



Indonesia: Domestic Politics, Strategic Dynamics, and U.S. Interests

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Summary

With a population of 240 million, Indonesia is the largest country in Southeast Asia and the most populous Muslim-majority nation in the world. Its size, its emerging democracy and economic vibrancy, and its strategic position across critical sea lanes linking the Middle East with East Asia have led many to consider it an emerging middle-tier power. The U.S. maintains close relations with Indonesia, with considerable security, economic, and trade ties, although human rights concerns about the Indonesian armed forces have long been a thorn in the relationship.

In the 12 years since a catastrophic economic crisis led to the fall of longtime President Suharto, Indonesia has undergone a remarkable transformation. It has held two successful direct Presidential elections, both of which were considered largely free and fair, and conducts dozens of actively contested provincial and local elections each year. Its economy regularly posts growth of better than 6% annually, although poverty remains considerable and corruption widespread.

Discussion of Indonesia has shifted from speculation about its possible breakup due to separatist sentiments in places such as Aceh, the Malukus, West Papua, and the now independent state of Timor Leste to admiration of its democratic transformation, its relatively strong performance in the recent global economic crisis, its cooperation in efforts to combat terrorism, and its growing role in regional diplomatic institutions, international efforts to combat climate change, and its membership in the G-20.

In recent years, U.S. policy towards Indonesia has focused on cementing ties with a geopolitically important state that can play an active role in regional diplomatic institutions, and encouraging Indonesia to combat terrorism and effectively counter the rise of violent Islamic militancy. The United States has also sought to promote democracy, the rule of law and human rights, and to further American trade and investment interests in Indonesia.

The election of President Barack Obama, who spent part of his childhood in Indonesia, did much to spur expectations in Indonesia that the U.S.-Indonesia bilateral relationship would be enhanced. President Obama's visit to Indonesia in November 2010, with the signing of a Comprehensive Partnership Agreement with Indonesian President Susilo Bambang Yudhoyono (SBY), did much to meet these expectations. The agreement covers a range of issues including trade and investment, food security, science and technology, educational exchanges, and military cooperation.

Congressional concerns have included oversight of the Obama Administration's policies towards Indonesia, including the Comprehensive Partnership, Indonesia's role in regional diplomacy, the restarting of comprehensive military-military relations, and policies to encourage human rights performance, particularly in restive West Papua.

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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 3 million people a year.¹ 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. Some 86% of Indonesians are Muslim, and the overwhelming majority subscribe to a moderate form of the religion, giving Indonesia 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 conducting elections widely considered free and fair and building a more robust civil society. While Indonesia's economy suffered major setbacks during the Asian financial crisis of 1997/98, it has weathered the recent global economic downturn relatively well.

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: Bahasa Indonesia, official modified form of Malay, and local dialects including many Austronesian and Papuan languages. 13 languages have over 1 million speakers
Literacy Rate: 90.4%
Religion: Muslim 86.1%, Protestant 5.7%, Catholic 3%, Hindu 1.8%
GDP growth: 5.9% 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: \$4,149
Unemployment rate: 8.4%
Main exports: Appliances, textiles, palm oil, rubber
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

Issues for Congress

The key challenge for the United States and Indonesia is now how to build on recent progress in the relationship and deliver demonstrable results in developing the comprehensive partnership between the two countries that can further shared interests. Specific areas of Congressional interest include democracy promotion, security and counterterrorism cooperation, human rights,

¹ "Indonesia's Population Increasing by 3 Million Yearly," *Xinhua News Agency*, June 3, 2008.

fostering liberal trade and investment policies, securing Indonesian cooperation on regional issues and global ones such as climate change.

The military-to-military relationship has been a key test of enhanced bilateral cooperation. In 2005, the Administration of President George Bush moved to remove restrictions on 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 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. Other members of Congress, however, have emphasized the progress Indonesia has made in several areas. 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.² Other examples 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.³ U.S. Secretary of Defense Robert Gates announced in Jakarta in July 2010 that the United States would resume a "measured and gradual program of security cooperation" with Kopassus forces.⁴

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 alleged 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 past human rights abuses in East Timor and West 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 the war against terror, human rights concerns have increasingly been balanced against American security interests, and particularly the need to develop effective counterterror cooperation with Indonesia to combat radical Islamic groups. Over the same period, the human rights record of the TNI is generally perceived to have improved. 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 be preeminent in guiding U.S. relations with Indonesia.

² John Haseman and Edward Lachica, "The U.S.-Indonesia Security Relationship: The Next Steps," U.S.-Indonesia Society, January 2009.

³ "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.

⁴ United States to Lift Ban on Kopassus," *Jakarta Globe*, July 23, 2010.

President Obama's Visit to Indonesia

President Obama's much anticipated November 2010 visit to Indonesia was, in the view of most, a success. The visit was postponed twice earlier in the year due to health care legislation and the environmental disaster in the Gulf of Mexico. President Obama's efforts build on those of his predecessor President George Bush and have now positioned the bilateral relationship between Indonesia and the United States to develop further. This is of strategic interest to the United States as it seeks to shape the evolving geostrategic environment in Asia relative to the rise of China. The Comprehensive Partnership Agreement signed during the visit is seen as facilitating a broadening of the relationship as well as continued collaboration with Indonesia in the struggle against Islamist extremists. Some analysts believe a strengthened relationship will likely help the U.S. engage the moderate Muslim world. President Obama's initiative also offers the prospect of developing deeper trade and investment ties with Indonesia.

Obama's Return

During his visit, President Obama told an audience at the University of Indonesia in Jakarta "*Pulang kampung nih*" [I have come home].⁵ In this way, President Obama marked his connection to Indonesia and signaled his personal interest in the country. President Obama's return earned him a welcome "fit for a rock star" as "throng[s] of office workers braved city streets in the rain or peered from high rise office blocks for a glimpse of the president" while "countless others gathered around television screens" to watch the former resident of the Jakarta district called Menteng return.⁶ President Obama's mother's second husband was an Indonesian, and she had a life-long interest in the country. During his visit, President Obama made a pledge to return to Indonesia in 2011 to attend the East Asia Summit (EAS). Such a follow-up presidential visit would likely help maintain momentum in the relationship.

President Obama was generally judged to have had a successful visit despite only being in country for less than 24 hours. The key events of President Obama's visit to Indonesia were the arrival ceremony, a bilateral meeting with President Susilo Bambang Yudhoyono, a joint press conference with President Yudhoyono, a state dinner with the president at the Istana Negara State palace complex, followed the next day with a visit to the Istiqlal Mosque and a speech at the University of Indonesia. President Yudhoyono indicated that he and President Obama discussed a range of topics including trade and investment, energy, climate change, education, counterterrorism, global and regional issues, the G-20, Myanmar [Burma], and the situation in the Middle East.⁷ President Obama's speech at the University of Indonesia had a personal tone and focused on the three themes of development, democracy, and religious faith.

At the joint press conference with President Yudhoyono, President Obama focused on trade and investment, forging new ties to address common challenges, and deepening political and security cooperation. He also made the following statement:

⁵ Endy Bayuni, "President Obama Adds a Personal Touch to US-Indonesia Relations," *Asia Pacific Bulletin, The East-West Center*, November 16, 2010.

⁶ "Cheering, Bakso and Friendship – An Indonesian Welcome Home for Obama," *The Jakarta Globe*, November 10, 2010.

⁷ "Press Conference by President Obama and President Yudhoyono of Indonesia," The White House, Office of the Press Secretary, November 9, 2010.

[T]he United States is leading again in Asia. We are strengthening our alliances. We're deepening relationships, as we're doing with China. We're reengaging with ASEAN [the Association of Southeast Asian Nations] and joining the East Asia Summit, and we're forging new partnerships with emerging powers like Indonesia. So our Comprehensive Partnership is bringing our countries closer together.⁸

President Obama's visit is thought to mark a significant broadening of the relationship. While there has been increasing appreciation for Indonesia as a partner in the struggle against Islamist militants and as a key geopolitical actor positioned astride the strategic sea lanes in the previous administration, Obama's visit and the signing of the Comprehensive Partnership Agreement mark a broadening of that relationship with an expectation that more will be done on a range of issues in the future. Strengthening ties with Indonesia will also likely help Washington strengthen its ties to the Association of South East Asian Nations (ASEAN) as a whole.⁹

There will continue to be constraints on the relationship despite the visit having moved the relationship forward. Washington will continue to have its attention drawn in many other directions and Indonesia will likely continue to seek to hedge its growing relationship with the United States possibly with ties to China, Russia, or others. Indonesians' concerns with U.S. support for Israel and the United States involvement in Afghanistan and Iraq may also limit the broad-based appeal of the United States in Indonesia. Those concerned with human rights issues may be disappointed by the lack of emphasis during the visit on past human rights abuses by the Indonesian military. The issue of Papua was also not highlighted during the visit.

The Comprehensive Partnership Agreement

The key outcome of the trip came with the signing of the Comprehensive Partnership Agreement¹⁰ which brings the bilateral relationship to a new level. This effort had been underway for some time. In September 2010, Secretary of State Hillary Clinton and Foreign Minister Marty Natalegawa held the inaugural meeting of the U.S.-Indonesia Joint Commission where they affirmed a plan of action for the U.S.-Indonesia Comprehensive Partnership.¹¹ The plan of action has 54 detailed items under the following three subheadings: A. Political and Security Cooperation (12), B. Economic and Development Cooperation (27), and C. Socio-cultural, educational, science and technology, and other cooperation (15).¹² With the agreement now formally signed, the stage is set for further developments in the relationship. The Comprehensive Partnership has several specific priority areas.

1. Trade and investment
2. Education

⁸ "Press Conference by President Obama and President Yudhoyono of Indonesia," The White House, Office of the Press Secretary, November 9, 2010.

