served as a point of reflection on his rule during which economic development and political stability came at the price of corruption and repression.³¹

A period of reform, or "*reformasi*," followed Suharto's fall. Suharto was succeeded by B.J. Habibie (1998-99), Abdurrahman Wahid (1999-2001), and the daughter of former President Sukarno, Megawati Sukarnoputri (2001-2004). Despite the political instability during this period, a number of key reforms designed to enhance good governance and expand democracy were implemented. Particularly important was a 1999 law that transferred enormous authority from the central government to provincial and district-level government. However, by 2003, the momentum for reform appeared to be faltering.³² President Yudhoyono is thought to have moved the reform agenda forward but only to a limited extent.

The source of legitimacy, or lack thereof, for government has changed for the Indonesian people over time. The Dutch colonial administration was viewed as illegitimate. The Sukarno Presidency sought to base its rule on moral concepts but it did not provide sufficient economic development.

²⁷ 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).

²⁸ Michael Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order* (London: Routledge Publishers, 1998). p. 1.

²⁹ John Bresnan, ed. *Indonesia: The Great Transition*. (Lanham: Rowman and Littlefield, 2005) pp. 245-7.

³⁰ "Background Note: Indonesia," Department of State, Bureau of East Asian and Pacific Affairs, October 2003. Michael Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order* (London: Routledge Publishers, 1998). p. xviii.

³¹ "The Death of Suharto: Epitaph of a Crook and a Tyrant," *The Economist*, January 31, 2008.

³² "Survey of Indonesian Electorate," *Asia Foundation*, December 9, 2003.

This was subsequently provided by President Suharto until 1997, when the Asian financial crisis undermined his ability to do so. At that point, with economic growth declining, Indonesians were no longer prepared to accept what was increasingly viewed as a corrupt and authoritarian regime. This brought on the era of democratic reform whose energy, prior to 2004, had appeared to be dissipating before fully completing its goal of instituting responsive and representative government.

Political Transition

Indonesia has done much to consolidate its democratic reform process following the Suharto era, which ended abruptly amid chaotic mass protests in 1998. Since his departure, civil society has expanded, and a vigorous and open media has emerged. In addition to the direct election of the president, the military no longer has seats in parliament and the police have been separated from the military. Indonesia has made significant progress toward institutionalizing its democracy and more firmly establishing civil society.³³ Indonesia's parliamentary elections in April 2004, and the Presidential elections of July and September 2004, were deemed by international observers to be free and fair, and they did much to instill confidence in Indonesia's democratic process. The parliamentary and presidential elections of 2009 further consolidated the democratic process in Indonesia.³⁴

Indonesia's national legislative structure consists of three separate bodies. First is a House of Representatives (DPR) of 550 members elected from party lists in multi-seat districts. The DPR has the primary role in passing laws. Second is a 132-seat Regional Representative Council (DPD) whose members are elected directly. Third is the People's Consultative Assembly (MPR), which is composed of members of both the DPR and the DPD. It is responsible for passing constitutional amendments and conducting presidential impeachments. Decentralization in recent years has placed increased importance on government at the local level.

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 traditionally has 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. The key elements of the military in Indonesia are the Army Strategic Reserve Command, the Army Special Forces Command, other special forces, and the Military Regional Commands. 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.³⁵ Some observers are concerned about its indirect influence over politics. The Indonesian military has attracted

³³ John McBeth, "The Betrayal of Indonesia," *Far Eastern Economic Review*, June 26, 2003.

³⁴ Damien Kingsbury, "Indonesia: 2007," *Asian Survey*, February 2008.

³⁵ 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).

negative attention through its past involvement with human rights abuses in East Timor, Aceh, Papua, and Maluku, although current problems appear largely limited to Papua and West Papua.

During the initial 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.³⁶ 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 agenda in Indonesia would like to see additional measures taken, including reform of the army's territorial structure, a full withdrawal of the military from business activities, and improving the military's sensitivity to human rights.³⁷

The TNI budget is thought to be to a large extent self-generated. This part of the TNI budget is largely outside governmental control.³⁸ The TNI will likely continue to play a key role in the evolution of the Indonesian polity in the years ahead. It could continue to play a largely constructive role supporting democratic change, or at least not obstructing it, or it could act to slow change. It will also likely seek to preserve its prominent place in Indonesian society.³⁹

While slowed, there are still signs that the reform process continues in Indonesia. A policy document to guide the government in its efforts to take over TNI controlled businesses was commissioned in 2008. As of June 2008, it was reported that the TNI controlled some 1,520 business units, 1,071 cooperatives, and 25 foundations in Indonesia. A 2004 law requires the TNI to get out of business by 2009.⁴⁰

One proposal for how Indonesia could address some of its military budget shortfall involves a continuation of the reform process. Some have put forward the idea that by dismantling the territorial command structure, which is a legacy of the former *dwifungsi* role of the New Order military, Indonesia could save money that could be redirected to the air force or navy which are focused on more conventional military roles and are arguably underfunded given the vast sea and air space encompassed by the Indonesian archipelago.⁴¹ State Minister for Administrative Reform Taufiq Effendi has stated that significant funds will be allocated to reform the military, police, and Attorney General's office. Under his plan the take home pay of the lowest ranks of police and military personnel will double.⁴²

³⁶ 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).

³⁷ Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002).

³⁸ Col. John Haseman, William Liddle and Salim Said, "The Evolving Role of the TNI," USINDO Security Workshop, October 16, 2003.

³⁹ Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002).

⁴⁰ Adianto Simamora, "Policy to Put TNI Out of Business On the Way," *The Jakarta Post*, May 29, 2008.

⁴¹ Endy Bayuni, "Not Enough Money for the Military? Try Sending them 'Back to Barracks,'" *The Jakarta Post*, May 27, 2009.

⁴² "Indonesia Aims to Tackle Corruption in Police, Military," *BBC News*, April 28, 2009.

Autonomous and Secessionist Movements

Center-periphery tensions between the dominant Javanese culture and minority groups in outlying regions have been sources of political instability and strife for the Indonesian state. Indonesia has in recent years adapted its approach to such strife and done much to alleviate autonomous or secessionist tensions. This relatively more moderate approach has reached accommodation where other efforts to quell Indonesia's centrifugal tendencies have failed.

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, the densely populated island where 60% of Indonesia's population lives. Traditionally, power has extended from Java out to the outlying areas of Indonesia. This has been true both under Dutch rule, when Jakarta was known as Batavia, and the modern Indonesian state. Throughout its history there has been resistance in peripheral areas to this centralized control. This manifested itself in the predominantly Catholic 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 Papua and West Papua. Each of these regions has strong ethnic, cultural, and/or religious identities very different from those of Java.

Such diversity has led to 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 indigenous 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. 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."⁴³ Forces of economic integration, or the creation of a national identity stemming from the nationalist movement which started in Java in 1908,⁴⁴ could be viewed as other integrative forces.

Timor-Leste⁴⁵

The Portuguese, whose influence in Timor-Leste 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.⁴⁶ Indonesia, Australia, and the United States are thought to have been concerned that East Timor would turn into another Soviet satellite state similar to 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.⁴⁷

⁴³ Merle Ricklefs, "The Future of Indonesia," *History Today*, December 1, 2003.

⁴⁴ Jusuf Wanandi, "Indonesia: A Failed State?" *The Washington Quarterly*, Summer, 2002, p. 135.

⁴⁵ Timor-Leste is also commonly known as East Timor.

⁴⁶ "Ford and Kissinger Gave Green Light to Indonesia's Invasion of East Timor, 1975," *The National Security Archives*, December 6, 2001.

⁴⁷ Michael Mally, "Regions: Centralization and Resistance," in Donald Emmerson ed. *Indonesia Beyond Suharto*: (continued...)

