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Terrorism in Southeast Asia

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Terrorism in Southeast Asia

Summary

Since September 2001, the United States has been concerned with radical Islamist groups in Southeast Asia, particularly those in the Philippines, Indonesia, Malaysia, Thailand, and Singapore that are known to have ties to the Al Qaeda terrorist network. As detailed in the Final Report of the National Commission on Terrorist Attacks Upon the United States (known as the "9/11 Commission"), Southeast Asia is a base for past, current, and possibly future Al Qaeda operations. For nearly fifteen years, Al Qaeda has penetrated the region by establishing local cells, training Southeast Asians in its camps in Afghanistan, and by financing and cooperating with indigenous radical Islamist groups. Indonesia and the southern Philippines have been particularly vulnerable to penetration by anti-American Islamic terrorist groups.

Members of one indigenous network, Jemaah Islamiyah (JI), with extensive ties to Al Qaeda, are known to have assisted two of the September 11, 2001 hijackers and have confessed to plotting and carrying out attacks against Western targets. These include the deadliest terrorist attack since September 2001: the October 12, 2002 bombing in Bali, Indonesia, that killed approximately 200 people, mostly Westerners.

To combat the threat, the Bush Administration has pressed countries in the region to arrest suspected terrorist individuals and organizations, deployed over 1,000 troops to the southern Philippines to advise the Philippine military in their fight against the violent Abu Sayyaf Group, increased intelligence sharing operations, restarted military-military relations with Indonesia (including restoring International Military Education and Training [IMET]), and provided or requested from Congress over $1 billion in aid to Indonesia and the Philippines. The most impressive successes have been in the area of law enforcement: hundreds of JI members have been arrested, reportedly crippling the network's ability and possibly reducing its ability to carry out large-scale attacks against Western targets in the near future.

The responses of countries in the region to both the threat and to the U.S. reaction generally have varied with the intensity of their concerns about the threat to their own stability and domestic politics. In general, Singapore, Malaysia, and the Philippines were quick to crack down on militant groups and share intelligence with the United States and Australia, whereas Indonesia began to do so only after attacks or arrests revealed the severity of the threat to their citizens. That said, many governments view increased American pressure and military presence in their region with ambivalence because of the political sensitivity of the issue with both mainstream Islamic and secular nationalist groups. Indonesia and Malaysia are majority Muslim states; the Philippines has a sizeable and historically alienated and separatist-minded Muslim minority.

Although the recommendations in the 9/11 Commission's final report do not touch on Southeast Asia directly, many of the recommendations for U.S. counterterrorism policy in general are applicable to Southeast Asia.

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Overview

Since the September 11, 2001 terrorist attacks, the United States has considered Southeast Asia to be a "second front" in its global campaign against Islamist terrorism.[1] U.S. attention in the region has been focused on radical Islamist groups in Southeast Asia, particularly the Jemaah Islamiyah terrorist network, that are known or alleged to have ties to the Al Qaeda network. As detailed in the narrative section of the Final Report of the National Commission on Terrorist Attacks Upon the United States (known as the "9/11 Commission"), among other sources, many of these groups threaten the status quo of the region by seeking to create independent Islamic states in majority-Muslim areas, overthrow existing secular governments, and/or establish a new supra-national Islamic state encompassing Indonesia, Malaysia, Singapore, the southern Philippines, and southern Thailand.[2] In pursuit of these objectives, they have planned and carried out violent attacks against civilian and non-civilian targets, including American and other Western institutions. Additionally, Al Qaeda has used its Southeast Asia cells to help organize and finance its global activities — including the September 11 attacks — and to provide safe harbor to Al Qaeda operatives, such as the convicted organizer of the 1993 bombing of the World Trade Center, Ramzi Yousef.

Combating anti-American terrorism in Southeast Asia presents the Bush Administration and Congress with a delicate foreign policy problem. Most regional governments also feel threatened by home-grown or imported Islamic militant groups and therefore have ample incentive to cooperate with the U.S. antiterrorist campaign. Despite mutual interests in combating terrorism, Southeast Asian governments have to balance these security concerns with domestic political considerations. Although proponents of violent, radical Islam remain a small minority in Southeast Asia, many governments view increased American pressure and military presence in their region with ambivalence because of the political sensitivity of the issue with both mainstream Islamic and secular nationalist groups. The rise in anti-American sentiment propelled by the U.S.-led invasion and occupation of Iraq makes it even more difficult for most governments to countenance an overt U.S. role in their internal security. The challenge is to find a way to confront the terrorist elements without turning them into heroes or martyrs in the broader Southeast Asian Islamic

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[1] In the days after the September 11 attacks, at least one senior Pentagon official floated the idea of taking military action against terrorist targets in Southeast Asia as a "surprise" alternative to attacking Afghanistan. *The 9/11 Commission Report. Final Report of the National Commission on Terrorist Attacks Upon the United States* (New York: W.W. Norton & Co., 2004), p. 559, note 75; Douglas Feith, "A War Plan That Cast A Wide Net," *Washington Post*, August 7, 2004.

[2] *The 9/11 Commission Report*.

community. Furthermore, the continued activities of Al Qaeda and Jemaah Islamiyah will require a coordinated, international response in a region where multinational institutions and cooperation are weak.

The 9/11 Commission's Recommendations. In July 2004, the 9/11 Commission's issued its final report on the terrorist threat to the United States. Although the report does not focus extensively on terrorism in Southeast Asia — the bulk of its international sections are devoted to the Middle East, Afghanistan, and Pakistan — the narrative section of the report shows the role Southeast Asia played in Al Qaeda's rise. Furthermore, many of the report's recommendations for U.S. counterterrorism policy in general are applicable to U.S. policy in Southeast Asia. These areas of convergence are discussed in the "Options and Implications for U.S. Policy" section below.

Background — The Rise of Islamic Militancy and Terrorism in Southeast Asia

Southeast Asia has been the home of indigenous Islamic militant groups for decades. Traditionally, the linkages among these groups were relatively weak, and most operated only in their own country or islands, focusing on domestic issues such as promoting the adoption of Islamic law (*sharia*) and seeking independence from central government control. The Philippines has had a violent Muslim separatist movement for more than a century. The Moros of Mindanao and the Sulu Archipelago, including the island of Jolo, fought a stubborn, bloody, and ultimately futile insurgency against the American occupation of the southern Philippines following the Spanish American War (1898). Until recently, however, the activities of several Muslim extremist groups in the Philippines had been confined mainly to the relatively isolated Muslim-majority regions in the South.

In Indonesia, various schools of Islamic thought have competed for followers and public attention, but most have not called for an Islamic state. The more radical groups, which had their roots in anti-Dutch guerilla activities, effectively were kept in check by strong leadership from Presidents Sukarno (1950-1965) and especially Suharto (1967-1998). Moderate Islamic groups formed the main legal opposition to the Suharto regime which ended in May 1998. Abdurrahman Wahid (Gus Dur), the first democratically elected President after the collapse of the Suharto regime, and Amien Rais, currently speaker of the upper house of parliament, are leaders of the two largest Muslim political parties. Both have pursued a largely secular political agenda. However, since Suharto's fall, religious consciousness has been on the rise among Indonesian Muslims, giving greater political space for radical groups and their violent fringe to operate, at times openly.

In Malaysia, the late 1990s saw a potentially significant electoral swing toward a radical Islamist party, Parti Islam se-Malaysia (PAS), which calls for making Malaysia an Islamic state. However, PAS suffered major setbacks in parliamentary elections in early 2004. The results may indicate that mainstream Islam in Malaysia has reasserted its moderate character.

The emergence of radical Islamic movements in Southeast Asia in the 1990s can be traced to the conjunction of several phenomena. Among these were reaction to globalization — which has been particularly associated with the United States in the minds of regional elites — frustration with repression by secularist governments, the desire to create a pan-Islamic Southeast Asia, reaction to the Israeli occupation in the West Bank and Gaza Strip, and the arrival of terrorist veterans of years of fighting in Afghanistan. The forging of connections between Al Qaeda and domestic radical Islamic groups in Southeast Asia is part of this trend.

The Rise of Al Qaeda in Southeast Asia[3]

Since the early-to-mid 1990s the Al Qaeda terrorist network has made significant inroads into the region. Al Qaeda's Southeast Asian operatives — who have been primarily of Middle Eastern origin — appear to have performed three primary tasks. First, they set up local cells, predominantly headed by Arab members of Al Qaeda, that served as regional offices supporting the network's global operations. These cells have exploited the region's generally lax border controls to hold meetings in Southeast Asia to plan attacks against Western targets, host operatives transiting through Southeast Asia, and provide safe haven for other operatives fleeing U.S. intelligence services. Al Qaeda's Manila cell, which was founded in the early 1990s by a brother-in-law of Osama bin Laden, was particularly active in the early-mid-1990s. Under the leadership of Ramzi Yousef, who fled to Manila after coordinating the 1993 bombing of the World Trade Center in New York, the cell plotted to blow up 11 airliners in a two-day period (what was known as the "Bojinka" plan), crash a hijacked airliner into the Central Intelligence Agency's headquarters, and assassinate the Pope during his visit to the Philippines in early 1995. Yousef was assisted in Manila for a time by his uncle, Khalid Sheikh Mohammed, the alleged mastermind of the September 11, 2001 attacks.[4] In the late 1990s, the locus of Al Qaeda's Southeast Asia activity appears to have moved to Malaysia, Singapore, and — most recently — Indonesia. In 1999 and 2000, Kuala Lumpur and Bangkok were the sights for important strategy meetings among some of the September 11 plotters.[5] Al Qaeda's leadership also has taken advantage of Southeast Asia's generally lax financial controls to use various countries in the region as places to raise, transmit, and launder the network's funds. By 2002,

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[3] For more on Al Qaeda, see CRS Report RL32223, *Foreign Terrorist Organizations*, by Audrey Kurth Cronin, et. al.; CRS Report RS21529, *Al Qaeda after the Iraq Conflict*, by Audrey Kurth Cronin; and CRS Report RL31119, *Terrorism: Near Eastern Groups and State Sponsors, 2002*, by Kenneth Katzman.

[4] Filipino police discovered the Bojinka plot, which was in the final stages, in January 1995 only because a fire broke out in Yousef's apartment, filling it with poisonous gas from the bomb-making chemicals. Yousef fled to Malaysia, was arrested in Pakistan, and extradited to the United States, where he was sentenced to life imprisonment for his role in the 1993 bombing and the Bojinka plot. See *The 9/11 Commission Report*, p.147-48.

[5] For examples of how the September 11 plot organizers traveled relatively freely throughout Southeast Asia to hold meetings and case flights, see *The 9/11 Commission Report*, p. 156-60.

according to one prominent expert on Al Qaeda, roughly one-fifth of Al Qaeda's organizational strength was centered in Southeast Asia.[6]

Second, over time, Al Qaeda Southeast Asian operatives helped enhance the capacities of an indigenous terrorist network, Jemaah Islamiyah (JI), that has plotted attacks against Western targets. Jemaah Islamiyah is suspected of carrying out the October 12, 2002 bombing in Bali, Indonesia, that killed approximately 200 people, mostly Western tourists. Although JI does not appear to be subordinate to Al Qaeda, the two networks have cooperated extensively.

Third, Al Qaeda's local cells worked to cooperate with indigenous radical Islamic groups by providing them with money and training. Until it was broken up in the mid-1990s, Al Qaeda's Manila cell provided extensive financial assistance to Moro militants such as the Abu Sayyaf Group and the Moro Islamic Liberation Front (MILF). Thousands of militants have been trained in Al Qaeda camps in Afghanistan or in the camps of Filipino, Indonesian, and Malaysian groups that opened their doors to Al Qaeda. Al Qaeda reportedly provided funds and trainers for camps operated by local groups in Indonesia, Malaysia, and the Philippines. Indonesian intelligence officials also accuse Al Qaeda of sending fighters to participate in and foment the Muslim attacks on Christians in the Malukus and on Sulawesi that began in 2000.[7] Al Qaeda operatives' task was made easier by several factors: the withdrawal of foreign state sponsors, most notably Libya, that had supported some local groups in the 1970s and 1980s; the personal relationships that had been established during the 1980s, when many Southeast Asian radicals had fought as mujahideen in Afghanistan; and the weak central government control, endemic corruption, porous borders, minimal visa requirements, extensive network of Islamic charities, and lax financial controls of some countries, most notably Indonesia and the Philippines.[8]

Over time, Al Qaeda's presence in the region has had the effect of professionalizing local groups and forging ties among them — and between them and Al Qaeda — so that they can better cooperate. In most cases, this cooperation has taken the form of *ad hoc* arrangements of convenience, such as helping procure weapons and explosives.

The Jemaah Islamiyah Network

In the weeks after the September 11 terrorist attacks, a pan-Asian terrorist network with extensive links to Al Qaeda was uncovered. The network, known as Jemaah Islamiyah (Islamic Group), has cells in Malaysia, Singapore, Indonesia, the Philippines, Australia, Thailand, and Pakistan. To achieve its goal of creating an Islamic state in Southeast Asia (centered in Indonesia), Jemaah Islamiyah (JI) leaders

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[6] *Report to the UN Security Council by the Security Council Monitoring Group, '1267' Committee*, Security Council Report S/2003/669, July 7, 2003, p. 15.

[7] Zachary Abuza, "Terrorism in Southeast Asia," in *National Bureau of Asian Research*, Strategic Asia 2002-3.

[8] Zachary Abuza, "Tentacles of Terror," unpublished October 21, 2002 draft, p. 3.

have formed alliances with other militant Islamist groups to share resources for training, arms procurement, financial assistance, and to promote cooperation in carrying out attacks. Specifically, there is considerable evidence that JI has engaged in joint operations and training with the Filipino separatist group, the Moro Islamic Liberation Front (MILF).[9] Some reports indicate that JI camps may continue to operate in MILF territory in Mindanao.[10] Within Indonesia, the network has created and/or trained local radical groups that have been involved in sectarian conflict in the country's outer islands.

In October 2002, shortly after the attack in Bali, the United States designated JI as a foreign terrorist organization.[11] Thereafter, the United Nations Security Council added the network to its own list of terrorist groups, a move requiring all U.N. members to freeze the organization's assets, deny it access to funding, and prevent its members from entering or traveling through their territories. Since December 2001, over 250 suspected and admitted JI members, including a number of key leaders have been arrested. Many of these arrests have been due to more extensive intelligence sharing among national police forces. The Bali bombing spurred Indonesian officials to reverse their previous reluctance to take on the Jemaah Islamiyah network, though recent actions by the Indonesian government (discussed below) have called into question the depth of senior politicians' commitment to combating JI.

History of Jemaah Islamiyah

The origins of the Jemaah Islamiyah network stretch back to the 1960s, when its co-founders, clerics Abu Bakar Baasyir and Abdullah Sungkar, began demanding the establishment of *sharia* law in Indonesia. The two considered themselves the ideological heirs of the founder of the Darul Islam movement, the Muslim guerilla force that during the 1940s fought both imperial Dutch troops and the secularist Indonesian forces of Sukarno, Indonesia's founding President who ruled from 1950-65. In the 1970s, the two men established Al Mukmin, a boarding school in Solo, on the main island of Java, that preached the puritanical Wahhabi interpretation of Islam founded and propagated in Saudi Arabia. Many suspected JI activists who have been arrested are Al Mukmin alums. In 1985, Baasyir and Sungkar fled to Malaysia, where they set up a base of operations and helped send Indonesians and Malaysians to Afghanistan, first to fight the Soviets and later to train in Al Qaeda camps. Sungkar and Baasyir formed JI in 1993 or 1994, and steadily began setting up a sophisticated organizational structure and actively planning and recruiting for

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[9] See, for instance, Singapore Home Affairs Ministry White Paper, *The Jemaah Islamiyah Arrests and the Threat of Terrorism*, January 7, 2003, p.7-9, [http://www.mha.gov.sg/wp/complete.zip]; Abuza, "Terrorism in Southeast Asia," in *National Bureau of Asian Research*, Strategic Asia 2002-3.

