

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is overlaid on the graphic.

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Terrorism in Southeast Asia

Bruce Vaughn, Coordinator, Emma Chanlett-Avery, Mark Manyin, and Larry Nicksch, Foreign Affairs, Defense, and Trade Division

September 11, 2007

Abstract. Since September 2001, the United States has increased focus on radical Islamist and terrorist groups in Southeast Asia, particularly those in the Philippines, Indonesia, Malaysia, Thailand, and Singapore. Southeast Asia is a base for past, current, and possibly future terrorist operations. Al Qaeda 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.

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CRS Report for Congress

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Bruce Vaughn, Coordinator, Emma Chanlett-Avery,
Mark E. Manyin, Michael Martin, and Larry A. Nicksch
Asian Affairs Section
Foreign Affairs, Defense, and Trade Division

<http://wikileaks.org/wiki/CRS-RL34194>



Prepared for Members and
Committees of Congress

Terrorism in Southeast Asia

Summary

Since September 2001, the United States has increased focus on radical Islamist and terrorist groups in Southeast Asia, particularly those in the Philippines, Indonesia, Malaysia, Thailand, and Singapore. Southeast Asia is a base for past, current, and possibly future terrorist operations. Al Qaeda 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), which has had extensive ties to Al Qaeda, are known to have helped 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. Since the Bali bombing in 2002, which JI is suspected of carrying out, crackdowns by various governments in the region — encouraged and in some cases supported by the U.S. government and military — are believed to have severely weakened the organization. Its ability and willingness to carry out attacks against Western targets. JI, however, has not been eradicated.

To combat the threat, the U.S. has pressed countries in the region to arrest suspected terrorist individuals and organizations, funded and trained Indonesia's elite counter-terrorist unit, and deployed troops to the southern Philippines to advise the Philippine military in their fight against the violent Abu Sayyaf Group. It has also launched a Regional Maritime Security Initiative to enhance security in the Straits of Malacca, increased intelligence sharing operations, restarted military-military relations with Indonesia, and provided or requested from Congress substantial aid for Indonesia and the Philippines. Also, since 2001, Thailand and the United States have substantially increased their anti-terrorism cooperation.

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 its citizens. 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 Muslim insurgency in southern Thailand has escalated in recent years as has terrorist activity in southern areas of the Philippines.

The report looks at the rise of Islamist militancy and the JI network before discussing terrorism in the region and concludes with a section on options for U.S. policy. Strategies include placing greater emphasis on attacking the institutions that support terrorism, building up regional governments' capacities for combating terrorist groups, and reducing the sense of alienation among Muslim citizens.

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Terrorism in Southeast Asia

The Rise of Islamist Militancy in Southeast Asia

Overview

While there has been significant anti-Western terrorist activity in Southeast Asia, counter-terror measures in recent years appear to have significantly degraded anti-Western terrorist groups' ability to launch attacks against Western targets in the region. 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. 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. In pursuit of these objectives, they have planned and carried out violent attacks against American and other Western targets as well as against Southeast Asian targets. 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.¹

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 very small minority in Southeast Asia, many governments view increased American pressure and military presence in their region with concern because of the political sensitivity of the issue with both mainstream Islamic and secular nationalist groups. The rise in anti-American sentiment propelled by both the U.S.-led invasion and occupation of Iraq and many Southeast Asian Muslims' perceptions of America's stance on the Israeli-Palestinian conflict as "blatantly pro-Israel" makes it even more difficult for most governments

¹ For the purposes of this report, Islamic refers to that which pertains to Islam in general while the term Islamist connotes a concept that advocates a more strict interpretation of Islam and a willingness to push a political and social agenda to implement Islamic law. Distinctions are also drawn between those radicals and extremists who would advocate an Islamist agenda through the political process and those terrorists and militants who would also use violence, or the threat of violence, to promote such a cause.

to countenance an overt U.S. role in their internal security.² The U.S. foreign policy challenge is to find a way to confront the terrorist elements without turning them into heroes or martyrs in the broader Southeast Asian Islamic 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.

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.

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 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. Since Suharto's fall, religious consciousness has been on the rise among Indonesian Muslims, giving greater political space for radical groups to operate. In recent years Indonesian counter-terror efforts have been successful and appear to have significantly curtailed JI operations.

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). Several Muslim extremist groups in the Philippines have focused their operations in the relatively isolated Muslim-majority regions in the South.

The southern Thailand provinces of Pattani, Yala, Narathiwat, and part of Songkhla were once part of an independent sultanate. After Thailand (then called Siam) incorporated the provinces in 1902, a series of central government-directed assimilation policies were instituted, which has inspired varying degrees of resistance from the ethnic Malay Muslims, many of whom have sought to preserve their own identity. By the late 1960s, a number of armed separatist groups had formed, but attempts to forge a broad coalition of resistance failed. In 1981, Bangkok revamped its approach to the South, emphasizing economic development and public participation in governance, and encouraging hundreds of fighters to accept political amnesty. The shift was largely successful and armed movements weakened, although residual groups became more radicalized and continued guerilla activities. Through the 1990s, Muslim political participation increased and violence declined significantly. However, since 2004, sectarian violence has surged in the southern provinces.

² Daljit Singh, "The Terrorist Threat in Southeast Asia," in Russell Heng and Denis Hew, eds., *Regional Outlook, 2003-2004* (Singapore: Institute of Southeast Asian Studies, 2003).