⁹ Ernie Bower, "Paradigm Shift: Forward Deployed American Engagement in Asia," Center for Strategic and International Studies, November 2, 2010.

¹⁰ "Joint Declaration on Comprehensive Partnership Between the Republic of Indonesia and the United States of America," Republic of Indonesia, Ministry of Foreign Affairs, November 9, 2010.

¹¹ "U.S.-Indonesia Joint Commission and Bilateral Meeting," Office of the Spokesman, Department of State, September 17, 2010.

¹² "Plan of Action to Implement the Indonesia-US Comprehensive Partnership," Bureau of East Asian & Pacific Affairs, Department of State, September 17, 2010.

3. Energy
4. Climate change & the environment
5. Security
6. Democracy and civil society¹³

The development of the partnership has already led to several significant initiatives. In 2010, a \$165 million U.S. education initiative over five years was launched, as was a plan for U.S.-Indonesia collaboration in science and technology.¹⁴ It has also been reported that the United States is offering Indonesia 24 F-16 aircraft.¹⁵

The Economic Dimension

The importance of trade and investment was highlighted at the two leaders' joint press conference. Asia is a key source of economic growth which is vital to facilitate a sustained U.S. economic recovery.¹⁶ The sluggish U.S. economy places particular importance for President Obama on developing economic opportunities for U.S. exports. Only 7.3% of Indonesian imports come from the United States while 14.5% come from China. China, with 9.9% of Indonesian exports as compared to the U.S. share of 9.3%, also outweighs the United States in importance as a destination for Indonesian exports. The United States is Indonesia's third largest trade and investment partner.¹⁷ China-Indonesia trade grew 44% last year and China reportedly is seeking to double its trade with Indonesia by 2014.¹⁸ Indonesia's economy has performed solidly during the recent economic crisis with an expected 5.9% growth rate projected for 2010.

The Strategic Dimension

One of Obama's key objectives for his Indonesia visit was to strengthen strategic ties with the world's largest Muslim population which is also one of the fastest growing economies in Asia and the largest democracy in Southeast Asia. In one view, Indonesia represents the "biggest prize in a region caught uneasily between China's rise and the United States renewed engagement"¹⁹ Some analysts believe the attention that President Obama has now given to Indonesia, as well as India, Japan, and Korea, may send a message to China and the region that America is focused on re-engaging with the Asia-Pacific as a whole and with key democratic states in the region in particular.

¹³ "Press Conference by President Obama and President Yudhoyono of Indonesia," The White House, Office of the Press Secretary, November 9, 2010.

¹⁴ "Fact Sheet on Higher Education Partnership with Indonesia," and "Factsheet: U.S.-Indonesia Collaboration on Science & Technology," The White House, Office of the Press Secretary, November 9, 2010.

¹⁵ "Indonesia Military Chief Considers US Offer of F-16 Fighter Jets," *BBC News*, November 12, 2010.

¹⁶ Ernie Bower, "Why Getting to Indonesia Matters," *Center for Strategic and International Studies*, November 2, 2010.

¹⁷ "Press Conference by President Obama and President Yudhoyono of Indonesia," The White House, Office of the Press Secretary, November 9, 2010.

¹⁸ "Obama Calls for the G-20 to Address Global Imbalances," *The Financial Times*, November 10, 2010. Howard Schneider, "In Indonesia, Hinderances to U.S. Exports," *The Washington Post*, November 6, 2010.

¹⁹ Norimitsu Onishi, "U.S. and China Court Indonesia," *International Herald Tribune*, November 10, 2010.

Indonesia has a strong tradition of Non-Alignment and will not wish to be caught up in Sino-U.S. rivalry. During their joint press conference President Obama and President Yudhoyono responded to the question should U.S. “renewed engagement be seen in any way as a counter balance to a rising China?” President Obama responded that “... we think China being prosperous and secure is a positive. And we’re not interested in containing that process. We want China to continue to achieve its development goals.” President Yudhoyono responded “... it is Indonesia’s hope that China and the U.S. relations will continue to flow well because if something happens between those two states, it will have severe impacts to not only countries in the region, in Asia, but also to the world.”²⁰

Regional Architectures

Developing ties with Indonesia is a key priority for the Obama Administration as it seeks to shape regional security and economic architectures for the Asia-Pacific. Many analysts view U.S.-Indonesia collaboration on developing new strategic and economic architectures that can facilitate the peaceful rise of China for the Asia-Pacific as a key goal of the new Comprehensive Partnership.²¹ According to President Obama, he and President Yudhoyono “spent a lot of time discussing” the “U.S. role in the configuration of the Asia-Pacific.” The Obama vision is for the EAS to take the lead on political security issues. As Chair of ASEAN and host of the EAS next year, Indonesia will be in a key position to help shape the EAS’s role in this regard.²²

Outreach to the Muslim World

President Obama’s visit to Indonesia, which included a visit to the Istiqlal Mosque and a speech at the University of Indonesia where he was enthusiastically welcomed,²³ can also be viewed as part of his ongoing efforts to reach out to the Muslim world. It can also be viewed as an effort to build on his Cairo speech given in June 2009. Obama sent the message to Indonesia that the United States respects Islam despite the cultural difference between the two countries.²⁴ Indonesia’s moderate Islamic character and size make it a strong setting for sending such a message though there are limits to which any message sent from a non-Arab nation can influence the Arab core of Islam.²⁵

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

²⁰ “Press Conference by President Obama and President Yudhoyono of Indonesia,” The White House, Office of the Press Secretary, November 9, 2010.

²¹ Endy Bayuni, “President Obama Adds a Personal Touch to US-Indonesia Relations,” *Asia Pacific Bulletin, The East-West Center*, November 16, 2010.

²² “Press Conference by President Obama and President Yudhoyono of Indonesia,” The White House, Office of the Press Secretary, November 9, 2010.

²³ “Indonesia is Part of Me, Obama Says,” *The Jakarta Post*, November 15, 2010.

²⁴ Greg Sheridan, “Leader Finally Reaches Muslims,” *The Australian*, November 11, 2010.

²⁵ “Obama Reaches Out to Muslim World,” *America.gov*, November 9, 2010.

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, collectively known to many as West Papua, until the transition period 1963-1969.²⁶

Indonesian independence was followed by a period of parliamentary democracy, which was replaced in 1959 by President Sukarno's "Guided Democracy" that lasted until 1965.²⁷ In the late 1950s the United States provided clandestine assistance to military rebellions in outlying provinces of Indonesia out of fear that the Communist Party of Indonesia (PKI) was gaining control of the country.²⁸ On September 30, 1965, the military, under General Suharto, marginalized Sukarno. One interpretation of events is that the military stepped in to avert a communist coup. Another is that Suharto and officers loyal to him engineered a crisis that allowed him to consolidate power over first the army and then the state. In the aftermath, an estimated 500,000 or more 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" regime 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 1997.²⁹ 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.³⁰

A period of reform, or "*reformasi*," followed Suharto's fall. Suharto was succeeded by B.J. Habibie (1998-99), Abdurrahman Wahid (1999-2001), the daughter of former President Sukarno, Megawati Sukarnoputri (2001-2004), and Susilo Bambang Yudhoyono (2004-present). 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.³¹ 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. 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.

²⁶ 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).

²⁷ Michael Vatikiotis, *Indonesian Politics Under Suharto: The Rise and Fall of the New Order* (London: Routledge Publishers, 1998). p. 1.

²⁸ John Bresnan, ed. *Indonesia: The Great Transition*. (Lanham: Rowman and Littlefield, 2005) pp. 245-7.

²⁹ "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.

³⁰ "The Death of Suharto: Epitaph of a Crook and a Tyrant," *The Economist*, January 31, 2008.

³¹ "Survey of Indonesian Electorate," *Asia Foundation*, December 9, 2003.

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 representative government. Many analysts believe Indonesia's next challenge is to build government institutions that are effective and responsive, so as to consolidate the legitimacy of democratic government.

Political Dynamics

Indonesia has made significant progress toward institutionalizing its democracy and more firmly establishing civil society.³² Since the Suharto era, which ended abruptly amid mass protests in 1998, 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'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.³³

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.

Although President Yudhoyono came to his second term in office in 2009 with a strong mandate, that support has begun to erode. Despite strong economic indicators, Yudhoyono's approval rating dropped from 85% after his reelection to 66% by October 2010.³⁴ Some have attributed this decline to controversy about a government bailout of Bank Century, a mid-sized Indonesian Bank, and the departure of reformist Finance Minister Sri Mulyani Indrawati, which damaged SBY's reformist credentials with voters.³⁵ Observers believe that Aburizal Bakrie, a tycoon who heads Golkar, a key coalition partner to SBY's democratic party, benefits politically from Indrawati's departure and enhances his chances to position himself for a possible presidential run in 2014.³⁶

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 proved a robust endorsement of President Susilo Bambang Yudhoyono (SBY) and his Democrat Party, and a

³² John McBeth, "The Betrayal of Indonesia," *Far Eastern Economic Review*, June 26, 2003.

³³ Damien Kingsbury, "Indonesia: 2007," *Asian Survey*, February 2008.

³⁴ "Yudhoyono Marks First Year of 2nd Term in Office," *Channel News Asia*, October 19, 2010.

³⁵ "One Year ON the Thrill is Gone," *The Jakarta Post*, October 20, 2010.

³⁶ "Indonesia's Bakrie Grabs New Post," *Asia Sentinel*, May 12, 2010.

strong and increasing preference for secular-nationalist parties over Islamic or Islamist parties.³⁷ 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.³⁸

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.³⁹ 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."⁴⁰

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.⁴¹

While his popularity and reformist credentials have dropped in public perceptions over the last year, 80% of Indonesians polled in 2009 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 judiciary are the two most corrupt institutions in Indonesia.⁴² Indonesians have a consistently negative perception of the legislative branch.⁴³

The apparent lack of resonance of Islamist messages with Indonesian voters appears to have been a key factor in the parliamentary election results.⁴⁴ Vote tallies for Islamic parties 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 1999.⁴⁵ Some have cautioned that the fortunes of the Prosperous Justice Party (PKS), the United Development Party (PPP), the

³⁷ 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.

