

INDONESIA Briefing

Jakarta/Washington/Brussels, 17 July 2001



INDONESIAN-U.S. MILITARY TIES

OVERVIEW

As Indonesia continues to struggle with its ongoing presidential crisis and secessionist violence in Aceh and Irian Jaya, the Bush Administration has undertaken an overall review of its military assistance policies toward Indonesia. While the results of this review have yet to be made public (and will likely depend in some measure on the Indonesian military's behaviour during the resolution of the Presidential crisis) any major shift in U.S. policy will send important signals regarding Washington's perspective toward the future of Indonesian military reform, the role of the military in Indonesian society and the military's conduct in dealing with internal turmoil. Further, the ongoing U.S. appropriations process will also invite Congress to weigh in with its views on these same topics during the next several months. So, while the outcome of such policy reviews remain in doubt, it is clear that the evolving role of the Indonesian military will be a key factor in determining that country's long-term prospects for stability.

The potential scale of military cooperation between the United States and Indonesia remains relatively modest in the immediate term and will likely continue to be constrained by a patchwork of existing U.S. legislation and Indonesia's own financial and bureaucratic disarray. However expanding the scope of arms sales and military training programs has taken on important symbolic significance in security quarters in both Jakarta and Washington where such cooperation is often viewed as a barometer of U.S.-Indonesian relations. Ultimately, the issue of the bilateral military relationship is one of politics, status and

perception as much as security. Further, Indonesia's frequent shortcomings in bringing to justice perpetrators of gross human rights abuses within the ranks of its own military, and the continued need for Indonesia to pursue broader military reforms as it struggles to cope with separatist and other violent conflicts, raise important questions regarding how best to manage military ties.¹

This briefing addresses several core points. First, it offers a report card on Indonesia's relative progress in meeting the U.S. Congressional conditions imposed on International Military Education and Training (IMET) programs and Foreign Military Financing by amendments to the 2001 Foreign Operations appropriations bill. Secondly, it assesses the relative U.S. interests involved in the bilateral military relationship and highlights the approaches that Australia, Britain and France have taken to arms sales and military training for Indonesia. Thirdly, the paper weighs the appropriateness of renewed arms sales and the types of training and assistance most needed by the Indonesian National Military (TNI)² in the current security environment. Lastly, it recommends guidelines and practical benchmarks that might be applied to the provision of future assistance to ensure that Indonesia meets reasonable standards of reform, transparency and accountability. It focuses on U.S. relations because of that country's close ties to the Indonesian military throughout the 1990s and the deep historical roots of the military partnership.

¹ See ICG Asia Report No. 9, 'Indonesia: Keeping the Military Under Control', 5 September 2000.

² *Tentara Nasional Indonesia*. Before April 1999 the armed forces (including the police) were known as ABRI (*Angkatan Bersenjata Republik Indonesia*).

The Indonesian government has repeatedly expressed interest in purchases of U.S. arms and expanding military-to-military links and training programs with the Pentagon. In January 2001, Indonesian Foreign Minister Alwi Shihab told reporters, "I am optimistic that the military sanctions will be lifted because the Bush government is more pragmatic and realistic".³ In March, Foreign Minister Shihab asked the Bush Administration to renew military assistance while visiting Washington to meet with U.S. Secretary of State Colin Powell and Deputy Secretary of Defence Paul Wolfowitz. Such aid has largely been cut off since 1999 in reaction to Indonesian military abuses in East Timor. Complaining that the lack of military assistance was hampering Jakarta's efforts to stem separatism, Minister Shihab stressed Washington's interest in ensuring Indonesia's territorial integrity.

At an April air show in Jakarta, Indonesian President Abdurrahman Wahid lashed out against what he viewed as slow progress by Washington on lifting its arms embargo: "We should not surrender to intimidation from anyone".⁴ President Wahid suggested that Indonesia would need to purchase weapons from other more willing nations and, "We don't need to depend on one country".⁵ Defence Minister Mohammad Mahfud and other Indonesian officials have insisted that a shortage of spare parts for U.S.-manufactured "Hercules" transport planes has limited their ability to contain instability and violence across Indonesia, although U.S. officials counter that a waiver for these specific spare parts was granted in September 2000. Despite the grumbling, the Indonesian government remains keen to repair its relations with the U.S. military.

For its part, the Bush Administration is receptive to improving ties with the Indonesian military, albeit realistic about some of the U.S.

Congressional hurdles that must be addressed for that to happen and concerned by the ongoing presidential crisis in Jakarta. When questioned in January during his confirmation hearings about arms sales to Indonesia, Secretary of State Powell argued, "Every nation has the right of legitimate self-defence, and if they don't buy it from us, they have many other sources in which they can get such weapons".⁶ However, the Secretary of State also added that he would need to study the issue further. The Commander of U.S. forces in the Pacific, Admiral Dennis Blair, has repeatedly made clear his desire to engage the Indonesian military more closely. The U.S. Administration has also requested an expansion of IMET programs for Indonesia, and undertaken an across the board review of its military assistance strategy toward Indonesia.

³ *Agence France-Presse*, 'Jakarta optimistic the US will lift arms embargo', 29 January 2001.

⁴ *Deutsche Presse-Agentur*, 'Indonesia weapons procurement to be shifted away from U.S.', 9 April 2001.