In contrast to its neighboring nations, Malaysia does not currently have a significant indigenous separatist group engaging in violent actions against the public. While Malaysia has been used a gathering point for members of various terrorist organizations, it has been relatively free of the terrorist attacks that have troubled other Southeast Asian nations. Although there are political parties and people within Malaysia who support the creation of a more conservative Islamic government in Malaysia, the self-identified “moderate Muslim” nation has a history of comparative religious tolerance and a rejection of violence done by so-called Islamic fundamentalists. At the same time, the Malaysian government has been a staunch critic of rhetoric that conflates terrorism with Islamic fundamentalism, which it sees as being anti-Islam.

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.

Southeast Asian terrorist and militant groups can be placed on a spectrum that spans the relatively narrow goals and objectives of the separatist Muslims in Southern Thailand or Southern Philippines to the global anti-Western agenda of Al Qaeda. In between can be placed groups such as JI, that has an internal debate over the relative emphasis on achieving an Islamist agenda within individual states as opposed to focusing their fight directly against Western targets. These groups, as well as others such as the Abu Sayyaf Group, will be explored in greater detail below.

The Rise of Al Qaeda in Southeast Asia

Beginning in the early-to-mid 1990s the Al Qaeda terrorist network made significant inroads into the Southeast Asia 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 loose 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” plot), 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.³ 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 sites for important strategy meetings among some of the September 11 plotters.⁴ Al Qaeda's leadership also has taken advantage of Southeast Asia's generally loose financial controls to use various countries in the region as places to raise, transmit, and launder the network's funds. By 2002, according to expert opinion on Al Qaeda, roughly one-fifth of Al Qaeda's organizational strength was centered in Southeast Asia.⁵

Second, over time, Al Qaeda Southeast Asian operatives helped create what may be Southeast Asia's first indigenous regional terrorist network, Jemaah Islamiyah (JI), which has plotted attacks against Western targets. Jemaah Islamiyah is believed to have carried 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 reportedly 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 Maluku and on Sulawesi that began in 2000.⁶ Al Qaeda operatives' task was made easier by several factors including 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 weak central government control. Other factors included endemic corruption, porous borders, minimal visa requirements,

³ 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*, pp. 147-148.

⁴ For examples of how the September 11 plot organizers traveled relatively freely throughout Southeast Asia to hold meetings and observe flight and airline employees' patterns, see *The 9/11 Commission Report*, pp. 156-160.

⁵ *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.

⁶ Zachary Abuza, "Terrorism in Southeast Asia," in *Strategic Asia 2002-2003* (Seattle, WA: National Bureau of Asian Research, 2003).

extensive networks of Islamic charities, and lax financial controls of some countries, most notably Indonesia and the Philippines.⁷

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 many 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, 2001 terrorist attacks, the full extent of the pan-Asian terrorist network with extensive links to Al Qaeda was uncovered. The network, known as Jemaah Islamiyah (Islamic Group), was discovered to have cells in Indonesia, Malaysia, the Philippines, Singapore, and Thailand as well as in Australia and Pakistan. Since the Bali bombing in 2002, which JI is suspected of carrying out, crackdowns by various governments in the region are believed to have severely weakened the organization.

Arrests and killings by Indonesian authorities in 2007 are thought to have been particularly effective. Some analysts now believe JI is no longer a regional organization, in that its administrative structure appears to be confined to Indonesia. Even there, JI apparently was unable to muster forces to combat a January 2007 crackdown by police in the Central Sulawesi district of Poso that appears to have driven JI from the area. JI's links to Al Qaeda reportedly have withered. Most analysts caution, however, that individual JI members remain scattered across the region, are highly trained, and are capable of carrying out acts of violence. Additionally, JI's more moderate factions appear to have refocused on grass-roots education, indoctrination, and other activities they feel are better suited to their long-term goal of instituting *sharia* law in Indonesia.⁸

JI's goals have ranged from establishing an Islamic regime in Indonesia, to establishing an Islamic caliphate over Muslim regions of Southeast Asia and northern Australia, to waging jihad against the West. Until the more militant factions either were eliminated or broke away from the organization in the 2005-2007 period, there appears to have been considerable debate within the organization about which of these goals to pursue and prioritize, with different JI factions preferring different objectives. Jemaah Islamiyah leaders have formed alliances with other militant

⁷ Zachary Abuza, *Militant Islam in Southeast Asia: Crucible of Terror* (Boulder: Lynne Rienner Publishers, 2003).

⁸ "Southeast Asia," *Jane's Sentinel Security Assessment*, March 5, 2008; International Crisis Group, "Indonesia: Tackling Radicalism in Poso," Policy Briefing, Asia Briefing N°75, 22 January 22, 2008; Eric Schmitt, "Southeast Asia Sees Gains against Insurgencies," *International Herald Tribune*, June 9, 2008; Greg Sheridan, "Jakarta's Terrorist Rehab," *The Australian*, May 31, 2008.

Islamist groups to share resources for training, arms procurement, financial assistance, and to promote cooperation in carrying out attacks.

Indeed, there is some evidence that such cooperation increased after 2002, when arrests and other counterterror actions began to take its toll on JI, forcing it to adapt and form closer working relationships with other groups. Within Indonesia, some in the network have created and/or trained local radical Islamist groups that have been involved in sectarian conflict in the country's outer islands. Additionally, there is considerable evidence that JI has engaged in joint operations and training with Filipino groups. For a time, JI's main partner in the Philippines reportedly was the separatist group, the Moro Islamic Liberation Front (MILF). There is growing cooperation among the Abu Sayyaf Group, several major MILF commands, and elements of JI on Mindanao and some JI members appear to have made Mindanao a primary base of operations.

In October 2002, the United States designated JI as a foreign terrorist organization. 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 are credited to more extensive intelligence sharing among national police forces.