³⁸ "Election Guide Indonesia," IFES, <http://www.electionguide.org/country.php?ID=102>.

³⁹ Country Report Indonesia, *Economist Intelligence Unit*, May 2009.

⁴⁰ Marcus Mietzner, "Indonesia's 2009 Elections: Populism, Dynasties and the Consolidation of the Party System," *Lowy Institute for International Affairs*, May 2009.

⁴¹ 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.

⁴² "Parliament and the Judiciary the Most Corrupt Institutions," *Media Indonesia*, June 4, 2009.

⁴³ "Indonesia," National Democratic Institute, <http://www.ndi.org/content/indonesia>.

⁴⁴ Lembaga Survei Indonesia, (Saiful Mujani/William Liddle) as referenced in presentation viewgraphs by Marcus Mietzner, Lowy Institute, Australia.

⁴⁵ "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.

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.⁴⁶ Others also point to the inability of Islamic parties to “translate ideological identity into concrete programs.”⁴⁷

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.

The Indonesian elections in 2009 led 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.⁴⁸ 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 or strong broad-based ideological foundations 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		
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.

⁴⁶ Marcus Mietzner, “Indonesia’s 2009 Elections: Populism, Dynasties and the Consolidation of the Party System,” *Lowy Institute for International Affairs*, May 2009.

⁴⁷ Bahtiar Effendy, “Insight: Islamic parties Have Long Been at an Impasse,” *Jakarta Post*, April 17, 2009.

⁴⁸ William Liddle, “Indonesia’s July 9 Presidential Elections,” USINDO Presentation, June 3, 2009.

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 Jusuf Kalla of Golkar received 12%.⁴⁹ If one candidate for president in Indonesia receives over 50% of the vote in the first round that candidate becomes president. If no single candidate receives over 50% then a subsequent runoff election is held between the two leading candidates. No second round was necessary in the 2009 presidential election.

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.⁵⁰ Some have observed that Yudhoyono chose Boediono for his abilities rather than for his political standing. Boediono was Governor of Bank Indonesia, the central bank, and did 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.⁵¹

Yudhoyono's former vice president from the Golkar Party, Jusuf Kalla, ran against Yudhoyono with former General Wiranto of the Hanura Party. Wiranto was accused of human rights abuses in East Timor by a U.N.-backed Special Tribunal.⁵² Former President Megawati Sukarnoputri of PDI-P ran for president with vice presidential running mate Probowo Subianto. Probowo is leader of the political party 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 1998.⁵³

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. The elections marked the continued development of Indonesia's democracy and civil society and move away from past authoritarian government. Indonesian voters continued 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.⁵⁴

⁴⁹ Country Report Indonesia," *The Economist Intelligence Unit*, July 2009.

⁵⁰ Richard Lloyd Parry, "Dictator's Former Henchmen Offers Winning Smile to Voters," *The Times*, April 9, 2009.

⁵¹ "Indonesia's Yudhoyono Confirms Boediono as VP Candidate," *Channel News Asia*, May 15, 2009.

⁵² Philip Bowring, "Indonesia's Prospects," *International Herald Tribune*, May 20, 2009.

⁵³ Adam Gartrell, "Poll fury hits Riot Generals," *The Courier-Mail*, May 13, 2009.

⁵⁴ "Indonesia Politics: Yudhoyono Reelected," *The Economist Intelligence Unit*, July 9, 2009.

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.⁵⁵ Some observers are concerned about its indirect influence over politics. The Indonesian military has attracted 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.⁵⁶ 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.⁵⁷ The TNI budget is thought to be to a large extent self-generated. This part of the TNI budget is largely outside governmental control.⁵⁸ The TNI will likely continue to play a key role in the evolution of the Indonesian polity in the years ahead. It will also likely seek to preserve its prominent place in Indonesian society.⁵⁹

While slowed, there are still signs that the reform process continues in Indonesia. Deputy Assistant Secretary of Defense Robert Scher has stated that the TNI “continues to shift its mission away from internal security.”⁶⁰ There is increased focus on more traditional and professional roles for the military, such as guaranteeing sovereignty and external security, and relatively less focus on the political role of the TNI within Indonesia. Proponents of TNI reform have called for developing military capability and developing responsibility of military actions.⁶¹ Admiral Agus Suhartono is the current head of the TNI. The Indonesian parliament has called on the new TNI chief to complete the process of internal reform of the TNI, maintain the Army's neutrality in

⁵⁵ 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).

⁵⁶ 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).

⁵⁷ Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002).

⁵⁸ Col. John Haseman, William Liddle and Salim Said, “The Evolving Role of the TNI,” USINDO Security Workshop, October 16, 2003.

⁵⁹ Angel Rabasa and John Haseman, *The Military and Democracy in Indonesia: Challenges, Politics, and Power* (Santa Monica: RAND Corp. 2002).

⁶⁰ “Statement of Robert Scher Deputy Assistant Secretary of Defense Asian and Pacific Affairs, OSD,” House Foreign Affairs Subcommittee on Asia, the Pacific, and the Global Environment, September 22, 2010.

⁶¹ “A Professional Track for TNI and Yudhoyono,” *The Jakarta Post*, October 5, 2010.

politics and strengthen security in border areas.⁶² TNI Commander Suhartono has stated that he will carry on the effort to terminate the TNI's role in business.⁶³

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.⁶⁴

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 with 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."⁶⁵ Forces of economic integration, or the creation of a national identity stemming from the nationalist movement which started in Java in 1908,⁶⁶ could be viewed as other integrative forces.

⁶² Maria Patrikainen, "Indonesian Parliament Demands New Military Commander to Continue Army Reform," *Global Insight*, September 27, 2010.

⁶³ "New TNI Commander Vows to Close Military Businesses," *The Jakarta Post*, September 29, 2010.

⁶⁴ Endy Bayuni, "Not Enough Money for the Military? Try Sending them 'Back to Barracks,'" *The Jakarta Post*, May 27, 2009.

⁶⁵ Merle Ricklefs, "The Future of Indonesia," *History Today*, December 1, 2003.

⁶⁶ Jusuf Wanandi, "Indonesia: A Failed State?" *The Washington Quarterly*, Summer, 2002, p. 135.

Timor-Leste⁶⁷

The Portuguese, whose influence in Timor-Leste⁶⁸ 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.⁶⁹ 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.⁷⁰

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. Hard-line 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.⁷¹

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.⁷²

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.⁷³ 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, 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.⁷⁴ This created tension in the bilateral relationship between Indonesia and East Timor and dilemmas for the U.N. Nevertheless, then East Timorese President Xanana Gusmao

⁶⁷ Timor-Leste is also commonly known as East Timor.

⁶⁸ The nation's formal name is Timor-Leste, but it is also widely known as East Timor.

⁶⁹ "Ford and Kissinger Gave Green Light to Indonesia's Invasion of East Timor, 1975," *The National Security Archives*, December 6, 2001.

⁷⁰ Michael Mally, "Regions: Centralization and Resistance," in Donald Emmerson ed. *Indonesia Beyond Suharto: Polity, Economy, Society, Transition* (Armonk: M.E. Sharpe, 1999). p. 98.

⁷¹ John Haseman, "Indonesia," in David Wienczek, ed. *Asian Security Handbook 2000* (Armonk: M.E. Sharpe Publishers, 2000).

⁷² Emerson, p. 356.

⁷³ "Indonesia: International Relations," *The Economist Intelligence Unit*, May 17, 2005.

⁷⁴ Sian Powell, "Xanana and SBY Let Shame File Slide," *The Australian*, February 18, 2006.

and President Yudhoyono reaffirmed their commitment to continue to work to resolve differences between the two countries.⁷⁵ More recently, the new President Ramos-Horta called on the people of Timor-Leste to accept that Indonesians who committed human rights abuses in East Timor would never be brought to justice so that East Timor could move forward.⁷⁶

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.”⁷⁷

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.”⁷⁸

The Acehenese fought the Portuguese in the 1520s as well as the Dutch in later years.⁷⁹ 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.⁸⁰

Under the leadership of President Yudhoyono, Indonesia leveraged the opportunity presented by the 2004 tsunami and achieved a peace settlement where previous peace efforts had come

⁷⁵ Rob Taylor and Olivia Rondonuwu, “Gusmao, Yudhoyono Meet in Bali,” *AAP Bulletins*, February 17, 2006.

⁷⁶ “East Timor President Sees Bright Future if Country Forgets Past,” *Agence France Presse*, July 19, 2008.

⁷⁷ Human Rights Watch, “East Timor,” at <http://www.hrw.org>.

⁷⁸ Kirsten Schulze, *The Free Aceh Movement (GAM): Anatomy of a Separatist Movement* (Washington: East West Center, 2004).

⁷⁹ S. Wiuryono, “The Aceh Conflict: The Long Road to Peace,” *Indonesian Quarterly*, 3rd Quarter, 2003.

⁸⁰ 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).

unraveled. Under the agreement, the Free Aceh Movement (GAM) disarmed in December 2005 as the Indonesian Military TNI dramatically reduced its presence in Aceh.

