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U.S.-Indonesia Relations:

Searching for Cooperation in the War against Terrorism

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Conclusions

The Bali bombing has dramatically demonstrated that there is a terrorism problem to be confronted in Indonesia and wider Southeast Asia. But U.S.-Indonesia cooperation regarding terrorism is complicated by Indonesia's domestic politics and the hangover of past problems in the bilateral relationship.

After September 11, 2001 Indonesia has had difficulty accepting the U.S. interpretation of terrorism. No consensus exists in Indonesia on how to tackle this problem—both internationally and domestically—a situation made even more problematic by key members of the executive and legislature refusing to accept evidence of terrorist cells within Indonesia.

Compounding difficulties in U.S.-Indonesia cooperation is a deep distrust of U.S. foreign policy within the Indonesian government, but also among the public at large. In Indonesia's more democratic era (since the departure of President Soeharto in 1998), the views of the public are now far more influential than before—sometimes to the detriment of the U.S.-Indonesia relationship.

Key members of the political elite who seek to improve their positions of power have used President Megawati Soekarnoputri's weak Islamic credentials to attack her, as well as to hold up full investigations into Jemaah Islamiyah (JI), known to be behind the Bali attacks. Leading members of Indonesia's most powerful institution, the military, have expressed conflicting opinions on the nature of the terrorist problem. As a consequence, Megawati has been constrained in supporting the United States in its war in Afghanistan, military action in Iraq, or the search and arrest of radical elements inside the country.

Domestic opinion ensures that Indonesia will not be able to deliver verbal or diplomatic support for the U.S. war on terrorism internationally. However, there is evidence that moderate political and religious forces, who represent the majority of Indonesians, have brought their influence to bear—especially since the Bali blast—to turn attitudes against the radical fringe that employs violence as a political objective. President Megawati and some of her key political allies have increasingly felt able to publicly criticize, and in some cases arrest, members of radicalized groups within Indonesia.

Given these trends, the Indonesian government is now more willing to confront the threat of small, yet dangerous, terrorist cells through the adoption of a range of anti-terrorist laws. Encouragement from the wider Southeast Asian region to take the problem of terrorism seriously has also been a factor. Although Indonesia has reacted negatively to some of the public criticism, Indonesia is now party to several ASEAN announcements and agreements to combat terrorism.

Apart from U.S.-Indonesia relations regarding terrorism, many Indonesians suspect that the West, led by the United States, wishes to weaken the Muslim world. There are also issues from Indonesia's recent past, including the East Timor crisis, that have generated mistrust. The implication of this is that foreign criticism of the Megawati government—so far consciously avoided by U.S. officials—would be counter-productive. It would, in fact, only serve to undermine attempts to cooperate with Indonesia by forcing Megawati to save her political future through not being seen to cave in to political pressure. The overall status of U.S.-Indonesia relations remains difficult, yet the broader picture is one of cooperation. Indonesia will seek to retain its substantial diplomatic and economic links to the United States in the foreseeable future.

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Introduction

Indonesia has always been important in U.S. calculations of security in the Asia-Pacific region. U.S. officials and scholars have consistently cited three factors for this: first, Indonesia's critical location vis-à-vis the Malacca (Melaka) Straits—vital for transport and communication; second, Indonesia's population and territorial size, the largest in Southeast Asia, making it the cornerstone of the Association of Southeast Asian Nations (ASEAN); and third, Indonesia's partnership during the Cold War in U.S. attempts to check communist influence in Southeast Asia. Since the financial crisis of 1997, and the subsequent fall of President Soeharto in 1998, concerns have grown about Indonesia's stability and future prospects. Of new significance in Washington's strategic calculations is the need to cooperate with Indonesia in the Global War on Terrorism (GWOT). This has become the most important factor in the relationship.

The Bali bombings in October 2002, which killed 200 foreign tourists (88 of whom were Australian, along with several Americans), dramatically demonstrated that *jihadi* groups—no matter how small—are a real threat within Indonesia and elsewhere in Southeast Asia. Not only is there a distinct prospect of terrorist cells spreading, but clear evidence that a small number of highly motivated operatives with access to training and/or explosives can achieve a terrible level of destruction. While the Bali attack has led to some concrete action from the Indonesian government, there is evidence that Indonesians, including key members of the political elite, still remain to be convinced that international terrorism is a threat. Is there scope for U.S.-Indonesia cooperation on both the international campaign against terrorism and the terrorist threat on Indonesian soil itself?