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 to 1965. 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 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.⁹ Almost overnight, formerly restricted Muslim groups from across the spectrum were able to operate. Baasyir and Sungkar returned to Solo, preaching and organizing in

⁹ For more information on Indonesia see CRS Report RL32394, *Indonesia: Domestic Politics, Strategic Dynamics, and American Interests*, by Bruce Vaughn.

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 Maluku) and Poso (on Sulawesi) provided JI with critical opportunities to recruit, train, and fund local mujahideen fighters to participate in the sectarian conflict, in which hundreds died.¹⁰ 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, reports — 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.¹¹ Whereas Al Qaeda's focus is global and definitively targets the West, Jemaah Islamiyah is focused on radicalizing Muslim Southeast Asia (starting with Indonesia) and some JI leaders are said to feel that attacking Western targets will undermine this goal. After the arrests, deaths, defections, and/or marginalization of more militant members in the middle part of the decade, JI's known links to Al Qaeda reportedly have dwindled to almost nothing.¹²

That said, the two networks have developed a highly symbiotic relationship. There is reportedly some overlap in membership. They have shared training camps in Pakistan, Afghanistan, and Mindanao. Al Qaeda has provided JI with considerable financial support.¹³ 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.¹⁴ The two networks have jointly planned operations — including the September 11 attacks — and reportedly have conducted attacks in Southeast Asia jointly.¹⁵ Often, these operations took the form of Al Qaeda's providing funding and

¹⁰ Sidney Jones, "Indonesia Backgrounder: Jihad in Central Sulawesi," *International Crisis Group Report N°74*, February 3, 2004.

¹¹ Zachary Abuza, "Funding Terrorism in Southeast Asia: The Financial Network of Al Qaeda and Jemaah Islamiyah," *NBR Analysis*, December 2003, pp. 11-12; *The 9/11 Commission Report*, pp. 150-152.

¹² Eric Schmitt, "Southeast Asia Sees Gains against Insurgencies," *International Herald Tribune*, June 9, 2008.

¹³ 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.

¹⁴ *The 9/11 Commission Report*, p. 151. Yazid Sufaat is the individual JI sent to Kandahar.

¹⁵ Al Qaeda and JI leaders met in Southeast Asia for at least two critical meetings: One in 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

(continued...)

technical expertise, while JI procured local materials (such as bomb-making materials) and located operatives.¹⁶ 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, which according to one prominent expert, Sidney Jones, was closest between 1997 and 2002.¹⁷

Jemaah Islamiyah's Size and Structure

The total number of core Jemaah Islamiyah members at its peak was 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 least during the early part of the decade. JI was led in 2000-2001 by a five-member Regional Advisory Council chaired by Hambali. 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. Each *mantiqi*, in turn, was subdivided into at least three additional layers: battalions, platoons, and squads.¹⁹

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. 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. Finally, JI's structure has expanded and contracted in response to internal and external developments. Indonesian expert Sidney Jones has written that

¹⁵ (...continued)
bombings.

¹⁶ *The 9/11 Commission Report*, p. 151.

¹⁷ Sidney Jones, "The Changing Nature of Jemaah Islamiya," *Australian Journal of International Affairs*, June 2005.

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," pp. 27-28.

since 2002, a more flexible structure, “better suited for an organization under siege,” undoubtedly has evolved.²⁰

The breakdown of JI’s hierarchy also may have been exacerbated by tensions between two factions over the best means for waging *jihad*, though it is unclear whether the differences are over tactics or overall strategy. A minority group, led by Hambali until his capture, is interested in focusing on a broader anti-Western agenda similar to al Qaeda, and in effecting change in the near term. A leading JI operative still at large, Noordin Muhammad Top, is believed to lead a splinter cell pursuing this strategy. Opposing this faction is a majority group within JI, depicted as the “bureaucrats,” that sees the anti-western focused militants’ 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 in the future.²¹ Likewise, there appears to be divisions among JI members about geographic objectives, with some seeking to establish a Islamic state in Southeast Asia and others focused solely on establishing an Islamic state in Indonesia.²² The implication is that JI may not be as monolithic as commonly assumed.²³

Major Plots

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 Al Qaeda’s involvement in the plot. Follow-on arrests netted plotters in Malaysia and the Philippines. The JI cell in Malaysia reportedly 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 pled guilty in April 2005 to U.S. charges of involvement in the September 11 plot, 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.

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

²⁰ Jones, “The Changing Nature of Jemaah Islamiya,” p. 170.

²¹ Jones, “Jihad in Central Sulawesi,” pp. 24-25. *The 9/11 Commission Report* (note 26 on p.490) notes that during his interrogation, Khalid Sheikh Mohammed said that 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.

²² Jones, “The Changing Nature of Jemaah Islamiya,” pp. 171-172.

²³ International Crisis Group, *Jihadism in Indonesia*, Asia Report 127, January 24, 2007.

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 first anniversary of the September 11 attacks.²⁴ 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. In July 2005, Al-Farouq and other suspected Al Qaeda members escaped from a U.S. military detention center in Bagram, Afghanistan. In September 2006, he was killed in Basra, Iraq, during a shootout with British troops.²⁵ (See the Indonesia section below for more information on the Bali bombings and other attacks in Indonesia.)