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. More than 7,000 East Timorese were killed and another 300,000, out of a total population of 850,000, were displaced, many to West Timor. 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 Habibie.⁴⁸

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. 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.⁴⁹

East Timor gained independence in 2002. Since that time, Indonesia and East Timor have worked to develop good relations. The joint Commission of Truth and Friendship was established to deal with past crimes.⁵⁰ A 2,500 page report issued in early 2006 by the East Timorese Commission for Reception, Truth and Reconciliation (CAVR), which was given to United Nations General Secretary Kofi Annan, found Indonesia responsible for abuses of East Timorese during its period of rule over East Timor. The report reportedly found that up to 180,000 East Timorese died as a result of Indonesian rule.⁵¹ This created tension in the bilateral relationship between Indonesia and East Timor. Nevertheless, then East Timorese President Xanana Gusmao and President Yudhoyono reaffirmed their commitment to continue to work to resolve differences between the two countries.⁵² More recently, the new President Ramos Horta called on the people of Timor-Leste to accept that Indonesians that committed human rights abuses in East Timor would never be brought to justice so that East Timor could move forward.⁵³

The United Nations tribunal, which included the Serious Crimes Investigation Unit, shut down in May 2005. During its six-year operation, the tribunal convicted some East Timorese militia members for their role in the atrocities of 1999, but was unable to extradite any indictees from Indonesia. A parallel Indonesian investigation ended in acquittals for all Indonesians. A 2005 U.N. Commission of Experts found the Jakarta trials for crimes committed in 1999 to be "manifestly inadequate."⁵⁴

(...continued)

Polity, Economy, Society, Transition (Armonk: M.E. Sharpe, 1999). p. 98.

⁴⁸ John Haseman, "Indonesia," in David Wiencek, ed. *Asian Security Handbook 2000* (Armonk: M.E. Sharpe Publishers, 2000).

⁴⁹ Emerson, p. 356.

⁵⁰ "Indonesia: International Relations," *The Economist Intelligence Unit*, May 17, 2005.

⁵¹ Sian Powell, "Xanana and SBY Let Shame File Slide," *The Australian*, February 18, 2006.

⁵² Rob Taylor and Olivia Rondonuwu, "Gusmao, Yudhoyono Meet in Bali," *AAP Bulletins*, February 17, 2006.

⁵³ "East Timor President Sees Bright Future if Country Forgets Past," *Agence France Presse*, July 19, 2008.

⁵⁴ Human Rights Watch, "East Timor," at <http://www.hrw.org>.

Aceh

Aceh is located at the extreme northwestern tip of the Indonesian archipelago on the island of Sumatra. The 4.4 million Acehenese have strong Muslim beliefs as well as an independent ethnic identity. Many Acehenese have in the past viewed 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.”⁵⁵

The Acehenese fought the Portuguese in the 1520s as well as the Dutch in later years.⁵⁶ The Dutch Aceh War lasted from 1873 to 1913; making it possibly the longest continuous colonial war in history. As a result of their resistance and independence, Aceh was one of the last areas to come under Dutch control. Its struggle for independence from Indonesia was once again taken up by the group Gerakan Aceh Merdeka (GAM) until a peace agreement was reached in the wake of the December 2004 tsunami which killed over 130,000 people and devastated much of Aceh. The peace agreement signed by GAM and the government of Indonesia in Helsinki in August of 2005 brought an end to a conflict that claimed an estimated 15,000 lives. Under the agreement, partial autonomy was granted to Aceh as was the right to retain 70% of the provinces considerable oil and gas revenue.

The recently resolved struggle 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. Former President Megawati then called on the military to once again suppress the Free Aceh Movement. This was the largest military operation for the TNI since East Timor. The decision to take a hard-line, nationalist stance on Aceh was popular at the time among Indonesian voters outside of Aceh.⁵⁷

Under the leadership of President Yudhoyono, Indonesia leveraged the opportunity presented by the 2004 tsunami and achieved a peace settlement where previous peace efforts have come unraveled. Under the agreement, the Free Aceh Movement (GAM) disarmed in December 2005 as the Indonesian Military TNI dramatically reduced its presence in Aceh.

The election of December 2006 selected a radical ex-rebel candidate to be governor of Aceh over other candidates more closely aligned with Jakarta. Former independence fighter Irwandi Yusuf received approximately 40% of the vote in a field of eight candidates. The Islamic PKS party candidate received 10% of the vote.⁵⁸ As governor, Irwandi has emphasized improving Aceh’s economy, including efforts to attract foreign investment. An October 2007 International Crisis Group report pointed to post conflict complications and stated “The behaviour of many elected Free Aceh Movement (GAM) officials and ex-combatants is part of the reason for gloom: Acehenese voters seem to have substituted one venal elite for another. Extortion, robbery and illegal logging involving ex-combatants ... are cause for concern.”⁵⁹ It was reported in May 2008 that the central government would allow local Aceh parties to contest elections in 2009 in

⁵⁵ Kirsten Schulze, *The Free Aceh Movement (GAM): Anatomy of a Separatist Movement* (Washington: East West Center, 2004).

⁵⁶ S. Wiuryono, “The Aceh Conflict: The Long Road to Peace,” *Indonesian Quarterly*, 3rd Quarter, 2003.

⁵⁷ 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., 2004).

⁵⁸ Mark Forbes, “Aceh Rebel’s Big Election Win a Snub to Jakarta,” *The Sydney Morning Herald*, December 13, 2006.

⁵⁹ “Aceh: Post-Conflict Complications,” *International Crisis Group*, October 4, 2007.

accordance with the 2006 Aceh Administration Law.⁶⁰ GAM renamed its local party Partai Aceh and indicated that this marked the end of its armed struggle for independence.⁶¹

West Papua and Papua

The region, formerly known as West Irian or Irian Jaya, refers to the western half of the island of New Guinea and encompasses the two Indonesian provinces of West Papua and Papua. West Papua and Papua have 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. Papua has a long land border with Papua New Guinea to the east. About 1.2 million of the inhabitants of West Papua and Papua are indigenous peoples from about 250 different tribes, the rest have transmigrated to the region from elsewhere in Indonesia. There are about 250 language groups in the region. Papuans are mostly Christians and animists. The province is rich in mineral resources and timber.⁶²

Papuans are a Melanesian people and are distinct from the Malay people of the rest of the Indonesian archipelago. Like Indonesia, Papua and West Papua were part of the Dutch East Indies. Many 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.⁶³

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 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 Papua. The "Act of Free Choice" was carried out in 1969, after Indonesia had assumed control over Papua in 1963. The "Act of Free Choice," which led Papua to become part of Indonesia, is generally not considered to have been representative of the will of Papuans. A referendum on Indonesian control over Papua was not held. Instead, a group of 1,025 selected local officials voted in favor of merging with Indonesia.

Papuan groups continue to oppose Indonesian control over Papua and West Papua. The Free Papua Movement, or Organisasi Papua Merdeka (OPM), emerged in opposition to Indonesian control. By some estimates, as many as 100,000 Papuans are thought to have died as the result of military operations during the course of this conflict.⁶⁴ Others assert that this figure is an overestimation. 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

⁶⁰ "Govt to Approve 12 Aceh Parties," *The Jakarta Post*, May 26, 2008.

⁶¹ Hoti Simanjuntak, "GAM Evolves Into New Political Party," *The Jakarta Post*, May 23, 2008.

⁶² "A People Under the Jackboot," *The West Australian*, September 18, 2004.

⁶³ "When Jacob Rumbiak was 11," *Port Philip Leader*, April 4, 2005.

⁶⁴ "Indonesian Police, Demonstrators Clash in Papua Province," *Oster Dow Jones*, May 10, 2005.

officers who are making big money for themselves through dealings with mining, logging and oil and gas interests.”⁶⁵

The arrest and trial of Anthonius Wamang, who was sentenced to life in prison in November 2006 for carrying out an attack in 2002 that killed two Americans working for the Freeport mine near Timika, Papua, did much to resolve an issue that had been an impediment to closer relations between the United States and Indonesia. The mine is operated by a subsidiary of Freeport McMoRan. Some have wondered why Wamang and his co-defendants did not use the trial to reassert earlier statements that the Indonesian military was involved.⁶⁶

The Human Rights Watch report, *Endemic Abuse and Impunity in Papua’s Central Highlands*, of July 2007 made the following statement.

Among our key findings are that while civilian complaints of brutal treatment by soldiers continue to emerge, police officers rather than soldiers are responsible for most serious rights violations in the region today. We found that both army troops and police units, particularly mobile paramilitary police units (Brigade mobil or Brimob), continue to engage in largely indiscriminate village “sweeping” operations in pursuit of suspected militants, using excessive, often brutal, and at times lethal force against civilians.⁶⁷

A June 2008 report by the International Crisis Group warned of the potential for inter-communal conflict in Papua. It pointed out that tensions were most acute along the west coast of Papua and that “continuing Muslim migration from elsewhere in Indonesia” was a key factor that is increasing strain between Christians and Muslims in Papua.⁶⁸

A series of deadly attacks near the Grasburg mine in July 2009 killed 3, including an Australian technician, an Indonesian policeman and a security guard, and wounded 12. This led to the arrest of 12 suspects and speculation that the attacks were the work of disgruntled locals or related to “rivalry between security forces vying for contracts to protect the mine.”⁶⁹ Investigators have ruled out members of the OPM. Some believe a criminal syndicate could also be responsible.⁷⁰

Inter-Communal Strife and Pan Islamic Movements

While the vast majority of Indonesians practice a moderate form of Islam, a very small radical minority have sought to establish an Islamic state. Some 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 in Indonesia. A distinction can be drawn between groups such as the now disbanded Lashkar Jihad that focused on Indonesian inter-communal conflict between Muslims and Christians in Maluku, and factions of Jemaah Islamiya (JI), which have used terrorist methods to promote an extreme Islamist

⁶⁵ “A People Under the Jackboot,” *The West Australian*, September 18, 2004.