⁵ *The Straits Times* (Singapore), 'Indonesian President: air-display team a victim of arms ban', 10 April 2001.

⁶ Confirmation hearing statement of Colin L. Powell before the Senate Foreign Relations Committee, 17 January 2001.

I. CURRENT RESTRICTIONS ON U.S. ASSISTANCE

Increasing U.S. concerns about Indonesia's human rights record resulting from the November 1991 massacre by soldiers of some 200 people in Dili, East Timor, led the American Congress to place a variety of restrictions on both arms sales and military training for Indonesia in the early 1990s. Congress initially banned all funds for training assistance to Indonesia under the IMET officer training program and new weapons sales under the foreign military sales program.⁷

Nonetheless, military equipment and training for Indonesian forces did not come to a complete halt. Even though IMET programs were suspended, the Pentagon still continued to discreetly fund extensive training for Indonesian special forces under the Joint Combined Exchange and Training (JCET) program – an effort that while not in violation of the law, certainly skirted the spirit of Congressional efforts to restrict training.⁸ Most U.S. special forces training through JCET was directed to their counterparts in the elite Indonesian unit, Kopassus, whose human rights record has been one of the worst in the Indonesian military. The JCET program for Indonesia was suspended in 1998 under a heavy political outcry resulting from Kopassus abuses in East Timor and increased media scrutiny of the JCET program.

Some IMET funding (“Expanded IMET” or “E-IMET”) designed to foster greater respect for and understanding of the principle of civilian control of the military was restored in 1995.⁹ In addition, a limited number of Indonesian officers have trained at U.S. military academies at Indonesian expense

during the 1990s. A steady, but more limited flow of arms deliveries from the U.S. to Indonesia continued throughout the 1990s. The U.S. has supplied more than \$148 million worth of weapons and ammunition to Indonesia since 1993, including technical support and spare parts for previously sold U.S. aircraft and armoured vehicles.¹⁰ This total includes commercial sales and the fulfilment of existing contracts. Repeated efforts to sell the Indonesian government nine additional F-16 fighters during the mid-1990s hit political snags until finally President Soeharto, hoping to avoid U.S. congressional hearings on the matter and questions regarding Indonesia's human rights record, declared in June 1997 that Indonesia was no longer interested in the purchase. Again, the pattern of U.S. military assistance suggests that the Pentagon has remained eager to maintain close links with its Indonesian counterparts despite broader political concerns about the drift of the Indonesian government and its military practices during the last decade.

U.S. military assistance programs largely ground to a halt, however, in the aftermath of the violence and destruction in East Timor following the 30 August 1999 referendum favouring separation from Indonesia. In September 1999, to protest Jakarta's heavy-handed actions in East Timor, Washington suspended all joint military exercises, commercial arms sales and exchanges for Indonesia by an executive order of President Clinton that supplemented Congressional restrictions already in place.

Since that time, limited cooperation has been renewed. The fiscal year 2000 U.S. budget included no money for Indonesia in IMET funding, but \$200,000 was allocated for fiscal year 2001. However, the fiscal year 2001 funding will not be made available to Indonesia unless a Presidential certification is sent to the Congress that Indonesia has met certain conditions. The only large-scale military contact between the United States and Indonesia since September 1999 has been an annual Navy and Marine exercise called

⁷ This did not prevent the commercial sale of weapons, only purchases financed by the U.S. government.

⁸ IMET brings foreign military officers to the U.S.; JCET training programs take place in recipient countries.

⁹ For a fuller description of the aims of both the IMET and E-IMET programs, see the State Department's Fiscal Year 2002 International Affairs (Function 150) Budget Request, available at www.state.gov/s/rpp/rls/iab/.

¹⁰ Figures compiled by the World Policy Institute.

Cooperation Afloat Readiness and Training (CARAT). Indonesian officials have also taken part as observers in the U.S.-sponsored "Cobra Gold" military exercise in Thailand during the last two years, and both Indonesia and the U.S. participated in a large multilateral naval anti-mining effort in June 2001. In addition, three exceptions have been made to the executive order of 1999.¹¹ Included in the original order was an exemption for commercial satellite sales. Further, the U.S. government has permitted the transfer of parts for ten CN 235 aircraft being constructed by Indonesia for sale to South Korea. Similar exemptions (such as parts used for ship construction) would be made available for projects where Indonesia provides valid end-user certificates as it did with the planes bound for South Korea. In addition, the U.S. lifted restrictions on spare parts for Hercules transport planes in September 2000, although no purchases have been made as of 1 July 2001.

There is an important distinction regarding the restrictions placed on U.S. assistance. Extending participation in joint exercises (such as Cobra Gold and CARAT), regional conferences and seminars and officer-to-officer meetings and discussions is the prerogative of the White House working in consultation with the Pacific Command, the Pentagon and State Department, as would be further exemptions or the revocation of Clinton's 1999 executive order (such as renewing commercial arms sales). Although there are broad conditions regarding human rights standards placed on some of these activities that are not specific to Indonesia, the Bush Administration has the flexibility to directly expand the range of ties falling in such categories. However, in providing direct military assistance or training to the Indonesian government, the Administration must meet certain legislative requirements.