[10] Ellen Nakashima, "Indonesian Militants 'Keep Regenerating'," *Washington Post*, March 25, 2004.

[11] For more on the designation process, see CRS Report RL32120, *The "FTO List" and Congress: Sanctioning Designated Foreign Terrorist Organizations*, by Audrey Kurth Cronin.

terrorism in Southeast Asia. Sometime in the mid-1990s, Sungkar and Baasyir apparently began to actively coordinate with Al Qaeda.

The fall of Indonesia's Suharto regime in 1998 provided a major boost to JI. Almost overnight, formerly restricted Muslim groups from across the spectrum were able to operate. Baasyir and Sungkar returned to Solo, preaching and organizing in relative openness there. Simultaneously, Jakarta's ability to maintain order in Indonesia's outer islands decreased dramatically, and long-repressed tensions between Muslims and Christians began to erupt. In 1999 and 2000, the outbreak of sectarian violence in Ambon (in the Malukus) and Poso (on Sulawesi) provided JI with the opportunity to recruit, train, and fund local mujahadeen fighters to participate in the sectarian conflict, in which hundreds died.[12] After the violence ebbed, many of these jihadis became active members in Baasyir's network. In 2000, the network carried out bombings in Jakarta, Manila, and Thailand.

Jemaah Islamiyah's Relationship to Al Qaeda

There has been considerable debate over the relationship between Jemaah Islamiyah and Al Qaeda. Although many analysts at first assumed that JI is Al Qaeda's Southeast Asian affiliate, recent reporting — including leaks from interrogations of captured JI and Al Qaeda operatives — have shown that the two groups are discrete organizations with differing, though often overlapping, agendas.[13] Whereas Al Qaeda's focus is global and definitively targets Westerners and Western institutions, Jemaah Islamiyah is focused on radicalizing Muslim Southeast Asia (starting with Indonesia) and some JI leaders are said to feel that attacking Western targets — as Osama bin Laden has urged — will undermine this goal.

That said, the two networks have developed a highly symbiotic relationship. There is some overlap in membership. They have shared training camps in Pakistan, Afghanistan, and Mindanao. Though most of JI's funding appears to have come from local sources, Al Qaeda has provided JI with financial support.[14] They shared personnel, such as when JI sent an operative with scientific expertise to Afghanistan to try to develop an anthrax program for Al Qaeda.[15] The two networks have jointly planned operations — including the September 11 attacks — and reportedly have conducted attacks in Southeast Asia jointly.[16] Often, these operations took the form

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[12] Sidney Jones, "Indonesia Backgrounder: Jihad in Central Sulawesi," *International Crisis Group Report N°74*, February 3, 2004.

[13] Zachary Abuza, "Funding Terrorism in Southeast Asia: The Financial Network of Al Qaeda and Jemaah Islamiyah," *NBR Analysis*, December 2003, p.11-12; *The 9/11 Commission Report*, p. 150-52.

[14] Sidney Jones, "Jemaah Islamiyah in South East Asia: Damaged but Still Dangerous," *International Crisis Group Report N° 63*, August 26, 2003, p. 1; Abuza, "Funding Terrorism in Southeast Asia," p. 9.

[15] *The 9/11 Commission Report*, p. 151. Yazid Sufaat is the individual JI sent to Kandahar.

[16] Al Qaeda and JI leaders met in Southeast Asia for at least two critical meetings: One in (continued...)

of Al Qaeda's providing funding and technical expertise, while JI procured local materials (such as bomb-making materials) and located operatives.[17] Riduan Isamuddin (also known as Hambali), appears to have been a critical coordinator in these joint operations, and his arrest in 2003 may have curtailed JI-Al Qaeda cooperation. Finally, terrorist attacks in 2003 and 2004 in Morocco, Turkey, and Spain may indicate that Al Qaeda's anti-Western ideology simply is inspiring individuals and local groups — such as JI and its affiliates — to undertake terrorist acts.

Jemaah Islamiyah's Size and Structure

The total number of core Jemaah Islamiyah members has been estimated to range from 500 to several thousand.[18] Its influence transcends these numbers, however. Many more men have been educated at JI-run *pesantrens* (religious boarding schools), where the Baasyir and Sungkar's radical interpretation of Islam is taught. JI also has avidly sought out alliances — which at times have been ad hoc — with a loose network of like-minded organizations, and JI-run training camps have upgraded the military skills and ideological fervor of smaller, localized groups.

Interrogations of Jemaah Islamiyah members have revealed a highly formalized command structure. At its peak organizational strength in 2000 and 2001, JI was led by a five-member Regional Advisory Council chaired by Hambali, an important coordinator of JI and Al Qaeda activities. Baasyir and Sungkar served as spiritual advisors. Beneath the council were several functional committees and four *mantiqis* (loosely translated as regional brigades) that were defined not only by geography but also by functional roles, including fundraising, religious indoctrination, military training, and weapons procurement (see **Figure 1**). Each *mantiqi*, in turn, was subdivided into at least three additional layers: battalions, platoons, and squads.[19]

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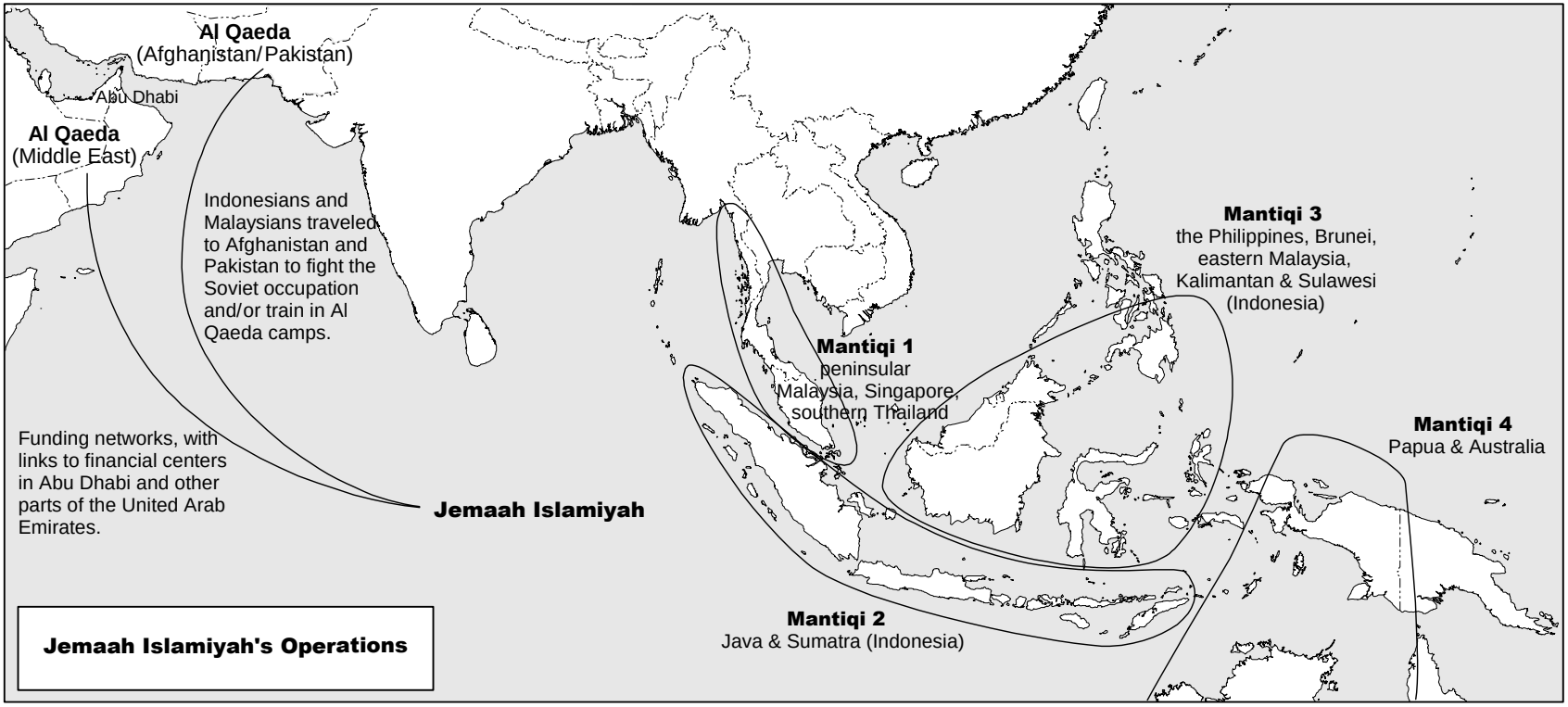
[16] (...continued)
January 2000 in Kuala Lumpur, during which plans for the attack on the USS Cole and the September 11 hijackings were discussed. The other occurred in Bangkok in January 2002, during which an Al Qaeda representative reportedly sat in on the planning of the Bali bombings.

[17] *The 9/11 Commission Report*, p.151.

[18] Zachary Abuza, "The War on Terrorism in Southeast Asia," in *Strategic Asia 2003-04*, (Seattle, WA: National Bureau of Asian Research, 2003), p. 333; Jones, "Jemaah Islamiyah in South East Asia," p. ii.

[19] Jones, "Jemaah Islamiyah in South East Asia," p. 27-28.

Figure 1. Map of Jemaah Islamiyah's Operations



Source: Reproduced from Zachary Abuza, "The War on Terrorism in Southeast Asia," in Richard J.. Ellings and Aaron L. Friedberg with Michael Wills, STRATEGIC ASIA 2003-04: FRAGILITY AND CRISIS, by permission from The National Bureau of Asian Research.

However, in practice, JI appears to function in a much less centralized fashion than this structure might imply. The network's goal of developing indigenous *jihadis* meant that JI members often have worked with and/or created local groups outside its control. It often is difficult to sort out the overlap among JI and other radical groups. Additionally, regional leaders appear to have had a fair amount of autonomy, and by necessity many of the individual cells were compartmentalized from one another. This means that no single individual is indispensable. The arrest of many if not most of JI's top leaders appears to have accentuated these decentralized tendencies by disrupting the network's command and control structure.[20]

The breakdown of JI's hierarchy also may have exacerbated what one report, by the International Crisis Group, has described as tensions between two factions over the best strategy for waging *jihad*. A minority group, led by Hambali, is interested in focusing on a broader anti-Western agenda similar to al Qaeda, and in effecting change in the near term. For instance, in the ongoing sectarian strife on the island of Sulawesi, many of these JI members have formed and aided a militia called Mujahidin Kompak that has set up training camps and has sought to get recruits into military battle as quickly as possible. Opposing this faction is a majority group within JI, depicted as the "bureaucrats," that sees these tactics as undermining its preferred, longer-term strategy of building up military capacity and using religious proselytization to create a mass base sufficient to support an Islamic revolution.[21] The implication is that JI may not be as monolithic as commonly assumed.

Major Plots and Attacks

Jemaah Islamiyah first came to public attention in December 2001, when Singapore's Internal Security Department (ISD) raided two Singapore cells for plotting bombing attacks against American, Australian, British, and Israeli installations and citizens in Singapore. A video tape subsequently found by U.S. forces in Afghanistan confirmed the Al Qaeda connection with the plot. Follow-on arrests netted plotters in Malaysia and the Philippines. Reportedly, the JI cell in Malaysia coordinated the plot, including the procurement of bomb-making materials, preparing forged travel documents, and communications with Al Qaeda.

Subsequent investigation and arrests led the FBI to link Jemaah Islamiyah to the September 11 attack on the United States. Two of the September 11 hijackers and Zacarias Moussaoui, who is under U.S. indictment for his alleged involvement in the September 11 plot, apparently visited Malaysia and met with cell members in 2000. Additionally, the FBI claims that Malaysian cell members provided Moussaoui with $35,000 and a business reference.

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[20] Jones, "Jihad in Central Sulawesi," p.24; April 2004 e-mail correspondence with Zachary Abuza.

[21] Jones, "Jihad in Central Sulawesi," p. 24-25. *The 9/11 Commission Report* (note 26 on p.490) notes that during his interrogation, Khalid Sheikh Mohammed, Baasyir criticized Hambali for focusing too heavily on Al Qaeda's broader, global agenda at the expense of accomplishing JI's aims in Indonesia and Malaysia.

In June 2002, the Indonesian police arrested a suspected Al Qaeda leader, Kuwaiti national Omar al-Farouq, at the request of the CIA and turned him over to the U.S. military. After three months of interrogation, al-Farouq reportedly confessed that he was Al Qaeda's senior representative in Southeast Asia and disclosed plans for other terrorist attacks against U.S. interests in the region. These included a joint Al Qaeda/JI plan to conduct simultaneous car/truck bomb attacks against U.S. interests in Indonesia, Malaysia, Singapore, the Philippines, Thailand, Taiwan, Vietnam, and Cambodia around the one-year anniversary of the September 11 attacks.[22] On the basis of this and other information, in September 2002, the Bush Administration closed U.S. embassies in several countries for several days and raised the overall U.S. threat level from "elevated" (yellow) to "high"(orange). Under interrogation, Al-Farouq reportedly identified Baasyir as the spiritual leader of JI and one of the organizers of the planned September 2002 attacks. For months, Malaysia and Singapore had also accused Baasyir of being a leader of JI and had joined with the United States in asking Indonesia to arrest him.

The Bali Bombings. The danger posed by Jemaah Islamiyah and Al Qaeda was underscored by the October 12, 2002 bombings in a nightclub district in Bali frequented by western tourists. Synchronized bomb blasts and subsequent fires in a nightclub district popular with young tourists and backpackers killed approximately 200 and injured some 300, mainly Australians and Indonesians, but also including several Americans as well as Canadians, Europeans, and Japanese. The bombings, the most deadly since the September 11, 2001 attacks in the United States, appeared to mark a shift in JI's strategy; the FBI has reported that in early 2002, senior JI leaders — meeting in Thailand — decided to attack "softer targets" in Asia such as tourist sites frequented by Westerners.[23]

The Bali bombing spurred the Indonesian government to reverse its previous reluctance to investigate JI. In the days after the blasts, senior Indonesian officials acknowledged for the first time that Al Qaeda was operating in Indonesia and was cooperating with JI.[24] With the substantial aid of Australian and U.S. investigators, Indonesian police have arrested several suspects, including Ali Gufron (also known as Mukhlas), who is thought to be a senior JI commander and an associate of Baasyir. Trials began in the spring and summer of 2003. On August 7, 2003, Islamic militant Amrozi was sentenced to death by an Indonesian court for his involvement in the Bali bombings. The government also announced a series of decrees that strengthen the hand of the government in dealing with terrorism. In the days after the bombing, Indonesia also formally supported the United States' petition to the U.N. that Jemaah Islamiyah be added to the U.N.'s list of terrorist groups.

The Trial of Baasyir. The Bali bombing also spurred the Indonesian government to arrest Baasyir. He had long been viewed by U.S. officials as directly

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[22] Romesh Ratnesar, "Confessions of an Al-Qaeda Terrorist," *Time*, September 23, 2002.

[23] Jay Solomon and James Hookway, "Bali Bomb Suspect Used Thailand as Staging Area," *The Wall Street Journal*, November 7, 2002.