⁶⁶ John McBeth, “The Murder Muddle,” *The Straits Times*, November 11, 2006.

⁶⁷ “Out of Sight: Endemic Abuse and Impunity in Papua’s Central Highlands,” *Human Rights Watch*, July, 2007.

⁶⁸ “Indonesia: Communal Tensions in Papua,” *International Crisis Group Report*, June 16, 2008.

⁶⁹ “Seven Charged in Papua Killings,” *BBC News*, July 22, 2009.

⁷⁰ Tom Allard, “Who Killed Drew Grant?” *The Age*, July 18, 2009.

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.⁷¹ There has also been inter-group conflict elsewhere in Indonesia such as between Muslims and Christians in Sulawesi and the Maluku, and between local Dayaks and internal Madurese migrants in Kalimantan.⁷²

Much attention has been focused on the potential rise of Islamic sentiment in Indonesia in recent years. This was most notable in a political context with the rise of the PKS Justice Party in the 2004 election. In that election, the PKS increased its seats to 45 from 7 (out of 550) following the 1999 parliamentary election. Many attributed the success of the PKS in parliamentary elections in 2004 to its campaign platform of good governance and its party organization rather than to its Islamist character. The PKS is not the largest Muslim party and does not represent the large Muslim mainstream groups. Some 90.4% of Indonesians believe religious affairs should be within the framework of the state ideology of Pancasila and the constitution. Some 91.6% of Indonesians believe that Indonesia's state ideology is correctly based on Pancasila.⁷³ The lack of further success by Islamic political parties in the 2009 election allayed concerns that political Islam would radicalize Indonesia.

Despite the success of the national-secular political parties there have been challenges to the secular nature of the Indonesian state over cultural and moral issues. Not only the strictly fundamentalist Muslims but also more traditional Muslims protest the influence of Western cultural and moral values in Indonesian society. The challenge has four components.

One is the direct action by radical Muslim groups against businesses and institutions which they accuse of representing Western cultural and moral values. The most widely publicized group is the Islamic Defenders Front (FPI). The FPI targets such businesses for direct, violent action. Squads of FPI cadre have forcibly shut down gambling dens, discos, nightclubs and bars that serve alcoholic beverages, and brothels. The FPI also has targeted Christian churches. Attacks by the FPI and like-minded Muslim groups have forced the closure of upwards of 100 Christian churches since September 2004, including more than 30 in West Java alone.⁷⁴ The FPI is estimated to have supporters in the tens of thousands at most. It and similar groups receive financial backing from Saudi Arabia. Its influence is felt widely partly because police and law enforcement authorities have adopted a permissive attitude toward its activities. Arrests of FPI members are few and infrequent despite the government's revisions of public assembly laws to make it easier to disband violence-prone groups.⁷⁵ Despite some ongoing activity it appears that this type of militant action is less intense than in years past.

The second component is pressure by Muslim groups on authorities to establish Islamic Sharia law. This is felt primarily on the provincial and local levels. The State Department's human rights report for 2006 cited an estimate that more than 56 Sharia-based local laws have been issued

⁷¹ See Sydney Jones' work for the *International Crisis Group*, <http://www.crisisgroup.org>.

⁷² Amit Chanda, "Seven Killed in Indonesia, as Violence Flares up Again in Restive Maluku Province," *Global Insight Daily*, May 17, 2005.

⁷³ Robin Bush, "The Future of Islamic Parties and Islamic Politics in Indonesia," *The Asia Foundation*, 2008.

⁷⁴ Yuli Tri Suwarni, "Another Christian Church Attacked in Bandung," *Jakarta Post* (internet version), June 4, 2007.

⁷⁵ Tom McCawley, "Once Free, Indonesian Cleric Could 'Revitalize' Radicals," *Christian Science Monitor*, June 14, 2006. Bret Stephens, "The Arab Invasion," *The Wall Street Journal Asia*, April 18, 2007.

throughout Indonesia. These laws often require that women wear head scarves, require that officials read the Koran in Arabic, segregate men and women in public places, and prohibit alcohol and gambling. So far, the central government have not challenged the constitutionality of such laws.⁷⁶

The third is judicial action against non-Muslims or Indonesians who are accused of insulting Muslim beliefs. For instance, the fact that the Indonesian government prosecuted the editor of Playboy Indonesia for breaching the country's indecency laws after mounting protest against the magazine by fundamentalist Muslim groups is one example.⁷⁷

The fourth component is in education, particularly in the thousands of "pesantren" Islamic boarding schools in Indonesia. Observers warn that the instruction in these schools increasingly is of a fundamentalist nature that emphasizes intolerance of other religions and non-Muslim, secular practices. Former Indonesian President Abdurrahman Wahid warned in April 2007 that the teaching of fundamentalist Islam in the pesantren schools is an acute problem and that the problem is spreading into Indonesian universities.⁷⁸

The Economy

The relatively good performance of the Indonesian economy is thought to be at least partially responsible for the electorate's support for President SBY and his Democrat Party in the 2009 elections. Poverty alleviation, social welfare, and jobs were central issues in those elections. Indonesia's real GDP was expected to be 2.6% in 2009 and 3.4% in 2010 as private consumption growth helped offset decline in external demand.⁷⁹

Indonesia continues to struggle to lift masses out of poverty and to reduce unemployment while developing its infrastructure and attracting foreign investment. The World Bank *Country Partnership Strategy (2009-12): Investing in Indonesia's Institutions* stated that in 2007 nearly half of Indonesia's population was living below or just above the poverty line, that job creation was growing at a slower rate than the rate of population growth, that parts of eastern Indonesia remained underdeveloped, and that Indonesia received low marks in certain health and infrastructure indicators.⁸⁰ Corruption remains a problem and there is a complex regulatory environment and unequal resource distribution between regions. As global demand has fallen, prices for Indonesian commodities have dropped. Some 13.5% of GDP comes from agriculture while it employs 42.1% of the workforce. Industry and services account for 45.6% and 40.8% percent of GDP and 18.6% and 39.3% of employment respectively.⁸¹ Per capita income stands at

⁷⁶ Blake Respini, and Herdi Sahrasad, "The Rise of Sharia Seems not a Threat to Civil Society," *Jakarta Post* (internet version), May 19, 2007. Jane Perlez, "Spread of Islamic Law in Indonesia Takes Toll on Women," *New York Times*, June 27, 2006.

⁷⁷ Sadanand Dhume, "Playboy in Indonesia," *The Wall Street Journal Asia*, March 30, 2007. "Playboy Exposes Indonesian Tensions," *The Wall Street Journal Asia*, April 11, 2007.

⁷⁸ Bret Stephens, "The Journal Interview with Abdurrahman Wahid: the Last King of Java," *The Wall Street Journal Asia*, April 10, 2007. Alpha Amirrachman, "Pesantren Communities unable to Accept Pluralism, Tolerance," *Jakarta Post* (internet version), January 27, 2006.

⁷⁹ "Country Report: Indonesia," *The Economist Intelligence Unit*, July 2009.

⁸⁰ "Country Partnership Strategy (2009-2012): Investing in Indonesia's Institutions," The World Bank, <http://www.worldbank.org/mitrindonesia>.

⁸¹ "Indonesia," *The CIA World Factbook*, May 14, 2009.

\$3,900 in 2009. Export destinations in 2008 include Japan (21.6%), Singapore (11.7%), the United States (11.1%), and China (10.1%). Indonesia is considered to have a balanced economy with all major sectors contributing though it is experiencing pressure from the international economic downturn. Foreign businesses have in the past been reluctant to invest in Indonesia in part because of concerns about the legal and judicial framework.