Background

After President Soeharto took effective power in Indonesia in 1965, U.S.-Indonesia relations were close for the remainder of the Cold War, given the mutual concern over communist expansion, and Indonesia's reliance on the United States as a major source of trade and investment. (The importance of this relationship for Indonesia's economy remains, with exports to the United States at \$10 billion in 2001 and \$11 billion in U.S. investment into Indonesia in 2000.) The relationship was stable until the 1990s, when U.S. policies regarding East Timor and human rights generally caused the U.S.-Indonesia relationship to deteriorate. Washington cut military-to-military links after the Indonesian army massacred more than 200 East Timorese in 1991. When Indonesia suffered a financial meltdown in 1997, and the International Monetary Fund (IMF) insisted on fundamental economic changes, many Indonesians saw the resulting economic pain as the fault of the West.

President Soeharto finally stepped down in 1998. This ushered in dramatic changes for Indonesia's polity, but equally for U.S.-Indonesia relations. A referendum in East Timor in 1999 resulted in terrible violence at the hands of military-sponsored militia groups. United States International Military Education and Training (IMET) programs, only partially restored, were suspended once more, and the Clinton administration put enormous pressure on the Indonesian government to accept a multinational peacemaking force (INTERFET: International Force East Timor), under Australia's leadership, to enforce peace in East Timor. Continuing pressure by the United States on Indonesia for trials of human rights offenders in Timor resulted in a nationalist counter-reaction to foreign pressure. Events since September 11, 2001, have further complicated the bilateral relationship.

The Impact of September 11

Following the terrorist attacks of September 11, 2001, Washington kept on track a previously scheduled visit by President Megawati for that month. The symbolism of the leader of the world's largest Muslim nation touching down on U.S. soil and denouncing terrorism was powerful at this time. President Megawati's visit also included the announcement of a generous U.S. aid package and the creation of the Indonesia-United States Security Dialogue.

While Indonesia's president visited Washington, radical Islamic groups began to demonstrate outside the U.S. and British embassies in Jakarta. Though small in number and scale, the demonstrations were blown out of proportion by the international media. More seriously, threats were made to the U.S. Embassy by some of these radical elements. The Indonesian security forces were quite slow to respond to these threats, which demonstrated an unwillingness to rein in the radical fringe in the aftermath of September 11. A law was later passed in Indonesia that made it illegal to make threats against embassies and burn effigies.

President Megawati's political rivals attempted to use the terrorist issue to undermine her, and to prevent investigations into extremist elements. The immediate reaction of Indonesia's Vice President, Hamzah Haz, to the September 11 attacks was to state that this would cleanse America's "sins." Megawati's multi-party cabinet has also been divided on the terrorism issue, with some cabinet ministers wanting to take sterner anti-terrorist measures. Others, in an attempt to appeal to voting constituencies, question both the Global War on Terrorism and the culpability of radicalized elements inside Indonesia itself. Clearly, some leaders chose to use the issue of U.S. foreign policy to further their own political agendas, which meant undermining President Megawati's ability to cooperate with the United States.

While the terrorist attacks of 9/11 were widely denounced throughout the country, many public leaders and intellectuals added the caveat that U.S. foreign policy (particularly towards Palestine) was probably to blame for the anger and frustration of the terrorists. Prominent newspapers reported that polls showed many Indonesians had accepted a theory circulating in parts of the Muslim world that Mossad (Israel's intelligence service) had engineered the attack. Even those political and civic leaders who accepted that al Qaeda was responsible for September 11 condemned the use of military force in Afghanistan by the United States as a disproportionate response. It was no surprise that President Megawati, on returning to Indonesia, publicly criticized the counter-attack in Afghanistan, a statement that had popular support in Indonesia. Equally, the Indonesian government not only refused to support the United States over Iraq—urging instead the completion of the UN and inspections process—but the military action was widely and strongly condemned.