West Papua⁸¹

The ongoing conflict in West Papua between the indigenous Melanesian people of the region and the security forces of the central government of Indonesia, which is overwhelmingly ethnically Malay, presents Congressional decision-makers with a difficult situation where human rights and geopolitical interest collide. On the one hand, the historical background and ongoing situation indicates that the indigenous people of West Papua have suffered great injustices and deprivation at the hand of Indonesia, which some have described as genocide. (See the “Human Rights and Religious Freedom” section for more discussion of this point.) West Papua is ethnically, culturally and linguistically distinct from the rest of Indonesia. On the other hand, the United States has a strong interest in reaching out to the Islamic world, and is working with a now democratic Indonesia as a partner in the struggle against Islamist militancy and developing a Comprehensive Partnership with Indonesia that can further U.S. geopolitical interests.

Separatist sentiment and human rights concerns in West Papua are important not only in their own right but also because they have the potential to limit the growing partnership between the U.S. and Indonesia. It appears that various Papuan separatist groups have come to the view that peaceful means will not lead to a referendum on Indonesian rule of Papua and West Papua and that they must internationalize the conflict to affect change. Some also believe that violence that would provoke a harsh response by Indonesian security forces is the best way to gain international attention to their cause. This is apparently inspired at least in part from the experience of Timor-Leste.⁸²

Central to the conflict in Papua is its vast natural wealth, most of which stems from resource extraction industry, particularly mining, logging and off-shore natural gas drilling. Fisheries resources are another potentially valuable resource. Economic activity in built-up areas is dominated by migrants from elsewhere in Indonesia. Papua and West Papua are two of Indonesia’s poorest provinces despite their extensive natural resource wealth. Under the Special Autonomy Law for Papua of 2001, 70% of oil and gas royalties and 80% of mining, forestry and fisheries royalties are supposed to go to the province. The Grasberg Mine operated by Freeport Indonesia, a subsidiary of Louisiana-based Freeport McMoran, is the world’s largest gold mine and is one of the largest copper mines in the world. In the highlands above Timika, Papua it accounts for 90% of the province’s exports and 50% of the province’s GDP.⁸³ The Freeport mine, which was first exploited in the 1960s, has been subject to enormous controversy over the treatment of indigenous people displaced or affected by the enormous project.

⁸¹ West Papua is both a term used by advocates for the entire region and a term used by the Government of Indonesia for one of two provinces. 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 an area of approximately 422,000 square kilometers, which represents about 21% of the land mass, and a little over 1% of the population of Indonesia. Papua has a long land border with Papua New Guinea to the east.

⁸² “Radicalisation and Dialogue in Papua,” *International Crisis Group*, March 11, 2010.

⁸³ Chris Ballard and Glenn Banks, “Between a Rock and a Hard Place: Corporate Strategy at the Freeport Mine in Papua, 2001-2006,” in Budy Resosudarmo and Frank Jotzo eds. *Working with Nature Against Poverty: Development Resources and the Environment* (Canberra: The Indonesia Project, Australian National University, 2006).

Social indicators for West Papua are not good. Papuans have extremely high HIV/AIDS rates. It is reported that residents of West Papua account for 40% of documented cases in Indonesia and that 74% of cases in West Papua are indigenous Papuans.⁸⁴ Infant mortality is also extremely high in Papua and West Papua at two to six times higher the Indonesian national average.⁸⁵ An estimated 36% of the people do not have access to health facilities.⁸⁶ Poverty in Papua and West Papua is reportedly twice the national average.⁸⁷

Current Impasse in West Papua

A March 2010 International Crisis Group (ICG) report has highlighted three key components that in its view need to be addressed by the government of Indonesia with credible Papuan leaders in order for the current impasse to be overcome. They are as follows:

- Explore how political autonomy can be expanded
- Strengthen affirmative action policies for Papuans across sectors
- Substantively address Papuan fears of in-migration of non-Papuans from elsewhere in Indonesia

The ICG report states that the current impasse is unlikely to be broken and that “increased radicalization is likely” if these key issues are not addressed.⁸⁸

Migration by non-Melanesian Indonesians from elsewhere in the nation appears to be a critical part of the mounting tensions. By some accounts, Melanesian Papuans will be in the minority in their homeland by 2015.⁸⁹ Other accounts suggest they may already be in the minority.⁹⁰ Preliminary data from the 2010 census indicates a huge increase in population in the states of Papua and West Papua, to 2.9 million and 761,000 respectively from a combined total of 2.2 million people in the 2002 census. Much of the increase is thought to be due to massive migration to the region.⁹¹

Some research has indicated that the process of modernization and integration pursued by the government of Indonesia that led to a great influx of non-Papuan trans-migrants into West Papua and Papua has led to the displacement, dislocation, alienation, and marginalization of local Papuans that has in turn fueled Papuan’s resentment and demands for autonomy or independence. This ongoing dynamic has “... given rise to a collective sense among Papuans that they are facing a serious threat to their demographic and cultural survival.”⁹²

⁸⁴ “News From the Field,” Caritas Australia, <http://www.caritas.org>.

⁸⁵ “Oil and Politics Prove a Fatal Mix for the people of West Papua,” *The Age*, December 31, 2009.

⁸⁶ “Govt Ignores Human Rights in Papua,” *The Jakarta Post*, January 20, 2010.

⁸⁷ Philippe Pataud Celerier, “Indonesian Democracy Stops in Papua,” *Le Monde Diplomatique*, June 1, 2010.

⁸⁸ “Indonesia: The Deepening Impasse in Papua,” *International Crisis Group*, No. 108, August 3, 2010.

⁸⁹ Philippe Pataud Celerier, “Indonesian Democracy Stops in Papua,” *Le Monde Diplomatique*, June 1, 2010.

⁹⁰ Timo Kivimaki, “Initiating a Peace Process in Papua,” *Policy Studies* 25, East-West Center, Washington 2006.

⁹¹ “Population Growth Good for Papua,” *The Jakarta Post*, August 23, 2010.

⁹² Rodd McGibbon, “Plural Society in Peril: Migration, Economic Change, and the Papua Conflict,” East West Center –Washington, 2004.

There is reportedly a widespread view among Papuans that Special Autonomy as currently administered has failed. In June 2010, the Papuan People's Assembly voted to reject special autonomy status that was introduced in 2001 asserting it was failing indigenous Papuans. In Jayapura, Papua's capital, a protest group of an estimated 1,000 Papuans marched to symbolically hand back autonomy to the central government. Some protestors called for a referendum and independence and urged a rejection of special autonomy. Papuans feel the autonomy funds are going to non-Melanesians through corruption and the creation of new bureaucracies when the funds should be used for community level health, education, or job creation.⁹³ By some estimates 95% of autonomy funds are spent outside the two provinces.⁹⁴ There are also calls for international mediation of the dispute.⁹⁵ The Free Papua Movement (OPM) has reportedly stated that it would welcome dialogue with Jakarta as long as an international organization, preferably the United Nations, acted as mediator.⁹⁶ At the international level, Vanuatu, a Melanesian Pacific island nation, has stated that it will raise the issue of West Papua at the United Nations.⁹⁷

Background to the Present Conflict

Papuans are a Melanesian people like the people of Papua New Guinea (PNG) which is situated on the eastern half of the island of New Guinea.⁹⁸ The indigenous Melanesian people⁹⁹ of Papua have a culture dating back, by some estimates, 40,000 years. This background differs significantly from the Malay character of the rest of the Indonesian archipelago. The Spanish were the first Europeans to discover the islands that make up present-day Indonesia, in 1546. The Dutch laid claim to Papua in 1828, and by 1910 they had an agreement with Britain and Germany (who controlled the southeast and northeastern parts of New Guinea, respectively) which recognized Dutch control over the western half of New Guinea. Like Indonesia, Papua was a Dutch colonial possession. Unlike Indonesia, it did not become a part of newly independent 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 former President Sukarno, Indonesia began mounting military pressure on Dutch West Papua in 1961.

As outlined in a report by the Council on Foreign Relations, in 1962 the United States pressured the Dutch to turn over control of West Papua to the United Nations. Under the U.S.-brokered New York Agreement of 1962, Indonesia was to "make arrangements with the assistance and participation of the United Nations" to give Papuans an opportunity to determine whether they wished to become part of Indonesia or not. Indonesia assumed control over Papua in 1963. In the "Act of Free Choice," carried out in 1969, selected delegates decided to join Indonesia.¹⁰⁰

The Act of Free Choice is generally not considered to have been representative of the will of most Papuans. A broad-based referendum on Indonesian control over West Papua was not held. Instead, a selected group of 1,025 local officials voted in favor of merging with Indonesia. As a

⁹³ Tom Allard, "Autonomy Failing in West Papua," *The Age*, September 4, 2010.

⁹⁴ "Prejudice and Distrust Leave Papua Roadmap in Limbo," *The Jakarta Post*, July 29, 2010.

⁹⁵ "Papuans Rally for Independence From Indonesia," *Agence France Presse*, June 18, 2010.

⁹⁶ Evi Mariani, "OPM Military Wing Calls for UN Mediated Dialogue," *The Jakarta Post*, March 15, 2010.

⁹⁷ "Pacific Islands Forum," *Scoop*, August 3, 2010.

⁹⁸ "West Papua's Cultural Identity," BBC News, <http://www.bbc.co.uk/worldservice>.

⁹⁹ Other Melanesian states include Papua New Guinea, Vanuatu, The Solomon Islands, New Caledonia and Fiji.