[24] Ellen Nakashima and Alan Sipress, "Al Qaeda Linked to Blast by Official," *Washington Post*, October 15, 2002.

involved with terrorism, but until the Bali bombing the Indonesian government had refused to acknowledge his role or arrest him for fear of an anti-government backlash. Although several of those charged with carrying out the Bali attack have implicated Baasyir in the attack, the lack of sufficient evidence led Indonesian authorities to charge him with involvement in past terrorist plots, including an attempt to assassinate Megawati Sukaranoputri when she was Vice-President. Baasyir's highly publicized trial began in the spring of 2003. Baasyir denies leading JI, though he acknowledges training at his Al Mukmin school all of the 13 suspects arrested in Singapore in December 2001.[25] On September 3, 2003, an Indonesian court convicted him of plotting to overthrow the Indonesian government but dropped more serious charges, including accusations that he is the leader of Jemaah Islamiyah. Baasyir was sentenced to four years in jail. Prosecutors had asked for a 15-year sentence. In March 2004, the Indonesian Supreme Court reduced Baasyir's sentence. He was to be released in May 2004, but at the end of April, Indonesian police announced that Baasyir had been declared a suspect in other terrorist attacks, which allowed them to continue his detention. Some prominent Indonesians have said the move came as a result of pressure from the United States and Australia.[26]

An element of confusion in the case against Baasyir was added in July 2004, when an Indonesian constitutional court ruled that a critical post-Bali anti-terrorism law was unconstitutional, because it was applied retroactively. Indonesian authorities also reportedly stated that they "are dropping bombing references from the indictment against" Baasyir.[27] Analysts believe that the case against Baasyir will proceed based on his rearrest in April. Authorities have reportedly indicated that he will be retried under both the anti-terrorism law and under the criminal code for abetting criminal acts.[28] The Al-Mukmin pesantren established by Baasyir near Solo has been trying to project an image of moderation by hosting a seminar on Islam and Globalization and inviting the Australian Ambassador to the school.[29]

According to authorities in the region, JI has continued to plan attacks against Western targets. In May and June 2003, for instance, three Muslim Thais were arrested for allegedly planning to bomb Western embassies in Bangkok — including the U.S. embassy — and Thai beach resorts popular among Western tourists. In July 2003, Indonesian authorities arrested eight suspected JI members in connection with the seizure of a large cache of explosives on the central Island of Java, but authorities indicated that some of the bomb-making material had already made it to Jakarta. The suspects reportedly said their targets were soft targets, such as hotels, churches, and

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[25] Abuza, "Tentacles of Terror," p.72.

[26] Raymond Bonner, "U.S. Pressure to Hold Militant Sets Off Outcry in Indonesia," *New York Times*, April 20, 2004.

[27] "Indonesia: Confusion Over Constitutional Court Ruling," *Asia Pacific, Radio Australia*, August 2, 2004.

[28] John McBeth, "The Constitutional Court's Ruling on Retroactive Use of Anti-terrorism Laws Splits Fraternity," *Far Eastern Economic Review*, August 12, 2004.

[29] "Muslim School with Bashir links Promotes Tolerant Image," *Radio Australia*, August 4, 2004 and Tim Palmer, "Ambassador Rejects Invitation to Radical Cleric's School," *Australian Broadcasting Corporation*, August 5, 2004.

shopping malls. In their possession was found a map of the area in Jakarta that includes the J.W. Marriott Hotel, where on August 5, 2003, a car bomb exploded, killing over ten people — mostly Indonesians — and injuring dozens. The raid also turned up evidence that several U.S. companies were being targeted.[30] Later that month, the JI and Al Qaeda operative Hambali was arrested by Thai forces, reportedly acting on a tip from the U.S. Central Intelligence Agency.

In June 2004, reports, reportedly based on British and Australian intelligence, indicated that JI was shifting tactics in Indonesia to focus on assassinations of Indonesian public figures, U.S. British and Australian diplomats, and mining and energy business executives.[31] This would mark a departure from previous bombing tactics that have killed many Indonesians as well as Westerners. This development follows the May 21, 2004 attempted assassination of the British High Commissioner in Bangladesh which left him wounded.[32] Singapore's Home Affairs Minister Wong Kan-Seng has indicated that JI is planning new attacks and has replenished its leadership.[33] The latter development appeared to be reinforced from interrogations of suspected JI militants who reportedly told of training camps that continued to be operating in Mindanao.[34]

Focus Countries

Indonesia

Background. Indonesia's attractiveness to Islamic terrorist groups appears to derive primarily from weak central government control and considerable social and political instability and its overwhelmingly Muslim population. Central government control in Indonesia has declined progressively since the 1997-99 Asian financial crisis and the replacement of the authoritarian regime of President Suharto in 1998, which had been in power since 1965, with a more democratic but weaker central government. Indonesia's President Megawati, who is under pressure from Islamic political parties, has condemned anti-American violence and pledged to protect U.S. assets and citizens but also publicly opposed the U.S.-led military campaigns in Afghanistan and Iraq.[35] Muslim-Christian strife in the country's remote regions has attracted the involvement of thousands of foreign Islamic radicals, including, apparently, some with Al Qaeda connections.

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[30] Richard Paddock, "U.S. Firms Targeted in Jakarta," *Los Angeles Times*, August 11, 2003.

[31] Donald Greenless and John McBeth, "Terrorist Groups in Indonesia Shift to Assassinations," *Wall Street Journal*, June 10, 2004.

[32] Donald Greenless and John McBeth, "Terrorists New Tactic: Assassination," *The Far Eastern Economic Review*, June 17, 2004.

[33] Amit Chanda, "Officials in Singapore Warn that JI has Replenished Leadership," *WMRC Daily Analysis*, August 5, 2004.

[34] John McBeth, "Across Borders," *Far Eastern Economic Review*, July 22, 2004.

[35] Richard Paddock, "Indonesia Presses U.S. to Stop Bombing Asia," *Los Angeles Times*, November 2, 2001.

Although the overwhelming majority of Muslim Indonesians follow a moderate form of Islam, fundamentalist Islamic theology is growing in popularity in Indonesia, and radical groups have grown in influence by taking advantage of the country's many internal problems. These include separatist movements in several provinces, a severe economic recession following the Asian financial crisis, an ongoing power struggle among the Indonesian elite for control of the government, and clashes between Christians and Muslims in small islands such as Malaku that have been on the receiving end of forced "transmigration" from Java and other of the more densely populated islands. Radical groups such as Laskar Jihad and the Islamic Defenders Front also reportedly have received assistance from elements within the Indonesian military (TNI) in organizing, securing arms, and transport to locales throughout the Indonesian archipelago.[36]

Even the more extreme groups traditionally have been concerned primarily with domestic issues such as promoting the adoption of Islamic law (*sharia*). In the 1999 national elections, only a small minority of the Muslim parties favored radical Islamic agendas, and overall the Muslim parties drew less than one-fifth of the vote. More recently, however, the U.S.-led campaign against terrorism and war in Iraq have had negative political resonance with a variety of groups currently jockeying for power and influence. Megawati has been said to fear that cooperating too closely with U.S. demands for arrests and other measures could leave her vulnerable to attack not only by radical Islamists, but perhaps more importantly, by secular nationalists.[37] Among other factors, Megawati's policies are influenced by the political threat posed to her position by Vice President Hamzah Haz, leader of the largest Muslim party, who has personal ties with leaders of militant Muslim groups and espouses a fundamentalist Islamic doctrine, and by the chairman of the upper house, Amien Rais.

Shifts in Jakarta's Counter-Terrorism Policy. Until Indonesia's policy reversal following the October 2002 Bali bombing, U.S., Singaporean, and Malaysian officials expressed dissatisfaction with the level of Indonesia's cooperation against terrorism. The Bali attack spurred Indonesia to take the terrorism threat more seriously. Jemaah Islamiyah's killing of Indonesian civilians was likely a key factor in the Indonesian government's decision to take a much stronger stand and cooperate with U.S. authorities, despite a marked fall in Indonesians' favorable impressions of the United States (discussed below). In addition, the trial of Baasyir has brought much evidence of terrorist activities to light, bringing home the extent of the terrorist threat in Indonesia. The danger was highlighted in July 2003 by the J.W. Marriott bombing, which was preceded by several arrests, including an Indonesian police raid that uncovered a possible JI assassination plot of four members of the Peoples Representative Council (DPR).[38] The limits of the government's commitment to prosecuting the war on terror in an election year were demonstrated by the reduction

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[36] "Al-Qaida Planned Indonesia Attack," *Associated Press*, January 23, 2002. This report cites Indonesian military sources and western intelligence sources that the Indonesian army committed at least $9.3 million to finance Laskar Jihad.

[37] December 2002 conversation with Zachary Abuza.

[38] "A Number of Pesantrens in Central Java Targets," *Jakarta Suara Pembaruan*, July 16, 2003, FBIS.

of Baasyir's sentence. Mitigating against backtracking by the government on its counterterror stance is Indonesia's need for foreign investment from abroad and the strong position of large Muslim organizations such as Nahdlatul Ulama and Muhammadiya. These moderate groups, which publicly have supported the arrest of Baasyir and the Megawati government's new anti-terrorism measures, have become natural allies of the government in the war against terror because they too would lose should a radical form of Islam come to power.

President Bush's three-hour visit to Bali on October 22, 2003, was designed to strengthen bilateral counterterror ties. In a joint statement, Bush and President Megawati pledged "to enhance their bilateral cooperation in the fight against terrorism, including through capacity building and sharing of information," specifically referring to military-to-military relations[39] (see the "Options and Implications for U.S. Policy" section below). President Bush also announced a $157 million program to help improve the quality of Indonesian schools by strengthening secular public education. The initiative is aimed at reducing the influence of Muslim boarding schools, many of which preach a radical brand of Islam that calls for the establishment of *sharia* law, sometimes through violent means. A number of these schools are run by suspected or confessed JI members, who use them to identify and recruit members.

President Bush's visit has been followed by visits from Attorney General John Ashcroft and Secretary for Homeland Security Tom Ridge. Ashcroft attended a regional counter terrorism conference co-hosted by Australia and Indonesia in Bali in February 2004. Representatives from 26 nations attended the conference.[40] Ridge reportedly was expected to raise the Baasyir case when he met with Megawati in March of 2004.[41] Ashcroft did not accede to Indonesian requests to give Indonesia access to Hambali.[42]

The United States and Indonesia presently cooperate on counterterrorism in a number of areas with assistance going to the police and security officials, prosecutors, legislators, immigration officials, banking regulators and others. U.S. - Indonesian counterterror capacity building programs include the following:

- $12 million for the establishment of a national police counterterrorism unit;
- $4.9 million for counterterrorism training for police and security officials over the period 2001-03;

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[39] "Joint Statement Between the United States of America and the Republic of Indonesia," The White House, October 22, 2003.

[40] Bhimanto Suwastoyo, "Ministers, Officials from 26 Nations Launch Anti-terror Conference," *Agence France Presse*, February 4, 2004.

[41] Raymond Boner, "Cleric's Sentence is Reduced by Indonesian Court," *New York Times*, March 10, 2004.

[42] Steven Gutkin, "Ashcroft Urges Asia Help in Terror Fight," *Associated Press*, February 4, 2004.

- Financial intelligence unit training to strengthen anti-money laundering, train counterterror intelligence analysts, and an analyst exchange program with the Treasury Department;

- Training and assistance to establish a border security system as part of the Terrorist Interdiction Program; and

- Regional counterterrorism fellowships to provide training on counterterrorism and related issues to the Indonesian military.[43]

The United States' popularity amongst Indonesians has dropped significantly in recent years. According to polling data, 79% of Indonesians had a favorable opinion of the United States in 1999, 61% did in 2002, and only 15% did in 2003.[44] Another poll stated that 83% of Indonesians took an unfavorable view of the United States in 2003.[45] Some Indonesian analysts view the United States as focused on the "search and destroy" aspect of the war against terror and feel that the United States has not focused sufficient attention to winning the "hearts and minds" aspect of the struggle, particularly in regard to U.S. policy towards the Israel-Palestinian issue.[46]

Recent Developments. Indonesia has been focused on a series of elections that have led to only limited gains by Islam-based parties. Some observers also believe the elections will produce a more effective secular-nationalist President.[47] With 33.57% of the vote, Democratic Party leader Susilo Bambang Yudhoyono, a retired general and former Security Minister, and his running mate Jusuf Kalla, received more votes than any other candidate in the first round of the presidential election.[48] A final round between Yudhoyono and current President Megawati Sukarnoputri of the Indonesian Democratic Party of Struggle (PDI-P), who polled 26.61% of the vote in the first round, will be held on September 20, 2004. Yudhoyono reportedly favors strengthening the legal system and coordination in law enforcement as well as addressing the underlying economic and social forces that

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[43] Information drawn from State Department Fact Sheet "Summary of Counter Terrorism Assistance for Indonesia," 10/03 update.

[44] See Dan Gardner, "Bush is Losing the War for Hearts and Ninds," *The Ottawa Citizen*, March 13, 2004 and Ellen Nakashima, "U.S. Policy Censured in Indonesia," *The Washington Post*, October 21, 2003.

[45] Tom Plate, "What if Bush Were to Face an Election in Asia," *Straits Times*, January 19, 2004.

[46] Philips Jusario Vermonte, "Coordination Needed to Fight Terrorism," Center for Strategic and International Studies-Jakarta, February 12, 2004.

[47] See CRS Report RL32394, *Indonesia: Domestic Politics, Strategic Dynamics, and American Interests*, and CRS Report RS21874, *Indonesian Elections*, by Bruce Vaughn.

[48] "Presidential Election First Round Results," U.S.-Indonesia Society, August 5, 2004.

contribute to terrorism as a way of dealing with the threat.[49] As a result, expectations are strong that Indonesia will be better positioned to more effectively deal with Islamist extremists and terrorist groups.

In the election, Islam-based parties increased their appeal among Indonesian voters from 16% in the 1999 election to 21.34% in the 2004 election.[50] They did this in part by downplaying their overtly Islamist message and instead focusing on anti-corruption and good governance. Some analysts believe these limited gains by Islam based parties will not act as a significant impediment to Indonesian actions in the war against terror.

Several negative developments in the war against terror in Indonesia have emerged in recent months. In addition to evidence that JI has dispatched assassins to targeted Western individuals in Indonesia, the American Director of the International Crisis Group in Indonesia, Sydney Jones, did not have her work visa renewed. Jones has uncovered much information about JI.

In July 2004, there were significant developments in the case concerning the killing of two Americans at the Freeport-McMoRan Copper and Gold Inc. mine near Timika, West Papua, in August 2002. The case has been a key obstacle to improved relations between Indonesia and the United States. U.S. officials reported growing satisfaction with the level of assistance that the FBI was receiving from Indonesian authorities in their investigation. Attorney General John Ashcroft reported in June 2004 that a U.S. grand jury, acting on information from the U.S. Federal Bureau of Investigation (FBI), had indicted a Papuan businessman belonging to the four decade-old Free Papua Movement (OPM) for the crime. The Attorney General also named the OPM as a terrorist organization.[51] Critics both in Indonesia and abroad have alleged that the FBI overlooked information concerning the businessman's long ties to the TNI, and that the U.S. move was aimed at clearing the way for the restoration of military-to-military assistance and the resumption of military assistance.[52] Resolution of the case is likely to be essential for Congress to approve bilateral military training ties to be fully reestablished.[53]

The Philippines

The Philippines condemned the September 11, 2001 attacks and offered ports and airports for use by U.S. naval vessels and military aircraft for refueling stops.

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[49] Donald Greenless and John McBeth, "Terrorists New Tactic: Assassination," *The Far Eastern Economic Review*, June 17, 2004.

[50] Greg Fealy, "The 2004 Indonesian Elections," Australian National University, data sheet.

[51] "Papuan Separatist Charged With the Murders of Two Americans, Attempted Murders of Others During 2002 Ambush in Indonesia" U.S. Embassy, Jakarta, Indonesia. Department of Justice Press Release, June 24, 2004.
[http://www.usembassyjakarta.org/press_rel/doj-papua.html]

[52] "Rights Groups Accuse Ashcroft of Cover-Up." *Australian Financial Review*, Aug. 5, 2004.

[53] "Indonesia Military Aid Back on Table," *Far Eastern Economic Review*, July 22, 2004.

Philippine President Gloria Macapagal-Arroyo and President Bush agreed on the deployment of U.S. military personnel to the southern Philippines to train and assist the Philippine military against the terrorist Abu Sayyaf group. The two Presidents announced on November 20, 2001, $92 million in U.S. military assistance and $55 million in U.S. economic aid for Muslim regions in the Philippines for 2001 and 2002.[54]

Phase One of U.S.-Philippine Military Cooperation. The number of American military personnel deployed between January 2002 and July 31, 2002 was nearly 1,200, including 150 Special Forces. The exercise, dubbed "Balikatan" or "shoulder-to-shoulder," included the deployment of over 300 troops, primarily Navy engineers, to the Southern Philippines to undertake "civic action" projects such as road-building on Basilan, an island that is the center of Abu Sayyaf's activities. The Balikatan exercise reportedly resulted in a significant diminishing of Abu Sayyaf strength on Basilan. Armed Forces of the Philippines (AFP) operations improved as a result of U.S. assistance in intelligence gathering, the supplying of modern equipment, and aid in the planning of operations.[55]

In consideration of the Filipino Constitution's ban on foreign combat troops operating inside the country, Washington and Manila negotiated special rules of engagement for the Balikatan exercise. U.S. Special Forces personnel took direction from Filipino commanders and could use force only to defend themselves.