Domestic constraints have also undermined President Megawati's ability to act more decisively and coherently regarding the problem of terrorism. Indonesia's equivocation and inability to arrest even a handful of suspected terrorists also caused alarm in Singapore and Malaysia where, in early 2002, cells of JI activists who had planned, *inter alia*, to blow up the U.S. Embassy in Singapore, were arrested. Both Ba'asyir and JI operations leader, Hambali, remained at large in Indonesia. In the Ba'asyir case, the Indonesian government argued that the abolition of the Anti-Subversion Law made it illegal to arrest suspects without proper evidence (something that is possible in both Singapore and Malaysia under their respective Internal Security Acts). Ba'asyir was arrested only after the Bali blast, while Hambali has evaded arrest. Singapore's leadership made open reference to Indonesia as a haven for terrorist cells, causing anger with-

in Indonesian government circles. Indonesian attitudes solidified around not wanting to cave in to foreign pressure. This is an important lesson for Washington's dealings with Jakarta.

And indeed, the U.S. approach has been quite different. State Department officials, aware of Indonesia's reluctance to acquiesce to "megaphone diplomacy," publicly praised the efforts of Indonesia to control the problem of terrorism, while quietly urging more action from behind the scenes. On the first anniversary of the September 11 attacks, Ambassador Ralph Boyce thanked President Megawati and other Indonesian leaders for their stand against terrorism. At the same time, the embassy in Jakarta was shut down, based on information that a terrorist attack was probable. Given the climate in Indonesia over the last few years, avoiding open criticism of the Megawati government is prudent.

The Bali Blast: What It Means for Indonesia and the Region

The attack against a discotheque frequented largely by Australian and other tourists in Bali on October, 12, 2002 has changed the political landscape in Indonesia and the Southeast Asian region in a number of ways that have implications for the U.S.-Indonesia relationship. First, international terrorism is now further confirmed as a significant issue for Southeast Asia as a whole, with operatives arrested in Muslim and non-Muslim states alike. This is now the most serious crisis confronting ASEAN, and risks creating further divisions in ASEAN because other members have accused Indonesia of failing to take the issue seriously.

Second, while the evidence is still being fully assessed, the Indonesian government has admitted that there is an al Qaeda problem in Indonesia. It, blamed for the attacks, is an al Qaeda affiliate. The government passed tougher anti-terrorist laws that will allow terrorist suspects to be detained for six months, while classified material can be introduced in court hearings. The government has been supported by Nahdlatul Ulama (NU) and Muhammadiyah—Indonesia's largest and most important Muslim groups. This could represent the mobilization of Indonesia's moderate Muslim majority against radical visions of Islam. There remains, however, real public distrust of U.S. intentions within Indonesia. When during 2002 the CIA released details provided by al Qaeda operative, Omar al-Faruq, about operations within Indonesia, there was much public disbelief.

Third, the blast has seriously tarnished the image of several leading political figures in Jakarta. Hamzah Haz has quickly retreated from his earlier statements denying any terrorist threat within Indonesia. President Megawati's own reputation, too, has taken a serious dive, with media opinion citing her handling of the Bali incident as disappointing—primarily because of her characteristic silence. For example, rather than rallying the country in the wake of the blasts, she assigned her coordinating minister for security to take the public lead. While the moderate political forces have been strengthened, President Megawati's own personal position could be weaker for the 2004 elections.

Military-to-Military Relations and the Global War on Terrorism

The Global War on Terrorism has accelerated the process of restoring military-to-military ties between the United States and Indonesia, though options to this end were being explored even before 9/11. Upon taking office in January 2001, the Bush administration explored the possibility of renewing aspects of military-to-military relations. This was something of a departure from the Clinton administration, which did not explore these options. The Bush government apparently concluded that isolation of the Indonesian military had not actually ended human rights abuses or generated more professionalism. Bans on IMET programs and the

sale of U.S. *matériel* have also been unpopular within Indonesian society, feeding a widespread misconception that the United States had placed a total trade "embargo" on Indonesia. Still, checking international terrorism has been the main impetus to find a way to partially restore military-to-military ties, even in the face of some important opposition in the U.S. Congress.