Indonesia

Recent Events

JI has not carried out a large-scale anti-Western attack in Indonesia since the second Bali bombing of October 2005. This has been interpreted as a sign of JI's degraded operational capability. The United States lifted its travel warning on Indonesia in May 2008. U.S. Ambassador to Indonesia Cameron Hume stated that the warning, which was first issued in November 2000, was lifted due to “objective improvements made by Indonesia in its current security situation.”²⁶

Indonesian authorities believe they have seriously damaged JI and its ability to carry out large scale attacks. Detachment 88 is the Indonesian national police force's main counter-terror unit and is thought responsible for much of the success that Indonesia has had in arresting hundreds suspects of which many have been tried and convicted. In May 2008, an associate of Noordin Top, Faiz Fauzan, was apprehended by Indonesian authorities. Fauzan is thought to have had a role in the Bali bombing of 2005.²⁷ JI was also declared an illegal organization by an Indonesian judge in a terrorism trial in April of 2008.²⁸ Indonesia has also apparently had success through its program of deradicalisation which seeks to bring both the extremist and their

²⁴ Romesh Ratnesar, “Confessions of an Al-Qaeda Terrorist,” *Time*, September 23, 2002.

²⁵ Eric Schmidt and Time Golden, “Details Emerge on a Brazen Escape in Afghanistan,” *New York Times*, December 4, 2005; “Profile: Omar al-Farouq,” *BBC News*, September 26, 2006.

²⁶ Tanja Vestergaard, “U.S. Drops Indonesia Travel Warning as Security Situation Improves,” *Global Insight*, May 26, 2008.

²⁷ “Indonesia Arrests Alleged Bali Bomb Plotter,” *Agence France Presse*, May 5, 2008.

²⁸ Hamish McDonald, “Fighting Terrorism with Smart Weaponry,” *The Sydney Morning Herald*, May 31, 2008.

families back into the fold of normal society in addition to preventing, deterring, and punishing terrorists.²⁹

U.S. Attorney General Michael Mukasey praised Indonesia's efforts in combating terrorism during a visit to Jakarta in June 2008.

Like Indonesia, the United States has faced terrorist threats and terrorist attacks. We share the challenge of combating violent extremists, while protecting basic civil liberties in the process. Indonesia has been effective in the apprehension and conviction of terrorists and extremists organizations.³⁰

In March 2008, Acting Director of the National Counterterrorism Center Michael Leiter stated "Southeast Asia continues to be a concern, although not nearly that which we might have envisioned two or three years ago."³¹

Indonesia also has strong bilateral counter-terror cooperation with Australia and it appears that this will continue under the leadership of the new Australian Prime Minister Kevin Rudd. During a June 2008 visit to Indonesia, Rudd stated that he and President Yudhoyono agreed to expand security cooperation within the framework of the Lombok Treaty of 2006. He stated "... we've responded [to terrorist attacks] by strong practical cooperation preventing terrorism and tracking down the perpetrators ... I want to pay special tribute to the close cooperation we have in this area ... The government that I lead is committed to maintaining and strengthening that security cooperation."³²

Trial of JI leaders. An Indonesian court handed out 15-year sentences to Abu Dujana and Zarkasih in April 2008. The two JI leaders were captured in June 2007. Zarkasih was JI head for Mantiq II and was thought to be the defacto head of JI since 2004. Abu Dujana was head of JI's military wing. They were convicted for harboring terrorists and on firearms charges. Dujana was convicted for harboring Muhammad Top who is thought to be one of the leaders behind the Bali bombing who has yet to be captured.³³ Some believe Top may have fled Indonesia.³⁴ Their sentencing is viewed as a key success for Indonesia's counter-terror effort.³⁵ Dujana is thought to have had a role in the Marriott bombing, the Jakarta Australian Embassy bombing, and the 2002 Bali bombing.

²⁹ Greg Sheridan, "Jakarta's Terrorist Rehab," *The Australian*, May 31, 2008.

³⁰ "United States/Indonesia: US, Indonesia Combine Efforts to Fight Transnational Crime, Terrorism," *Thai News Service*, June 11, 2008.

³¹ Eric Schmitt, "Southeast Asia Sees Gains Against Insurgencies Fighting Terrorism," *The New York Times*, June 9, 2008.

³² "Australian PM in Indonesia for Talks on Security, Environment," *Voice of America*, June 13, 2008.

³³ "Indonesia Jails Leaders of 'Terrorist' JI," *SBS News*, April 22, 2008.

³⁴ "Wanted Terror Suspect May Have Fled Indonesia," *The Wall Street Journal*, May 20, 2008.

³⁵ Tanja Vestergaard, "Leaders of Indonesia's Terrorist Group JI Handed 15-Year Sentences," *Global Insight*, April 22, 2008.

JI Outlawed by Court. The South Jakarta District Court that sentenced Abu Dujana and Zarkasih declared JI a “forbidden corporation” for the first time and found it guilty of being an organization that permits terrorism. It is thought by some that this move will have significant ramifications for Indonesia’s fight against terrorism in Indonesia.³⁶ The lead judge in Abu Dujana’s trial, Judge Wachyono, described JI as a “terrorist organization.”³⁷ Australian Foreign Minister Stephen Smith is reported as stating that Indonesia has convicted over 180 terrorists in the past six years.³⁸ Terrorist expert Rohan Gunaratna is reported to have stated that the court ruling enables Indonesian authorities to re-arrest JI’s co-founder Abu Bakar Baasyir, who served a 1 ½-year jail term for helping to plan the 2002 Bali bombings.³⁹

There are differences of opinion on just what the court’s move will mean. It is apparently understood by some to mean that the police can arrest anyone belonging to JI, though many leaders of JI, and others, have denied the group exists. The Vice President, Jusuf Kalla has also reportedly stated “Jamaah Islamiyah does not exist as an organization and therefore it cannot be banned.”⁴⁰ Without a government ban, arrests could be challenged in the courts.⁴¹ Former Australian Office of National Assessments analyst Ken Ward is reported as stating that “A court simply hasn’t the jurisdiction to declare an organization illegal; that has to be done by the government.”⁴² Zachary Abuza, an expert on Southeast Asian terrorism, reportedly stated that the impact of the ruling is unclear and that parliament must endorse it or it will leave the authorities fighting JI “with one arm tied behind their back.”⁴³ Nevertheless, the court’s move is viewed as a positive step in Indonesia’s ability to combat terrorism.