The Abu Sayyaf Group. Abu Sayyaf is a small, violent, faction-ridden Muslim group that operates in the western fringes of the big island of Mindanao and on the Sulu islands extending from Mindanao. It has a record of killings and kidnappings and has had links with Al Qaeda. Abu Sayyaf kidnapped three American citizens in May 2001. One was beheaded in June 2001. The family of the other two, a missionary couple, the Burnhams, has disclosed that in March 2002 they made a ransom payment of $300,000 to Abu Sayyaf, but the couple was not released, presumably because the payment was mistakenly delivered to a rival Abu Sayyaf faction. The payment reportedly was facilitated by U.S. and Philippine officials, including the Federal Bureau of Investigation.[56] In June, Filipino army rangers encountered the Abu Sayyaf groups holding the Burnhams. In the ensuing clash, Mr. Burnham and a Filipina female hostage were killed, but Mrs. Burnham was rescued.

The Philippine-U.S. Balikatan operation appears to have weakened Abu Sayyaf. Its estimated manpower fell to 300-400; but it continued to operate in the Sulu

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[54] Steven Mufson, "U.S. to Aid Philippines' Terrorism War," *Washington Post*, November 21, 2001; "Arroyo's Meeting With Bush at White House, US Economic Package Reported," *GMA 7 Television*, November 21, 2001, translated by FBIS.

[55] Gloria, Glenda M. "Training days." *Manila Newsbreak* (internet version), July 8, 2002. Schmitt, Eric. By aiding needy Filipinos, G.I.'s could help rout the rebels. *New York Times*, June 15, 2002. p. A6.

[56] Bonner, Raymond and Schmitt, Eric. "Philippine Officials Detail the Trap, Set with U.S. Help, that Snared a Rebel Leader." *New York Times*, September 22, 2002. p. NE16. Lerner, Mark. "Hostage's Father Says Abu Sayyaf Broke Deal." *Washington Times*, April 26, 2002. p. A15.

islands south of Basilan and in western Mindanao. In the spring of 2004, new evidence surfaced that Abu Sayyaf is active in Manila, as well. In March 2004, President Arroyo announced that the Philippine government had uncovered an Abu Sayyaf plot to launch bombings in Manila. Philippine police arrested six alleged plotters and seized 80 pounds of explosives. In April 2004, police officials reportedly determined that a February 2004 ferry bombing, in which over 100 people died, was the work of Abu Sayyaf and the Rajah Solaiman Movement, a group of idealistic Filipino Muslim converts from the Manila area. Confessions from arrested suspects also reportedly revealed a plan, interrupted by the investigation, to attack a Manila shopping mall.[57]

The MILF and the MNLF. The U.S. focus on Abu Sayyaf is complicated by the broader Muslim issue in the southern Philippines, including the existence of two much larger groups, the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF). Both groups have been in insurrection against the Philippine government for much of the last 30 years. The MILF has emerged as the larger of the two groups. Its main political objective has been separation and independence for the Muslim region of the southern Philippines. Evidence, including the testimonies of captured Jemaah Islamiyah leaders, has pointed to strong links between the MILF and JI, including the continued training of JI terrorists in MILF camps. This training appears to be important to Jemaah Islamiyah's ability to replenish its ranks following arrests of nearly 500 cadre in Indonesia, Malaysia, and Singapore.[58]

The MILF has had tenuous cease-fire agreements with the Philippine government. The government and the MILF concluded a new truce agreement in June 2003. There has been a substantial reduction in violence and armed clashes under the truce. However, there continues to be evidence that the MILF provides training facilities to JI.[59] Under the truce, a Malaysian observer team visited MILF camps in March 2004 and warned MILF leaders to end ties to Jemaah Islamiyah. The Malaysian team is to be a forerunner of a larger team of international observers that will monitor the cease-fire — and presumably MILF-JI relations. Philippine government-MILF political talks are set to hold talks in the spring of 2004. President Bush promised U.S. diplomatic and financial support if the MILF were sincere in seeking a negotiated settlement.[60]

The Philippine Communist Party (CPP). The CPP, the political head of the New Peoples Army (NPA), also has called for attacks on American targets and claims responsibility for the murder of an American hiker and the firing on an American transport aircraft in January 2002 on the island of Luzon. The Bush

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[57] James Hookway, "A Dangerous New Alliance," *Far Eastern Economic Review*, May 6, 2004.

[58] John McBeth, "Across Borders," *Far Eastern Economic Review*, July 22, 2004. p. 27.

[59] "Terror threats." *Manila Business World* (internet version, March 24, 2004. "Malaysia holds six Indonesian Islamist militants." *Reuters News Agency*, March 6, 2004.

[60] Bumiller, Elisabeth. "Bush Affirms U.S. Is Ready to Send Troops to the Philippines." *New York Times*, May 20, 2003. p. A15.

Administration placed the CPP and the NPA on the official U.S. list of terrorist organizations in August 2002. It also pressured the government of the Netherlands to revoke the visa privileges of Communist Party leader, Jose Maria Sison, and other CPP officials who have lived in the Netherlands for a number of years and reportedly direct CPP/NPA operations.

Phase Two of U.S.-Philippine Military Cooperation? The United States and the Philippines have attempted to negotiate a second phase of U.S. training and support of the AFP since late 2002. The negotiations have experienced difficulties in determining the "rules of engagement" for U.S. personnel and the terminology to be used in describing Philippine-U.S. cooperation. The basic issue has been whether any facets of the U.S. role could be considered a combat role. The two sides initially announced that U.S. training of AFP light reaction companies would take place in northern Luzon and again on Mindanao. The objective was to train 16 light infantry companies by the end of 2003 for use against both Muslim insurgents and the NPA. Funding was to come from a $25 million military aid package included in the FY2002 emergency supplemental appropriations. In July 2002, the two governments decided that, except for aerial surveillance, U.S. military personnel would not be involved in the stepped-up Philippine military campaign against Abu Sayyaf on Jolo Island south of Basilan where Abu Sayyaf has concentrated strength. President Arroyo favored greater U.S. involvement, but U.S. military leaders reportedly had reservations.[61]

However, continued Abu Sayyaf bombings led the Defense Department to consider a more extended U.S. assistance program in the southern Philippines, focusing on the Abu Sayyaf concentrations on Jolo. U.S. officials also cited stronger evidence of connections between Abu Sayyaf and international terrorist groups. In February 2003, Pentagon officials described a plan under which the United States would commit 350 Special Operations Forces to Jolo to operate with Filipino Army and Marine units down to the platoon level of 20-30 troops. Another 400 support troops would be at Zamboanga on the Mindanao mainland. Positioned offshore of Jolo would be a navy task force of 1,000 U.S. Marines and 1,300 Navy personnel equipped with Cobra attack helicopters and Harrier jets.[62]

The Pentagon description of the plan was that U.S. troops would be in a combat role. This and subsequent statements indicated that the Special Operations Forces on Jolo would participate in AFP offensive operations against Abu Sayyaf and that the Special Operations Forces would not be limited to using their weapons for self-defense. The U.S. Marines were described as a "quick reaction" force, undoubtedly meaning that they could be sent on to Jolo to reinforce AFP units. The Cobra helicopters and Harrier jets would give AFP commanders the option of requesting U.S. air strikes in support of AFP operations or transporting Filipino troops on U.S. helicopters.

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[61] Villanueva, Mirichu and Pareno, Roel. "Arroyo Scolds US General." *Philippine Star* (internet version), July 11, 2002. "New US-Philippine Exercises Against Rebels Planned." *Reuters News Service* report, July 10, 2002.

[62] Graham, Bradley. "U.S. Bolsters Philippine Force." *Washington Post*, February 21, 2003. p. A1.

These rules of engagement went beyond the U.S. role on Basilan in 2002. In that exercise, there was no offshore Marine and naval air capability, and the plan for U.S. Special Operations Forces on patrol with AFP units restricted their use of weapons only for self-defense. That plan never was implemented on Basilan; U.S. forces did not participate in AFP patrols. Moreover, the Basilan operation set a deadline of July 1, 2002, whereas Pentagon officials asserted that the Jolo operation would have no time limit.

President Arroyo and AFP commanders reportedly had agreed to the plan for a second phase of U.S.-Philippine joint military activity in a meeting on February 4, 2003.[63] The announcement of the plan caused immediate controversy in the Philippines. Filipino politicians and media organs criticized the plan as violating the constitutional prohibition of foreign troops engaging in combat on Philippine soil.[64] Filipino Muslim leaders warned of a Muslim backlash on Mindanao. Filipino experts and civic leaders on Jolo warned that the people of Jolo would not support a U.S. combat role, partly because of the history of U.S. military involvement. During the Philippine wars following the U.S. annexation of the Philippines in 1898, U.S. forces commanded by Generals Leonard Wood and John J. Pershing conducted extensive combat operations against Muslim forces on Jolo, inflicting thousands of civilian casualties.

At the end of February 2003, the Bush and Arroyo administrations decided to put the plan on hold and re-negotiate the rules of engagement for U.S. forces. In May 2003, U.S. military officials said that the joint cooperation program aimed at Abu Sayyaf on Jolo would be delayed until the new training was completed. During Arroyo's official state visit to the White House on May 19, 2003, the United States announced a new $65 million program for the training of several AFP battalions (and $30 million for economic aid on Mindanao), and designated the Philippines a Major Non-NATO Ally.[65] During his one-day visit to Manila in October 2003, President Bush described the U.S.-Philippines military alliance as a "rock of stability in the Pacific" and committed the United States to "provide technical assistance and field expertise and funding" to help modernize the Philippines military. He also stated that the United States and the Philippines have a common objective of bringing Abu Sayyaf to justice and to continue to work together to dismantle JI.[66] Philippine-U.S. talks in early 2004 reportedly focused on U.S. assistance to Filipino law enforcement and police capabilities. However, the Bush Administration reportedly pressed the Philippine government to move more assertively against Abu Sayyaf.

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[63] Nakashima, Ellen and Graham, Bradley. "Missed Signals Forced Suspension of U.S.-Philippine Mission." *Washington Post*, March 3, 2003. p. A12.

[64] Nakashima, Ellen. "Philippines Debates U.S. Combat Role Against Rebels." *Washington Post*, February 23, 2002. p. A30.

[65] Major Non-Nato Ally status allows the U.S. and the designated country to work together on military research and development and gives the country greater access to American defense equipment and supplies.

[66] "Remarks by the President to the Philippines Congress," Manila, Philippines, October 18, 2003. [http://www.whitehouse.gov].

Thailand

Developments in the past year have reinforced concern about the growing incidence of both indigenous and transnational terrorism in Thailand. JI leader Hambali's arrest outside Bangkok in August 2003 and a spate of violence in Thailand's predominantly Muslim southern provinces in 2004 have intensified the focus on Islamic extremism in the country. These developments have prompted action from Thai government officials and renewed questions about links to broader networks.

Since January 2004, more than 250 people have been killed in violence in the majority Muslim provinces of Pattani, Yala, and Narathiwat, including Buddhist monks, schoolteachers, policemen, and other local officials. On April 28, 2004, Thai troops retaliated forcefully when militants attacked over a dozen police outposts in a coordinated series of raids, ultimately killing 108 of the rebels. A government investigation into the military's counter-attack, particularly the slaying of 32 Muslim men who had retreated into the Krue Se mosque, has criticized the military's actions as an "excessive use of force."[67] Most of the region remains under martial law. Several shake-ups of government officials have resulted from the campaign: Prime Minister Thaksin Shinawatra reshuffled his cabinet in March 2004, including the defense and interior affairs posts responsible for dealing with continuing civil unrest in the South, and the army commander in charge of the controversial raid on the mosque in April resigned.[68]

The violence has forced Thai authorities to publicly re-evaluate the threat of a Muslim separatist insurgency with financial and operational ties to international Islamic terrorist groups. Until early summer 2003, government officials blamed occasional violence in the region on bandits and denied that JI operated on Thai soil. General Kitti Rattanachaya, security advisor to Thaksin, acknowledged that Thai insurgents were recently trained by radical Islamic groups in Indonesia, and other officials cited fear that the region was becoming a fertile recruitment zone for JI.[69] According to press accounts, a leaked report from the Thai National Security Council outlines the seeds of a new grouping in the south, combining the remnants of long-standing Muslim separatist movements and Islamic extremists from the Middle East and elsewhere in Southeast Asia.

The recent attacks have reinforced this suspicion; some regional analysts point to organizations such as Pulo (the Pattani United Liberation Organisation), BRN (the Barisan Revolusi Nasional), and GMIP (Gerakan Mujahadeen Islam Pattani), which were thought to be defunct but in the past were linked to JI and GAM. Members of Pulo are thought to have received training in Afghanistan and Pakistan.[70]

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[67] "Thai Mosque Killings Criticized," *BBC News*. July 28, 2004.

[68] "Thai PM Angry at Damning Report," *BBC News*. August 5, 2004.

[69] Shawn W. Crispin, "Thailand's War Zone," *Far Eastern Economic Review*. March 11, 2004.

[70] "Who Was Behind the Thai Attacks?" *BBC News* online. April 30, 2004.

Other analysts, however, caution that the violence might involve turf wars between competing elements of the Thai military and police. Because the area is known as a center of organized crime, such vested interests may have played a role in inciting attacks.[71] Many observers expressed surprise, however, at the coordinated nature of the April 28 attack, which appears to reveal that the movement, whether local or transnational, is far more entrenched than originally thought.

Some observers have speculated that if such violence continues, southern Thailand may become another front on the U.S.-led war on terrorism in Southeast Asia. Thailand and the United States have close anti-terrorism cooperation, institutionalized in the joint Counter Terrorism Intelligence Center (CTIC), which was established in early 2001 to provide better coordination among Thailand's three main security agencies. The U.S. Central Intelligence Agency reportedly shares facilities and information daily in one of the closest bilateral intelligence relationships in the region. The CIA reportedly has assigned approximately 20 agents to the CTIC and in 2002 provided between $10 million and $15 million to the center. Plans reportedly are in place to open a new diplomatic mission in the southern region which could serve as another post for U.S. agents to gather intelligence.[72] Acting on CIA intelligence, the CTIC took the lead in capturing Hambali and also has captured a number of other suspected JI operatives.[73] President Bush has designated Thailand as a major non-NATO ally[74] in recognition of its support of the war against terrorism and negotiations for a bilateral free trade agreement (FTA) are underway.

The recent violence has both spurred cooperation and raised tension between Thailand and Malaysia. Many of the Muslim Thais are ethnically Malay and speak Yawi, a Malay dialect. The Malaysian public has grown increasingly angry at the perceived violence against Muslims in Thailand, prompting Malaysian Prime Minister Abdullah Badawi to offer temporary refuge to Thais following the April 28 attack.[75] However, the countries have also conducted joint border patrols and agreed to terminate the joint citizenship privileges that some believe have facilitated the passage of terrorists across the shared border. Thaksin has also advocated building a security wall along the border.[76]

A series of arrests preceded the outbreak of violence in 2004. In May and June 2003, the government announced the arrest of three Thais in the southern province of Narathiwat for allegedly planning to bomb Western embassies in Bangkok —

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[71] Shawn W. Crispin, "Strife Down South," *Far Eastern Economic Review*. January 22, 2004.

[72] Crispin, "Strife Down South."

[73] Shawn W. Crispin and Leslie Lopez, "A Thai-CIA Antiterrorism Team," *Wall Street Journal*. October 1, 2003.

[74] Under section 517 of the Foreign Assistance Act of 1961, the President can designate a non-North Atlantic Treaty Organization state as a major ally for the purposes of the Foreign Assistance Act and the Arms Export Control Act. The designation allows states more access to U.S. foreign aid and military assistance, including weapons purchases and development.