Indonesian economic growth is expected to slow to between 2.4% and 3.5% in 2009 from 6.1% in 2008.⁸² The government has sought to address the collapse of merchandise exports in 2009 in part with a plan that would require government employees to buy Indonesian produced products. The 2009 budget estimates a deficit of 2.6% of GDP, up from a previous 1% of GDP. The government has also embarked on new spending initiatives including infrastructure projects. A large part of the deficit arises from reduced revenue. Food and fuel prices contributed to an inflation rate of 10.1% in 2008. The rupiah exchange rate against the dollar was volatile in the closing months of 2008 before government intervention. Unemployment is anticipated to increase from 8.4% in 2008 to 10.6% in 2009 and may reach 11.3% in 2010. According to the Economist Intelligence Unit, “although Indonesia’s exports continued to contract sharply in March (2009), there are signs that the country may be over the worst of the current downturn in trade.”⁸³

Despite having been a key oil exporter, Indonesia has in recent years become a net oil importer. Indonesia’s oil production peaked at 1.6 million barrels per day (bpd) in 1995. Observers note that Indonesia will need foreign investment to help it boost production in its aging oil fields.⁸⁴ Indonesia is thought to have an estimated 8.6 billion barrels of oil and 182 trillion cubic feet of natural gas in reserves.⁸⁵

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	5.3%
2006	5.5%
2007	6.3%
2008	6.1%
2009	3.5% est.

Source: Economist Intelligence Unit Database

The Environment

President Yudhoyono has raised Indonesia’s profile on environmental issues in recent years and the United States and Indonesia have begun to cooperate in the area. Indonesia hosted the 13th Conference of the Parties of the United Nations Framework Convention on Climate Change in December 2007 and the World Ocean Conference in May 2009. Deforestation is the main contributor to Indonesia’s carbon emissions which are the third highest in the world after the United States and China when deforestation effects are taken into account. Indonesia has immense biological diversity in its tropical rainforests and in its archipelagic marine environment. This is under threat from various pressures including, logging, climate change, and pollution.⁸⁶

⁸² “Country Report Indonesia,” *The Economist Intelligence Unit*, May 2009.

⁸³ “Country Report Indonesia,” *The Economist Intelligence Unit*, May 2009.

⁸⁴ Andi Abdussalam, “Indonesian Oil Output Showing Upward Trend,” *Antara News*, May 14, 2008.

⁸⁵ “Pertamina, Talisman to Cooperate on Indonesia Oil,” *Reuters*, June 23, 2008.

⁸⁶ “Background Note: Indonesia,” U.S. Department of State, March 2009.

The logging of Indonesia's forests, both legal and illegal, is an issue of increasing concern to many. Indonesia has the world's third largest tropical forests and the world's largest timber trade. Rain forests are thought to be an important sink for global atmospheric carbon and play a vital role in climate. Rain forests contain an estimated two-thirds of the planet's plant and animal species. It is estimated that logging and other clearing of rain forests has reduced their extent from 14% of the earth's surface to 6%. A special report by *The Economist* estimated that about 2 million hectares of Indonesian forest, an area the size of Massachusetts, are logged each year.

In the 15 years leading up to 2006, Indonesia lost one quarter of its forests. One 2006 estimate projected that at current rates of logging Indonesia's forests would be logged out in 10 years.⁸⁷ The destruction of Indonesia's forests would likely lead to widespread species extinction. It is estimated that illegal logging deprives Indonesia of some \$3 billion annually. Burning of logged land to clear it for palm plantations and other uses in Southeast Asia led to widespread haze over the region in 1997, which accounted for an estimated 8% of greenhouse gasses emitted worldwide in that year.⁸⁸

The United States and Indonesia moved to begin to address the problem of illegal logging in April 2006. Bilateral talks were initiated to reach an agreement to deal with the problem of illegal logging in Indonesia which is estimated to account for 80% of all logging in Indonesia.⁸⁹ The United States and Indonesia signed a bilateral agreement to combat illegal logging and associated trade in November 2006. The United States initially committed \$1 million to fund remote sensing of illegal logging and to develop partnerships with non-governmental organizations and the private sector. The agreement established a working group under the U.S.-Indonesia Trade and Investment Framework Agreement.⁹⁰

Indonesia has the most threatened species of mammals in the world. Poaching, deforestation, and illegal logging continue to threaten the existence of orangutans, the Sumatran Tiger, and the Javan Rhino. Ninety percent of the orangutan's habitat has been destroyed as land is cleared with fire by illegal logging, plantation companies, and farmers. It is thought that orangutans will disappear if present deforestation trends continue.⁹¹ The Javanese Tiger and the Balinese Tiger became extinct in the 1970s. Only about 400 Sumatran Tigers are thought to remain alive. This is a dramatic decrease from an estimated 1,000 Sumatran Tigers in the 1970s. Their decrease is similarly attributed to a combination of deforestation, illegal logging, and poaching. Effective control of the illegal trade in wild animal parts is thought to be essential for the species survival.⁹² The Javanese Rhino is similarly threatened with only 60 thought to remain in the wild.⁹³

Indonesia hosted the World Ocean Conference in May 2009 where Indonesia, Timor-Leste, Papua New Guinea, the Solomon Islands, and the Philippines met and adopted a 10-year action plan to

⁸⁷ Tanja Vestergaard, "Indonesia Launches Talks with U.S. on Fight Against Illegal Logging," *Global Insight Daily Analysis*, April 5, 2006.

⁸⁸ "Special Report: The Logging Trade," *The Economist*, March 25, 2006.

⁸⁹ Tanja Vestergaard, "Indonesia Launches Talks with U.S. on Fight Against Illegal Logging," *Global Insight Daily Analysis*, April 5, 2006.

⁹⁰ Office of the U.S. Trade Representative, "Agreement on Illegal Logging as Part of Effort to Deepen Trade and Investment Relations," November 16, 2008.

⁹¹ Niniek Karmini, "Orangutans Flee Indonesian Forest Fires," *The Associated Press*, November 6, 2006.

⁹² Oyos Saroso, "Poachers Moving into Northern Sumatra," *The Jakarta Post*, May 31, 2008.

⁹³ "World's Rarest Rhinos Captured on Video," *Reuters*, May 29, 2008.

address threats to the maritime environment, particularly with coral reefs, fish, and mangroves. The agreement, the Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security, is not legally binding but covers some six million square-kilometers of ocean.⁹⁴ Climate change is particularly threatening to Indonesia as sea level rise would adversely affect many of Indonesia's low-lying coastal areas.

Religious Freedom

Though Indonesia is overwhelmingly Muslim, its constitution protects religious minority groups. Non-Muslims generally enjoy a general level of freedom in their beliefs within Indonesian society. That said, inter-communal strife can boil over into violence in places such as Poso and Ambon. A government panel recommended in April 2008 that the Ahmadiyya group be banned. This decision followed a January 2008 fatwa by Indonesia's highest religious authority, the Indonesian Ulama Council, to ban the sect for its deviance. The Ulama Council shortly thereafter submitted its fatwa to the Indonesian Attorney General's Office and asked the government to ban the group.

The Ahmadiyya of Indonesia, like other Ahmadiyya around the world, believe that their founder Mirza Ghulam Ahmad, who founded the religion in 1889 in the Punjab in British India, was a prophet. The Ahmadiyya belief was first brought to Indonesia from India in 1925. Their views place them at odds with more mainstream Muslims who believe that The Prophet Mohammad was the last prophet. Ahmadiyya do accept Mohammad as a prophet and one of God's messengers. As a result of their differences, many in Muslim society, including in Indonesia, do not view Ahmadiyya as true Muslims. It is reported that they have no open supporters among Indonesia's elite.⁹⁵ Some Indonesians have been calling for the Ahmadiyya to be banned and driven out of Indonesia. It is estimated that there are some 200,000 to 500,000 Ahmadiyya in Indonesia.⁹⁶

Attacks against Ahmadiyya and their Mosques have grown in recent years. The extremist Komando Laskar Islam, thought to be affiliated with the Islamic Defenders Front (FPI), attacked an alliance of moderate groups, known as the National Alliance for Freedom of Religion and Faith, that was demonstrating peacefully in support of religious freedom on June 1, 2008, at the Indonesian National Monument Square (Monas) in Jakarta. The FPI has in the past been involved with demonstrations against the U.S. Embassy and the offices of Playboy magazine.

According to one report, the government of Indonesia through the Attorney General's Office has banned the group from practicing in Indonesia due to its view that the Ahmadiyya are a deviant sect and because they are causing restlessness in the Muslim community in Indonesia.⁹⁷ On April 18, 2008, the day following reports that the group had been banned, Indonesian Vice President Jusuf Kalla stated that there would be no detention of Ahmadis.⁹⁸

⁹⁴ Jonathan Wootliff, "Historic Agreement in Manado Throws Coral Habitats a Lifeline," *Jakarta Post*, May 19, 2009.