Political Extremism and Violence in Indonesia. Violence and fear continue to be used by radical Islamists to try to coerce the Indonesian government to change policy to facilitate an Islamist agenda. Members of the Front Pembela Islam (FPI), or Islamic Defenders Front (IDF), attacked a group of peaceful demonstrators on June 1, 2008, who were demonstrating at The National Monument in Jakarta in support of tolerance and moderation regarding efforts by Muslim hardliners to have the Ahmadiyah sect banned in Indonesia. Ahmadiyah believe Mohammad was a prophet but not the last one. As such, their beliefs are inconsistent with the beliefs of other Muslims. The police were reportedly reluctant to intervene

³⁶ “Smith Welcomes Court Move Against JI,” *Australian Associated Press*, April 22, 2008.

³⁷ “Indonesia Jails Leaders of ‘Terrorist’ JI,” *SBS News*, April 22, 2008.

³⁸ “Smith Welcomes Indon Court Move Against JI,” *Australian Associated Press*, April 22, 2008.

³⁹ Mark Forbes, “Heavy Blow to JI as Terror Group Declared ‘Forbidden’,” *The Age*, April 22, 2008.

⁴⁰ “JI Does Not Exist, Vice President Says,” *The Jakarta Post*, May 3, 2008.

⁴¹ Mark Forbes, “JI Declared an Illegal Network,” *The Sydney Morning Herald*, April 22, 2008.

⁴² Daniel Flitton, “Court Directive on JI Hollow,” *The Age*, April 25, 2008.

⁴³ Mark Forbes, “The Fading Power of JI,” *The Age*, April 25, 2008.

to stop the June 1 attacks despite reportedly being present in large numbers. Following the attack IDF leader Habib Rizieq called on his followers to “prepare for war with Ahmadiyah and its followers” unless a ban was enacted by the government.⁴⁴

Several days after the attack the government reacted to Indonesian moderates’ outrage by arresting members of the FPI but also bowed to pressure from extremists and placed a partial ban on the Ahmadiyah. Observers believe this demonstrates that the government remains somewhat reluctant to alienate hardline Muslims and will act to placate them. Some have expressed concern that a message that may be conveyed is that extremists can advance their cause through violence. It is also worth noting that the government reacted to address in part moderate concerns with the incident by arresting FPI members responsible for the violence.⁴⁵

While inter-communal violence elsewhere in Indonesia has been significantly reduced in recent years, there are signs that inter-communal violence between Christians and Muslims could erupt in Papua. A June 2008 International Crisis Group report stated “violence was narrowly averted in Manokwari and Kaimana in West Papua Province in 2007, but bitterness remains.” Dispute over plans developed in 2005 to build a Mosque on the site where German Missionaries brought Christianity to Papua in the 19th century has angered the Papuan Christian community. It also appears that this religious fault line is related to ongoing migration of Muslims to Papua and West Papua from elsewhere in Indonesia.⁴⁶ Indonesia’s recent history has demonstrated that Islamist extremists and terrorists have used inter-communal strife in the past, in places such as Ambon and Poso in the Maluku and on Sulawesi, as a means of mobilizing support for their cause and as a way of recruiting members.

Background

In August 2007, Indonesian President Susilo Bambang Yudhoyono in his State of the Union address stated “the acts of terrorism that have caused unrest in our society in the past years have been handled... We have succeeded in preventing and tackling the acts of terrorism in the country.” He went on to add that more needs to be done to address the root causes of terrorism including “poverty, injustice, extremism, and a culture of violence.”⁴⁷ His statement follows the June 2007 capture of JI Emir Zarkasih and JI military leader Abu Dujana. In his speech, Yudhoyono stated that the security situation in Sulawesi and the Maluku had improved.

⁴⁴ Stephen Fitzpatrick, “We’ll Wage War: Muslim Hardliners,” *The Australian*, June 3, 2008.

⁴⁵ Julia Suryakusuma, “Zero Tolerance for Bullies and Thugs,” *The Straits Times*, June 12, 2008.

⁴⁶ “Indonesia: Communal Tensions in Papua,” *International Crisis Report No 154*, June 16, 2008.

⁴⁷ “Indonesia’s president Claims Victory in war Against Terror,” *DowJones Newswire*, August 16, 2007.

Others caution that although much has been done to neutralize JI a core element of some 900 militants, including 15 first generation militants, remain at large and that they retain the capacity to mount attacks. International Crisis Group expert Sidney Jones doubts that any terrorist group in Indonesia has the capacity to mount a major attack, but is of the opinion that JI has the ability to recruit new members and to regenerate. “You can’t fully eradicate the problem. But you can put in place institutions, information-sharing mechanisms and various controls ... to reduce the scope of threats,” Jones has said.⁴⁸ Paul O’Sullivan, Director General of the Australian Secret Intelligence Organization (ASIO), has stated that “successful counter-terrorism efforts by Indonesian authorities have eroded JI’s capabilities but Noordin Muhammad Top remains at large, and there is no room for complacency.” (See below for more information on Noordin Top.) He added that “terrorism around the globe is likely to be a destabilizing force for the next generation.”⁴⁹

