

## U.S-Southeast Asia Relations: **After Bali, Before Iraq**

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What a difference a day can make – in this case, Oct. 12, 2002. The terrorist bomb that exploded in a tourist-filled nightclub in Bali, killing nearly 200 people, triggered a significant change both in the political equation in Indonesia and in the overall tenor of U.S. relations with Southeast Asian states.

Bali served to crystallize and energize an emerging regional consensus on the need to counter international terrorism, and on the desirability of closer cooperation both with the United States and among the states of the region to meet this challenge. However, the Bali bombing did not completely transform the landscape. Numerous contentious issues – domestic, bilateral, and multilateral – remained, and the U.S. attack on Iraq widely expected for early 2003 contained the potential for serious strains and even anti-American violence.

### **Indonesia: A Galvanizing Event**

The Bali bombing had somewhat the same effect on the Indonesian government as the Sept. 11, 2001 attacks had in the United States – dramatically bringing home the reality and immediacy of international terrorism. The bombing forced the government of President Megawati Sukarnoputri, previously paralyzed by denial and political infighting, to openly acknowledge for the first time an Indonesian link with the al-Qaeda led terrorist network and to launch a serious effort to deal with the problem.

The Megawati government quickly welcomed outside assistance in the investigation, including aid from U.S. and Australian agencies. Intense detective work rapidly led to the arrests of a number of suspects, most of whom had links to the Islamic radical Jemaah Islamiyah group. The government also issued a decree putting into effect the terms of an antiterrorism law that had been stalled in the Parliament for months. Among other provisions, the decree empowers the government to detain suspected terrorists – a power given to the Malaysian and Singapore governments by their colonial-era Internal Security Acts but that had been abandoned by the Indonesians in the first flush of reform measures following the fall of former President Suharto in 1998. One of the first uses of the decree was to detain Muslim cleric and teacher Abu Bakar Bashir, believed to be the founder and spiritual leader of Jemaah Islamiyah.

The Bali incident also had a palliative effect on other internal security problems in Indonesia. The two principal Islamic militia groups – Laskar Jihad and the Islamic Defenders Front – disbanded in the aftermath of Bali, apparently voluntarily but clearly motivated at least in part by a desire to avoid being labeled as responsible for Bali. The new atmosphere probably also contributed to the signing of a peace agreement with the Aceh secessionist movement in December, opening the possibility of a permanent resolution of that decades-old conflict.

However, even with the boost to antiterrorism collaboration triggered by Bali, U.S.-Indonesian security cooperation continues to be highly constrained. On the U.S. side, Congressionally imposed restrictions based on human rights abuses tightly limit dealings with the Indonesian military. Of the \$47 million antiterrorism assistance package announced by Secretary of State Colin Powell on his visit to Jakarta at the end of July, only some \$4 million was directed to the military (and only for training), with the bulk going to the police and intelligence organizations. (Further limiting the impact of the U.S. assistance package, little of the \$47 million was actually new money, and very little had actually reached the Indonesian government by year end.) More acquittals of military officers charged with atrocities in East Timor, and persistent reports of military complicity in the murder of two U.S. citizens at a mining complex in Irian Jaya (now Papua) were reminders of the complexity and intractability of human rights issues, despite the mutual interest in cooperation against terrorism.

For its part, sentiment in Indonesia continues to be highly sensitive to any suggestions of outside pressure or intervention. This was illustrated in early December by the response on the part of Armed Forces Chief Gen. Endriartono Sutarto to a statement by Australian Prime Minister John Howard that Australia might strike preemptively against terrorists in the region; Sutarto stated that Indonesia would regard any such strike as an act of war.

Even if the Indonesian government can successfully crack down on internationally linked terrorist networks, the country is still plagued by a series of other daunting issues. There are grave uncertainties over the prospects for implementation of the Aceh peace agreement, with the constant danger of breakdown in the fragile ceasefire. Both foreign monitoring and substantial economic assistance seem critical to a durable settlement. At the center, Megawati's Cabinet is plagued by strong policy and personality differences, including on critical areas of economic and security policy, and President Megawati herself is reticent and reluctant to give decisive direction. Policymaking is further complicated by intense jockeying for position in advance of the 2004 Indonesian presidential and parliamentary elections.