[75] "Malaysian DPM in Thailand for Talks on Violence," *BBC News* online. May 4, 2004.

[76] Crispin, "Thailand's War Zone."

including the U.S. embassy — and Thai beach resorts popular among Western tourists. The arrests, which were announced while Thaksin was in the United States for a meeting with President Bush, came a week after two Thais from a Wahhabi sect were arrested in Cambodia for allegedly conspiring with JI.[77] Another Cambodian Muslim arrested in June 2003 had spent the previous three years studying in southern Thailand. Thai officials said the arrests showed that foreign-linked terrorist groups have set up cells in Thailand's predominantly Muslim southern provinces. Islamic secessionist groups have operated in Thailand's Muslim-majority southern provinces for decades, though violent attacks by Islamic militants decreased sharply in the years following the passage of the 1997 constitution, which granted the provinces greater autonomy over local affairs.

In addition to indigenous terrorist activity, confessions of detained Al Qaeda and JI suspects indicate that the groups have used Thailand as a base for holding meetings, setting up escape routes, acquiring arms, and laundering money. In January 2002, Hambali is reported to have convened a meeting of the networks' operatives in southern Thailand at which the group agreed to target "softer" targets such as the nightclubs in Bali that were attacked in October 2002. A number of Al Qaeda and JI figures, including convicted World Trade Center bomber Ramzi Yousef, have taken advantage of lax border controls and tourist-friendly visa requirements to flee to Thailand to escape arrest in other Southeast Asian countries.[78] Under interrogation, captured Al Qaeda operative Omar al-Farouq reportedly confessed to attempting to cooperate with Gerakan Mujahideen Islam Pattani, a small separatist group in Thailand whose founder fought with the Mujahideen in Afghanistan.[79] One prominent anti-terrorism expert has called attention to a previously unknown underground network, called Jemaah Salafiya, that allegedly is affiliated with JI.[80]

Additionally, Al Qaeda and JI members reportedly have purchased weapons on Thailand's large underground market in arms. Fears that radioactive contraband has entered the Thai black market were heightened in June 2003, when Thai and U.S. agents worked together to arrest a Thai citizen for trying to sell 30kg of cesium-137, a substance used for medical purposes that could be attached to conventional explosives for use in a "dirty bomb." Reportedly, the arrested individual has confessed to smuggling the cesium into Thailand from Laos, where some authorities believe more is being hidden.[81]

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[77] A Cambodian judge dropped the terrorism charges on February 27, 2004, but gave no reason for his surprise dismissal. "Terrorism Charges Dismissed Against 5 Suspected JI Members," *Voice of America News*. March 1, 2004.

[78] Western intelligence sources reportedly estimate that Thai immigration authorities detain on average one person a day, usually from South Asia, for traveling with forged documents. "Canada Helps Thais Combat Terror," *Far Eastern Economic Review*. September 19, 2002.

[79] Zachary Abuza, "Tentacles of Terror," February 5, 2003 draft, p. 84.

[80] Ellen Nakashima, "Terrorists Find Easy Passage Into Thailand," *Washington Post*. January 27, 2003.

[81] Shawn W. Crispin and Gary Fields, "U.S.-Thai Seizure Triggers Fears of 'Dirty Bombs'," *Wall Street Journal*. June 18, 2003.

Malaysia

As mentioned above, for a period in the late 1990s, Malaysia was the locus of JI's and Al Qaeda activity. In 1999 and 2000, several Al Qaeda operatives involved in the September 11 and the *USS Cole* attacks used Kuala Lumpur as a meeting and staging ground. According to the confessions of one captured Al Qaeda leader, Malaysia was viewed as an ideal location for transiting and meeting because it allowed visa-free entry to citizens of most Gulf states, including Saudi Arabia.[82]

Malaysia's former Prime Minister Mahathir Mohammed, a longstanding promoter of non-violent Muslim causes, openly criticized Islamic terrorists after September 11, including Palestinian suicide bombers. In a show of appreciation for his cooperation, Mahathir was invited to Washington, D.C., and met with President Bush in mid-May 2002. During that visit the United States and Malaysia signed a Memorandum of Understanding (MOU) on counter-terrorism. The text of that document became the basis for a subsequent declaration on counter-terrorism that the United States and ASEAN signed at the August 2002 ASEAN Regional Forum (ARF) meeting.[83]

The Bush Administration also has decided to downplay U.S. human rights concerns over Malaysia's use of its Internal Security Act (ISA) to imprison political opponents without trial, especially since Kuala Lumpur has employed the ISA against suspected members of JI and the Kampulan Mujiheddin Malaysia (KMM).[84] Mahathir's successful visit to Washington, DC, in May 2002 symbolized the fundamental change in the U.S. posture toward him since the September 11 attack. However, Mahathir criticized the U.S. attack on Iraq and new U.S. visa restrictions on Malaysians seeking to enter the United States.

Shortly after taking office in the fall of 2003, Malaysia's new Prime Minister Abdullah Ahmad Badawi pledged to continue Malaysian support for the war against

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[82] *The 9/11 Commission Report*, p. 158.

[83] U.S. Embassy, Malaysia, Speech by U.S. Ambassador Marie T. Huhta, Rotary International Dinner Forum, Kuala Lumpur, Malaysia February 22, 2003. [http://usembassymalaysia.org.my/amsp0222.html].

[84] The KMM is a small, militant group calling for the overthrow of the Malaysian government and the creation of a pan-Islamic state encompassing Malaysia, Indonesia, and the southern Philippines. Founded in 1995, the group is estimated by Malaysian authorities to have fewer than 100 members. According to Singaporean and Malaysian authorities, the KMM has close links to JI and radical Islamist groups in the Malukus and the Philippines. U.S. State Department, *Patterns of Global Terrorism 2001*, p. 123-24, [http://www.state.gov/s/ct/rls/pgtrpt/]. The KMM's links to Malaysia's main opposition party, Parti Islam se-Malaysia (PAS), are controversial. After the September 11, 2001 attacks, Prime Minister Mahathir explicitly linked PAS to the KMM and international terrorist movements, and went on a political offensive against the party, which had made gains in recent local elections. Several of the alleged KMM members arrested are allegedly PAS members, including some senior party leaders. Abuza, "Tentacles of Terror," February 5, 2003 draft, p. 40.

terror.[85] In March 2004, Badawi's National Front Coalition won a significant victory over Malaysian Islamists who favor an extreme form of Islam. During the February Counterterrorism conference in Bali, it was reported that Attorney General Ashcroft complimented Malaysia for its anti-terrorism efforts and for progress made on a Mutual Legal Assistance Treaty (MLAT).[86]

Mainstream Islam in Malaysia appears to have reasserted its moderate character. Though the late 1990s saw a significant electoral swing toward the radical Islamist party, Parti Islam se-Malaysia (PAS), parliamentary elections in March 2004 significantly rolled back PAS' earlier gains. Badawi's Barisan National (BN) party polled 64.4% of the vote and took 196 out of 219 seats in parliament.[87] PAS lost control of Terengganu and only just held on to Kelantan leaving it in control of only one of 13 state governments with BN controlling the rest. PAS seats in parliament fell from 26 seats to seven. The election result is interpreted as a sign that Malaysians are comfortable with Badawi. It is also seen as demonstrating the limited appeal of radical Islamic policies espoused by PAS.[88]

Recent Developments. Malaysia's Prime Minister Datuk Seri Abdullah Badawi reportedly sought to strengthen bilateral ties with the United States during his July 2004 meeting with President Bush in Washington.[89] Although not uncritical of the United States policies, such as the Israel/Palestinian issue, Badawi is a moderate Islamic leader that is giving indications that Malaysia will continue to be a valuable partner in the war against terror in Southeast Asia. During the visit Badawi pledged to "assist in the reconstruction of Iraq not only to help the people of Iraq in their hour of need, but also because I view this as another manifestation of moderate Islam's push against radicalism.... The Muslim world must therefore realize that good governance is an essential component of the armory against radical Islam."[90]

The threat of seaborne terrorism in the region, particularly in the vital Straits of Malacca between Malaysia and Indonesia, has received increased attention. Admiral Thomas Fargo visited Malaysia to coordinate sharing of intelligence and to offer to help build the capacity of Malaysia, and other regional countries, to deal with such

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[85] "Malaysia Pledges Terror Fight," *The Wall Street Journal*, November 4, 2004.

[86] The MLAT will establish cooperation for the prosecution of terrorist suspects in both countries. It will also assist in the exchange of witnesses and in terrorist investigations. "U.S. Compliments Malaysia for Role in Anti-terror Efforts," *Bernama Daily*, February 5, 2004.

[87] Malaysia Primer, Virtual Information Center, U.S. Department of Defense, April 12, 2004.

[88] "Malaysia Politics: Election Winner and Losers," *Economist Intelligence Unit*, March 24, 2004.

[89] See CRS Report RL32129, *Malaysia: Political Transition and Implications for U.S. Policy*, by Bruce Vaughn.

[90] Speech by The Honorable Abdullah Badawi, Prime Minister of Malaysia, Washington, DC, July 19, 2004.

a threat.[91] Fargo reportedly initially displeased Malaysia and other regional states when he mentioned, in response to a question during congressional testimony, that the United States might consider dispatching ships to patrol the Strait rather than assist regional states in doing so.[92]

Singapore

Singapore has been at the forefront of anti-terrorist activity in Southeast Asia. A terrorist attack on the city-state could jeopardize its standing as the region's financial and logistical hub. Singaporean officials maintain that important port facilities and other major targets remain vulnerable.[93] Singapore and the United States have military access agreements that allow the United States to operate resupply vessels from Singapore and to use a naval base, ship repair facility, and airfield on the island-state. The U.S. Navy also maintains a logistical command unit — Commander, Logistics Group Western Pacific — in Singapore that serves to coordinate warship deployment and logistics in the region.[94]

Since JI cells were first raided in December 2001, dozens of other suspected Islamist militants have been arrested under the state's Internal Security Act, for allegedly plotting to bomb the U.S. embassy in Singapore and other targets. Singaporean authorities have shared information gathered from the detainees, providing detailed insights into JI and Al Qaeda's structure, methods, and recruiting strategies. Singapore also has tightened its surveillance of financial records, increased patrols in the Straits of Malacca, and increased intelligence cooperation with regional countries and the United States. In June 2002, Singapore and the United States signed an agreement to allow U.S. customs officials to inspect cargo containers in Singapore bound for the United States: part of a global U.S. program to prevent terrorists from smuggling weapons of mass destruction into the United States. The government of Singapore has outlined measures that it has taken to dismantle JI operations in Singapore in a white paper entitled "The Jemaah Islamiyah Arrests and the Threat of Terrorism."

Australia

Australian involvement alongside the United States in the war against terror has been staunch, as was highlighted by President Bush in his address to the Australian Parliament on October 22nd, 2003. In his address, the President pointedly acknowledged the valuable contribution made by Australia's special forces in Afghanistan and in Iraq. Prime Minister Howard was visiting Washington on September 11, 2001, as part of the celebration of the 50-year anniversary of the ANZUS alliance. Shortly after the attacks of that day, in which 22 Australian lives

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[91] "Seaborne Terrorism is a Serious Threat: Fargo," *Agence France Presse*, June 24, 2004.

[92] Barry Wain, "Strait Talk," *Far Eastern Economic Review*, April 22, 2004.

[93] Jason Szep, "As Iraq war nears, alert needed in Asia - Singapore," *Reuters*, March 13, 2003.

[94] For more information, see CRS Report RS20490, *Singapore: Background and U.S. Relations*, by Emma Chanlett-Avery.

were lost, Australia evoked the ANZUS Treaty to come to the aid of the United States and subsequently committed Australian military forces to fight in Afghanistan and Iraq. Australia's commitment to the war on terror was redoubled as a result of the Bali bombing, which killed 89 Australians. Imam Samudra stated in his confession of his role in the Bali bombing that Australians had been targeted in the Bali attack for their ties to the United States and for their involvement in East Timor.[95] Australia helped East Timor become an independent nation through its leading role in 1999 in the International Force East Timor (INTERFET) and in the follow-on U.N. Transitional Administration East Timor (UNTAET).

Whereas Southeast Asia has been described as the "second front" in the war on terror by senior U.S. officials, it is Australia's area of most immediate strategic interest beyond its borders. JI's mantiqi 4 was operating in Australia for years before the Bali bombing of October 2002. Australia has been working closely with Indonesian and other regional authorities to combat terrorism. As of May 2003, 36 Australian Federal Police officers remained in Indonesia to assist in tracking down suspects and to track the money trail used to finance the attack.[96] Indonesian National Police Headquarters have also announced that Australian Federal Police have assisted in the investigation into the bombing of the Indonesian Peoples Representative Council. In 2002, the two countries negotiated a MOU on Terrorism, in which they pledged to cooperate on information and intelligence sharing, law enforcement, money laundering and terrorist financing, cooperation on border control systems, and aviation security. Australia also announced a $6.46 million commitment to assist Indonesia to achieve these aims.[97] Australia has established an Ambassador for Counter Terrorism and has concluded counterterror MOUs with Fiji, Malaysia, the Philippines, and Thailand. Australia and India held their first Joint Working Group on counterterrorism on March 7, 2003.

Australia is expanding its counterterrorism cooperation with Indonesia and regional states while it also seeks to develop its own capabilities. One outcome of the February Bali Regional Ministerial Meeting on Counterterrorism was a $28.2 million commitment by Australia to an Indonesian Center for Law Enforcement Cooperation in Jakarta. The center is to support regional capacity building and also have an operational mandate to provide support in response to specific terrorist threats or actual attacks.[98] Australia held a nationwide counterterror exercise in March 2004 that focused on preventing the use of ships as weapons of mass destruction in an attack on Darwin. U.S.-owned Connoco Philipps is currently developing a large liquid natural gas facility in Darwin.[99] There are fears in Australia, most notably amongst the Labor Party opposition in government, that Australia's commitment to the U.S.-led war in Iraq has made Australia more of a target for Islamic extremists.

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[95] "JI Groups in Australia Watched," *The Daily Telegraph*, February 11, 2003.

[96] Daniel Clary, "Bali Trials List Might Widen," *The West Australian*, May 15, 2003.

[97] "Australia-Indonesia Joint Ministerial Statement," Jakarta, Indonesia, March 11, 2003.

[98] The Hon. Alexander Downer, Minister for Foreign Affairs, "Indonesia Centre for Law Enforcement Cooperation," Department of Foreign Affairs and Trade, Australia, February 5, 2004.

[99] "Tightened Security in Darwin," *Far Eastern Economic Review*, April 1, 2004.

It was reported that the CIA asked Hambali 200 questions on behalf of the Australian government. As a result of this line of questioning it is reported that Hambali had planned on attacking Australia but was unable to assemble an effective team to carry out the attack.[100]

Cambodia and Burma: New Countries of Convenience?

Two of the hallmarks of Al Qaeda and JI have been their mobility and adaptability. The heightened scrutiny placed on JI operations in the major countries in Southeast Asia has led to concerns that the terrorist network would establish or step up operations in other countries that on the surface would appear to be unlikely locales for Islamic terrorism to take root. During Indonesian authorities' interrogation of Omar al Faruq, the Al Qaeda leader reportedly admitted that JI had been attempting to forge ties with radical Muslims in Burma.[101]

In Cambodia in May and June 2003, four men — one Cambodian Muslim, two Thai Muslims, and an Egyptian — were arrested in Phnom Penh for belonging to JI and plotting to carry out terrorist attacks in Cambodia. The three non-Cambodians were teachers at a Saudi-funded Islamic school that Cambodian authorities subsequently shut down, expelling fifty foreign employees. The school was run by a charitable foundation that is suspected of laundering money for JI and Al Qaeda. The information leading to the arrests reportedly came from a tip provided by the United States following the interrogation of a Singaporean JI operative who is said to have met with and sent funds to the suspects in Cambodia.[102] Since the withdrawal of Vietnamese troops in the early 1990s, Cambodia's Cham ethnic group, most of whom are moderate Muslims, has seen a rise in Wahhabi influence and funding from Wahhabi schools in the Middle East. The Cham make up less than five percent of Cambodia's 12.5 million population, which is predominantly Buddhist.