Statements by captured JI leader Abu Dujana have been interpreted by some to confirm that there has been a split in JI between those within the organization who would focus on attacking Western targets, which would include Noordin Top’s splinter cell, and those who wish to focus their activities on effecting change in Indonesia. Though success by the Indonesian government does appear to have significantly disrupted JI organization and degraded JI capabilities in Indonesia, JI does not appear to have been eliminated, and may yet regroup and conduct further operations in Indonesia in the future.⁵⁰ To address this, some analysts have cautioned policy makers against complacency and urged further effort to deny loosely governed regions, particularly in Mindanao in the Philippines and Southern Thailand in Southeast Asia from being used by terrorist groups.⁵¹

Indonesia’s attractiveness to Islamist terrorist groups appears to derive primarily from relatively weak central government control and considerable social and political instability and its overwhelmingly Muslim population. Indonesia’s central government was weakened by the 1997-1999 Asian financial crisis. 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 weakened its ability to marginalize Islamist elements within Indonesian society. Indonesia’s former President Megawati Sukarnoputri, who was under pressure from Islamic political parties, 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.⁵² The election of Susilo Bambang Yudhoyono in 2004 has led the Indonesian central government to be both more assertive and more effective in its counterterrorist activities. Muslim-Christian strife in the country’s remote regions

⁴⁸ “Leaders Shouldn’t Let Terrorism Slip from APEC Agenda-Experts,” *DowJones Newswire*, September 3, 2007.

⁴⁹ Doug Conway, “Warning of Terror to Come,” *The Courier Mail*, June 21, 2007.

⁵⁰ “Dujana Admits Bakar was JI Spiritual Leader,” *SBS*, June 27, 2007.

⁵¹ Stephen Coates, “SE Terror Groups Pose ‘Very Real’ Threat: Think Tank,” *Agence France Presse*, June 25, 2008.

⁵² Richard Paddock, “Indonesia Presses U.S. to Stop Bombing Asia,” *Los Angeles Times*, November 2, 2001.

has attracted the involvement of foreign Islamist radicals, including, apparently, some with Al Qaeda connections.

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 internal problems. These include separatist movements, a severe economic recession following the Asian financial crisis, problems associated with the evolving reform process, and clashes between Christians and Muslims. The as yet unresolved tension between Christian and Muslim communities in Sulawesi and the Malukus offers terrorists a conflict that they may be able to manipulate to further their ends.⁵³

Even the more extreme groups traditionally have been concerned primarily with domestic issues such as promoting the adoption of Islamic law (*sharia*). Only a small minority of the Muslim parties favor Islamist agendas. A 2007 Pew Research Poll found that support for suicide bombings and other forms of violence against civilians in defense of Islam had dropped significantly in Indonesia in recent months.⁵⁴ The U.S.-led campaign against terrorism and the war in Iraq have had negative political resonance in Indonesia. While 95% of Indonesians support religious tolerance, about 3% still support bombings and attacks against non-Muslims.⁵⁵ Although a small percentage, this equates to a large number of individuals in a nation of some 235 million people.

The Bali Bombings and Other JI attacks in Indonesia

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 terrorist attack since the September 11, 2001 attacks in the United States, appeared to mark a shift in JI's strategy; the FBI 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.⁵⁶ The focus on soft targets was returned to in a second Bali bombing in October 2005. In that attack, at least 20 were killed and over

⁵³ “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.

⁵⁴ “Support Declines Among Muslims for Violent Defense of Islam,” *Radio Free Europe*, July 26, 2007.

⁵⁵ Mark Forbes, “JI Openly Recruits as Leaders Quizzed,” *The Age*, June 23, 2007.

⁵⁶ Jay Solomon and James Hookway, “Bali Bomb Suspect Used Thailand as Staging Area,” *The Wall Street Journal*, November 7, 2002.

100 injured, including two Americans and other Westerners, when three suicide bombers attacked restaurants frequented by foreigners.⁵⁷

The 2002 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.⁵⁸ With the substantial aid of Australian and U.S. investigators, Indonesian police 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.

Other bombings believed to have been carried out by JI since 2002 include the bombing of the Marriott Hotel in Jakarta in August 2003 that killed more than ten people and injured dozens; the bombing of the Australian Embassy in September 2004, killing 10 and wounding around 200; and the Bali II bombing of October 2005, in which three suicide bombers exploded bombs within minutes of one another in Bali, killing more than 20 people and wounding more than 100. All of the attacks are believed to have been planned by Noordin Muhammad Top. Most of the victims have been Indonesians.

Noordin Muhammad Top, a Malaysian, has been the target of a large manhunt by Indonesian police for his suspected role of strategist for JI's major bombings. Muhammad Top's base of recruits appears to be drawn from like-minded operatives from JI and increasingly from other militant Islamist groups in Indonesia, such as those involved in sectarian violence in the Malukus and Poso, and the Philippines. By 2005, according to some sources, Noordin Top was declaring himself the leader of Al Qaeda for the Malay Archipelago. Many of the more "mainstream" JI members reportedly consider Noordin as a danger to the future of the organization.⁵⁹

Analysts have highlighted the importance of understanding how jihad networks are changing. These networks increasingly depend on personal contacts and are focused on inter-communal strife in the Malukus and in Poso. Reportedly many of these incidents have involved elements of JI as well as offshoots of Darul Islam and Kompak. This is because many of the militants see areas as the most likely sites from which an enclave can be carved out where Islamists can live by their interpretation of Islamic principles. This they reportedly believe can then serve as a "building block

⁵⁷ R. Pura and L. Lopez, "Bali Blast Signals Militants Rebirth," *The Wall Street Journal*, October 3, 2005.

⁵⁸ Ellen Nakashima and Alan Sipress, "Al Qaeda Linked to Blast by Official," *Washington Post*, October 15, 2002.