¹⁰⁰ Council on Foreign Relations, *Indonesia Commission: Peace and Progress in Papua*, New York, 2003, p. 25.

result, the U.N. is generally considered to have failed in its mission to give the people of Papua an opportunity for self determination.¹⁰¹ To some, “while Western colonial policy was coming to an end—a new chapter of Asiatic colonial policy was opening.”¹⁰² The pro-independence Free Papua Movement emerged as these events were unfolding. Human rights advocate groups estimate that 100,000 Papuans have died as the result of Indonesian control in Papua due to military action and population displacement, though others have challenged the scale of this figure.¹⁰³

Declassified documents released in July 2004 indicate that the United States supported Indonesia’s take over of Papua in the lead up to the 1969 Act of Free Choice even as it was understood that such a move was likely unpopular with Papuans. The documents reportedly indicate that the United States estimated that between 85% and 90% of Papuans were opposed to Indonesian rule and that as a result the Indonesians were incapable of winning an open referendum at the time of Papua’s transition from Dutch colonial rule. Such steps were evidently considered necessary to maintain the support of Suharto’s Indonesia during the Cold War. A similar view was taken towards Timor-Leste.¹⁰⁴

The Government of Indonesia and West Papua

President Yudhoyono has ruled out independence for Papua but has at times appeared open to some degree of autonomy for the province. In August 2010, Yudhoyono called for an audit of Special Autonomy programs for Papua and West Papua.¹⁰⁵ Yudhoyono is opposed to the internationalization of the conflict and views it as an internal affair for Indonesia.¹⁰⁶ In 2005, the year Indonesia concluded a peace-and-regional-autonomy agreement with separatist groups in the province of Aceh, then-Communications and Information Minister Sofyan Djalil, a key government player in the deal, stated before a working group of the DPD, or Regional Representatives Council, that the government of Indonesia viewed Papua as a different situation from Aceh and as such would not involve the international community in the settlement of the dispute there.¹⁰⁷ President Yudhoyono has stated that “the government wishes to solve the issue in Papua in a peaceful, just, and dignified manner by emphasizing dialogue and persuasive approach.” He added that “we decline foreign interference in settling this issue.”¹⁰⁸

A measure of openness in government led to moves towards autonomy for Papua in the *reformasi* period following the end of President Suharto’s authoritarian rule. This led President B.J. Habibie

¹⁰¹ John Saltford, *The United Nations and the Indonesian Take Over of West Papua* (London: Routledge, 2003).

¹⁰² Herb Thompson’s review of Saltford’s work in the *Journal of Contemporary Asia*, Vol. 34, No. 1, 2004.

¹⁰³ Don McFeteridge, “Indonesia and Papua - A View From the Birds Head,” September 9, 2005, United States - Indonesia Society, Washington.

¹⁰⁴ National Security Archives, “Indonesia’s 1969 Takeover of West Papua Not by “Free Choice”: Secret Files Show U.S. Support for Indonesia, Human Rights Abuses by Indonesian Military,” Edited by Brad Simpson, Posted July 9, 2004 <http://www.gwu.edu/~nsarchiv>. See also Jim Lobe, “US Sacrificed Papua to Court Suharto,” <http://www.atimes.com> “US ‘Concern’ Over West Papua,” *The Australian*, and Alan Sipress, “Declassified US Papers Spark Indonesian Rebuke,” *Washington Post*, July 18, 2004.

¹⁰⁵ “West Papua Autonomy to be Reviewed,” *PACNEWS*, August 2, 2010.

¹⁰⁶ Michael Casey, “Indonesia’s President Vows to Solve Papua Conflict, Rejects International Help,” *Associated Press*, August 16, 2005.

¹⁰⁷ “Papua Settlement Won’t Involve Foreign Parties,” *Bisnis Indonesia*, September 30, 2005.

¹⁰⁸ Michael Casey, “Indonesia’s President Vows to Solve Papua Conflict, Rejects International Help,” *Associated Press*, August 16, 2005.

in 1999 to enact laws to allow Papua to keep an increased share of locally generated wealth. The Indonesian People's Legislative Council (DPR) also passed legislation granting Special Autonomy for Papua which called for the establishment of a Papua People's Council and reaffirmed customary law.¹⁰⁹ This period of openness to local autonomy lost momentum and its provisions were never fully implemented. Subsequently in January 2003, then-President Megawati Sukarnoputri moved to divide the province into three provinces, an action viewed by many Papuans as designed to undermine and divide their cause.

It was reported in March 2010 that the military was considering basing a new infantry division in Papua.¹¹⁰ In April 2010, Major General Hotma Marbun, a former Kopassus special forces officer who was appointed regional military commander for Papua and West Papua in January 2010, stated that the reportedly 10,000 strong infantry brigade unit, which includes naval and air forces in Papua, was sufficient to carry out its duties in Papua and West Papua.¹¹¹

Radical Islam and Inter-Communal Strife

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 agenda with linkages to al Qaeda. There have also been allegations that Lashkar Jihad was a tool of hard-liners 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.¹¹² 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.¹¹³

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 Islamist 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, which encompasses five key guiding principles for the state, and the constitution. Some 91.6% of

¹⁰⁹ Council on Foreign Relations, *Indonesia Commission: Peace and Progress in Papua*, New York, 2003, p. 43.

¹¹⁰ "Indonesian Army to Set up New Commands," *BBC News*, March 31, 2010.

¹¹¹ Markus Makur, "Security Condition Conducive, Military Chief," April 13, 2010. "Indonesia Appoints New Military Commander," *Radio New Zealand*, January 20, 2010.

¹¹² See Sydney Jones' work for the *International Crisis Group*, <http://www.crisisgroup.org>.

¹¹³ Amit Chanda, "Seven Killed in Indonesia, as Violence Flares up Again in Restive Maluku Province," *Global Insight Daily*, May 17, 2005.

Indonesians believe that Indonesia's state ideology is correctly based on Pancasila.¹¹⁴ 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.

First 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.¹¹⁵ 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.¹¹⁶ 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 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.¹¹⁷

The third component is judicial action against non-Muslims or Indonesians who are accused of insulting Muslim beliefs. 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.¹¹⁸

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

¹¹⁴ Robin Bush, "The Future of Islamic Parties and Islamic Politics in Indonesia," *The Asia Foundation*, 2008.

¹¹⁵ Yuli Tri Suwarni, "Another Christian Church Attacked in Bandung," *Jakarta Post* (internet version), June 4, 2007.

¹¹⁶ 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.

¹¹⁷ 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.

¹¹⁸ 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.

teaching of fundamentalist Islam in the pesantren schools is an acute problem and that the problem is spreading into Indonesian universities.¹¹⁹

There are other areas of inter-communal strife in Indonesia. Two ethnic groups in East Kalimantan, the Bugis and the Tidung who are the indigenous people of Tarakan, have clashed over the years. Tensions appeared to be mounting between these two groups in the fall of 2010 as a inter-communal riot broke out between these two groups in September 2010. In 2000, in what is known as the Sampit incident of central Kalimantan, over 500 were killed and 100,000 displaced as a result of such clashes.¹²⁰ Elements of the Air Force Special Troops Corps were deployed to quell the violence in Tandung in 2010.¹²¹

The Struggle Against Radical Islamist Extremists

The United States and Indonesia have a common interest in addressing the threat of militant Islamists in Indonesia and Southeast Asia. The syncretic nature of Islam in Indonesia, which has overlaid earlier animist, Buddhist, and Hindu traditions, is more moderate in character than Islam is in the Middle East or Pakistan. Further, the main political parties in Indonesia are secular-nationalist in their outlook. However, radical or militant Islamists are a threat to the largely secular state and moderate Muslim society of Indonesia. Terrorist activity is not limited to attacking Western targets in Indonesia. In June 2010, one militant was sentenced for his role in a plan to assassinate President Yudhoyono as well as for his involvement in two hotel bombings in Jakarta in 2009.¹²²

Indonesian views of the nature of the threat from militant Islamists have evolved over time. Islamists were generally suppressed under the New Order regime of former President Suharto. The *reformasi* period that followed Suharto's fall allowed an opening up of society that gave such views space that was absent under the New Order. After the 2002 Bali bombing that killed over 200 people, Indonesia moved from seeing local militant Islamist groups, such as Jemaah Islamiya (JI), as threats not only to Western and American interests in Indonesia but also as direct threats to the Indonesian government and the Indonesian people. (For background information on JI and militant Islam in Indonesia see CRS Report RL34194, *Terrorism in Southeast Asia*, coordinated by (name redacted).) Key terrorist attacks in Indonesia include the Bali bombing of 2002, the 2003 bombing of the Marriott Hotel in Jakarta, the 2004 bombing of the Australian Embassy, and bombing attacks against Western hotels in Jakarta in 2009.

While for most of the 2000s, JI was the key terrorist organization in Indonesia, this now appears to be shifting. According to Sidney Jones of the International Crisis Group, it now appears that militant Islamists can be identified with one of three groups: JI; the remaining members of the network of Noordin Top, a militant killed in 2009; and a new alliance of various Jihadists that had set up a training camp in Aceh. JI is evidently now focused on rebuilding its organization after having been effectively pursued by the Indonesian government. JI is also focused on establishing

¹¹⁹ 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.

¹²⁰ Maria Patrikainen, "Five Killed in Ethnic Clashes in east Kalimantan," *Global Insight*, September 29, 2010.

¹²¹ "Aior Force Special Troops Deployed to Tarakan to Prevent Clashes," *BBC News*, September 30, 2010.

¹²² "Indonesia Jails Driver Over Jakarta Hotel Bomb," *BBC News*, June 14, 2010.

an Islamist state in Indonesia and possibly the region, as opposed to the Noordin Top network that is more focused on attacking Western targets in Indonesia.

The raid on the new alliance of Jihadists in Aceh, which began on February 22, 2010, has uncovered a group which according to Sydney Jones "... is a composite of people from a number of different militant groups like Jemaah Islamiya, Kompak and Darul Islam, who are frustrated with what they see as a lack of action within these groups. They're more radical, and apparently see themselves as Indonesia's al-Qaeda."¹²³ The February Aceh raid apparently led to the March 2010 raid that killed a militant named Dulmatin, who is thought to be one of the planners and executors of the 2002 Bali bombing. It is thought that a militant named Saptono took over the Aceh cell after Dulmatin was killed. Saptono was in turn killed during a raid in May 2010.¹²⁴ Some experts have observed that the capture, rather than the killing, of such leaders could yield valuable intelligence.