The Burmese government claims that there are terrorist elements among Burmese Muslims, linked to an al Qaeda network in neighboring Bangladesh. However, the United States and many other governments are unlikely to view these claims as credible because of the evidence that the Burmese government is a major violator of human rights, including the rights of Muslims.

Options and Implications for U.S. Policy

Strategies for Combating Terrorism in Southeast Asia

The 9/11 Commission recommends conceptualizing the battle against Islamist terrorism as a two-pronged campaign on the one hand aimed at disrupting the

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[100] "Hambali's Plan to Attack Australia Misfired," *Jakarta Post*, January 24, 2004.

[101] Abuza, "Terrorism in Southeast Asia," p. 15.

[102] Luke Hunt, "JI arrests throws spotlight on Cambodia's radical Muslims," *Agence France Presse*, May 28, 2003; Shawn Crispin, "Targets of a New Anti-Terror War," *Far Eastern Economic Review*, July 10, 2003; Abuza, "Terrorism in Southeast Asia," p. 16.

leadership of Al Qaeda, Jemaah Islamiyah, and like-minded terrorist networks and on the other hand competing against the rise of radical ideologies within the Islamic world that inspire terrorism.[103] To date, U.S. policy in Southeast Asia necessarily has been focused on the first goal, which is more immediate and requires an emphasis on the policy tools necessary to kill and capture specific individuals, locate and destroy terrorist training facilities, and identify terrorist financing networks.

The second goal is perhaps less urgent in the immediate term, but more important in the longer term. It also is more complex, for essentially it aims at reducing the appeal of violent Islamism by strengthening national governments' ability to provide their Muslim citizens with an attractive alternative. Although Southeast Asian societies and governments in general are more tolerant, representative, and responsive than those in the Middle East and South Asia, Islamist terrorist groups have been able to exploit the sense of alienation produced in part by the corruption and breakdown of institutional authority in Indonesia and by the marginalization of minority Muslim groups in the southern Philippines and southern Thailand.

Additionally, to date the U.S. approach to fighting terrorism in Southeast Asia primarily has been bilateral — rather than multilateral — in nature, and generally has been limited to the law enforcement — rather than the military — realm. In the near term, barring another major terrorist attack, it is difficult to foresee these features of U.S. strategy changing since they are based upon features of international relations in Southeast Asia: relatively weak multilateral institutions, the poor history of multilateral cooperation, and the wariness on the part of most regional governments of being perceived as working too closely with the United States. Rectifying these deficiencies could be elements of the long-term goal of competing against terrorist ideologies.

Decapitation. Thus far, the strategy of arresting Jemaah Islamiyah's leadership is thought to have crippled JI's capabilities significantly. If the International Crisis Group's observation of factions within JI is correct, it may mean that a continued push to arrest the network's leadership could dramatically reduce JI's ability to threaten Western targets directly. The arrests likely would disproportionately target JI's more radical leaders, perhaps giving more prominence to the "bureaucrats" who have a longer time horizon and reportedly believe that violence against Westerners undermines the ultimate objective of establishing *sharia* in the region. Additionally, it appears that middle and lower-level JI functionaries' level of commitment may not be as fanatical as commonly thought. Some plotters reportedly have had second thoughts about participating in particular operations, indicating that close intelligence sharing could help governments identify members who could be induced to desert.[104]

Short- and Long-Term Capacity-Building Strategies. However, JI's network-based structure and its suspected ability to reconstitute its leadership means

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[103] *The 9/11 Commission Report*, p. 361-365.

[104] Rohan Guanaratna, "Al-Qaeda's Operational Ties with Allied Groups," *Jane's Intelligence Review*, February 1, 2003.

that arrests alone are unlikely to cause the network to collapse. Other strategies include placing a greater emphasis on attacking the institutions that support terrorism, and building up regional governments' institutional capacities for combating terrorist groups and for reducing the sense of alienation among Muslim citizens.[105] Options include:

- Placing priority on discovering and destroying terrorist training centers, which have proven extremely important to JI and the MILF, in particular;[106]
- Increasing the U.S. Pacific Command's use of international conferences and exercises aimed at combating terrorism and piracy;
- Strengthening the capacities of local government's judicial systems, through training and perhaps funding, in an effort to reduce the corruption and politicization of the judicial process;
- Working with Indonesia, the Philippines, and other countries to better manage communal tensions and identify religious flash points before they erupt. Sectarian violence has proven to be fertile ground for JI and other terrorist groups to recruit and raise funds;[107]
- Building up state-run schools, so that Muslims are less likely to send their children to radical madrassas where extremist brands of Islam are propagated. The 9/11 Commission recommends creating a new multilateral "International Youth Opportunity Fund" that would seek to improve primary and secondary education in Muslim communities.[108] The Bush Administration moved in this direction in October 2003, when it launched a $157 million program to help improve the quality of Indonesian schools. The initiative has been criticized on the grounds that unlike in Pakistan and the Middle East, where madrassas often are the best opportunity for an education, in Southeast Asia, many JI members hail from the middle class, and most recruitment appears to occur in mosques or on university campuses;[109]
- Expanding educational exchanges, similar to the Fulbright program, so that future elites have thorough exposure to the United States;
- Strengthening civil society and the democratic process;

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[105] Abuza, "Funding Terrorism in Southeast Asia," p. 10-11.

[106] Jones, "Indonesia Backgrounder," p. ii.

[107] Sidney Jones, "Terrorism In Southeast Asia, More Than Just JI," *Asian Wall Street Journal*, July 29, 2004.

[108] *The 9/11 Commission Report*, p. 378.

[109] Jones, "Terrorism In Southeast Asia, More Than Just JI."

- Pursuing policies, such as negotiating free trade agreements and promoting the multilateral Doha Development Agenda trade talks, that encourage economic development;[110]

- Increasing regional cooperation on a multilateral and bilateral basis with key governmental institutions involved with the war against terror;

- Providing assistance and training to developing regional counter terrorism centers;

- Assisting in developing frameworks such as harmonized extradition agreements and evidentiary standards to more effectively prosecute terrorists and facilitate investigations and data sharing with regional partners;

- Building up the capabilities of countries' coast guards and navies to better combat piracy, gun running, and other types of smuggling, particularly in the Straits of Malacca and the waters between Sulawesi and the southern Philippines.[111] The U.S. military could play a role here, perhaps in coordinating with Japan, the Coast Guard of which has been conducting bilateral exercises with selected Southeast Asian countries. Two difficulties are that Malaysia only recently established a Coast Guard, and Indonesia has nearly a dozen agencies that claim responsibility for guarding Indonesian waters, in which about one-quarter of the world's piracy incidents occurred in 2003;

- The 9/11 Commission argues that tracking terrorism financing "must remain front and center in U.S. counterterrorism efforts." Notwithstanding increased police cooperation, most Southeast Asian countries do not appear to have made commensurate efforts to locate, freeze, and at a minimum disrupt the flow of the assets of Islamic terrorist groups. As of December 2003, no terrorist funds had been seized in the region, despite assessments by U.S. officials that Al Qaeda has increasingly relied on Southeast Asia to move its money and hide its assets because authorities in the Middle East have heightened scrutiny of the network's operations. Indonesia, the Philippines, and Burma remain on the Organization for Economic Cooperation and Development's list of "Non-Cooperative Countries" in the fight against money laundering. Although shutting down informal financing mechanisms such as cash donations and the informal *hawala* system of transferring money would be next to

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[110] *The 9/11 Commission Report*, p. 378-79; Robert Zoellick, "Countering Terror With Trade," *The Washington Post*, September 20, 2001.

[111] The Stanley Foundation, "US Security Relations With Southeast Asia: A Dual Challenge. Southeast Asia in the Twenty-First Century: Issues and Options for US Policy," *Policy Bulletin*, March 2004, p.1-2.

impossible, feasible actions include shutting down charities linked to terrorist groups, monitoring front companies and legitimate businesses linked to terrorist groups, and establishing a regional clearing house for intelligence sharing.[112] Concurrently, monitoring of terrorist money can be used as an important intelligence tool to better understand how terrorist networks operate.[113]

- As part of ongoing bilateral cooperation, U.S. officials could emphasize increased regulation, transparency, and enforcement in individual countries' financial sectors.

Public Diplomacy. Ultimately, convincing regional governments to increase anti-terrorism cooperation will depend upon reducing the political costs of doing so. Muslim Southeast Asia currently is undergoing something of a spiritual awakening, with Islamic consciousness rising and influencing the opinion of moderate Muslims. Polls indicate that U.S. actions in the Middle East, particularly in Israel and Iraq, have led to a steep rise in anti-Americanism making overt cooperation with U.S. counterterrorism operations more difficult, as increasing numbers of Muslims in Southeast Asia see U.S. policy as anti-Muslim. Singapore's Prime Minister Goh Chok Tong, for instance, has argued that "a more balanced and nuanced approach [by the United States] towards the Israeli-Palestinian conflict ... must become a central pillar to the war on terrorism" in order to maintain credibility in Southeast Asia.[114]

Additionally, there appears to be a perception among some Southeast Asians that the United States has relied too heavily on "hard" (military) power to combat terrorism, not only in Afghanistan and Iraq, but also in Southeast Asia. Malaysian Defense Minister Najib Razak, for instance, has stated that "terrorism cannot be bombed into submission ... the underlying legitimate grievances that allow for such extremists to gain support" must be addressed. He advocates "a judicious mix of hard and soft force" to prevail against terrorism. Some regional academics also have concluded that America's "highly militarized approach" to the war against terror in Southeast Asia may be inadequate to neutralize the threat and may "even backfire." "The embers of radical Islamist terrorism can only be doused by the adoption of a comprehensive approach that addresses a host of real or perceived social, economic, political, and ultimately ideological challenges."[115] Secretary of Defense Rumsfeld reportedly cautioned regional leaders against making a "separate peace" with terrorists and equated such action with the appeasement of Adolf Hitler.[116] While these perceptions of an overly militaristic U.S. response in Southeast Asia may be

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[112] Abuza, "Funding Terrorism in Southeast Asia," p. 56-68.

[113] *The 9/11 Commission Report*, p. 382.

[114] Muray Hiebert and Barry Wain, "Same Planet, Different World," *Far Eastern Economic Review*, June 17, 2004.

[115] See Seng Tan and Kumar Ramakrishna, "Interstate and Intrastate Dynamics in Southeast Asia's War on Terror," *SAIS Review*, Spring, 2004.

[116] Murray Hiebert and Barry Wain, "Same Planet, Different World," *Far Eastern Economic Review*, June 17, 2004.

overblown — particularly by being colored by U.S. politics in the Middle East — they may indicate a disconnect between the United States approach to the war on terror and its regional friends and allies. Such a division has the potential to limit the degree to which regional states will cooperate with the United States in the war on terror.

To counter these sentiments, the United States could expand its public diplomacy programs in Southeast Asia to at least provide an explanation for U.S. actions in the region and other parts of the world. Many of these programs were reduced significantly in the 1990s, after the end of the Cold War. The 9/11 Commission specifically recommends increasing funding to the Broadcasting Board of Governors, the independent but government-financed agency that is responsible for all U.S. government and government sponsored, non-military, international broadcasting, including the Voice of America (VOA).[117] Applied to Southeast Asia, such as step could include expanding VOA's existing Indonesian language broadcasts and adding broadcasts in Javanese and other Indonesian dialects, as well as in Malay and Tagalog.

Multilateral Efforts. Finally, the ease with which Al Qaeda, JI and other groups have transferred personnel, money, weapons, and information across borders indicates that thwarting terrorist activities will require a coordinated, international response in a region where multinational institutions — including ASEAN — and cooperation are weak. Greater border controls in particular can help disrupt terrorists' travel activities. The importance of multinational intelligence-sharing and extradition agreements is underscored by the apparent fact that many captured Al Qaeda and JI members have provided authorities with useful information that has led to further arrests and the discovery of new plots.

A number of Southeast Asian states have increased anti-terrorist cooperation, both with the United States and with each other. In particular, there appears to be a dramatic improvement in the level of intelligence sharing among national police forces. Cooperation among Singapore, Malaysia, the Philippines, and the United States appears to have been particularly effective, leading to the arrests of dozens of suspected JI members, including several top leaders. Another sign of increased attention given to terrorism occurred in July 2003, when the Southeast Asia Regional Center for Counter-Terrorism opened in Kuala Lumpur. The center houses researchers and hosts training sessions for regional officials. In August 2002, the United States and all ten members of ASEAN signed an agreement to cooperate in counterterrorism activities. The agreement calls for signatories to freeze terrorist groups' assets, improve intelligence sharing, and improve border controls.[118] Delegates attended the second ASEAN Regional Forum Inter-sessional meeting on Counterterrorism and Transnational Crime in March 2004 where they discussed

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[117] *The 9/11 Commission Report*, p. 375-77.

[118] United States of America-ASEAN Joint Declaration for Cooperation to Combat International Terrorism, August 1, 2002.

transport systems as potential terrorist weapons. The meeting was co-chaired by the Philippines and Russia.[119]

Indonesia

The ongoing debate over the relative emphasis that strategic interests and human rights concerns should play in the bilateral relationship with Indonesia continued in United States policy circles during deliberations on foreign assistance for FY2004. On one side of the debate are those who argue that the United States must develop access to Indonesia, through its elites, to be able to influence the nation across a range of issues, including strategic considerations, counterterrorism, and human rights. On the other side of the debate are those who argue that such an approach has shown few results and that the United States needs to send a clear signal to Indonesia that Jakarta must improve its human rights performance to be able to access the full range of benefits that can be derived from the bilateral relationship with the United States. The latter approach has been embodied, since 1991, in the so-called "Leahy Amendment" to the annual foreign operations appropriations bill which has banned aid to the TNI until Indonesia fulfilled several conditions relating to accountability for these human rights abuses. (See "Role of Congress/Legislation" below for further details.) Set against this backdrop is the need for bilateral cooperation in the war against terror.

United States-Indonesian anti-terrorism cooperation improved significantly after the Bali bombing. Fears that the United States' war against Iraq would inflame the country were proven to be largely unjustified, though U.S. policy toward Iraq and Israel are the two key issues contributing to the declining popularity of the United States in Indonesia. Though the August 5, 2003 bombing at the Marriott Hotel in Jakarta demonstrated that terrorists are still operating in Indonesia, Indonesian police efforts, including widespread arrests of suspected JI members, have set back the radical Islamic agenda in Indonesia and helped moderate Islamic groups improve their position. The revelation that Indonesian police had obtained information indicating that a terrorist attack could happen in the neighborhood of the Marriott Hotel attack, but did not inform the U.S. Embassy or Marriott, points to limits to Indonesia's ability to cooperate in counterterror measures, as does the recent decision to release Baasyir.[120] About 150 people, mostly Indonesians but including two Americans, were injured in the Marriott Hotel attack. One of the key reasons for Indonesia's more aggressive stance against JI is the growing post-Bali perception that the network is a threat not just to Western interests in Indonesia but to the Indonesian government and society as well.

Even in the aftermath of the Bali bombing, however, the potential for a nationalist backlash against working too closely with the United States exists, perhaps raising the need for a heavy reliance upon relatively unobtrusive forms of counterterrorism cooperation. Counterterror cooperation options include intelligence sharing, cooperation in police investigations, training in border and immigration

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[119] "Terrorism on Wheels, On Wings," *Manila Standard*, March 31, 2004.

[120] "Terror in Indonesia," *The Washington Post*, August 7, 2003.

controls, and securing Jakarta's approval for the dispatch of covert U.S. agents to Indonesian soil. The latter option, however, if discovered, runs the risk of further inflaming anti-American passions. The TNI generally has more effective domestic intelligence capabilities than the national police, which until January 2001 were part of the military establishment. The Bush Administration also has a desire to reestablish military-to-military ties with Indonesia. The central role that the military plays in Indonesia highlights the importance of any relationship with the military. To this end the United States has established a counterterrorism fellowship program with Indonesia. On the other hand, the TNI is widely viewed as among the most egregious actors in Indonesian rights abuses.