⁹⁵ Bramantyo Prijosusilo, "Comparing the Ahmadiyah and the Hizbut Tahrir," *The Jakarta Post*, April 16, 2008.

⁹⁶ Salim Osman, "Ban Minority Sect, Islamic Holy Body Urges Jakarta Govt," *The Straits Times*, January 2, 2008.

⁹⁷ Salim Osman, "Jakarta Cracks Down on Deviant Islamic Sect," *The Straits Times*, April 17, 2008.

⁹⁸ "Indonesian Vice President Says No Arrest on Followers of Banned-Sect," *Xinhua News Agency*, April 18, 2008.

The Ulama Council subsequently felt that the government did not go far enough in its actions. On April 20th thousands of Muslim hardliners protested to demand the active disbanding of the Ahmadiyya. It is thought that Muslim extremists would go beyond banning of the practicing of the Ahmadiyya belief and would favor adopting further measures that would actively seek to disband and/or drive the group out of Indonesia.⁹⁹ Some outside commentators view the decision to crackdown on the Ahmadiyya as pandering to Islamic extremism. This placed the government of Susilo Bambang Yudhoyono in a difficult position in the lead up to elections scheduled for April 2009.¹⁰⁰

The government's response in 2008 appeared to seek to avoid alienating both religious extremists and moderates in the period leading up to elections in 2009. On the one hand, the government issued a decree banning the sect from spreading its message. On the other hand, it pledged not to persecute Ahmadiyya. Its move to arrest those extremists that used violence against moderates demonstrating in support of religious tolerance in 2008 also demonstrates the government's desire to place limits on how far the extremists can go.

The FPI has also been responsible for past actions against Jakarta nightclubs and pool halls.¹⁰¹ The moderates' rally on June 1, 2008, was seeking to "reclaim political space for groups adhering to the secular state ideology Pancasila."¹⁰² The Monas incident points to ongoing tension within the Indonesian polity between pluralism and religious extremism. It is unclear just how widespread this is. Human Rights Watch has called on President Yudhoyono to reverse the government decree that allows persecution of Ahmadiyya for "spreading interpretations and activities which deviate from the principal teachings of Islam."¹⁰³

The State Department International Religious Freedom Report 2008 stated that "... recommendations by government appointed bodies and a subsequent government decree restricting the ability of the Ahmediya to practice freely were significant exceptions" to the general practice of respecting religious freedom in Indonesia. The report also noted the use by some groups of "violence and intimidation to force at least 12 churches and 21 Ahmadiya mosques to close."

Human Rights

Much attention in the United States has been focused on human rights in Indonesia. The State Department's annual human rights report of 2008 states that the Indonesian government "generally respected the human rights of its citizens and upheld civil liberties." The report noted that "basic freedoms have expanded since 1999" but also stated that problems remain, including "killings by security forces; vigilantism; harsh prison conditions; impunity for prison authorities and some officials; corruption in the judicial system; limitations on free speech; societal abuse

⁹⁹ Salim Osman, "Ban Minority Sect, Islamic Holy Body Urges Jakarta Govt," *The Straits Times*, January 2, 2008.

¹⁰⁰ "Indonesians Demand Ban on Sect," *BBC News*, April 20, 2008.

¹⁰¹ "Indonesia Detains 59 Muslim Radicals," *The Age*, Melbourne, June 4, 2008.

¹⁰² Fatima Astuti, "Fallout From Jakarta's Monas Incident: What is to Be Done with Fringe Groups?" *RSIS Commentaries*, Singapore, June 11, 2008. Pancasila, or the five principles, refers to the official political ideology of Indonesia. The five principles are: belief in one God, humanitarianism, the unity of Indonesia, consultative and representative Democracy, and social justice.

¹⁰³ "Reverse Ban on Ahmadiyyah Sect," *Human Rights Watch*, June 10, 2008.

and discrimination against religious groups ...” among other concerns. The report noted that civilian control of the military was weakened by the partially self-financed nature of the TNI.

Human Rights Watch observed in its 2009 World Report that Indonesia “saw little human rights progress.” The report was critical of Indonesia for a general lack of effort to “pursue accountability” for past abuses and observed that “endemic police torture also routinely goes unpunished.” The report also criticized the government for bowing to pressure from Islamic hard-line groups on the Ahmadiyya issue and stated that “deeply rooted distrust of Jakarta [in Papua] is still a time bomb; failure to address human rights—including security force abuse—is one important reason the distrust has not been dispelled.”¹⁰⁴ Others have pointed to the candidacy of former General Wiranto and General Prabowo Subianto, both of whom are suspected of Suharto era human rights abuses, as vice presidential candidates in the July 2009 presidential election as evidence of a lack of forward progress on human rights in Indonesia.¹⁰⁵

One investigation and trial that may be viewed as a test case is that against Pollycarpus Budihardi Priyanto, who was convicted of killing human rights activist and critic of Indonesia’s military Munir Thalib with arsenic poisoning while on a Garuda flight bound for Amsterdam on September 7, 2004. Pollycarpus’ sentence to 14 years in prison for the crime was overturned by the Supreme Court in October 2006 though he did receive two years in prison for falsifying documents. He was released from prison on December 25, 2006.¹⁰⁶ Priyanto was found guilty of the crime a second time in 2008 and was sentenced to 20 years in prison. He has since sought another judicial review to overturn his case.¹⁰⁷

During the investigation it became known that Pollycarpus had numerous telephone conversations with State Intelligence Agency (BIN) official Major General Muhti Purwo Prandjono.¹⁰⁸ Many have hoped a successful investigation and trial of those responsible for Munir’s death may signal an end to a culture of impunity in Indonesia for such crimes.¹⁰⁹

The Struggle Against Radical Islamist Extremists

The July 17, 2009 attacks against the Marriot and Ritz-Carleton Hotels in Jakarta that killed 9 and injured 55 others are thought to be the work of Noordin Top. He is thought to lead a splinter group of JI. The mainstream of JI is thought to have moved away from focusing on anti-Western targets that have killed more locals than foreigners in the past. The Marriott was previously bombed in 2003 in an attack that killed 12. Given the level of security at the Marriott and the Ritz-Carleton those responsible for the attack apparently retain the ability to conduct well organized attacks.¹¹⁰

¹⁰⁴ “World Report 2009: Indonesia,” *Human Rights Watch*, 2009 <http://www.hrw.org> .

¹⁰⁵ Sunanda Creah, “Indonesian Election Setback for Human Rights,” *Reuters*, May 19, 2009.

¹⁰⁶ “President Summons Top Security Officials Over Munir Case,” *LKBN Antara*, December 26, 2006.

¹⁰⁷ “Killer of Indonesian Activist Files for Review,” *Agence France Presse*, June 4, 2008.

¹⁰⁸ “Indonesia Sentences Killer of Rights Activist to 14 years in Prison,” *Thai News Service*, January 12, 2006.

¹⁰⁹ M. Taufiqurrahman, “Two Years on, Munir Murder Case is Cast in Shadows,” *The Jakarta Post*, January 4, 2007.

¹¹⁰ “Indonesian Politics: Blasts Hit Jakarta Hotels,” *The Economist Intelligence Unit*, July 17, 2009.

In recent years, Indonesia has successfully hunted down radical Islamist extremists who broke Indonesian law.¹¹¹ The U.S. Department of State's 2008 country report on terrorism in Indonesia observed that Indonesia had experienced its third year without serious terrorist incident and that the government of Indonesia "continued to build a legal and law enforcement environment conducive to fighting terrorism" and that Indonesia's counterterrorism efforts "drastically reduced the ability of terrorist groups" to operate.¹¹² That said, "the problem has not [entirely] gone away." A report by the International Crisis Group described how a jihadi group in Palembang, South Sumatra, developed to the point where it killed a Christian teacher and planned further attacks.¹¹³ The State Department 2008 report states that Indonesian terrorist groups "remained a security threat, but with reduced ability to carry out attacks."¹¹⁴

The United States lifted its travel warning on Indonesia in the Spring of 2008 as a result of the improved security situation in Indonesia.¹¹⁵ It appears that the terrorist organization Jemaah Islamiya (JI) was subject to internal division. Many JI members reportedly were displeased with the October 2002 Bali bombing which killed and injured more Indonesians than foreigners. The large-scale attack killed approximately 200 people. President Yudhoyono has made it a priority to capture or neutralize key JI members. Since the 2002 Bali bombing, Indonesian police and counterterrorism organizations have arrested nearly 500 JI cadre.¹¹⁶ Key JI bombmaker Azahari bin Husin was killed in a shootout in East Java in November 2005. Since that time, counterterrorism authorities have focused on capturing his associate, Noordin Top, and have arrested a number of militants linked to Top.¹¹⁷ In June 2007, authorities made a major breakthrough, arresting the head of the overall JI organization, Zarkasih, and JI's military commander, Abu Dujana. It was reported in March 2006 that Al Qaeda helped fund suicide attacks in Indonesia in the previous four years with money brought to Indonesia through Thailand and Malaysia.¹¹⁸