The fiscal year 2001 Foreign Operations appropriations bill contained clear provisions regarding potential military assistance to the

Indonesian government.¹² Neither IMET nor Foreign Military Financing (FMF) program funds may be made available to Indonesia unless the U.S. President submits a report to the appropriate Congressional committees that the government of Indonesia and the Indonesian armed forces are meeting a number of basic standards with regards to human rights and accountability. Specifically, if the Bush Administration wishes to make IMET or FMF funding available for Indonesia, it must certify in a report to Congress that the government of Indonesia and the Indonesian armed forces have met the specific conditions listed below. Also included is ICG's analysis of the relative progress of the Indonesian government and armed forces in each of these areas to date.

1) Taking effective measures to bring to justice members of the armed forces and militia groups against whom there is credible evidence of human rights abuses.

The Indonesian government has made no progress on this front. Despite initiating several investigations and even pressing charges against a number of lower ranking field officers, convictions have been few, none involve senior officers, and a general culture of impunity still exists within the armed forces and among militia leaders. For example, several officers who held command positions in East Timor in 1999 have not only not been tried but have received promotions. The militia leader Eurico Guterres has not been charged for his central role in the violence in East Timor in 1999 although he was sentenced to six months imprisonment for disturbing a ceremony to hand over arms to the authorities in 2000. Even the parliamentary decision to establish a special human rights court to try offences in East Timor applies only to the period after the 1999 referendum vote and excludes the previous

¹¹ As an executive order, such revisions can be made unilaterally by the President.

¹² These restrictions apply only to the money set aside in the FY 2001 appropriation. If money were made available in the FY 2002 appropriation for IMET or FMF for Indonesian, and no conditions were attached by the Congress, the FY 2002 money could be expended without a certification to Congress. However, support for the "Leahy Amendment" – as it is known – remains solid, and the provisions could well be attached to the 2002 funds as well.

seven months when many of the most blatant offences took place. Six Indonesians arrested in connection with the 6 September 2000 killings of three UNHCR staff members in West Timor received sentences ranging from ten to twenty months in what the UNHCR quickly labelled “a mockery”.¹³ Human rights abuses continue to mount in Aceh, Irian Jaya and elsewhere in Indonesia. New human rights legislation has not been implemented effectively.

2) *Taking effective measures to bring to justice members of the armed forces against whom there is credible evidence of aiding or abetting militia groups.*

Although militia activity in Timor has largely tapered off, no effective measures have been undertaken to bring to justice supporters of the militias within the Indonesian armed forces.

3) *Allowing displaced persons and refugees to return home to East Timor, including providing safe passage for refugees returning from West Timor.*

There has been progress in this area. The Indonesian government has not cleared refugee camps of former militia members who reportedly continue to intimidate refugees who wish to return to East Timor. In June 2001 the government conducted a registration that resulted in 98 per cent of refugee families opting to remain in Indonesia. International concern focused on the possibility that many refugees had been coerced by militia members. After the registration, it was apparent that many among the refugees still hoped that they could eventually return home but had doubts about the security situation in East Timor itself, especially in the context of the forthcoming election in August 2001. Lacking capacity to resettle such a large number of refugees, the government now appears to accept the desirability of refugees going back to East Timor. In the words of the Co-ordinating Minister for Political, Social and Security Affairs, Lt. General [ret.] Agum Gumelar, “the

more who return to East Timor, the better, so that we are able to implement repatriation”.¹⁴

4) *Not impeding the activities of the United Nations Transitional Authority in East Timor.*

The Indonesian government has not interfered with the operations of the UN Transitional Authority.

5) *Demonstrating a commitment to preventing incursions into East Timor by members of militia groups in West Timor.*

Militia incursions into East Timor have been sharply curtailed due in part to measures taken by the Indonesian military [TNI] and the Indonesian government and also the robust responses from UN peacekeeping forces to such incursions.

6) *Demonstrating a commitment to accountability by cooperating with investigations and prosecutions of members of the Indonesian Armed Forces and militia groups responsible for human rights violations in Indonesia and East Timor.*

As noted earlier, the Indonesian government and military have not seriously pursued accountability for human rights violations in Indonesia and East Timor. The Indonesian government is unwilling to hand over members of the TNI, the police or militia forces for trial in East Timor.

As of 9 July 2001, no Congressional certification has been forthcoming from the Administration, and ICG interviews with both Administration officials and Congressional oversight staff indicate that the Administration will in all likelihood not send forward such a certification before the end of the fiscal year on 30 September 2001. Given the almost complete failure of the Indonesian government to prosecute perpetrators of human rights abuses

¹³ UNHCR press release, ‘Sentences for Timor Killings Deeply Disturbing’, 4 May 2001.

¹⁴ Kompas, ‘Meski Memilih Indonesia Pengungsi Timtim Diharapkan Kembali’ [Although they chose Indonesia, it is hoped that refugees will return], 28 June 2001.

within the security services, it is difficult to see how the Administration could make such a certification in good faith.