Although there has been much improvement, there are several other reasons why counterterrorism cooperation may have limitations:

- The perception that the trials of military figures accused of human rights abuses in East Timor in 1999 were inadequateFear that further human rights abuses will take place in the current suppression of rebels in Aceh
- Concern that the military is not cooperating in the investigation of the murder of two American citizens in PapuaLingering concern that the Indonesian government is not doing enough to fight the war against terror
- Although the police have increased cooperation on counterterrorism it is not clear that the military will to the same extent. The resources of the military far outweigh those of the police in Indonesia.

One policy issue that Congress may wish to consider is how best to support moderate Islamic elements in Indonesia in what is developing into a struggle with more conservative, and in some cases extremist, forms of Islam in Indonesia. It would not be in the United States' interests if a more radical form of Islam came to dominate Indonesia. In such a situation, extremist groups would have more ability to operate and would likely have a larger pool of disaffected Indonesians from which to draw their recruits. The April 5, 2004 parliamentary elections did not lead to a significant rise in popularity of Islamic parties. They did, however, mark a shift in support away from President Megawati and an increase in the popularity of former President Suharto's Golkar Party, now headed by Akbar Tandjung. Some observers suggest that the United States should step up its assistance to democratization in Indonesia. From this perspective, the sooner Indonesia establishes political stability and develops deeper democratic institutions, the sooner it will be able not only to increase cooperation against terrorism but also rein in the Indonesian military and gain greater accountability from it.

The Philippines

The delicate internal political situations in the Southeast Asian countries affected by Islamic radicalism and terrorism impose serious limitations on U.S. freedom of action. This currently is highlighted by the difficulties in Philippine-U.S. negotiations over developing a second U.S. program of military support for Filipino military operations against Abu Sayyaf. Moreover, the Bush Administration appears to lack a strategy to deal with the clear evidence of MILF linkage with JI and Al

Qaeda: MILF training of JI personnel and the flow of terrorists and terrorists weapons between Mindanao and the Indonesian island of Sulawesi. The Administration faces a severe dilemma between taking more direct U.S. action to weaken the MILF linkage with JI and Al Qaeda and becoming involved in a much wider war in the southern Philippines with the attendant danger of a Filipino political backlash against the United States.

During the Balikatan operation of 2002, the Bush Administration and the Philippine government sought to avoid a U.S. confrontation with the MILF. However, mounting evidence of MILF support for JI reportedly led the Bush Administration in late 2002 to consider placing the MILF on the U.S. official list of foreign terrorist organizations. President Arroyo reportedly convinced U.S. officials not to take that action in the interest of preserving the cease-fire with the MILF. If Manila's truce with the MILF collapses, the Philippine Army — elements of which favor restarting military actions against the MILF — undoubtedly would use recently supplied U.S. military equipment against these groups. The Philippine government might change policy and encourage U.S. action against the MILF at least in a role similar to that in the Balikatan exercise against Abu Sayyaf. In order to avoid this, the Bush Administration has supported President Arroyo's attempts to restore the cease-fire that was on the verge of collapse in March-April 2003. However, Philippine cease-fires with the MILF have not yet addressed the major U.S. interest of ending MILF support and assistance to JI. A key issue for the immediate future is whether the international observer group slated to monitor the current cease-fire will be installed and whether it, coupled with Malaysia role, will dampen MILF cooperation with JI.

President Arroyo's narrow election victory in May 2004 seemed to augur well for Philippine-U.S. counterterror cooperation. However, relations have been strained by her decision to hasten the withdrawal of the small Filipino military contingent in Iraq to secure the release of a Filipino held hostage by Iraqi insurgents. U.S. officials criticized her decision. The Pentagon has indicated that the United States will continue to supply weapons to the AFP, but U.S. officials have indicated that other components of the security relationship could be affected by Arroyo's decision.[121]

Thailand

Counterterrorism cooperation with Thailand faces fewer political constraints than do efforts with most other Southeast Asian states. Security cooperation with Thailand is well established; ties were institutionalized in 1962 with the U.S.-Thai military pact, after which Thailand provided bases to support U.S. operations in Vietnam. The relationship continued through the Cold War, and today includes annual joint military exercises and extensive intelligence coordination. However, the Thai authorities remain sensitive to perceptions that they are too closely aligned with the United States. According to press reports, Thai officials requested that the Bush

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[121] Illustre, Jennie L. "U.S. signals no pause in military aid." *Philippine News* (San Francisco), August 4, 2004.

Administration refrain from publicizing Thailand's support of the invasion of Iraq.[122] After remaining neutral during the combat phase, Thailand sent a contingent of over 450 troops to Karbala to join the multinational force under Polish command. In spring 2004, Thaksin threatened to withdraw the troops early if the security situation continued to disintegrate, and resisted calls to postpone the withdrawal until after the Iraqi elections. The scheduled pull-out began in July 2004.[123] Other Thai government officials have voiced concern that Thailand's involvement in Iraq could fuel Islamic militancy on its own soil.[124]

Although the recent violence in the southern provinces may prove otherwise, Thailand has been considered attractive to terrorists not as a base of operations, but as a meeting place or transit point because of its unrestrictive, tourist-friendly border controls. Maintaining a low profile on bilateral security cooperation, particularly in the intelligence realm, may prove helpful in luring terror network operatives to the country, where Thai and American intelligence could monitor their activities. Downplaying U.S. support might be prudent in the Muslim region, where local groups have demonstrated a strong distrust of American — as well as central Thai government — motives.

Role of Congress/Legislation

Appendix A contains tables detailing U.S. assistance to Indonesia, the Philippines, and Thailand since the September 11, 2001 attacks.

Indonesia

Administration officials and Members of Congress particularly have struggled to find a way to reconcile the need to gain the cooperation of the Indonesian military (TNI) with the desire to keep pressure on the military to accept civilian control and accept accountability for past human rights violations. These include the brutal repression against peaceful pro-independence supporters in East Timor, which became the independent nation of Timor Leste on May 20, 2002, under United Nations supervision, especially the November 1991 "Dili Massacre." Congress also has been concerned about the lack of progress, until mid-2004, towards identifying and bringing to justice the perpetrators of the attacks on American teachers and students from an international school near Timika, in West Papua Province, that is connected to U.S.-based Freeport-McMoRan Copper and Gold Inc.

The "Leahy" Amendment Restriction on Military Aid. For more than a decade, Congress has restricted the provision of military assistance to Indonesia due

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[122] Raymond Bonner, "Thailand Tiptoes in Step with American Antiterror Effort," *New York Times*. June 7, 2003.

[123] "Thailand Begins Final Troop Withdrawal from Iraq," *AFX International Focus*. July 16, 2004.

[124] "Thai PM Says Troops Will Pull Out of Iraq if Unable to Work," *Agence France Presse*. April 20, 2004.

to concern about serious human rights violations by the Indonesian military (TNI), most notably the massacre of hundreds of people participating in a pro-independence rally in Dili, East Timor, in November 1991. Congress first took the initiative by enacting legislation prohibiting International Military Education and Training (IMET) and arms sales to Indonesia in October 1992, under the so-called "Leahy Amendment" to the FY1992 foreign operations appropriation bill. Section 599H of H.R. 5368 (P.L. 102-391), sponsored by Senator Patrick Leahy, required that none of the funds appropriated for International Military Education and Training (IMET) could be made available to Indonesia unless by December 15, 1992, the Secretary of State provided the Committees on Appropriations with a certification verifying that the Indonesian government had complied with three conditions relating to the then-growing secessionist conflict in East Timor.

In subsequent years, Congress regularly included similar or related human rights conditions to successive annual foreign operations appropriations bills. The specific conditions have varied over time, but none of them have been fulfilled to date.

The Clinton Administration either acquiesced or did not object strongly to congressional prohibitions and conditionality on military assistance to Indonesia, despite its general opposition to legislative restraints on the President's authority to conduct foreign policy. Partly in response to congressional pressure, President Clinton in September 1999 suspended all military, economic, and financial aid to Indonesia. The aid cutoff was imposed in response to a wave of mass killings and destruction of property perpetrated by the Indonesian army and locally-recruited paramilitary in revenge for an overwhelming vote for independence by East Timorese in an August 30, 1999 U.N.-supervised plebiscite.[125]

Appendix B contains a legislative history of the Leahy Amendment and its variations since FY2002.

The Impact of 9/11. Following the September 11, 2001 terrorist attacks, Congress and the Bush Administration engaged in extensive informal negotiations about ways to support increased anti-terrorist cooperation with Indonesia while continuing to press the Indonesian government about other U.S. concerns. A main policy consideration has been the argument that the TNI generally has more effective domestic intelligence capabilities than the national police, which until January 2001 were part of the military establishment. For FY2002-FY2003, the Congress provided funds to allow the Department of Defense to provide counterintelligence training to the Indonesian police and also allowed the provision of funds for Expanded International Military Education and Training (E-IMET), which is designed to provide training in human rights and respect for democracy. Because of a deadly attacks on U.S. civilians in Papua suspected to be the work of the TNI, and the May 2003 invasion of the dissident province of Aceh by the TNI, the use of these funds was suspended by the Administration.

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[125] Jim Lobe, "U.S. Suspends Military Ties with Indonesia." *Asia Times*, Sept. 11, 1999 (atimes.com)

Thus far, Congress has not been satisfied with Indonesia's efforts to increase the accountability of the TNI. In regard to the repression in East Timor, some 12 of 18 military officers and civilians brought before a special tribunal in Indonesia were acquitted, while six, including civilians, were convicted and given prison terms up to five years.[126] Since those trials, the Indonesian Supreme Court has upheld the acquittals or rejected appeals by the prosecution in three cases.[127] As a consequence, foreign assistance to Indonesia since the September 11, 2001 attacks has been limited to economic assistance and anti-terrorism assistance and training for the Indonesian National Police. Assistance to the Indonesian military remains suspended both for policy reasons and because of a legislative ban on Foreign Military Financing (FMF) of arms exports (see below).

It remains to be seen how Congress will react to the U.S. government's determination that a member of a Papuan separatist group was responsible for the murder of U.S. citizens in Timika in 2002. Critics both in Indonesia and abroad have alleged that the FBI overlooked information concerning the businessman's long ties to the TNI, and that the U.S. move was aimed at clearing the way for the restoration of military-to-military assistance and the resumption of military assistance.[128]

FY2005 Request for Indonesia, the Philippines, and Thailand

H.R. 4818, making appropriations for foreign operations, including Indonesia, the Philippines, and Thailand for FY2005, passed the House on July 15, 2004. As in recent years, the bill provides that none of the funds appropriated under the heading Foreign Military Financing Program shall be available for financing arms sales to Indonesia, along with Sudan and Guatemala. Sec. 575 would continue the prohibition on International Military Education and Training Assistance (IMET).

S. 2144, which would authorize appropriations for foreign assistance, the Peace Corps, and other purposes for FY2005, includes the following restrictions on aid to Indonesia:

> Sec. 2517. Conditions on the Provision of Certain Funds to Indonesia. This section conditions the release of any funds available for Indonesia in FY2005 under the FMF or IMET program (with the exception of funds under the expanded IMET program) on the receipt of a certification submitted by the President that the Government of Indonesia and the Indonesian Armed Forces are taking effective measures to conduct an investigation of the attack on United States citizens in Indonesia on August 31, 2002, and to criminally prosecute the individuals responsible for the attack.

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[126] "Indonesia Seeks to Clear General of Timor Crimes." *New York Times*, June 9, 2003.

[127] "Indonesian Supreme Court Upholds Acquittals in East Timor Rights Cases." *Agence France Presse*, May 24, 2004.

[128] "Rights Groups Accuse Ashcroft of Cover-Up." *Australian Financial Review*, Aug. 5, 2004.

Other CRS Products Dealing with Terrorism in Asia

CRS Report RS20572. *Indonesian Separatist Movement in Aceh.*

CRS Report RS20697. *Philippine-U.S. Security Relations.*

CRS Report RL31265. *Abu Sayyaf: Target of Philippine-U.S. Anti-Terrorism Cooperation.*

CRS Report RL32129. *Malaysia: Political Transitions and Implications for U.S. Policy.*

CRS Report RS20490. *Singapore: Background and U.S. Relations.*

CRS Report RS21358. *Australia: Background and U.S. Relations.*

CRS Report RL32223. *Foreign Terrorist Organizations.*

CRS Report RL31119. *Terrorism: Near Eastern Groups and State Sponsors, 2002.*

CRS Report RS21529, *Al Qaeda after the Iraq Conflict.*

CRS Report RL32120. *The "FTO List" and Congress: Sanctioning Designated Foreign Terrorist Organizations.*

CRS Report RL32058. *Terrorists and Suicide Attacks.*

CRS Report RL31831. *Terrorist Motivations for Chemical and Biological Weapons Use: Placing the Threat in Context.*

CRS Report RL31152. *Foreign Support of the U.S. War on Terrorism.*

CRS Report RL31811. *Appropriations for FY2004: Foreign Operations, Export Financing, and Related Programs*

Appendix A: U.S. Assistance to Indonesia, the Philippines, and Thailand Since September 2001

Table 1. U.S. Assistance to Indonesia, FY2002-FY2005

($ in Millions)

Program	FY 2002	FY 2003	FY 2004	Total (FY02-04)	FY2005 (Requested)
Economic Assistance					
Child Survival/Health (CSH)	35.57	31.96	34.00	101.52	32.30
Development Assistance (DA)	38.70	39.02	31.29	109.01	32.74
Economic Support Funds (ESF)	50.00	59.61	49.71	159.32	70.00
Peace Corps	-	-	-	0.00	-
PL. 480, Title II Food Aid	5.67	29.54	6.60	41.81	23.00
Total Economic Assistance	**129.94**	**160.12**	**121.60**	**411.66**	**158.04**
Security Assistance**					
International Narcotics & Law Enforcement (INCLE)	4.00	-	-	4.00	10.00
International Mil. Education & Training (IMET)	0.405*	0.28	0.46	1.14	0.60
Foreign Mil. Sales Financing (FMF)	-	-	-	0.00	-
Nonproliferation, Anti-Terrorism, Demining & Related (NADR)	8.00	1.01	5.76	14.76	6.00
Total Security Assistance**	**12.41**	**1.28**	**6.21**	**19.90**	**16.60**
Total Economic and Security Assistance**	**142.35**	**161.41**	**127.81**	**431.57**	**174.64**

Source: Department of State/Congressional Budget Justifications, Foreign Operations, FY2004/2005, ("All Spigots" Tables) and Secretary of State.

*Civilians only for FY2002

** The military assistance figures do not include counterterrorism funds from the FY2002 anti-terrorism supplemental appropriations (P.L.107-206), which provided up to $4 million for law enforcement training for Indonesian police forces and up to $12 million — of which the Bush Administration allocated $8 million — for training and equipping Indonesian police to respond to international terrorism.