In May 2010, it was reported that a plot to assassinate President Yudhoyono and other national leaders in a rifle/grenade attack on Indonesia's Independence day (August 17, 2010) was disrupted. It was also reported that the plotters were considering moving the attack up to coincide with President Obama's now canceled June 2010 visit.¹²⁵ A leader of the Aceh cell that was reportedly planning to assassinate President Yudhoyono, Abdullah Sunata, was captured in June, 2010. He was previously released from prison after having been imprisoned for his role in the Australian embassy bombing.¹²⁶

The government's response to militant Islamists has been largely effective, though there are some problem areas. Rivalry between the Indonesian military (TNI), the police, and the state intelligence agency BIN probably keeps the state's response from being as effective as it could be. Lax standards at prisons have reportedly allowed militants to communicate with their organizations while in prison. Government-run deradicalization programs, which are more cooptative than ideological in nature, have reportedly allowed some militants to rejoin their organizations after their release from prison.¹²⁷ Indonesia has reportedly arrested 400 terror suspects and released 242.¹²⁸

In September 2010, General Ansyad Mbai was appointed head of Indonesia's new National Counter Terrorism Agency (BNPT) that was formed by presidential decree. The BNPT will carry out its functions under the Coordinating Minister of Security, Political, and Legal Affairs and is tasked with formulating policies and programmes and coordinating the implementation of policies.¹²⁹ Some fears have been voiced that the BNPT will act in ways similar to former President Suharto's New Order regime. Others are concerned that BNPT may find it difficult to

¹²³ "Are Indonesian Terror Networks Regrouping?" *BBC News*, March 10, 2010. Sydney Jones, Remarks with Ernest Bower, Center for Strategic and International Studies, Washington, DC, 2010.

¹²⁴ Tom Allard, "Police Mount Terrorist Raids in Lead-up to Obama's Visit," *The Sydney Morning Herald*, May 14, 2010.

¹²⁵ Ashish Kumar Sen, "'Terrorists Planned to Kill President During Obama Visit; Mumbai-Style Strike was Goal,'" *The Washington Times*, May 18, 2010.

¹²⁶ Tom Allard, "Indonesia Terror Laws to Change," *The Age*, June 5, 2010. "SBY Hopes Terrorist Arrest Cripples Cell," *The Jakarta Post*, June 24, 2010.

¹²⁷ Sydney Jones, Remarks with Ernest Bower, Center for Strategic and International Studies, Washington, DC, 2010.

¹²⁸ "Bali Bomber Dulmatin Confirmed Dead," *BBC News*, March 10, 2010.

¹²⁹ Fatima Astuti, "Indonesia's National Counter Terrorism Agency," *International Centre for Political Violence and Terrorism*, October 2010.

effectively coordinate the counterterror efforts of the police, TNI, and BIN.¹³⁰ Security Affairs Minister Djoko Suyanto stated that there was no room for complacency during his remarks to a BNPT-organized conference on counterterrorism in October 2010.¹³¹ Another new development in Indonesia's counter-terror operations in 2010 includes the use of TNI troops, particularly Kopassus troops, in counter-terror operations.¹³²

There reportedly was an increase in low-level terrorism activity in Indonesia in 2010 which appears to be aimed at building up terrorist groups financial resources. In the fall of 2010 there were a number of robberies that were believed to be linked to efforts to fund radical organizations. Three policemen were killed at the Hamparan Perak police station a few days after police arrested robbers of a bank in Medan. Police killed three who robbed a bank in Padang.¹³³ The Indonesian police reportedly believe that Abu Bakar Ba'asyir delivered sermons in Medan which motivated the attacks on the Hamparan police station and the robbery of the Bank in Medan.¹³⁴

The Economy

Indonesia has weathered the recent global economic downturn comparatively well. While GNP growth dipped from 6% in 2008 to 4.5% in 2009, it is expected to increase to 5.9% in 2010 and 6% in 2011. The dip was less of a downturn than was expected. Projected growth in 2010 and 2011 is thought to be driven largely by private consumption and investment.¹³⁵ Indonesia's relative lack of exposure to export markets in the United States and Europe have helped, as has its deep resource base and very favorable demographics.

Indonesia benefited from inflows of capital in 2010. An estimated \$9 billion flowed into the Rupiah bond market and an additional \$2.5 billion into local stocks while Indonesia reportedly received \$8 billion in foreign direct investment and further significant investment in infrastructure and real estate.¹³⁶ Listed companies reportedly attained strong earnings growth of 36.9% year on year in August 2010 and the Jakarta composite index rose 22% from January 1 to August 13, 2010.¹³⁷

The relatively good performance of the Indonesian economy was 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.¹³⁸ For this reason economic growth will likely continue to be a priority for the Democrat Party.

¹³⁰ "Indonesia's National Counter Terrorism Agency," *Eurasia Review*, October 11, 2010.

¹³¹ "Indonesia Seeks Renewed Anti-Terror Fight," *Sydney Morning Herald*, October 18, 2010.

¹³² Salim Osman, "Joint Terror Op Sparks Debate in Indonesia," *The Straits Times*, October 12, 2010.

¹³³ "Military Vows to Crush Terrorist Network," *The Jakarta Post*, September 27, 2010.

¹³⁴ "Ba'asyir Linked to Medan Group," *Koran Tempo*, October 9, 2010.

¹³⁵ "Indonesia: Country Report," *The Economist Intelligence Unit*, September 2010.

¹³⁶ Assif Shameen, "Is Indonesia the New China?" *Barrons*, October 9, 2010.

¹³⁷ "Indonesia: Capital Inflows Rise on Investor Confidence," *Oxford Analytica*, August 13, 2010.

¹³⁸ "Country Report: Indonesia," *The Economist Intelligence Unit*, July 2009.

Even as the economy is performing well and attracting investment, Indonesia continues to struggle to lift masses out of poverty while developing its infrastructure. 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.¹³⁹

Despite having long 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.¹⁴⁰ It is, however, the world's second largest producer of liquefied natural gas (LNG). Indonesia is thought to have an estimated 8.6 billion barrels of oil and 182 trillion cubic feet of natural gas in reserves.¹⁴¹

Indonesian GDP	
2008	6.0%
2009	4.5%
2010	5.9% Est.
2011	6.0% Est.

Source: Economist Intelligence Unit.

The Environment

As the world's third largest contributor to rising greenhouse gasses, largely due to deforestation, Indonesia has the potential to play a key role in mitigating climate change. Much of Indonesia's logging is illegal. President Yudhoyono has pledged to cut Indonesia's carbon emissions by 26% by 2020.¹⁴² As part of this agenda Indonesia and Norway have agreed to a \$1 billion deal to preserve Indonesian natural forests and peatlands. This led Yudhoyono to announce a two-year moratorium on the clearing of natural forests.¹⁴³ Approximately 85% of Indonesian emissions are from deforestation.¹⁴⁴ Indonesian efforts to preserve its and the region's maritime environment can also play a positive role in promoting Pacific tuna and other fish stocks.

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. In June 2010, the U.S. and Indonesia announced the establishment of a center to focus on linking science and policy including public-private partnerships in the area of climate change.¹⁴⁵ In 2009 President Yudhoyono made a pledge to reduce Indonesia's carbon emissions by up to 41% below business-as-usual levels by 2020.¹⁴⁶ 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,

¹³⁹ "Country Partnership Strategy (2009-2012): Investing in Indonesia's Institutions," The World Bank, <http://www.worldbank.org/mitrindonesia>.

¹⁴⁰ Andi Abdussalam, "Indonesian Oil Output Showing Upward Trend," *Antara News*, May 14, 2008.

¹⁴¹ "Pertamina, Talisman to Cooperate on Indonesia Oil," *Reuters*, June 23, 2008.

¹⁴² "US Hails Growing RI Role in World Affairs," *The Jakarta Post*, June 7, 2010.

¹⁴³ "Shock and Uncertainty Over Forest Clearing Moratorium," *Jakarta Globe*, May 31, 2010.

¹⁴⁴ "Indonesia 3rd Largest Greenhouse Gas Producer Due to Deforestation," *mongabay.com*, March 26, 2007.

¹⁴⁵ Statement of Maura O'Neill, USAID, Before the House Foreign Affairs Subcommittee on Asia, The Pacific and the Global Environment, July 27, 2010.

¹⁴⁶ State Department, "Background Notes: Indonesia," August 2010.

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.¹⁴⁷

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.¹⁴⁸ 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 gases emitted worldwide in that year.¹⁴⁹ In the years since, Indonesian fires have contributed to haze in the region, including 2010 when Singapore and parts of Malaysia were clocked in such pollutants. From 1998 to 2010 it is estimated that about quarter of West Papua's forests have disappeared due to logging and clearing.¹⁵⁰

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.¹⁵¹ 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.¹⁵²

Indonesia has been working with Norway to develop and implement a national Reduce Emissions from Deforestation and Degradation (REDD) program. Norway has pledged 1 billion dollars for the purpose. In October 2010 Indonesia asked Norway to postpone disbursement of funds under its climate partnership deal as Indonesia had yet to complete preparatory steps to implement the

¹⁴⁷ "Background Note: Indonesia," U.S. Department of State, March 2009.

¹⁴⁸ Tanja Vestergaard, "Indonesia Launches Talks with U.S. on Fight Against Illegal Logging," *Global Insight Daily Analysis*, April 5, 2006.

¹⁴⁹ "Special Report: The Logging Trade," *The Economist*, March 25, 2006.

¹⁵⁰ "Rogue traders in timber Smuggling Exposed," *NewsWire*, August 5, 2010.

¹⁵¹ Tanja Vestergaard, "Indonesia Launches Talks with U.S. on Fight Against Illegal Logging," *Global Insight Daily Analysis*, April 5, 2006.