The Administration budget request for fiscal year 2002 also includes some \$400,000 for IMET funding for Indonesia, twice the level that was set aside for fiscal year 2001. However this money may well come with strings attached as well (such provisions will likely be included in the pending appropriations legislation). The Administration will likely let the smoke clear from the ongoing Indonesian presidential crisis, and see if some progress can be made on accountability issues, before it decides whether to move forward with any certification in the future. Interestingly, U.S. Deputy Secretary of Defence Paul Wolfowitz (a former U.S. ambassador to Indonesia) met with Taufiq Kiemas, the husband of Indonesian Vice President Megawati Soekarnoputri, in Washington in May 2001. Taufiq Kiemas said of the meeting, "I tried to convince them that the attitude of our friends in the TNI-Polri has changed. Now they respect human rights, so please stop the arms embargo."¹⁵

II. THE U.S. PERSPECTIVE

The Pentagon and the Bush Administration remain eager to reopen more extensive ties to the Indonesian military, with the U.S. Pacific Command taking the lead in that regard. In a similar vein, the Clinton Administration maintained strong bilateral military ties with Jakarta until the overwhelming Congressional outcry over incidents in East Timor left little choice but to largely cordon off the military relationship. Even then, initial cooperation was resumed only eight months later.

Indonesia is still viewed as an integral part of regional stability, and geo-strategic concerns seem generally to outweigh concerns about the excesses of the Indonesian military among U.S. defence planners. Washington views Indonesia as a strategically located nation, able to serve as regional counterbalance to China, and an important source of natural resources. As some U.S. defence analysts argue, "Indonesia has provided the political and strategic centre of gravity for Southeast Asia. In an area that defines interstate relations hierarchically, Indonesia's location, size, and resources have made it the acknowledged leader of the sub-region".¹⁶ However, there is a danger in over-emphasising Indonesia's strategic importance, particularly if it is to suggest that other nations should look past abuses by the government or the armed forces. Indeed, Indonesia has never fulfilled its strategic potential either nationally or regionally.

Saying that he agrees "with the goals" of Congressional restrictions on military assistance to Indonesia, U.S. Pacific Commander Admiral Blair insists, however, that he disagrees "with the means. I think military education is a way to reach those goals, rather than a reward once you get there". In March 2001 Congressional testimony, Blair supported continuing restrictions on arms sales

¹⁵ *Tempo*, 'Megawati's Man', 12-18 June, 2001.

¹⁶ 'Indonesian Democratic Transition: Implications for United States Policy', Ronald N. Montaperto, James J. Przystup, Gerald W. Faber, and Adam Schwarz, U.S. National Defence University, Strategic Forum 171, April 2000.

to Indonesia for the time being, but his earlier statements also make clear that he hopes that if reform moves forward, the United States will remain the principal arms supplier to Jakarta. Admiral Blair also pleaded with the U.S. Senate in March 2001 to lift restrictions on IMET and E-IMET funding. Blair argued that the U.S. military can “carefully modulate our engagement with them [the Indonesian military] so that we support those things that are positive in TNI’s development, and that we do not support those elements of TNI and those activities which can be used to oppress the people”.¹⁷ Similarly, Department of Defence officials have acknowledged privately that they are keen to restart aid but “there won’t be people in face paint crawling around the jungle”. Pentagon officials instead prefer to target potential assistance for investigations, judicial development, doctrinal reform, developing civilian oversight and possible anti-piracy activities.¹⁸ Without some progress by the Indonesian government on reform and accountability issues, it will be difficult for the Bush Administration to defend lifting the executive order barring arms sales or send forward a certification on the Leahy Amendment.

In many ways, the Pentagon’s attitude toward engaging Jakarta has remained quite consistent despite the dramatic – and continuing – political upheaval in Jakarta. Little has changed from 1998 when Brig. Gen. Norton A. Schwartz, commander of U.S. Special Operations in the Pacific Command, said despite Indonesia’s political difficulties, “My take is, if you don’t talk, you’re guaranteed to achieve zip”.¹⁹

In terms of U.S. strategic interests, largely defined by anti-communism during the Cold War, the U.S. policy of engagement with Indonesia’s military can be seen as having some successes. However, the often uncritical nature of U.S. support in the past has

contributed to many of the problems that continue to plague Indonesia to this day. During the Soeharto years, the U.S. appeared content to look past Indonesia’s anti-democratic politics as long as Jakarta remained staunchly anti-communist. The U.S. military is still widely viewed as professional, extremely competent and a worthwhile ally by Indonesia’s current political and military leaders. U.S. military officials have also gained insight into the practices and operational abilities of Indonesian forces. U.S. military exhortations to senior Indonesian army officers, including armed forces chief General Wiranto, played a key role in persuading Jakarta to accept a UN peacekeeping force into East Timor to help restore security, but did nothing to prevent either the initial illegal occupation of East Timor or the subsequent abuses that led to the need for a peacekeeping force.

In short, the bilateral military relationship has not been effective to date in producing an Indonesian military that meets the standards of a modern, professional force under civilian control or promoting long-term stability in Indonesia. Although Admiral Blair offered an upbeat assessment in March of 2000 when he said that Indonesia’s “continued political transition and accounting for human rights crimes and abuses are noteworthy”,²⁰ he sounded a more realistic note a year later: “Elements of the TNI have been reluctant to continue reforms. The TNI remains a major political force, particularly on the local level, and retains the major role in internal security. It has not brought under control the militias in West Timor, resulting in the deaths of three UN workers and a continuing security threat to East Timor, nor has it brought to justice any of those who orchestrated or engaged in atrocities in East or West Timor”.²¹

The State Department’s annual human rights report, released in February 2001, notes of

¹⁷ Testimony of Admiral Dennis Blair before the U.S. Senate Appropriations Committee, 28 March 2001.