The terrorist threat in Indonesia stems from the menace of small cells who have taken advantage of a decline of law and order in the state. Indonesia's largely moderate Muslim population is not a natural recruiting ground for groups such as al Qaeda, but security forces for a long period of time failed to confront the danger that even small numbers of terrorists can pose. The Indonesian military (TNI) and police (POLRI) are both in need of assistance to become more professional bodies. Deputy Defense Secretary and former U.S. Ambassador to Indonesia, Paul Wolfowitz, has stated that the best way to ensure Indonesia's stability is to influence its military. The Bush administration in early 2002 asked Congress to approve a startup budget of \$8 million for military-to-military links. When Secretary of State Colin Powell visited Indonesia in August 2002, he announced \$50 million in assistance to the security forces, half of which was earmarked for the police.

There is a strong sense in the Bush administration that the TNI cannot be expected to show improvement if it is left to its own devices—a point that even gains support from prominent human rights activists in Indonesia itself. The U.S. government is aware of the dilemma of offering support for the Indonesian security forces. Officials have stressed to Indonesia that they expect improvements in human rights. Secretary Powell told the U.S. Senate on April 30, 2002 that it was the administration's desire to avoid a repetition of the 1999 East Timor disaster in Aceh. Attempts by Jakarta to mislabel the rebellion in Aceh as "Islamic" and a case of "terrorism" and thus draw the link to the current U.S. war against "Islamic terrorism" have not found fertile ground in Washington. This has clearly disappointed Indonesian officials. It has not helped, either, that violence has involved several U.S. citizens. The Indonesian police have concluded that the deaths of several people, including two U.S. citizens in Papua on August, 31, 2002, were the result of an army ambush, while another U.S. citizen (a nurse, who is HIV positive, quite unwell, and has been subject to torture) was only recently released from prison by the police in Aceh on charges of entering the province without proper visa requirements. These incidents, coupled with the record of elements of the Indonesian security forces assassinating independence activists in Aceh and Papua, pose significant obstacles to the complete renewal of military-to-military relations.

Nonetheless, the United States will seek a partial restoration of military-to-military links, working within the restrictions of the Leahy Amendment (namely, that U.S. defense personnel cannot train with units that have committed human rights abuses). Although Indonesia's place in the war against international terrorism is important, it is evident that the United States has taken a different approach than that which has been taken with Pakistan, given the full restoration of ties with that country. While the United States has engaged fully with Pakistan's government and military, it is likely that less bold steps will be taken with Indonesia for the following reasons: 1) Indonesia is not on the frontline with Afghanistan; 2) cohesive command-and-control over the military is open to question in Indonesia, given that there are the multiple factions within the TNI; 3) the military is thought to be divided on the issue of handling the problem of international terrorism; and 4) ongoing human rights abuses by some sections of the military, which have directly and indirectly affected U.S. citizens. The Bush administration, based on patterns to date, will look to cautiously restore some linkages. The Bali blast, which removes all doubt that terrorism is a problem within Indonesia, provides a new impetus to resume some degree of military-to-military cooperation.

Implications for U.S. Policy

Although Indonesia is not noted for its anti-Americanism, this phenomenon has reared its head more strongly during the past few years. The primary drivers of this new anti-Americanism are impressions that the United States seeks to weaken Islam, and mistrust based on U.S. activities regarding developments in Indonesia itself. For example, suspicions have always lingered about CIA involvement in regional rebellions in Indonesia in the 1950s, and the massive violence surrounding Soeharto's 1965 counter-coup, which rendered Soekarno powerless. It is not wholly surprising, therefore, that there is disbelief in Indonesia over evidence released by the CIA about al Qaeda links in Indonesia. After the Bali blast, rumors of CIA involvement to tarnish Islam were rife and openly reported in daily newspapers (alongside rumors of TNI involvement).

The devastating Bali terrorist attack on Indonesian soil has so far failed to completely convince the Indonesian public of the dangers that *jihadi* groups pose. Added to this is the widespread perception that U.S. foreign policy is co-religionist to the extent that America will conduct humanitarian intervention to save Christian populations, but not Muslims (a misconception based almost entirely on the experiences of East Timor and Palestine). Thus, many see the global war against terrorism as a part of a wider anti-Islamic strategy. Given these attitudes, Indonesian public opinion makes it difficult for the Indonesian government to unequivocally support U.S. foreign policy in the war against global terrorism, and impossible to support U.S. military action in Iraq.