¹⁵² Office of the U.S. Trade Representative, "Agreement on Illegal Logging as Part of Effort to Deepen Trade and Investment Relations," November 16, 2008.

project.¹⁵³ Concerns remain that corruption in the forestry sector may thwart efforts to reduce carbon emissions in this area.¹⁵⁴

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 in the wild in Indonesia if present deforestation trends continue.¹⁵⁵ 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.¹⁵⁶ The Javanese Rhino is similarly threatened with only 60 thought to remain in the wild.¹⁵⁷

Indonesia hosted the World Ocean Conference in May 2009 where Indonesia, Malaysia, Timor-Leste, Papua New Guinea, the Solomon Islands, and the Philippines met and adopted a 10-year action plan to 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 6 million square-kilometers of ocean.¹⁵⁸ Climate change is particularly threatening to Indonesia as sea level rise would adversely affect many of Indonesia's low-lying coastal areas.

Human Rights and Religious Freedom

Much attention in the United States has been focused on human rights in Indonesia. The State Department's annual human rights report states that the Indonesian government "generally respected the human rights of its citizens and upheld civil liberties." The report noted that problems remain, including "killings by security forces; vigilantism; harsh prison conditions; impunity for prison authorities and some other officials; corruption in the judicial system; limitations on free speech; societal abuse and discrimination against religious groups" among other concerns. The report also noted that civilian control of the military was weakened by the partially self-financed nature of the TNI and that Indonesia continued to make progress in strengthening and consolidating its democracy.¹⁵⁹ The West Papua Advocacy Team stated that the State Department report "pulled its punches" when describing Indonesian human rights violations and stated that security forces "remain largely unaccountable to a judicial system that is deeply corrupt and cowed by the power of the security forces."¹⁶⁰

¹⁵³ "Government Puts Off Norway Fund Disbursement," *The Jakarta Post*, October 7, 2010.

¹⁵⁴ Sunanda Creagh, "Graft Could Jeopardise Indonesia's Climate Deal," *Reuters*, September 17, 2010.

¹⁵⁵ Niniek Karmini, "Orangutans Flee Indonesian Forest Fires," *The Associated Press*, November 6, 2006.

¹⁵⁶ Oyos Saroso, "Poachers Moving into Northern Sumatra," *The Jakarta Post*, May 31, 2008.

¹⁵⁷ "World's Rarest Rhinos Captured on Video," *Reuters*, May 29, 2008.

¹⁵⁸ Jonathan Wootliff, "Historic Agreement in Manado Throws Coral Habitats a Lifeline," *Jakarta Post*, May 19, 2009.

¹⁵⁹ 2009 Human Rights Report: Indonesia, Bureau of Democracy, Human Rights, and Labor, Department of State, March 11, 2010.

¹⁶⁰ ETAN/WPAT, "Comments on the U.S. Department of State Country Reports on Human Rights Practices for 2009," (continued...)

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 Ahmadiyya¹⁶¹ 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.”¹⁶² 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.¹⁶³

The Question of Genocide in Papua

Key decision makers and observers of the conflict in West Papua have expressed their concern that “there is strong indication that the Indonesian government has committed genocide against the Papuans.”¹⁶⁴ Fifty members of Congress signed a letter to President Obama in August 2010 stating that there are strong indications that the government of Indonesia has committed genocide.¹⁶⁵ Among others, Indonesian journalist Andreas Harsono, who is also reportedly a consultant to Human Rights Watch, stated that political repression and genocide are occurring in West Papua.¹⁶⁶ Recent reports appear to indicate that abuses continue. It has been reported that a Papuan journalist was recently found dead with signs of torture. A video of a wounded Papuan separatist being tortured while he was questioned by uniformed personnel on YouTube also raises concerns over ongoing abuse.¹⁶⁷

Webster’s dictionary defines genocide as the “the deliberate and systemic destruction of a racial, political, or cultural group.” There is widespread concern over the survival of the indigenous Melanesian people and their culture in West Papua. While actions by Indonesian security forces and the government of Indonesia are cited as being responsible for widespread human rights abuses of Papuan people over many years, leading to the death of a significant proportion of the Papuan population, there is less agreement that this has been done in a deliberate and systemic way by the central government in Jakarta.

While noting that Indonesia generally “respected the human rights of its citizens” the United States Department of State Country Report on Human Rights Practices of 2009, which was

(...continued)

<http://www.etan.org/news/2010/04/statehr.htm>.

¹⁶¹ The Ahmadiya are a group that while viewing themselves as Muslim do not hold all the same views as the mainstream Muslim community. As a result, they are often criticized or persecuted by some mainstream Muslim believers.

¹⁶² “World Report 2009: Indonesia,” *Human Rights Watch*, 2009, <http://www.hrw.org>.

¹⁶³ Sunanda Creah, “Indonesian Election Setback for Human Rights,” *Reuters*, May 19, 2009.

¹⁶⁴ Press Release, “Calling on the Obama Administration to Make West Papua One of Its Priorities,” Office of Congressman Faleomavaega, July 31, 2010.

¹⁶⁵ “50 Members of Congress Call Upon Obama Administration to Make West Papua One of its Highest Priorities,” *Mediacom NZPAME*, August 1, 2010.

¹⁶⁶ Lynette Lee Corporal, “Journalists Lament Media Bias Against Ethnic Minorities,” *Inter Press Service*, April 29, 2010.

¹⁶⁷ Sunanda Creah, “Treatment of Suspected Indonesian Separatist Raises Alarm,” *Reuters*, August 8, 2010.

released in March 2010, states that “there were problems during the year in the following areas: killings by security forces...” The report also noted that “violence affected the provinces of Papua and West Papua.”¹⁶⁸

In August 2005, the Centre for Peace and Conflict Studies at the University of Sydney in New South Wales, Australia, published a report, *Genocide in West Papua*, which assesses the treatment of Papuans by the TNI. The report details

a series of concerns which, if not acted upon, may pose serious threats to the survival of the indigenous people of the Indonesian province of Papua. It covers the threats posed by the Indonesian military to the province’s stability, the recent increase in large scale military campaigns which are decimating highland tribal communities, the HIV/AIDS explosion and persistent Papuan underdevelopment in the face of rapid and threatening demographic transition in which the Papuans face becoming a minority in their own land.¹⁶⁹

The report also states that “a culture of impunity exists in Indonesia which sees its highest manifestation currently in Papua ... military operations have led to thousands of deaths in Papua ... the Republic’s armed forces act as a law unto themselves.”¹⁷⁰ The report cites eyewitness accounts of Indonesian “military involvement in acts of arson, theft, rape, and torture.”¹⁷¹

Other groups have similarly asserted evidence of repression. A 2004 report by the East-West Center on the conflict in Papua found that the Indonesian government’s approach to Papua has ranged from “the overtly repressive to the occasionally accommodative” and observed that “the cycles of repression and alienation simply consolidate Papuan identity and support for independence.”¹⁷² Human Rights Watch (HRW) has described the TNI’s actions in Papua as responding to the OPM with “disproportionate force” adding that “unarmed civilians continue to be among those injured or killed in military reprisals. Arbitrary detention, torture, disappearances, and arson are widespread in this vast and isolated region of Indonesia.” HRW has also pointed to the influx of non-Melanesian Indonesians, who remain largely in the towns and are mostly Malay Muslims as opposed to the more rural and Christian native Melanesian Papuans. This division presents a “volatile mix susceptible to manipulation by unscrupulous political leaders.”¹⁷³ While the 2004 report *Indonesian Human Rights Abuses in West Papua*, by the Allard K. Lowenstein International Human Rights Clinic at Yale University Law School did “not offer a definitive conclusion about whether genocide has occurred [in Papua] it finds in the available evidence a strong indication that the Indonesia government has committed genocide against the West Papuans.” It goes on to state that even if the violence committed against Papuans were not committed with the intent to destroy the Papuans as a group “many of these acts clearly constitute

¹⁶⁸ United States Department of State, *Country Report on Human Rights Practices 2009*, “Indonesia,” Released by the Bureau of Democracy, Human Rights, and Labor, March 2010.

¹⁶⁹ Centre for Peace and Conflict, University of Sydney, New South Wales, Australia.

¹⁷⁰ John Wing and Peter King, *Genocide in West Papua? The Role of the Indonesian State Apparatus and a Current Needs Assessment of the Papuan People* (Sydney: University of Sydney, August 2005).

¹⁷¹ Samantha Hawley, “Indonesian Military Accused of Calculated Violence in Papua,” *Australian Broadcast Corporation*, August 18, 2005.

¹⁷² Richard Chauvel and Ikrar Nusa Bhakti, *The Papuan Conflict: Jakarta’s Perceptions and Policies*, (Washington: East-West Center, Policy Studies 5, 2004).

¹⁷³ Human Rights Watch Asia, “Overview of Human Rights Issues in Indonesia.”

crime against humanity.”¹⁷⁴ An international dimension to the conflict arose in January 2006 when a group of 43 Papuans fled to Australia in an outrigger canoe and asked for political asylum.¹⁷⁵

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 has boiled over into violence in places such as Poso and Ambon. A government panel recommended in April 2008 that the Ahmadiyya group, a Muslim sect, 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.

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.¹⁷⁶ 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.¹⁷⁷

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.¹⁷⁸ 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.¹⁷⁹

The Ulama Council subsequently felt that the government did not go far enough in its actions. On April 20th thousands of Muslim hard-liners protested to demand the active disbanding of the

¹⁷⁴ Allard K. Lowenstein International Human Rights Clinic paper prepared for the Indonesian Human Rights Network, “Indonesia Human Rights Abuses in West Papua: Application of the Law of Genocide to the History of Indonesian Control,” Yale University Law School, April 2004.

¹⁷⁵ A. Sukarsono, “Jakarta Warns Australia not to Give Papuans Asylum,” *Reuters*, January 20, 2006.