¹⁸ ICG Interview with senior U.S. defence official.

¹⁹ Washington Post, ‘Chaos Tests Ties to the Pentagon’, 15 May 1998.

²⁰ Testimony of Admiral Blair Before the House International Relations Subcommittee on Asia and the Pacific, 8 March 2000.

²¹ Testimony of Admiral Dennis T. Blair Before the Senate Armed Services Committee, 27 March 2001.

Indonesia, "The military or police rarely are held accountable for committing extra-judicial killings or using excessive force, and with the exception of the 24 soldiers who were convicted for the death of 58 civilians in Aceh in July 1999, no government personnel were held accountable during the year". The report adds, "However, during the year, the Government initiated and continued an unprecedented number of investigations into human rights cases in Aceh, East Timor, and other areas of the country". Unfortunately, investigations have proved far easier to launch in Indonesia than to bring to a satisfactory conclusion.

The U.S. military does have a direct strategic interest in maintaining links with the Indonesian armed forces, yet it also needs to be clear that its past approaches have not resulted in significantly altered behaviour by the Indonesian military or helped produce real stability in Indonesia. This suggests that new approaches are indeed warranted and that any future assistance efforts should be tied to clear goals and verifiable benchmarks that support the broader process of Indonesian military reform. The Pentagon should also appreciate that this is not simply a "moral" concern – without fundamental military and political reform, Indonesia's long-term strategic stability will remain fundamentally at risk.

The U.S. Congress has traditionally placed much more emphasis on human rights concerns than the U.S. military when dealing with Indonesia. That trend will continue, and some restrictions on assistance will likely be placed in the fiscal year 2002 appropriations bill. A spokesman for Senator Patrick Leahy indicated that the Senator would not oppose the continuing renewal of U.S. contacts with Indonesian military officers but would object to any direct aid or training from the U.S.: "They would have to demonstrate real progress in reform, including holding their members accountable for past abuses".²²

Congressional observers expect that Indonesia's behaviour will be seen in a better light if it allows a smooth transition to independence for East Timor. However, it is not clear how East Timor's independence will alter the ongoing debate about Indonesian human rights practices in the Congress. Although the Indonesian military has used many unacceptable security practices in both Aceh and Irian Jaya, it remains to be seen whether these ongoing disputes will capture international attention in the same way as has East Timor. The recent offensive by the Indonesian military in Aceh seems indicative of a government and military establishment that has embraced few of the lessons it should have culled from the Timor experience.²³

Interestingly, the foreign minister of East Timor's transitional government, Jose Ramos-Horta, has supported Jakarta's calls for the U.S. to ease its arms embargo, claiming that easing the ban would help Indonesia deal with continuing security problems in West Timor and elsewhere: "I will be saying to our friends in the U.S. Congress that it is time for the U.S. Administration, the congress, to resume some level of military assistance and cooperation with Indonesia".²⁴ In subsequent comments to ICG staff, Horta has tempered those remarks to suggest that strong conditions should continue be attached to such assistance.

There may also be increased political momentum in Washington to reward a new government in Jakarta (if that is indeed the outcome of the current presidential crisis) with some tangible benefits for reinvigorating the economic and political reform process, including lifting the executive order on U.S. commercial arms sales. If that is indeed the case, new assistance to Indonesia should be predicated on a hardheaded look at Indonesia's current institutional realities, both in the armed services and the government as a whole.

²² *Los Angeles Times*, 'U.S. to Restore Indonesia Military Contacts', 15 June 2001.

²³ See ICG Asia Report No. 17, 'Aceh: Why Military Force Won't Bring Lasting Peace', 12 June 2001, and ICG Asia Report No. 18, 'Aceh: Can Autonomy Stem the Conflict', 27 June 2001.

²⁴ *Agence France-Presse*, 24 January 2001.

III. OTHER APPROACHES

In looking at the U.S. approach to military ties with Indonesia, it is also useful to sketch out the current approaches of the Australian, British and French governments toward Jakarta. The Australian perspective is particularly important. Australia has long viewed Indonesia as central to its defence strategies and policies, and military ties between Indonesia and Australia were quite robust during most of the 1990s. From 1996-1998, Australian military aid to Indonesia averaged about U.S.\$4 million a year, spent mainly on training and exercises. Australia also sold Jakarta twenty Nomad maritime patrol aircraft in 1997,²⁵ and conducted joint naval patrols with Indonesia in the seas between the two countries, including the oil fields in the Timor Gap. Australia also placed a heavy emphasis on joint exercises and training programs with Indonesia, and Australia's Special Air Services held annual exercises with Indonesia's Kopassus forces in Java and Western Australia. As noted, Kopassus – Indonesia's special forces – has had an abysmal human rights record over the years.