These circumstances explain how public criticism by the United States of Indonesia's apparent failures to check terrorism would be counter-productive. The United States will have to be patient with President Megawati's government, which is vulnerable to domestic opponents. While avoiding megaphone diplomacy, Washington will have to remain content with assisting and encouraging Jakarta from behind the scenes. This would follow the pattern already set by U.S. officials. The Megawati government cannot possibly stand if it is perceived to be caving in to foreign pressure, especially from the United States.

The U.S. State Department has launched a series of television advertisements in Indonesia in which American Muslims talk about their lives in the United States, and, in particular, their freedom to practice their religion. Winning hearts and minds is going to be important in U.S. dealings with the Muslim world in general, but such advertisements may not have much impact because they are perceived as U.S. propaganda. One positive development since the Bali bombings has been the move by the most important Muslim groups, particularly NU and Muhammadiyah, to denounce more radical groups. At the time of Secretary Powell's visit, Muslim leaders such as Azyumardi Azra, rector of Jakarta's State Islamic University, and Syafi'i Maarif, chairman of Muhammadiyah, wanted the United States to fund moderate Muslim organizations instead of the security forces as a means of influencing Muslim opinion. This would, however, most likely backfire. If important Muslim clerics are to voice their opposition to the radical fringe, their independence from the United States

will be important if they are to carry any credibility. The struggle within Indonesia over the Global War on Terrorism has been ongoing since September 11. Yet the Bali blast (and quiet international pressure) has tipped the balance of power in favor of the moderate political elite and mainstream Muslim organizations. The upshot of this has been the arrest of key JI suspects, as well as the arrest of Laskar Jihad's leadership and disbandment, and parliament's agreement to anti-terrorist measures.

In foreign policy terms, however, widespread support for U.S. policies in Central Asia and the Middle East cannot be expected. For example, the Indonesian government continues to urge the United States to find a peaceful, and multilateral, solution to the Iraq crisis, and has issued justifiable warnings that a unilateral action will see a backlash amongst the Indonesian public. While the invasion of Iraq further complicated U.S.-Indonesia relations in the lead-up to that conflict, the swiftness of the war has enabled relations to return to a degree of normalcy.

Military-to-military relations, a political minefield in the United States, could actually help solidify U.S.-Indonesia relations. Not only do some Indonesian NGO activists argue that U.S. military contact with the TNI might be the only way to see change (however slow) within Indonesia's praetorian military, the Indonesian public would respond well to the removal of sanctions imposed after East Timor. As is well recognized in Washington, however, military-to-military ties must be balanced against other objectives, principally preserving (and furthering) democracy and improving human rights.

On Secretary Powell's August 2002 to Indonesia, he made explicit mention of reforming law enforcement. Given that a small number of *jihadi* can move through Indonesia, the breakdown of state capacity to enforce law and order properly remains an outstanding problem. Any assistance that can be given to both proper policing methods and the court system would go to the core of the problem.

In summary, the Bali blast has prompted the government in Jakarta to be more attentive to the problem of terrorism; however, the Megawati government still faces major constraints on the type of support it can give to U.S. foreign policy. It is through multilateral forums—principally ASEAN—that the United States might best be able to get cooperation with Indonesia. Peer pressure from fellow ASEAN member-states has already been applied to Indonesia. And despite initial resistance to outside pressure, Indonesia has signed various ASEAN agreements on counter-terrorism, and the exchange of information and intelligence. The Indonesian political elite has been divided on how best to respond to the terrorist threat, but in the aftermath of the Bali blast, key members of the Indonesian government have shown more resolve. On balance, the attack on Indonesian soil gives the Megawati government more political ability to act against radical groups. The overall assessment is that greater cooperation on the terrorism issue can be expected in the near future, but the controversy over the issue, especially with regards to U.S. foreign policy, remains a difficulty within Indonesian society.



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