Table 2. U.S. Assistance to the Philippines, FY2002-FY2005

($ in Millions)

Program	FY 2002	FY 2003	FY 2004	Total (FY02-04)	FY2005 (Requested)
Economic Assistance					
Child Survival/Health (CSH)	25.60	22.92	29.35	77.87	28.00
Development Assistance (DA)	24.46	28.21	22.07	74.73	26.08
Economic Support Funds (ESF)	21.00	45.00	17.65	83.65	35.00
Peace Corps	2.17	2.09	2.60	6.86	2.88
PL. 480, Title II Food Aid	-	-	-	0.00	-
Total Economic Assistance	**73.22**	**98.22**	**71.66**	**243.11**	**91.95**
Security Assistance					
International Narcotics & Law Enforcement (INCLE)	-	-	2.00	2.00	2.00
International Mil. Education & Training (IMET)	2.03	2.40	2.70	7.13	3.00
Foreign Mil. Sales Financing (FMF)	19.00	49.87	19.88	88.75	30.00
Foreign Mil. Sales Financing (FMF) - Supplemental	25.00	-	-	25.00	
Nonproliferation, Anti-Terrorism, Demining & Related (NADR)	0.10	2.09	-	2.19	2.00
Total Security Assistance	**46.03**	**52.27**	**24.58**	**122.88**	**35.00**
Total Economic and Security Assistance	**119.25**	**150.49**	**96.24**	**365.98**	**126.95**

Source: Department of State/Congressional Budget Justifications, Foreign Operations, FY2004/2005 ("All Spigots" Tables)

Table 3. U.S. Assistance to Thailand, FY2002-FY2005

($ in Millions)

Program	FY 2002	FY 2003	FY 2004	Total (FY02-04)	FY2005 (Requested)
Economic Assistance					
Child Survival/Health (CSH)	1.00	1.50	-	2.50	-
Development Assistance (DA)	0.75	1.25	-	2.00	-
Economic Support Funds (ESF)	-	-	-	0.00	-
Peace Corps	1.27	1.82	2.07	5.16	2.55
PL. 480, Title II Food Aid	-	-	-	0.00	-
Total Economic Assistance	**3.02**	**4.57**	**2.07**	**9.66**	**2.55**
Security Assistance					
International Narcotics & Law Enforcement (INCLE)	4.00	3.70	2.00	9.70	2.00
International Mil. Education & Training (IMET)	1.75	1.77	2.45	5.97	2.50
Foreign Mil. Sales Financing (FMF)	1.30	1.99	1.00	4.29	0.50
Foreign Mil. Sales Financing (FMF) - Supplemental	-	-	-	0.00	-
Nonproliferation, Anti-Terrorism, Demining & Related (NADR)	0.72	0.20	0.38	1.30	0.75
Total Security Assistance	**7.77**	**7.66**	**5.83**	**21.25**	**5.75**
Total Economic and Security Assistance	**10.79**	**12.23**	**7.90**	**30.91**	**8.30**

Source: Department of State/Congressional Budget Justifications, Foreign Operations, FY2004/2005 ("All Spigots" Tables)

Appendix B: Restrictions on Aid to Indonesia Since the "Leahy Amendment" to the FY1992 Foreign Operations Appropriations Act

For more than a decade, Congress has restricted the provision of military assistance to Indonesia due to concern about serious human rights violations by the Indonesian military (TNI), most notably the massacre of hundreds of people participating in a pro-independence rally in Dili, East Timor, in November 1991. Congress first took the initiative by enacting legislation prohibiting International Military Education and Training (IMET) and arms sales to Indonesia in October 1992, under the so-called "Leahy Amendment" to the FY1992 foreign operations appropriation bill. Section 599H of H.R. 5368, sponsored by Senator Patrick Leahy, of Vermont, provided that none of the funds appropriated for International Military Education and Training (IMET) could be made available to Indonesia unless by December 15, 1992, the Secretary of State provided the Committees on Appropriations with a certification verifying the fulfillment by the Indonesian government of three conditions:

> (1) special emphasis is being placed on education of Indonesian military personnel that will foster greater awareness of and respect for human rights and that will improve military justice systems;
>
> (2) special emphasis is also being placed on education of civilian and military personnel that will foster greater understanding of the principle of civilian control of the military; and
>
> (3) the Secretary of State will use all available and appropriate means to ensure there is progress on the East Timor situation, such as the full availability of legal remedies under Indonesian law to all civilians convicted in connection with the November 1991 East Timor incident, increased access for human rights groups to East Timor, and constructive cooperation with the United Nations Secretary General's efforts to promote dialogue between Indonesia and Portugal to resolve issues concerning East Timor." (Sec. 599H, P.L. 102-391)

In subsequent years, Congress regularly included similar or related human rights conditions to successive annual foreign operations appropriations bills. The Clinton Administration either acquiesced or did not object strongly to congressional prohibitions and conditionality on military assistance to Indonesia, despite its general opposition to legislative restraints on the President's authority to conduct foreign policy. Partly in response to congressional pressure, President Clinton in September 1999 suspended all military, economic, and financial aid to Indonesia. The aid cutoff was imposed in response to a wave of mass killings and destruction of property perpetrated by the Indonesian army and locally-recruited paramilitary in revenge for

an overwhelming vote for independence by East Timorese in an August 30, 1999, U.N.-supervised plebiscite.[129]

In action on the **FY2001 Foreign Operations Appropriations (P.L. 106-429/H.R. 5526)**, following the 9/11 attacks, Congress made Indonesia eligible for International Military Education and Training (IMET) for the first time in several years, but only in the "expanded" version, known as E-IMET which emphasizes respect for human rights and civilian control of the military. However, Sec. 579 of the same legislation banned both IMET and Foreign Military Sales Financing (FMF) for Indonesia unless the President determined and reported to Congress that the Indonesian government and armed forces were fulfilling six requirements relating to East Timor. These included facilitating the return of East Timorese refugees from West Timor and bringing to justice "members of the military and militia groups responsible for human rights violations in Indonesia and East Timor."

FY2002 Foreign Operations Appropriations — Seven Criteria for IMET and FMF. Section 572 (a) of P.L. 107-115 (H.R. 2506) allowed Indonesia's participation in the Expanded IMET program without conditions, but made FMF available only if the President determined and reported to Congress that the Indonesian government and Armed Forces were effectively addressing seven human rights issues. These were similar to the those in the FY2001 legislation, but they also required certification that Indonesia was allowing "United Nations and other international humanitarian organizations and representatives of recognized human rights organizations access to West Timor, Aceh, West Papua, and Maluka," and "releasing political detainees."

FY2002 Supplemental Appropriation for Combating Terrorism (P.L. 107-206/H.R. 4775). In an effort to promote anti-terrorism cooperation without abandoning U.S. human rights concerns, Congress focused U.S. assistance on the Indonesian national police, a body that had been separated from the Indonesian military in 1999 as part of an effort by the post-Suharto reformist government to reduce the role of the TNI. The FY2002 anti-terrorism supplemental appropriations provided up to $4 million for law enforcement training for Indonesian police forces and up to $12 million — of which the Bush Administration allocated $8 million — for training and equipping Indonesian police to respond to international terrorism, including the establishment of a special police counterterrorism unit.

FY2003 Foreign Operations Appropriations (P.L. 108-7/H.J.Res. 2). The 107th Congress failed to complete action on the FY2003 foreign operations appropriations bill (S. 2779), which carried over to the 108th Congress. Signed into law on February 20, 2003, the FY2003 measure included a shorter revised list of conditions on foreign military sales financing funding than was included in the FY2002 appropriation. Military education and training assistance continued to be restricted to E-IMET. The bill also earmarked $150 million in economic support funds for Indonesia, of which not less than $10 million is to be used for programs and activities in the troubled state of Aceh and not less than $5 million for reconstruction

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[129] Jim Lobe, "U.S. Suspends Military Ties with Indonesia." *Asia Times*, Sept. 11, 1999 (atimes.com)

in Bali. In addition, the FY2002 appropriation also provided not less than $25 million for the Democratic Republic of Timor-Leste (East Timor).

Sec. 568 of the FY2003 appropriations bill included a substantially shorter list of certification requirements than previous years. It banned foreign military sales financing funding for lethal items to the Indonesian military unless the President certified to Congress that:

> (1) the defense ministry is suspending members of the military who "have been credibly alleged to have committed gross violations of human rights, or to have aided or abetted militia groups";
>
> (2) the Government of Indonesia is prosecuting such offenders and the military is cooperating with such prosecutions; and
>
> (3) the Minister of Defense is making publicly available audits of receipts and expenditures of the Indonesian Armed Forces, including audits of receipts from private enterprises and foundations.

FY2004 Foreign Operations Appropriations (P.L. 108-199). For FY2004 the Administration requested $132.1 million for all Indonesia programs administered by the U.S. Agency for International Development, including P.L. 480, Title II food aid, a decrease of $11.4 million from the $141.5 million allocated for FY2003.

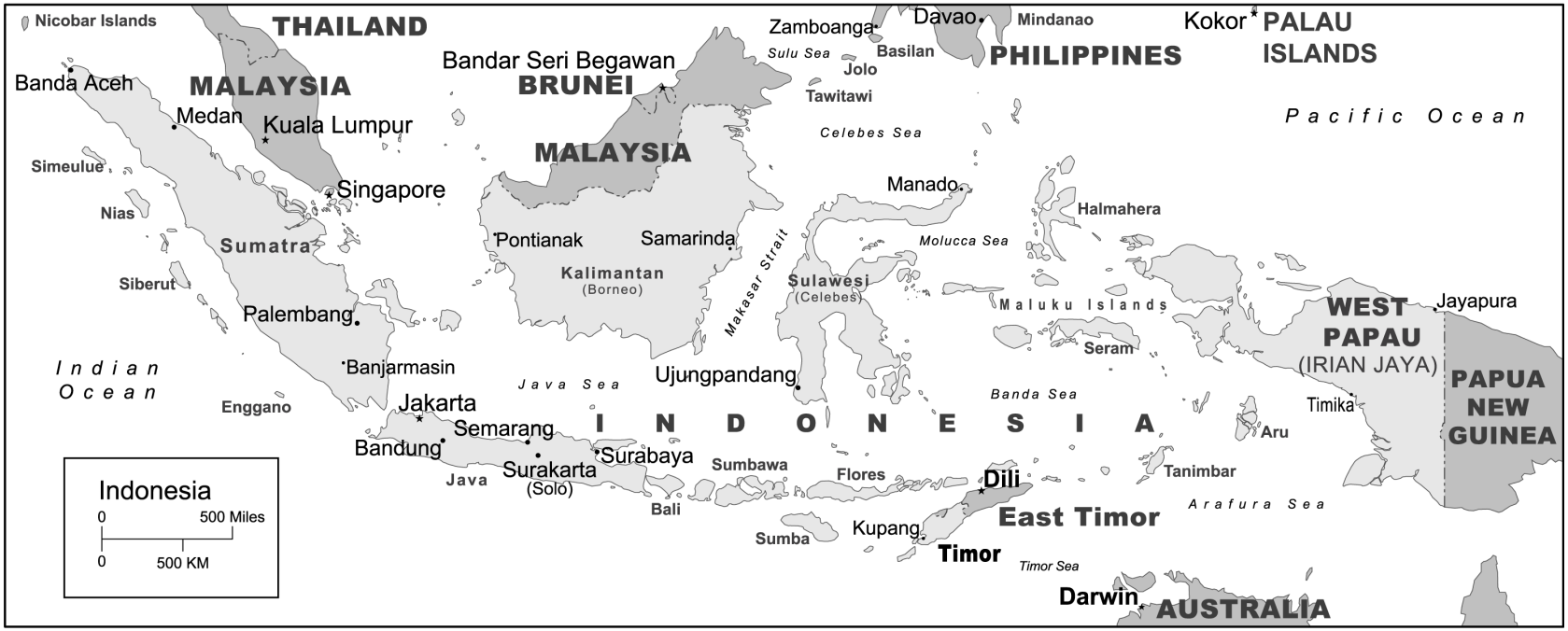
In December 2003, the Foreign Operations bill, H.R. 2800, was wrapped into the omnibus Consolidated Appropriations Act, 2004 H.R. 2673 which became law in January 2004 (P.L. 108-199). The act contains language on Indonesia that places certain limitations on assistance to Indonesia. Specifically, section 597 allows FMF funds to be expended, and licences for the export of lethal defense articles to be issued, only if the President certifies to Congress that the TNI is actively suspending, prosecuting, and punishing those responsible for human rights abuses and that the TNI is cooperating with the United Nations East Timor Serious Crimes Unit and that the Minister of Defense is making publically available audits of TNI's accounts. IMET is to be available for Indonesia if the Secretary of State reports to Congress that Indonesia is cooperating with the Federal Bureau of Investigation's investigation of the attack on Americans at Timika. The act adds that such restrictions do not apply to expanded IMET.

Appendix C: Maps

Figure 2. Southeast Asia

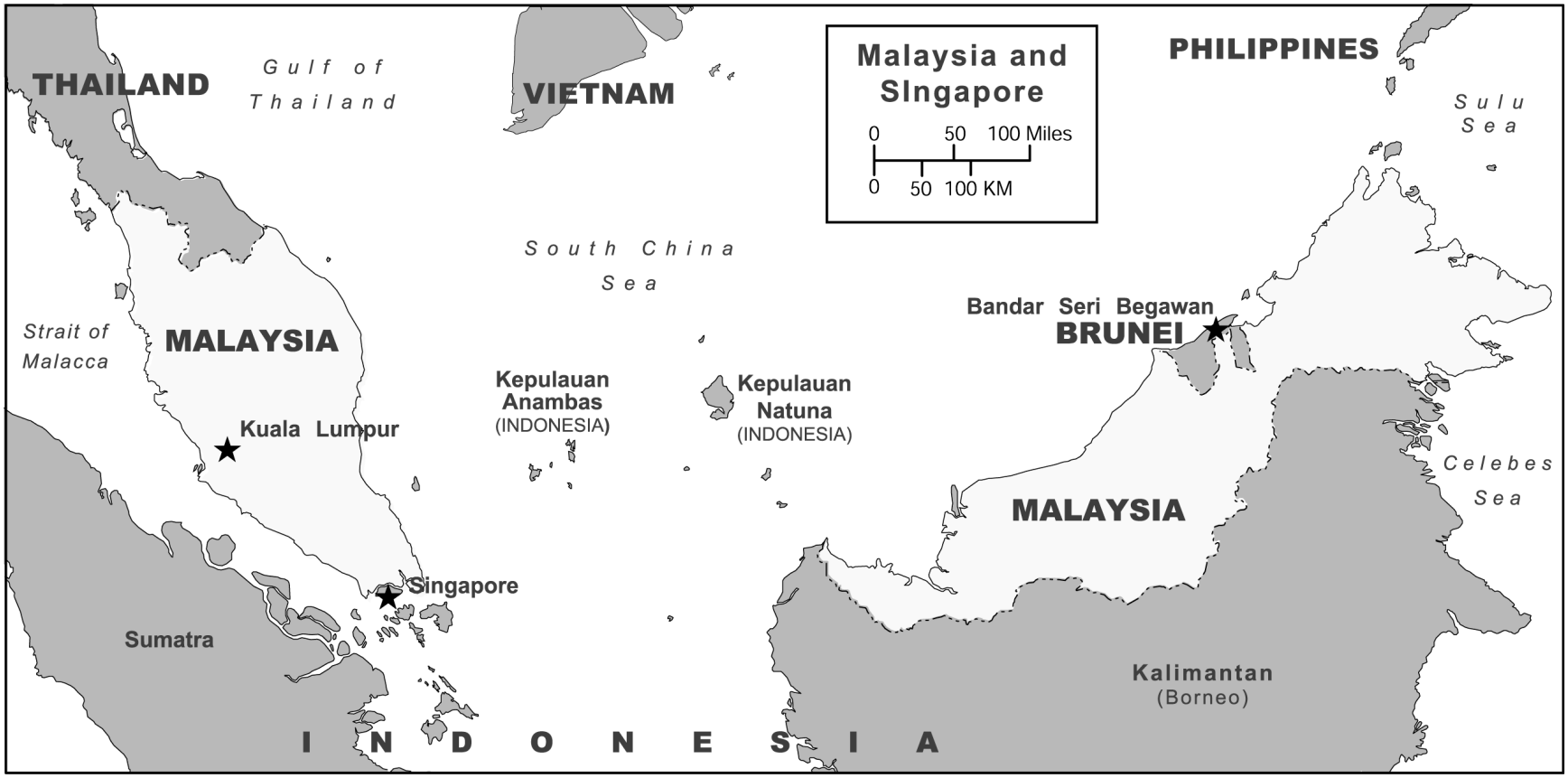
Source: Map Resources. Adapted by CRS. (R.Woods 8/18/03)

Figure 3. Indonesia



Source: Map Resources. Adapted by CRS. (K.Yancey 4/12/04)

Figure 4. Malaysia and Singapore



Source: Map Resources. Adapted by CRS. (K.Yancey 5/13/04)

Figure 5. The Philippines

Source: Map Resources. Adapted by CRS. (K.Yancey 4/15/04)