Divisions within JI have apparently revolved around the extent to which JI should focus on western targets as opposed to focusing on instituting Islamist rule in Indonesia. Some are also focused on imposing an Islamic Chaliphate not only in Indonesia but also in Malaysia and Brunei and Muslim areas of the Philippines and Thailand. A majority are thought to favor a focus on Indonesia.¹¹⁹ The JI also is reportedly split over whether to continue major terrorist attacks or shift tactics toward political action and attacks against smaller targets. Violent efforts to rekindle inter-communal violence between Christians and Muslims in Sulawesi and the Muluccas have largely been contained. JI has not conducted a major terrorist attack since 2005, and experts believe that the arrests of Zarkasih and Abu Dujana have weakened the organization substantially.¹²⁰

¹¹¹ For further information, see CRS Report RL31672, *Terrorism in Southeast Asia*, by Bruce Vaughn et al.

¹¹² U.S. Department of State, "Country Reports: East Asia and Pacific Overview," *Country Reports on Terrorism 2008*, April 30, 2009.

¹¹³ "Indonesia: Radicalisation of the Palembang Group," *International Crisis Group*, May 20, 2009.

¹¹⁴ U.S. Department of State, "Country Reports: East Asia and Pacific Overview," *Country Reports on Terrorism 2008*, April 30, 2009.

¹¹⁵ Lilian Budianto, "Washington Lifts Travel Warning," *The Jakarta Post*, May 26, 2008.

¹¹⁶ McCawley, Tom. "Indonesia's Terrorist Hunt Bears Fruit." *Christian Science Monitor*, June 15, 2007. p. 6.

¹¹⁷ Tewily Nathalia, "Indonesia Looks for New Group's Links to al Qaeda," *Reuters*, January 31, 2006.

¹¹⁸ Zakki Hakim, "Al Qaeda Aid in Indonesia Attacks Cited," *Philadelphia Inquirer*, March 1, 2006.

¹¹⁹ See Sydney Jones' definitive work for the *International Crisis Group*, <http://www.crisisgroup.org>.

¹²⁰ Seth Mydans, "Indonesian terror group limits attacks," *New York Times*, June 18, 2007.

Many Indonesians view the war against terror in a fundamentally different way than the United States. This was particularly so prior to the Bali bombing. The Bali bombing, and the 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 JI as foreign and focused on anti-western activities. Since the Bali bombing, U.S. and Indonesian leaders have worked together to address the threat.

Health Issues: Avian and Swine Flu

Concern continues that Indonesia remains poorly prepared to deal with a large-scale pandemic. Most cases of the H5N1 virus in Indonesia are thought to have been transmitted through contact with birds. There is continuing concern however, that the virus could mutate and become readily communicable between people. In May 2008, a sudden die off of thousands of domestic birds in the area of Rimbo Bujang District, Tebo regency, Jambi Province led officials to act to stem the transmission of the bird flu to humans.¹²¹ Indonesian inspectors have sought to disinfect areas where birds are kept and promote improved hygiene but face a daunting challenge as many people in Indonesia keep small numbers of birds. It is estimated that some 500,000 birds are kept in Jakarta alone. Indonesia lacks resources to implement adequate anti-Avian Flu measures.¹²²

U.S. efforts to work with Indonesia to address the problem have encountered difficulty causing a problem in the bilateral relationship. NAMRU-2 is a biomedical research laboratory established in 1970 to study diseases such as malaria, dengue fever, enteric infections, and other emerging infectious diseases such as avian influenza.¹²³ Indonesian critics of the facility have called on the Indonesian government to reject the extension of cooperation with the United States on NAMRU-2. DPR Commission IX Chairman Dr. Ribka Tjiptaning stated that there is no reason to extend cooperation and breach national sovereignty.¹²⁴

Health Minister Siti Fadilah Supari raised Indonesia's health alert status in response to the World Health Organization's decision to raise the alert level to the highest level in June 2009. At that time there were no reported cases of the H1N1 swine flu in Indonesia. Indonesia reportedly had no vaccine to treat the new flu in June 2009.¹²⁵

External Relations

Indonesian foreign policy has been shaped largely by two men, Presidents Sukarno and Suharto, although more recent presidents, particularly Yudhoyono, have sought to increase the nation's presence on the world stage. 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

¹²¹ "Bird Flu Alert in Tebo," *The Jakarta Post*, May 21, 2008.

¹²² "Asia Remains Key in Battle Against Bird Flu," *US Fed News*, January 3, 2007.

¹²³ Public Affairs Section, "The Truth About NAMRU-2," U.S. Embassy Fact Sheet, April 23, 2008.

¹²⁴ "DPR Want Government to Reject NAMRU-2," *Sinar Harapan*, as reprinted in U.S. Embassy Jakarta Public Affairs Section, *Indonesian News Roundup*, June 5, 2008.

¹²⁵ "Indonesia on Alert Against Pandemic," *Kompas*, June 6, 2009.

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 other Southeast Asian nations. 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 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 Asia-Pacific Economic Cooperation (APEC). In recent years, Indonesia has done more to project itself as a moderating force in the Muslim world, positioning itself as a potential bridge between Islam and the West.¹²⁶

Indonesia's strategic interests are largely regional. Indonesia signed the Timor Gap Treaty with Australia in 1991. The treaty 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 that 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 Australia have cooperated in the area of counterterrorism in recent years. Indonesia and Australia signed a new security pact in 2006, known as the Lombok Treaty, which came into force in 2008.¹²⁷

In 1990 Indonesia and China normalized ties, which had been strained since the alleged abortive coup by the Indonesian Communist Party (PKI) in 1965. China and Indonesia have an unresolved territorial dispute related to the South China Sea, particularly near the Natuna Islands at the southern end of the South China Sea. In recent years ties have warmed between Indonesia and China. President Yudhoyono traveled to Beijing in 2005 and signed a strategic agreement with Chinese President Hu Jintao.¹²⁸ In June 2008, Zhou Yongkang, a Member of the Standing Committee of the of the Political Bureau of the Communist Party of China Central Committee stated that China wanted to push forward the strategic partnership with Indonesia and further promote the growth of bilateral relations between Indonesia and China while he was visiting Jakarta.¹²⁹ Chinese investments in Indonesia, particularly in the energy realm, have grown markedly in recent years.

Tensions between Indonesia and Malaysia flared in May 2009 over conflicting maritime claims to the oil-rich waters near their border between Kalimantan and Sabah in the Celebes Sea. A Naval confrontation occurred in May 2009 with Indonesian ships reportedly minutes away from firing on Malaysian vessels. The two nations had a similar naval confrontation in March 2005 over the area. Both Indonesia and Malaysia have granted concessions to Shell, Unocal, and the Italian oil and gas firm ENI SPA in the disputed region.¹³⁰

¹²⁶ Rizal Sukma, "Indonesia's Foreign Policy Since Reformasi: Change and Continuity," *CSIS Southeast Asia Bulletin*, June 2008.

¹²⁷ "Australia-Indonesia Security Pact Comes Into Force," *Agence France Presse*, February 6, 2008.

¹²⁸ "Indonesia: International Relations and Defense," *The Economist Intelligence Unit*, May 27, 2008.

¹²⁹ "Senior CPC Leader Vows to Enhance Cooperation with Indonesia," *Xinhua News Agency*, June 18, 2008.

¹³⁰ "Indonesia, Malaysia Face Off at Sea," *Asia Sentinel*, May 29, 2009.

Democracy is increasingly a component of Indonesia's engagement with its external environment. Indonesia launched the Bali Democracy Forum in November 2008 with the aim of "promoting regional and international cooperation in the field of democracy." The Bali Forum is taking an inclusive approach that brings together democracies as well as those "aspiring to be more democratic." The forum is to act as a platform for countries to "exchange ideas and knowledge and share experience and best practices."¹³¹ Indonesia also established the Institute for Peace and Democracy at the University of Udayana on Bali to support the initiative. Indonesia has also supported the new ASEAN Charter, which is supportive of democratic development and human rights.