However, relations between Canberra and Jakarta eroded sharply as a result of tensions over East Timor, Australian support for a referendum on East Timor's independence, and leadership of peacekeeping forces on that island. Since that time, relations have slowly improved, although an aura of mutual distrust remains. Both Australia and Indonesia have expressed an interest in rebuilding the military relationship in some form. In 1999 the Australian Air Force helped air drop food into famine-hit areas of Irian Jaya, and in July 2000 Indonesia's Defence Minister, Juwono Sudarsono, requested Australian military assistance in ferrying relief supplies to help address the humanitarian crisis in the Maluku islands.²⁶ In June 2001 (after numerous delays) President Wahid became the first Indonesian

president to visit Australia in 27 years. Australia never completely halted its military cooperation with Indonesia – even when relations were at a low point between the two nations, some officer training and Nomad aircraft maintenance programs continued. Since 2000, Australia has supported officer training and policy exchanges, while taking a much more cautious approach to joint exercises such as the often criticised and now discontinued Special Forces training. For 2001-02, Australian assistance will include funding for Nomad aircraft maintenance, mutual exchanges at the Australian and Indonesian staff colleges, maritime and air surveillance and English language training. These activities are all designed to be non-combat related training, and the 2001-02 Australian budget for these areas is estimated to be U.S.\$2.38 million.²⁷

Both Britain and France have traditionally been heavily involved in arms sales to Indonesia, while having a far more modest emphasis on training programs. Both nations cut off arms sales as a result of a temporary (four-month) European Union embargo on the export of arms to Indonesia that was initiated in September 1999. French and Dutch lobbying was instrumental in getting the EU to impose the four-month embargo instead of an open-ended moratorium. In 1998 alone, Britain sold Indonesia more than \$158 million in arms, and the France roughly doubled that figure.²⁸ Britain's sales have included Hawk jets, Alvis Scorpion light tanks, Land Rovers and even water cannons. French sales have included Colibri helicopters, 105mm cannon, wheeled amphibious scout vehicles and ULTRAF reconnaissance vehicles. The British government currently considers arms sales (such as spare parts for the Hawks) on a case-by-case basis, and concerns remain that the Hawks, as effective ground attack aircraft, could be used in Aceh. The French government has moved ahead full speed to renew arms sales, including the delivery of three Colibri helicopters expected to arrive in July 2001.

²⁵ Gilby, Nicholas, 'Arms Exports to Indonesia', Campaign Against Arms Trade, October 1999.

²⁶ *The Australian*, 'Indonesia asks Canberra for Military Aid,' 15, July 2000.

²⁷ See www.defence.gov.au/budget/01-02pbs/s2_12.htm

²⁸ Gilby, Nicholas, 'Arms Exports to Indonesia', Campaign Against Arms Trade, October 1999.

IV. INDONESIA'S MILITARY AND ITS NEEDS²⁹

Buffeted by political upheaval, frequent leadership changes and a spate of internal security concerns, reform has often taken a backseat to more pressing concerns for the Indonesian military. While having largely withdrawn from direct political participation in the government since the fall of Soeharto, reform in other areas has not advanced far. Indonesia's military has always been orientated primarily to deal with internal challenges and threats to stability rather than external security threats. Given the state of both regional relations and Indonesia's persistent turmoil, that will likely continue to be the reality for some time. Indonesia's internal military orientation has important ramifications in looking at the future of reform efforts.

Indonesia's armed forces are built around a territorial structure that deploys forces throughout the country more or less shadowing the civil government. This structure, which is largely self-financed, has given the army considerable capacity to intervene in local politics and provides plenty of opportunities for fund-raising, sometimes legal and sometime illegal. Indeed, it is often estimated that only 25-30 per cent of the military's funding comes from the government budget.³⁰ The military must raise the rest on its own, either through institutional channels or by individual personnel acting to meet their own needs. This situation has severely distorted the capacity of the Indonesian armed forces to operate in anything approaching a satisfactory relationship with the government and society they are supposed to serve. It has pushed the Indonesian military in the direction of corrupt integration with the local power and economic structures and seriously inhibited its professionalism. For example, in both Maluku, where the security forces were unable to cope with communal violence, and in Aceh, where

support for separatism has become more widespread, military and police personnel have often charged fees for protection and engaged in various extortion rackets which prejudice the effective performance of their duties. Rivalry over access to such opportunities has even led in some cases to attacks by police and army personnel on each other.³¹

There are severe implications for the ability of the security forces to carry out their official responsibilities. The low level of formal budgetary allocations for the military in Indonesia is indicated by the fact that through the 1990s the central government spent less than any of its neighbours on its armed forces, either as a percentage of GDP (0.9 to 1.5 per cent) or as a percentage of national government outlays (3.7 to 8.8 per cent).³² Of course, self-raised funds from non-budgetary sources meant that real military and police costs were much – perhaps three times as much – higher than the official figure. Nevertheless, recent interviews with senior Indonesian military officials indicate a military in growing disrepair, with the navy at 30 per cent readiness and air force pilots able to log only minimal flight hours.³³

Changing the manner in which the military is financed and thereby producing a genuine defence budget will be one of Indonesia's most difficult internal reforms. On the assumption that 70 to 75 per cent of costs are presently being met "off line", as described above, the central government would need to increase security expenditures by as much as 300 per cent – U.S.\$3 billion – in the first year in order to fully fund its military (and police) forces at current levels through the budget.³⁴ It would

²⁹ See ICG Asia Report No. 9, *Indonesia: Keeping the Military Under Control*, 5 September 2000.

³⁰ *Ibid.*

³¹ See ICG Asia Report No.10, *Indonesia: Overcoming Murder and Chaos in Maluku*, 19 December 2000 and ICG Asia Report No. 17, 'Aceh: Why Military Force Won't Bring Lasting Peace', 12 June 2001. On the need for budget reform in the armed forces, see also ICG Asia Report No. 9, *Indonesia: Keeping the Military Under Control*, 5 September 2000.