⁵⁹ See, for instance, International Crisis Group, *Terrorism in Indonesia: Noordin's Networks*, Asia Report 114, May 5, 2006; "Profile, Noordin Muhammad Top," *Jane's Terrorism & Security Monitor*, November 15, 2006.

of an Islamic state.”⁶⁰ The increased militant activity in Maluku and Poso in 2005 appears to be more directly linked to local dynamics, with future objectives at the state and possibly regional level, rather than to global jihad.⁶¹

The Trial and Release of Baasyir

The Bali bombing spurred the Indonesian government to arrest Baasyir. He had long been viewed by U.S. officials as directly 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 Sukarnoputri 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 2001.⁶²

On September 3, 2003, an Indonesian court convicted him of plotting to overthrow the Indonesian government. 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.⁶³

As the trial against Baasyir proceeded it appeared that the prosecution had a relatively weak case. This may have been the result of the prosecution’s inability to get key witnesses to testify against Baasyir.⁶⁴ None of the 32 witnesses for the prosecution directly connected Baasyir with the Bali or Marriott bombings, though some did connect Baasyir to JI training camps in the southern Philippines.⁶⁵ Only one witness testified that Baasyir was the leader of JI.⁶⁶

The prosecution called for only a reduced sentence of eight years in jail instead of the death penalty. Baasyir was sentenced to 30 months’ imprisonment for

⁶⁰ “Weakening Indonesia’s Mujahidin Networks: Lessons from Maluku and Poso,” *International Crisis Group*, October 13, 2005.

⁶¹ Sidney Jones, “Asking the Right Questions to Fight Terror,” *The Jakarta Post*, January 9, 2006.

⁶² Abuza, “Tentacles of Terror,” p. 72.

⁶³ Raymond Bonner, “U.S. Pressure to Hold Militant Sets Off Outcry in Indonesia,” *New York Times*, April 20, 2004.

⁶⁴ “Bashir: A Strong Chance to walk Free,” *Australian Associated Press*, February 9, 2005.

⁶⁵ Sian Powell, “Call for Baasyir Jail Term,” *The Australian*, February 9, 2005.

⁶⁶ “Indonesian Prosecutors Ask for Eight-Year Jail Sentence for Bashir,” *Voice of America*, February 8, 2005.

conspiracy in the 2002 Bali bombings in April 2004. His sentence was reduced in August 2005 by four months and 15 days. He was released in June 2006, and in December 2006 an Indonesian judge overturned his conviction.

Since his release Bassyir has traveled and preached openly in Indonesia. He has continued to call for the implementation of *sharia* law, to state that democracy and Islam are incompatible, and to say that Muslims should resist U.S. and Western influence.⁶⁷ He has also called for Indonesia's anti-terror unit, Detachment 88, to be disbanded claiming that it is a tool of the United States to stigmatize Islam.⁶⁸

U.S.-Indonesia Cooperation

Bilateral relations between the United States and Indonesia improved dramatically in 2005. This was largely the product of a successful democratic process in 2004 that led to the election of President Susilo Bambang Yudhoyono and an increased appreciation of Indonesia's democratic evolution in the United States. This, and the importance of Indonesia to the war against violent Islamic extremists in Southeast Asia and Indonesia's regional geopolitical importance, led the Bush Administration to decide in February 2005 to allow Indonesia to participate in International Military Education and Training (IMET). This was followed by a May 2005 decision to restart non-lethal Foreign Military Sales (FMS) to Indonesia and a November 2005 decision to waive Foreign Military Financing (FMF) restrictions due to U.S. national security concerns.⁶⁹

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. 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, making the Philippines one of the most extensive examples of U.S. counterterrorism cooperation in Southeast Asia.

Abu Sayyaf

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

⁶⁷ See, for instance, Michael Sheridan, "Bali Terror Chief's New Mission," *The Sunday Times*, August 2006.

⁶⁸ Mark Forbes, "West Funds Elite Unit to Destroy Islam," *The Sydney Morning Herald*, June 27, 2007.

⁶⁹ State Department, Office of the Spokesman, Washington, DC, "Taken Question at Daily Press Briefing," January 4, 2006. Eric John, "U.S. and RI: A Strategic Partnership," *The Jakarta Post*, January 3, 2006.

beheaded in June 2001. The other two, a missionary couple, the Burnhams, were held by Abu Sayyaf until June 2002 when 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.

Under pressure from U.S.-supported Philippine military operations since 2002, Abu Sayyaf's armed strength has declined from an estimated 1,000 to 200-300. It continued to operate in the Sulu islands south of Basilan and on the western Mindanao mainland. Abu Sayyaf has ties with military factions of the Moro Islamic Liberation Front (MILF) and JI. Abu Sayyaf and JI reportedly engage in joint training with emphasis on training in bomb-making and planning urban bombings.⁷⁰ By mid-2005, JI personnel reportedly had trained about 60 Abu Sayyaf cadre in bomb assembling and detonations.⁷¹ Since 2003, Abu has carried out bombings and plotted bombings in cooperation with JI and the MILF, including bombings in Manila.

The MILF

The U.S. focus on Abu Sayyaf is complicated by the broader Muslim issue in the southern Philippines, including the existence of a larger insurgent-terrorist group, the Moro Islamic Liberation Front (MILF). The MILF, with an estimated armed strength of 10,000-12,000, broke away from another Muslim group, the Moro National Liberation Front (MNLF) in the late 1970s. 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 and the planning of terrorist operations. 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.⁷² A stronger collaborative relationship has developed between MILF commands and Abu Sayyaf since 2002, according to Zachary Abuza, a U.S. expert on Islamic terrorism in Southeast Asia.⁷³

The MILF has had tenuous cease-fire agreements with the Philippine government. The latest truce agreement was in June 2003. There has been a substantial reduction in violence and armed clashes under the truce. A team of international observers led by Malaysia began to monitor the cease-fire in October 2004. However, negotiations for a permanent settlement have stalemated over the issue of the MILF's proposal for the establishment of a "Bangsamoro" autonomous state covering much of western Mindanao, the Sulu islands, and part of the island of Palawan. At issue are the geographical configuration of the state, its political

⁷⁰ Abuza, Zachary. *Balik-Terrorism: The Return of the Abu Sayyaf*. Carlisle, U.S. Army War College, 2005, p. 27.