### **East Timor: Haunted by the Past**

In the newest state of the region, East Timor, the euphoria of the launching of an independent government in May gave way by the end of the year to a renewed consciousness of the difficulty of creating a viable, stable nation. Political differences became more visible among the elite, accompanied by signs of restiveness on the part of the population, particularly the youth. Nobel Peace Prize winner Bishop Carlos Belo, a

major force in East Timor's independence struggle and (with President Xanana Gusmao) in establishing the new nation's identity, in late November suddenly announced his resignation. Shortly thereafter, a massive student riot broke out, in which five people were reported killed and the prime minister's house burned, leading to the declaration of a state of emergency. Ironically, these events occurred just as the United States was closing down its military Support Group, set up in early 2000 to provide infrastructure repair and humanitarian assistance (continued assistance and military cooperation is to be coordinated through the U.S. Embassy in Dili).

The new round of violence in East Timor did not appear to immediately presage a general breakdown, or a return of a substantial foreign presence. But it did serve as a reminder of the continuing volatility and of the long way yet to go in establishing a self-sustaining nation-state in the former colony, as well as the country's continuing dependence on external support.

### **Singapore, Malaysia, Philippines: Consolidating Cooperation**

Indonesia's three northern neighbors and ASEAN co-founders have all been at the forefront of efforts to stem the terrorist threat in Southeast Asia, and all have been cooperating closely with the United States, in different ways based on their particular circumstances and the history of the relationships. The quarter saw further development of this cooperation in all three cases.

After Indonesia, the Philippines was the major regional target of terrorist actions during the quarter. A series of bombing incidents occurred in the southern Philippines and Manila, and other threats were deemed sufficiently serious that several diplomatic missions closed for a time in late November. Due both to these conditions and to the initiative of President Gloria Macapagal-Arroyo, Philippine-U.S. antiterrorism cooperation remains the most intense and active of all the Southeast Asian states. Of the approximately 1,500 U.S. troops deployed earlier in the year (officially for joint training) to support the Armed Forces of the Philippines (AFP) campaign against the Abu Sayyaf group in the southern islands, more than half stayed after the nominal end of the exercise in July and were expected to remain indefinitely. A five-year logistics agreement was signed in November, and President Bush announced the U.S. intention to provide additional military sales financing to the Philippines. However, President Macapagal-Arroyo's advocacy of closer defense ties, including a resumed U.S. military presence, remained highly controversial within the Philippines, and her announcement at the end of the year that she would not run for reelection in 2004 underlined her political weakness (though ironically in the short run it may have strengthened her hand over her bickering opponents).

U.S. relations with Malaysia and Singapore during the quarter proceeded more smoothly. At the annual APEC Leaders' Meeting in October President Bush asked that Malaysia consider hosting a regional counterterrorism center. Singapore hosted a major regional meeting on regional cooperation on terrorism and other transnational issues, and the U.S. and Singapore neared conclusion of negotiations for a free-trade agreement. (At the

APEC Leaders' Meeting Bush also announced that the U.S. wished to negotiate both bilateral and regional free-trade arrangements with the Southeast Asian countries; Malaysia and the Philippines as well as Thailand reportedly have expressed interest.)

### **Mainland Southeast Asia: Kaleidoscope**

None of the five northern tier ASEAN states – Burma, Thailand, Laos, Cambodia, and Vietnam – are on the front line of the post-Sept. 11 counterterrorism campaign. All, however, have joined the regional consensus calling for greater vigilance and cooperation. At the same time, each country has unique domestic circumstances as well as relations with the United States.