³² Defence Intelligence Organisation, 'Defence Economic Trends in the Asia Pacific 2000', Canberra, 2001, pp.2-3.

³³ *Far Eastern Economic Review*, 'Cutting Closer To the Bone', 24 May 2001.

³⁴ The official defence budget for 2000 (calculated on an annualised basis) was just over 13,000 billion rupiah: see

then need to maintain that higher level of expenditure in subsequent years.

The chances are negligible of any Indonesian government for the foreseeable future being able to increase spending on the military by 300 per cent, or anything like it, given the condition of the country's economy and Indonesia's current debt burden.³⁵ The lack of transparency in all aspects of military funding, however, means that it is nearly impossible to estimate the genuine impact on income and expenditures. For example, bringing the TNI's budget fully under the central government would, at least in theory, have some positive impact on the revenue stream since those numerous business and other enterprises currently owned by the defence community would also come under government control. This underscores both why transparency regarding TNI holdings must be the first step toward rational budgeting and why such rational budgeting should be a significant element of military reform. While the military's role in Indonesian domestic politics has been sharply reduced over the last several years, it has not been eliminated. Until the Indonesian government tackles reform of military finance, it will be almost impossible to create professional armed forces under strict civilian control. This is an area, as noted below, to which the international community will need to give more attention.

The military's role in internal security is another area in need of reform. Despite a decree of the People's Consultative Assembly describing the military as responsible for defence and the police for internal security, in practice there is a grey area of overlapping functions. The recent renewed military offensive in Aceh indicates that much of the military hierarchy believes that separatist challenges in the provinces can best be dealt

with by an iron hand. This has often led to excessive brutality and serious human-rights abuses for which perpetrators have hardly ever been held accountable. Poor discipline and rival interests have often led to army and police units fighting each other instead of playing peace-keeping roles in regions torn by ethnic and religious conflict.

Indonesia also continues to diversify its arms purchases largely as a result of both financial difficulties and the continuing U.S. embargo, and Defence Minister Mohammad Mahfud indicated that Indonesia would try to procure military equipment from nations that will not raise human rights concerns. In February, the \$60 million purchase of 23 trainer planes and a number of coastal patrol boats and landing craft from South Korea was announced, although its implementation has been delayed by U.S. review (some of the equipment contains U.S. manufactured parts). In May, it was announced that Indonesia would purchase ten used multi-purpose helicopters from Russia for \$12 million. The arrival of these ten helicopters, as well as three purchased from France, are expected in July 2001.³⁶

U.S. Admiral Blair weighed in with his opinion on the increasing diversity of Indonesian arms purchases: "Having a wide base of suppliers for equipment is not an advantage operationally. I think that American equipment is clearly the top line of equipment in the world these days and Indonesia has purchased equipment from the United States in the past. I believe that where all of this comes together is, if the President's goals for professionalising and reforming the armed forces come true, there is no reason the United States can't continue to supply equipment to the Indonesian armed forces".³⁷

Although raising questions of operability, more affordable purchases from suppliers such as Ukraine, Slovakia and Russia may well be more appropriate to Indonesia's current

Defence Intelligence Organisation, 'Defence Economic Trends in the Asia Pacific 2000', Canberra, 2001. The exchange rate on 12 July 2001 was 11,361 rupiahs to the U.S. dollar. At current exchange rates, therefore, the increase in government spending if the full cost of military expenditure was met by the official budget could be on the order of U.S.\$3 billion in the first year.

³⁵ ICG Asia Report No. 15, *Bad Debt: The Politics of Financial Reform in Indonesia*, 13 March 2001.

³⁶ *Jakarta Post*, 'Thirteen choppers from Russia and France to arrive next month', 19 June 2001.

³⁷ Press briefing by U.S. Admiral Dennis Blair, Regent Hotel, Jakarta, 3 April 2000.

budgetary and military realities than more high-end U.S. equipment. Indonesia also has always been wary of becoming overly dependent on a single supplier of military equipment, especially one that has a record of imposing political conditions on its sales and aid. Thus, any large scale U.S. weapons sales or transfers to Indonesia would seem neither advisable from the Indonesian point of view nor realistic in the short term.

Indonesia also faces growing danger and costs from piracy in its waters, although the main targets are not usually Indonesian ships. This particular security problem is of note because a number of commentators have suggested that this would be an area ripe for U.S. assistance and cooperation. Indeed, last year, Indonesia had the highest number of piracy attacks in the world. According to the International Chamber of Commerce, Indonesia accounted “for almost one quarter of the world total with 119 incidents; 86 ships were boarded, two ships were hijacked and attempted attacks were made on another 31 ships.”³⁸

V. RECOMMENDATIONS FOR THE FUTURE OF U.S. ASSISTANCE

Given Indonesia’s track record in recent years, the U.S. is warranted in attaching conditions to the provision of military assistance and training. Dropping the Leahy Amendment while its conditions continued to go largely unfulfilled would send Jakarta exactly the wrong message – as would any executive order that allowed large scale commercial arms sales to resume. Simply put, the Indonesian government and military will not embrace accountability or meaningful reform absent continued international pressure to do so. As the recent transfer of former Yugoslav President Slobodan Milosevic to the UN War Crimes Tribunal demonstrated, sensibly directed conditions on U.S. assistance can lead to meaningful policy changes.