United States-Indonesian Relations

The election of President Barack Obama, who spent part of his childhood in Indonesia, as well as his outreach to the Muslim world, as demonstrated by his June 4, 2009 speech in Cairo, has done much to spur expectations in Indonesia and the United States that the bilateral relationship will be significantly enhanced during his administration.¹³² As one example of Indonesian attitudes, Member of the Indonesian House of Representatives (DPR) Abdillah Toha reacted to Obama's speech and outreach to the Muslim world by stating "we should not waste this opportunity. A president like Obama, who has stated that positive engagement with the Islamic nations is one of his administration's foreign policy priorities, may not come around in another 50 years."¹³³

Expectations for further development of the bilateral relationship were also lifted as a result of the November 2008 proposal by President Susilo Bambang Yudhoyono to develop a strategic partnership between Indonesia and the United States.

Indonesia and America ... must begin to think hard about our 21st century partnership.... A U.S.-Indonesia strategic partnership would have to be based on equal partnership and common interests. It has to bring about mutual and real benefits for our peoples. It has to be for the long term, and have strong people-to-people content....¹³⁴

This initiative was followed by Secretary of State Clinton's travel to Indonesia during her first trip abroad as Secretary of State in February 2009. Clinton reportedly stated, "If you want to know if Islam, democracy, modernity and women's rights can coexist, go to Indonesia."¹³⁵ In her remarks with Indonesian Foreign Minister Wirajuda in Jakarta in February 2009, Clinton noted:

... the desire on the part of both of our presidents and our countries to form a comprehensive partnership, one that provides a framework for advancing our common interests on a range of regional and global issues, from environmental protection and climate change to trade and investment, from democracy promotion to health and education, from regional security, to counter terrorism.

¹³¹ "The Bali Democracy Forum Inauguration," Institute for Peace and Democracy, November 9-11, 2008.

¹³² "Remarks by the President on a New Beginning," Cairo University, Cairo The White House, June 4, 2009.

¹³³ "Responding to Obama's Speech," *Republika*, June 13, 2009.

¹³⁴ President Yudhoyono as quoted in "The 2009 U.S.-Indonesia Comprehensive Partnership: Engaging the Non-Government Sector," USINDO Conference, April 16-17, 2009.

¹³⁵ Mark Landler, "Clinton Praises Indonesian Democracy," *New York Times*, February 18, 2009.

Wirajuda echoed this sentiment and stated “we agreed to expand and deepen our bilateral cooperation within a comprehensive partnership.”¹³⁶

Clinton and Wirajuda renewed their commitment to build a comprehensive partnership during Wirajuda’s visit to Washington in June 2009. At that time Secretary Clinton announced a \$10 million initiative to promote bilateral educational linkages.¹³⁷ Wirajuda was reportedly pleased with President Obama’s speech in Cairo and pointed out that Indonesia could be a good partner for the United States in its efforts to improve relations with Muslim countries.¹³⁸ The July 22, 2009 signing of the ASEAN Treaty of Amity and Cooperation (TAC) can be viewed as a policy decision by the Obama Administration to re-energize U.S. involvement with Indonesia’s region.¹³⁹

Such a partnership would likely be advanced by a visit by President Obama to Indonesia. Wirajuda stated that it is likely that President Obama will travel to Indonesia in November 2009 around the time of the Asia Pacific Economic Cooperation (APEC) summit in Singapore.¹⁴⁰ A draft partnership document by the Indonesian Department of Foreign Affairs reportedly proposed four sectors for the partnership: (1) political and security, (2) economic and development cooperation, (3) social cultural and education, and (4) follow-up mechanisms.¹⁴¹

Bilateral government to government relations between Indonesia and the United States improved significantly beginning in 2005. Bilateral cooperation on counterterrorism increased at the same time that U.S. appreciation of Indonesia’s strategic importance and increasingly democratic government improved. There has been improvement in Indonesians’ perceptions of the United States.

While bilateral government-to-government relations have improved, there have been a number of areas of friction, including with American companies operating in Indonesia. Louisiana-based Freeport McMoRan’s subsidiary PT Freeport Indonesia came under scrutiny by environmental interests and was subject to demonstrations.¹⁴² A blockade of the mine near Timika was carried out by disgruntled small-scale local miners who had been prevented from mining the waste from the mine.¹⁴³ In April 2007, thousands of Freeport workers protested over wages and benefits and demanded that Freeport hire more native Papuans.¹⁴⁴

In another case, Denver-based Newmont Mining Corporation paid a \$30 million out of court settlement for the Indonesian government to drop efforts to pursue a civil lawsuit against the company for alleged dumping of mercury and arsenic into a bay as part of its Buyat Bay gold

¹³⁶ Hillary Rodham Clinton, Secretary of State, “Developing a Comprehensive Partnership with Indonesia,” Department of State, February 18, 2009.

¹³⁷ “Secretary of State Clinton Meets with Foreign Minister Wirajuda,” *U.S. Embassy Press Release*, June 9, 2009.

¹³⁸ “US Praises Elections in Indonesia,” *Seputar Indonesia*, June 10, 2009.

¹³⁹ “United States Accedes to the Treaty of Amity and Cooperation in Southeast Asia,” Bureau of Public Affairs, Office of the Spokesman, Washington, DC, July 22, 2009.

¹⁴⁰ “Obama to Visit in November,” *Seputar Indonesia*, June 11, 2009.

¹⁴¹ Rizal Sukma and Bunyan Saptomo, “Toward a U.S.-Indonesia Comprehensive Partnership,” Jakarta, May 20, 2009.

¹⁴² Mark Forbes, “Investment Fears Over Mine protest,” *Sydney Morning Herald*, March 4, 2006.

¹⁴³ “Papuans Protesting Daily over Freeport Mine in Indonesia,” *Agence France Presse*, March 7, 2006.

¹⁴⁴ “Protest, talks continue over pay with US gold, cooper firm in Indonesia,” *Agence France Presse*, April 20, 2007.

mining operations in Sulawesi.¹⁴⁵ Newmont has denied it has dumped such toxic waste into the bay through its submarine tailing disposal system. Environmentalists have been critical of the deal.¹⁴⁶

The 2006 arrest and trial of individuals involved with the 2002 murder of two Americans near Timika in Papua did much to take a key area of friction between the two nations off the table. In June 2008 it was reported that the United States had offered assistance to Indonesia to establish a National Defense University.¹⁴⁷

The U.S. Naval Medical Research Unit (NAMRU-2) provides a “forward presence that combines virology, microbiology, epidemiology, immunology, parasitology, and entomology into a comprehensive capability to study tropical diseases where they occur.”¹⁴⁸ The Indonesian public, and a growing number of politicians, government officials, and some experts, are coming to view the NAMRU-2 lab as not in the interest of Indonesia. Some Indonesian experts have deemed current cooperation on NAMRU-2 as not having clear goals for Indonesia and not concerned with the health priorities of Indonesia.¹⁴⁹

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.¹⁵⁰ 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.¹⁵¹ The waters around Indonesia have had some of the highest incidents of piracy in the world. Further energy deposits may also be found in the waters of Southeast Asia.

Some strategic analysts are concerned about growing Chinese influence in the region. China was perceived as being more assertive in the 1990s, for example, by fortifying a disputed shoal in the South China Sea known as Mischief Reef. China is now seen as being more cooperative. It agreed to a regional code of conduct in the South China Sea in 2002. 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.¹⁵² 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.

¹⁴⁵ P. Kyne and I. Sentana, “Newmont, Indonesia Settle Civil Suit,” *The Wall Street Journal*, February 17, 2006.

¹⁴⁶ “Indonesia, USA’s Newmont Reach 30m-dollar Settlement,” *BBC News*, February 17, 2006.

¹⁴⁷ “US Offers to Assist Indonesia with Setting Up Defense University,” *BBC News*, June 3, 2008.

¹⁴⁸ Naval Medical Research Unit 2, Jakarta, Indonesia.

¹⁴⁹ “NAMRU-2 Disadvantageous Indonesia,” *Septutar*, June 3, 2008, as reprinted in U.S. Embassy Indonesian News Roundup, June 3, 2008.

¹⁵⁰ Ed Masters, *Report of the National Commission on U.S. Indonesian Relations* (Seattle: National Bureau of Asian Research, 2003).

¹⁵¹ John Noer with David Gregory, *Chokepoint: Maritime Economic Concerns in Southeast Asia* (Washington: National Defense University Press, 1996).

¹⁵² Edward Masters, House 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.