Thailand maintains cooperative but relatively low-profile security relations with the United States, but its own major security concerns in recent years have focused on its land border with Burma and its sea border with Cambodia, and prominently include drug smuggling, cross-border crime and insurgency, and piracy. Apparently in response to a series of attacks on police and soldiers in Muslim-dominated southern Thailand during 2002 – possibly linked to international terror networks – the Thai government announced in late November that the annual U.S.-Thai “Cobra Gold” defense exercises, including an antiterrorism component, would be extended to cover the southern region. However, reflecting the sensitivity of the issue in Thailand, the defense spokesman insisted that the expansion was not related to the U.S. campaign against the al-Qaeda network. Thai officials also denied reports (attributed to statements by suspects apprehended in Indonesia) that the Bali bombings had been planned at a meeting in Thailand.

U.S.-Burma relations remain limited due to longstanding human rights and democracy issues, but the Burmese military regime has continued its efforts to cultivate better relations with the international community. Australia's foreign minister and the UN envoy to Burma made visits during the quarter. Both called on opposition National League for Democracy (NLD) leader Aung San Suu Kyi, and the junta released a number of prisoners including several NLD members in advance of the UN visit. Military leader Gen. Than Shwe visited western neighbor Bangladesh and discussed establishing road links between the two countries. The death of former dictator Ne Win offered closure on that chapter in Burma's domestic politics, but the upholding of death sentences against four of his relatives for treason provided a reminder of the many open wounds that remain.

Cambodia, like Burma, is primarily preoccupied with enhancing internal stability and with restoring respect on the part of the outside world after a long period of chaos and human rights violations. U.S. relations are normal if not close, but human rights and democracy issues remain major factors in the dialogue. The quarter saw some progress on one of the major outstanding issues – prosecution of Khmer Rouge (KR) personnel responsible for human rights crimes. In late December, a Cambodian court convicted a former KR commander for the murder of three tourists in 1994, and the government announced its intention to reopen negotiations with the United Nations over the establishment of an international tribunal to investigate the atrocities of the 1970s.

## **Regional Institutions and Terrorism: Shifting into Second**

The terrorism issue has given a new sense of mission to the major regional institutions of Southeast Asia – ASEAN and its related consultative arrangements as well as the broader ASEAN Regional Forum and APEC. The Sept. 11, 2001 attacks in the United States stimulated a series of declarations and consultations over the succeeding year. But the Bali bombing, as a major terrorist attack in Southeast Asia, gave a strong further impetus to the emerging regional consensus and support for joint action.

Bali dramatically underlined the timeliness of the calls for cooperation against terrorism in the ASEAN Ministerial Joint Communiqué and the ASEAN-U.S. Joint Declaration issued at the Brunei meetings in July. The APEC leaders at their annual summit in late October further reinforced this attitude. Cooperation against terrorism was the principal focus of discussion at the annual ASEAN Summit meeting in Phnom Penh in November, producing both a new Declaration on Terrorism and the signing by Malaysia, the Philippines, Indonesia, Cambodia, and Thailand of an agreement on enhanced antiterrorism cooperation including intelligence sharing and border control.

At the operational level, the Bali attacks were reported to have led to significant cooperation among the Southeast Asian police and intelligence agencies in tracking down the perpetrators. Other concrete steps now in train include a proposal – made by President Bush at the October APEC summit – that Malaysia host a new regional counterterrorism training center.

However, the limits on the spirit of cooperation and the continuing sensitivities of the antiterrorism campaign were also amply demonstrated during the quarter. The ASEAN leaders at their November summit unanimously condemned travel advisories issued following the Bali bombings by the United States and other Western governments warning their citizens against visiting various tourist destinations in Southeast Asia. Continuing impatience in the West at the pace of the ASEAN process was illustrated by the December complaint by former U.S. Pacific Commander Adm. Dennis Blair in Singapore that ASEAN and the ARF were moving too slowly in developing effective mechanisms – moving “from summits to secretariats” – to counter regional security threats.

### **A Delicate New Year**

If the broad trend in Southeast Asia of the last quarter of 2002 was the solidifying of a consensus on the need to fight international terrorism, and a related boost to U.S.-Southeast Asia cooperation, the major question as the region enters 2003 is whether the new consensus and cooperation would last.