First and foremost, the United States should insist that the provision of any future assistance or training be predicated on the Indonesian government making the military’s entire budget and expenditures a matter of public record. Such transparency is a bare minimum to be expected from any modern military operating in a democratic system and could be achieved in the short term. This and progress toward the conditions currently embodied in the Leahy Amendment should form the core of the benchmarks placed upon the Indonesian government regarding assistance. Although full financial transparency could prove embarrassing for many high-ranking officers, there is no sound operational or practical reason to oppose such a step, and this measure would be an important stride forward in building accountability. This should be part of a longer-term effort to fully direct Indonesian military financing through the central government and end the practice of self-financing and the many abuses to which it leads.

The handling of the military budget remains central to any lasting military reform effort. No substantial progress toward military reform is really possible without support of budget reform, and vice versa. As noted above, it will be very difficult to create a thoroughly

³⁸ International Chamber of Commerce Press Release, ‘Piracy attacks rise to alarming new levels, ICC report reveals’, 1 February 2001.

professional military while it has to be very largely self-financing – but the prospects are dim indeed of any Indonesian government being able to fully fund the military from ordinary revenue for the foreseeable future. One obvious option, albeit not at all politically attractive for any country donor, would be direct external assistance in the form of budget support. But any such proposal is certainly controversial. The U.S. Congress has long viewed foreign budget support programs with considerable antipathy and would surely do so with regard to Indonesia and its armed forces at this juncture. Other nations, such as Australia and Britain, would be equally disinclined, not least because of the continuing operations in Aceh and Irian Jaya. The international financial institutions may be better placed to take a lead role in this effort.

Other useful short-term barometers for the provision of assistance could include progress on accountability for human rights abuses (throughout Indonesia, including Aceh and Irian Jaya, and not only focused on East Timor) and ensuring that the schedule is met for eliminating the remaining seats allocated to the military in the People's Consultative Assembly.

Longer-term provision of support would need to revolve around the reform and possible eventual dismantling of the territorial force structure, conducted in concert with efforts to strengthen the professionalism of police forces in dealing with internal security. Indonesian military arguments that the territorial structure should be maintained or only dismantled very gradually because the police lack the ability to effectively handle internal security are, while not unreasonable in the short term, ultimately self-serving. The police will never develop the skills and capability they need to do their job unless resources for internal security are increasingly channelled to them rather than the military. The territorial structure does need to be phased out, and the logical transfer of responsibility for internal security from the TNI to the police needs to be accomplished in a coordinated fashion.

Large-scale sales or transfers of arms from the U.S. are not justified until Indonesia shows

major improvements in stemming human rights abuses, although exemptions for spare parts for existing equipment – such as the C-130s – should be judged on a case-by-case basis. Even with efforts to target larger amounts of arms to the “cleaner” services (the air force and navy, as compared to the army), it is important to remember that resources are fungible. By supporting the navy and air force at a time when the army continues to practice a pattern of persistent abuses would be to lend tacit U.S. approval to the Indonesian approach to security as a whole. Indeed, there seems to be increasing recognition that since the army is the senior service – and will be for years to come – that simply “working around” the army makes little sense and that isolating the army could prove counterproductive.

Some modest IMET or E-IMET programs could be resumed if the Indonesian government demonstrates progress toward reform and accountability. Officer training programs, particularly those focused on professionalising the Indonesian military and instilling respect for civilian control, would be of use. U.S. government assistance to civilian authorities in Indonesia could also help clarify the role of the Indonesian military. For example, efforts to help bolster Indonesia's police force may ultimately help disentangle the Indonesian military from local politics and village security around the country, although the problem of corruption and unprofessional behaviour is also a serious concern with Indonesia's police force. Police training is never easy (as the U.S. experience has demonstrated), but the alternative – leaving the military as a permanent internal security force – is untenable.

Using assistance funds to help educate Indonesia's civilian defence experts and legislature in conducting their oversight responsibilities would be quite useful. This is particularly important if Indonesia is to bring the military on to the public books. Civilian oversight is absolutely essential in a complex budgeting process of this magnitude, and civilian guidance will be vital in setting priorities for a military that will likely have to become smaller, better paid, exist within a new force structure and be oriented to external

defence sooner rather than later. Overseeing such a process takes specific skills and understanding that have traditionally not been vested in civilian authorities in Indonesia. The experiences of other militaries in the region that have made the transition to civilian control may also offer insights.

Close examination is warranted before U.S. navy assistance is offered to help their Indonesian counterparts combat piracy. U.S. officials would do well to ensure that the Indonesian navy itself is not involved in any of these incidents before it offers aid to help stop them. Indeed, the Indonesian navy has often been associated with a wide range of smuggling activities, and its involvement in piracy incidents would not come as a surprise.

U.S.-Indonesian military ties must be viewed through the wider optic of reform facing the Indonesian government as a whole. The Indonesian military does not operate in a vacuum, and efforts to reform the security services will not succeed unless accompanied by credible efforts by the central government to combat corruption, decentralise power, promote the rule of law and bring much needed transparency to all public institutions. There should also be a broader informal discussion between nations such as the United States, Great Britain, France and Australia to coordinate their respective approaches to military assistance.

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July 2001



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