U.S. Assistance to Indonesia

The bilateral comprehensive partnership between the United States and Indonesia provides a framework for the U.S. assistance program for Indonesia. U.S. assistance is focused on several key areas including “higher quality basic education; universities that resolve tough development problems; sustainable management of forests, marine fisheries and energy; enhanced regional security and stability; effective government that delivers services; effective health and family planning services; and increased employment.”¹⁵³ Other priorities of U.S. assistance include support for the further development of democracy in Indonesia, support for the rule of law and human rights, maternal and child health, and support for economic growth through the development of trade, investment, and infrastructure.

Table 2. U.S. Foreign Assistance to Indonesia

Account	FY2007	FY2008	FY2009	FY2010 request
CSH ^a	\$27,507	\$25,737	\$30,500	30,730
CSH-State		250	250	250
DA	29,524	70,953	71,000	132,930
ESF	69,300	64,474	65,000	300
FMF	6,175	12,872	15,700	20,000
HIV/AIDS	250	-	-	-
IMET	1,398	1,037	1,500	1,800
INCLE	4,700	6,150	6,150	11,570
NADR	8,881	5,117	6,450	6,750
P.L. 480 Title II	10,951	-	-	
Total	158,686	186,590	196,550	204,330

Source: “FY2010 Congressional Budget Justification for Foreign Operations,” U.S. Department of State, released May 2009.

- a. 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).

Security Assistance

The State Department FY2010 Budget Justification for Foreign Operations discusses Indonesia’s “notable success in combating terrorism” and points out that U.S. assistance will “support Indonesia’s emerging role as a leader in regional 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

¹⁵³ “FY2010 Congressional Budget Justification for Foreign Operations,” U.S. Department of State, released May 2009.

security as well as subject matter expert exchanges.¹⁵⁴ Indonesian Marines and U.S. Navy Seals have held joint counterterror exercises.¹⁵⁵

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 Administration's policy on assistance to Indonesia is informed by the role that Indonesia plays in the war against terror in Southeast Asia. U.S.-Indonesian counterterror capacity building programs have included funds for the establishment of a national police counterterrorism unit and for counterterrorism training for police and security officials. 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.¹⁵⁶ A major accomplishment of these programs is the increasing capabilities of Detachment 88, an elite counterterrorism unit that has received assistance from the United States and Australia. Detachment 88 has been responsible for tracking down scores of JI cadre, including Azahari bin Husin, Zarkasih, and Abu Dujana.¹⁵⁷

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 Counterterrorism 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.¹⁵⁸

¹⁵⁴ "United States-Indonesia Military Relations," *Congressional Record*, Senate, Page S734, February 1, 2005.

¹⁵⁵ "US, Indonesian Navies Hold Joint Anti-Terror Exercises," *Oster Dow Jones*, May 10, 2005.

¹⁵⁶ Information drawn from State Department Fact Sheet, "Summary of Counter Terrorism Assistance for Indonesia," October 2003 update.

¹⁵⁷ Tom McCawley, "Indonesia's terrorist hunt bears fruit," *Christian Science Monitor*, June 15, 2007.

¹⁵⁸ Drawn from State Department budget justification material.

Tsunami Relief

On December 26, 2004, an undersea earthquake off the coast of Sumatra triggered a tsunami wave that killed an estimated 122,000 Indonesians (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 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.¹⁵⁹ In the wake of the tsunami, the U.S. government pledged a total of \$397.3 million in humanitarian and recovery assistance for Indonesia.¹⁶⁰

Options and Implications for the United States

The present offers a unique moment for a significant expansion and deepening of bilateral relations with Indonesia that could have broader implications for U.S. engagement with ASEAN and with Muslim nations. Past debate concerning U.S. policy towards Indonesia has been framed by human rights and security interests. Based on past debate in Congress, individual decision-makers' approaches to this question will likely involve a consideration of a mix of U.S. foreign and strategic policy interests with Indonesia. These will likely include a consideration of possible tradeoffs between a foreign policy approach that stresses the promotion of human rights and one that seeks to strengthen bilateral ties in order to assist in the struggle against violent Islamist extremists and to promote U.S. geopolitical interests.

As part of its oversight role, Congress may opt to focus on a range of policy options for relations with Indonesia. A non-zero sum approach might seek to blend American foreign policy interests by developing a comprehensive partnership to promote democracy, good governance, civil society, and the rule of law as well as human rights and security interests. Supporters of this approach believe that it could have an indirect positive impact on Indonesia's human rights record as well as reinforce ties between the two states.

- **Develop a significant expansion of bilateral ties with Indonesia to further interests of mutual benefit including a constructive dialogue between the United States and the Muslim world.** Indonesia's status as a moderate, democratic nation is of particular interest to the United States as the Obama Administration reaches out to the Muslim world. U.S. credibility in the Muslim world has been hurt by perception that the U.S. is waging war against Islam. By reaching out to Indonesia the United States could begin to address these misperceptions and develop more constructive relations not only with Indonesia but also with other moderate Muslim countries. Expanding bilateral educational exchanges, research grants, and language training could educate Indonesia's present and future elites while giving them an enhanced understanding of the United States and its values. Such educational exchanges could also provide

¹⁵⁹ "Indonesia: Tsunami Reconstruction," USAID, May 11, 2005, <http://www.usaid.gov>.

¹⁶⁰ "USAID Rebuilds Lives After the Tsunami," *USAID Tsunami Reconstruction*, March 24, 2006.

Americans the opportunity to better understand Indonesia and the role that it plays in its region and in the Islamic world.

- **Continue to focus on Indonesia's pivotal role in the struggle against radical violent Islamists in Southeast Asia.** Indonesia likely will remain an indispensable partner in the struggle against violent Islamists in Southeast Asia for years to come. Many view it as prudent that the United States maintain a good working relationship with Indonesia. Such an approach could build on momentum in developing bilateral military-to-military ties built in 2005 and 2006, and develop enhanced exchanges, training, and military-to-military relationships in order to bring the full capabilities of the TNI into the struggle against radical Islamists while continuing to work with the Indonesian police.
- **Continue to focus on human rights concerns over past abuses by the Indonesian military.** Many feel that there remains a serious lack of accountability for past human rights abuses by the Indonesian military, particularly the human rights abuses perpetrated by pro-integrationist militias in East Timor in 1999, and continued abuse in Papua and West Papua, and that more could be done on either a bilateral or multilateral basis, or both, to increase accountability for abuses past and present. Such an approach could involve a closer working relationship with the United Nations.¹⁶¹
- **Place continued emphasis on the promotion of democracy and the rule of law in Indonesia.** Such an approach in Indonesia could include additional funding and other support to continue consolidating democratic reforms, political party development, member-constituent relations, and strengthening of national legislative bodies.¹⁶² The promotion of democratic values could also have a positive impact on other issue areas such as the promotion of human rights.
- **Give the geopolitical importance of Indonesia more weight when considering bilateral ties.** Indonesia's position on the Straits of Malacca, as a moderate Muslim country, as the largest member of ASEAN, and as a state that does not seek to exclude the U.S. from regional multilateral fora or from the region gives it geopolitical importance to the United States. In light of expanding Chinese influence in the region, it is prudent that relations with Indonesia be developed so that Indonesia does not seek to move away from the United States in international fora or develop alternative strategic relationships. Indonesia remains one of the least well understood geopolitically important nations to America.
- **Support Indonesian participation in prominent multilateral fora.** Indonesia has demonstrated a desire to engage the international community on a range of topics including regional economic and strategic architectures and the environment. Working with Indonesia in such fora could be mutually beneficial.
- **Place enhanced emphasis on environmental issues, including rainforest destruction, preservation of bio-diversity, and climate change.** Indonesia is the world's third largest emitter of carbon behind the United States and China. U.S. assistance to Indonesia to help it protect its rainforests from illegal logging

¹⁶¹ Human Rights Watch, "East Timor," <http://hrw.org>.

¹⁶² For an example of some existing activities see National Democratic Institute, "Asia: Indonesia," <http://www.ndi.org>.

would help protect the environment upon which Indonesia's bio-diversity is dependent and also preserve an important sink for carbon.

- **Do more to advance American trade and investment interests in Indonesia.** Continued emphasis on further developing trade and investment ties may help move the two states towards a closer economic relations and potentially an FTA. American companies have also encountered difficulties in Indonesia in recent years and may benefit from enhanced support or guidance from the U.S. government.

Elements of all of the options discussed here can be found in current American foreign policy towards Indonesia, though the mix in emphasis has shifted over time.

Figure I. Map of Indonesia



Source: Map Resources. Adapted by CRS.

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