¹⁷⁶ Bramantyo Prijosusilo, “Comparing the Ahmadiyah and the Hizbut Tahrir,” *The Jakarta Post*, April 16, 2008.

¹⁷⁷ Salim Osman, “Ban Minority Sect, Islamic Holy Body Urges Jakarta Govt,” *The Straits Times*, January 2, 2008.

¹⁷⁸ Salim Osman, “Jakarta Cracks Down on Deviant Islamic Sect,” *The Straits Times*, April 17, 2008.

¹⁷⁹ “Indonesian Vice President Says No Arrest on Followers of Banned-Sect,” *Xinhua News Agency*, April 18, 2008.

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.¹⁸⁰ 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 2009.¹⁸¹

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 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."

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 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. By contrast, 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.¹⁸²

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

¹⁸⁰ Salim Osman, "Ban Minority Sect, Islamic Holy Body Urges Jakarta Govt," *The Straits Times*, January 2, 2008.

¹⁸¹ "Indonesians Demand Ban on Sect," *BBC News*, April 20, 2008.

¹⁸² Rizal Sukma, "Indonesia's Foreign Policy Since Reformasi: Change and Continuity," *CSIS Southeast Asia Bulletin*, June 2008.

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.”¹⁸³ 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.

Regional Dynamics

Indonesia’s large population of 240 million, its strategic location, and its political leadership have established its central place in Southeast Asia. The strategically vital Straits of Malacca are located to the north and east of the Indonesian island of Sumatra. Indonesia has been playing a larger strategic role in the region under the leadership of President Yudhoyono. While Indonesia plays a key role within ASEAN, ASEAN as a group continues to seek a central role in shaping the evolving strategic and economic architectures of Asia through such groups as the East Asian Summit. Some have speculated that Indonesia may be reaching a point in its development where it will begin to look beyond ASEAN in formulating its foreign policy stance. Indonesia is increasingly active in multilateral fora such as the OIC and the G-20.¹⁸⁴

Australia

Indonesia’s geographic proximity to Australia makes its bilateral relationship with Australia a key one for Indonesia. 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 Australia 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 2008.¹⁸⁵

China

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’s claim to the South China Sea (SCS) extends to the southern reach of the SCS near Indonesia’s the Natuna Islands. President Yudhoyono traveled to Beijing in 2005 and signed a strategic agreement with Chinese President Hu Jintao.¹⁸⁶ In June 2008, Zhou Yongkang, a member of the Standing Committee 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

¹⁸³ “The Bali Democracy Forum Inauguration,” Institute for Peace and Democracy, November 9-11, 2008.

¹⁸⁴ Barry Desker, “Is Indonesia Foreign Policy Looking Beyond ASEAN?” *The Korea Herald*, October 2, 2010.

¹⁸⁵ “Australia-Indonesia Security Pact Comes Into Force,” *Agence France Presse*, February 6, 2008.

¹⁸⁶ “Indonesia: International Relations and Defense,” *The Economist Intelligence Unit*, May 27, 2008.

relations between Indonesia and China while he was visiting Jakarta.¹⁸⁷ Chinese investments in Indonesia, particularly in the energy and mineral realms, have grown markedly in recent years. In 2010, ties between China and Southeast Asia, including Indonesia, appeared to cool somewhat as compared to the earlier period of China's 'charm offensive' with the region.

Security and economic ties between Indonesia and China are developing. While there have been historical tensions and mistrust, Indonesia's development of military to military relations with China appears to have been motivated by a desire to diversify its defense and arms procurement relationships at a time when the United States was sanctioning Indonesia for past human rights abuses by the Indonesian military. Indonesia's enthusiasm for developing ties with China has apparently lessened somewhat as confidence in the relationship with the United States has improved. Nevertheless, Indonesia will likely seek to maintain a diversified set of defense and arms relationships that may continue to include China, as well as Russia and other Western states.

Trade and investment between Indonesia and China has increased substantially in recent years. China recently pledged to increase direct foreign investment and to increase trade with Indonesia to \$50 billion by 2014. Bilateral trade between the two states was \$25.5 billion in 2009. Direct investment over the past four years by China has totaled \$265.5 million.¹⁸⁸

Malaysia

Indonesia's and Malaysia's key recent border disputes have been largely maritime in nature. Both claimed Sipadan and Ligitan Islands in the Celebes Sea which the International Court of Justice ruled in Malaysia's favor. Dispute continues over the Ambalat sea bloc also in the Celebes Sea. 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. 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.¹⁸⁹ Indonesia deployed troops to the border in September, 2010, and later announced plans to deploy a tank battalion to the Malaysian border in response to tensions in 2010. Indonesia will reinforce its military assets in the border region of Kodam XII in Bengkayang District, considered to be a pivotal point in West Kalimantan.¹⁹⁰

United States-Indonesian Relations

U.S. 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

¹⁸⁷ "Senior CPC Leader Vows to Enhance Cooperation with Indonesia," *Xinhua News Agency*, June 18, 2008.

¹⁸⁸ "Chinese Eye \$50 Billion Stake in Indonesia," *The Jakarta Post*, June 28, 2010.

¹⁸⁹ "Indonesia, Malaysia Face Off at Sea," *Asia Sentinel*, May 29, 2009.

¹⁹⁰ "TNI Sends Troops to the Indonesia-Malaysia Border," *Indonesia News* September 4, 2010. "Army to Deploy Tank Battalion Near Malaysian Border," *BBC News*, September 28, 2010.

Indonesia.¹⁹¹ 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.¹⁹² 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.

China's relations with Indonesia and Southeast Asia have shifted over the years. China was perceived as being assertive in the 1990s, for example, by fortifying a disputed shoal in the South China Sea known as Mischief Reef. China however subsequently developed a more accommodative approach to Southeast Asia known to many as its "charm offensive" and agreed to a regional code of conduct in the South China Sea in 2002. China also signed a Joint Declaration on Strategic Partnership with ASEAN in October 2003 and initiated a China-ASEAN Free Trade Agreement to augment its existing bilateral trade agreements with many ASEAN members.¹⁹³ More recently, China's relations with Indonesia and the region appear to have reached limits as regional states now appear to have concerns over what some see as increased assertiveness by China, and Indonesia in particular has voiced worries about the impact of Chinese competition on many of its domestic industries. China is also expanding its naval capability which is of concern to some.

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 "basic and higher education; forestry; marine and fisheries management; clean energy and climate change; regional security and stability; government service delivery; health services; and employment."¹⁹⁴ 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.

¹⁹¹ Ed Masters, *Report of the National Commission on U.S. Indonesian Relations* (Seattle: National Bureau of Asian Research, 2003).

¹⁹² John Noer with David Gregory, *Chokepoint: Maritime Economic Concerns in Southeast Asia* (Washington: National Defense University Press, 1996).

¹⁹³ 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.

¹⁹⁴ "FY2011 Congressional Budget Justification for Foreign Operations," U.S. Department of State, released May 2010.

Table 2. U.S. Foreign Assistance to Indonesia

(in thousands of dollars)

Account	FY2008	FY2009	FY2010 est.	FY2011 req
CSH ^a	\$25,737	\$30,500	36,950	36,950
CSH-State	250	5,250	5,250	5,250
DA	70,953	71,000	71,000	142,886
ESF	64,474	126,500	65,000	0
FMF	12,872	15,700	20,000	22,000
IMET	1,037	1,547	1,750	1,800
INCLE	6,150	6,150	11,570	11,570
NADR	5,117	6,450	6,650	7,000
Total	186,590	263,097	218,170	227,456

Source: "FY2011 Congressional Budget Justification for Foreign Operations," U.S. Department of State, released May 2010.

- 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 FY2011 Budget Justification for Foreign Operations anticipates continued support to Indonesia with counterterrorism including developing Detachment 88 counterterrorism skills and points out that U.S. assistance will also "strengthen Indonesia's leading role in regional peace and security." Indonesia has participated in the Regional Defense Counter Terrorism Fellowship Program, which includes intelligence cooperation, civil-military cooperation in combating terrorism and maritime security. Indonesia has also participated in the Theater Security Cooperation Program with the U.S. Pacific Command. This has involved Indonesia in counterterrorism seminars promoting cooperation on security as well as subject matter expert exchanges.¹⁹⁵

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.¹⁹⁶ A

¹⁹⁵ "United States-Indonesia Military Relations," *Congressional Record*, Senate, Page S734, February 1, 2005.

¹⁹⁶ Information drawn from State Department Fact Sheet, "Summary of Counter Terrorism Assistance for Indonesia," (continued...)

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.¹⁹⁷

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.¹⁹⁸

Observations

Many observers believe the present offers a unique moment for a significant expansion and deepening of bilateral relations with Indonesia that could have broader implications for the evolving correlates of power in Asia as well as for U.S. engagement with ASEAN and with Muslim nations. Such observers often argue that Indonesia has since 2004 made dramatic progress in developing its democracy and civil society even as some reform issues remain to be resolved. Others remain focused on human rights abuses by the Indonesian military. Although most of these date back to 1999 or before, concern remains over Indonesian security forces conduct in West Papua. In this way, decision makers' approaches to Indonesia will likely involve a consideration of a mix of U.S. foreign and strategic policy interests with regard to Indonesia. These may include consideration of possible tradeoffs between a foreign policy approach that stresses the promotion of human rights and those that seeks to strengthen bilateral ties in order to assist in the struggle against violent Islamist extremists and to promote U.S. geopolitical interests.

(...continued)

October 2003 update.

¹⁹⁷ Tom McCawley, "Indonesia's terrorist hunt bears fruit," *Christian Science Monitor*, June 15, 2007.

¹⁹⁸ Drawn from State Department budget justification material.

Figure I. Map of Indonesia



Source: Map Resources. Adapted by CRS.

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