All of the region’s countries continue to face a series of major challenges. All have unresolved domestic ethnic or religious issues. Their economies have not yet completely recovered from the effects of the 1997 crisis, and further recovery is hampered by continuing economic stasis in Japan and the uncertainty of the U.S. economy. Economic

problems have complicated inter-state relations, particularly over (often illegal) foreign workers such as the million-plus Indonesian and Filipino workers in Malaysia. The resulting tensions are even further exacerbated by domestic political competition, especially in the Philippines and Indonesia, which have recently undergone significant political liberalization and where opposition voices are strident and traditions of accommodation and restraint not well established. In both of these countries, and some others, relations with the U.S. are a sensitive domestic issue.

Most pointedly, the issue of Iraq clouds the whole regional atmosphere. While there is general anticipation in Southeast Asia – as most of the rest of the world – that the United States will launch an attack on Iraq early in the New Year designed to remove Saddam Hussein and replace his regime, there is little active support in the region for this action – whether formally endorsed by the United Nations or not. There is also widespread concern over the possible consequences of an attack on Iraq – on the Middle East including the Arab-Israel conflict, and on U.S. relations with Islamic countries generally, including the major Islamic countries of the region, Malaysia and Indonesia.

Thus, at the start of 2003 it is simply impossible to predict whether the tragedy of Bali will ultimately be seen as having catalyzed a new stage in regional cooperation or will be marked as just one more of a series of human catastrophes punctuating the region's turbulent history.

### **Chronology of U.S.-Southeast Asia Relations October-December 2002**

**Oct. 3, 2002:** Australia's Foreign Minister (FM) Alexander Downer visits Burma and meets with the ruling military junta and later with pro-democracy leader Aung San Suu Kyi.

**Oct. 3, 2002:** Soldiers from Australia's elite Special Air Service are accused of having carried out illegal executions during UN operations in East Timor.

**Oct. 10, 2002:** A bomb explodes in a crowded bus station in the southern Philippines, killing at least eight people and wounding 19 others in Kidapawan City, in North Cotabato province, Philippines.

**Oct. 10, 2002:** Malaysian Prime Minister Mahathir bin Mohamad initiates bankruptcy proceedings against former deputy PM Anwar Ibrahim, who is currently serving a 15-year sentence for abuse of power and sex offenses.

**Oct. 10, 2002:** Burmese military junta releases 31 prisoners, including seven members of the opposition National League for Democracy (NLD), one month before the United Nations human rights envoy visits.

**Oct. 11-26, 2002:** Six hundred U.S. soldiers participate in the U.S.-Philippines joint military exercise "Talon-Vision 2" in Luzon, Philippines.

**Oct. 12, 2002:** Terrorist bombing in Kuta Beach, Bali, kills 184, injures 132.

**Oct. 18, 2002:** Bomb on bus kills three people in Manila, Philippines.

**Oct. 26-27, 2002:** APEC Leaders' Statement on Fighting Terrorism and Promoting Growth is issued. President Bush issues request to Malaysian Deputy Prime Minister Abdullah Badawi that Malaysia host a regional counterterrorism training center.

**Nov. 1-3, 2002:** Senior military leaders from 22 countries meet in Singapore to discuss regional cooperation on issues such as terrorism and drug trafficking.

**Nov. 4, 2002:** ASEAN-China meeting in Cambodia; China signs a nonbinding South China Sea Code of Conduct. Thailand's Foreign Minister Surakiart Sathirathai signs agreement calling for joint combat against terrorism and other transnational crimes between Indonesia, Malaysia, the Philippines, and Cambodia.

**Nov. 5, 2002:** The government of the Malaysian state of Kedah announces it will install video cameras and recording devices in mosques to deter political sermons.

**Nov. 12-17, 2002:** UN envoy to Burma Razali Ismail meets Burma's top leader Gen. Than Shwe and NLD leader Aung San Suu Kyi during a five-day visit.

**Nov. 14, 2002:** Philippines officials arrest suspected member of Abu Sayyaf whom they believe responsible for bombings in Zamboanga City in the southern Philippines.

**Nov. 20, 2002:** U.S. Trade Representative Robert B. Zoellick announces the U.S. and Singapore have nearly completed negotiations for a free trade agreement.

**Nov. 21, 2002:** The U.S. and the Philippine sign the Mutual Logistics Support Agreement, a five-year military logistics agreement in Manila.

**Nov. 23, 2002:** President Bush pledges to work with the U.S. Congress for an additional \$10 million in Foreign Military Financing (FMF) of U.S. Department of Defense goods and services to the Philippines.

**Nov. 26, 2002:** Malaysian authorities arrest four suspected members of Islamic militant group Jemaah Islamiyah.

**Nov. 27, 2002:** Former pro-Jakarta militia leader Eurico Guterres is found guilty of crimes against humanity during a 1999 massacre in East Timor and is sentenced to 10 years in prison for an attack on the home of a pro-independence campaigner in which 12 people were killed.

**Nov. 28, 2002:** Bishop Carlos Ximenes Belo of East Timor, a Nobel peace laureate, announces his resignation.

**Nov. 28, 2002:** Canada, Australia, and the European Union (EU) close diplomatic missions in the Philippines indefinitely after receiving information about imminent attacks.

**Nov. 29, 2002:** Indonesia's human rights court acquits four former security officers (including Lt. Col. Endar Priyanto, former army commander for the East Timor capital Dili) of crimes against humanity in East Timor.

**Dec. 1, 2002:** Australian PM John Howard states in interview that Australia would be prepared to launch a preemptive strike on another country as a measure of last resort to fight terrorism.

**Dec. 3, 2002:** Japan, the U.S., EU, and the World Bank host Aceh reconstruction conference in Tokyo.

**Dec. 4, 2002:** East Timor declares a state of emergency after a massive student riot in which approximately five people were killed and the prime minister's house was destroyed in a fire.

**Dec. 4, 2002:** PM Mahathir and Indonesian military chief Gen. Endriartono Sutarto separately warn that any preemptive strike by Australian forces against terrorists on their soil would be perceived as an act of war.

**Dec. 5, 2002:** Ne Win, the former military dictator of Burma, dies while under house arrest in Rangoon at the age of 91.

**Dec. 9, 2002:** Retired U.S. Pacific Command Chief Admiral Dennis Blair suggests that ASEAN and ASEAN Regional Forum should "move from summits to secretariats, from talk to permanent and competent staffs," at an Asia-Pacific security conference in Singapore.

**Dec. 17-18, 2002:** Burma's military ruler, Gen. Than Shwe, visits Bangladeshi Prime Minister Khaleda Zia, in Dhaka, Bangladesh. The two agree to consider establishing direct road links.

**Dec. 20, 2002:** The Canadian government announces it will reopen on Dec. 30 its embassy in the Philippines that has been closed since November.

**Dec. 23, 2002:** A Cambodian court convicts and sentences former Khmer Rouge commander Sam Bith to life in prison for the July 1994 abduction and murder of three tourists.

**Dec. 24, 2002:** Myanmar's Supreme Court upholds the Sept. 2002 death sentences against relatives of the late former dictator Ne Win (his son-in-law, Aye Zaw Win, and three grandsons: Aye Ne Win, Kyaw Ne Win and Zwe Ne Win ) for treason and attempting to overthrow the government.

**Dec. 24, 2002:** A bomb explodes in Cotabato, Philippines outside the home of the mayor of a small town, killing him and 12 other people.

**Dec. 24, 2002:** The Cambodian government announces a delegation will be sent to New York in January 2003 to restart negotiations to establish an international tribunal to investigate the Khmer Rouge regime's crimes against humanity during the late 1970s.

**Dec. 30, 2002:** Philippines President Gloria Macapagal-Arroyo announces her decision not to contest the 2004 presidential election.