⁷¹ Mogato, Manny. Philippine rebels linking up with foreign jihadists. Reuters News, August 21, 2005. Del Puerto, Luige A. PNP [Philippine National Police]: Alliance of JI, RP terrorists strong. *Philippine Daily Inquirer* (internet version), November 20, 2005.

⁷² John McBeth, "Across Borders," *Far Eastern Economic Review*, July 22, 2004. p. 27.

⁷³ Abuza, *Balik-Terrorism: The Return of the Abu Sayyaf*, pp. 14-19, 22-24.

authority in relation to the central government in Manila, and whether the Philippine government will have to secure amendments to the 1987 Philippine constitution in order to establish a Bangsamoro state. The outlook worsened in April 2008 when Malaysia announced that it would withdraw from the international cease-fire monitoring group. The Malaysian government criticized the Philippine government for lack of flexibility in the negotiations with the MILF. Many observers express concern that Malaysia's withdraw could lead to a breakdown of the cease-fire.⁷⁴

The Philippine Communist Party (CPP)

The CPP, the political head of the New Peoples Army (NPA), also has called for attacks on American targets. The Bush 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. In December 2005, the European Union placed the CPP/NPA on its list of terrorist organizations.

U.S. Support for Philippine Military Operations

The Bush Administration has supported the Philippine government's policy of applying military pressure on Abu Sayyaf and seeking a negotiated settlement with the MILF. In 2002, the United States committed nearly 1,300 troops to the southern Philippines to assist the Philippine armed forces (AFP) in operations against Abu Sayyaf on the island of Basilan southwest of Mindanao. In 2005, the United States committed about 450 troops to support two AFP operations. One has focused on Abu Sayyaf in western Mindanao. The second has focused on the Sulu islands southwest of Basilan, especially the island of Jolo, a longtime redoubt of Abu Sayyaf.

The U.S. role in all of these operations has been non-combat. It has involved the provision of intelligence and communications support of the AFP, including the employment of U.S. P-3 surveillance aircraft; deployment of Navy Seal and Special Operations personnel with AFP ground units; joint training exercises with the AFP, assistance to the AFP in planning operations; and conducting civic action projects with AFP to improve the lives of the local populace and turn it against Abu Sayyaf.⁷⁵ The U.S. Agency for International Development has concentrated U.S. aid projects

⁷⁴ Patricio Diaz, Behind IMT pull-out: fingerpointing, MindaNews (internet), May 19, 2008. Al Jacinto, Stalled GRP-MILF peace talks; MILF: we stand firm on self-determination, Manila Times (internet version), May 4, 2008.

⁷⁵ Raymond Bonner and Carlos Conde, U.S. and Philippines join forces to pursue terrorist leader, New York Times, July 23, 2005, p. A4. James Hookway, Terror fight scores in Philippines, Wall Street Journal Asia, June 20, 2007, p. 1. Roland Ramos and Inday Espina-Varona, Expanded (old) war theater, Philippine Graphic, November 12, 2007, p. 14-18.

on Jolo and neighboring Tawi Tawi island as part of the \$260 million in U.S. aid committed to the southern Philippines since 2001.⁷⁶

U.S. military support reportedly has achieved successes. AFP operations against Abu Sayyaf have become more aggressive and effective on Basilan and Jolo. Abu Sayyaf strength has been eroded to an estimated 200-300, and key commanders have been killed. AFP commanders praised U.S. equipment, U.S. intelligence gathering, and U.S. assistance in planning AFP operations. The U.S. military's civic action projects on Basilan and Jolo (medical treatment, water purification installations, farm markets, renovation of schools) appear to have weakened support for Abu Sayyaf on the islands.⁷⁷

In supporting Philippine government-MILF negotiations, the Bush Administration has stated that negotiations are the best means of de-linking the MILF from Jemaah Islamiya and Abu Sayyaf.⁷⁸ MILF leaders have asked the Bush Administration to play a more direct role in its negotiations with the Philippine government.⁷⁹ However, if the Malaysian withdrawal from the cease-fire monitoring group should lead to a breakdown of the cease-fire, the Bush Administration would be confronted with difficult policy decisions regarding a possible U.S. role in a wider war. The possibility of a clash between U.S. and MILF troops would increase. The AFP could be expected to propose increased supplies of U.S. arms and military equipment; and it likely would argue for a more direct U.S. military role. The Philippine government might change its previous policy of opposition to a U.S. military role against the MILF and encourage a U.S. military role at least similar to the U.S. role in operations against Abu Sayyaf.

(See CRS Report RL33233, *The Republic of the Philippines: Background and U.S. Relations*, by Thomas Lum and Larry A. Nicksch; and CRS Report RL31265, *Abu Sayyaf: Target of Philippine-U.S. Anti-Terrorism Cooperation*, by Larry Nicksch.)

Thailand

Thailand has endured a persistent separatist insurgency in its majority-Muslim southern provinces, which includes the provinces of Yala, Narathiwat, Pattani, and — to a lesser extent — Songhkla, while dealing with political instability in its

⁷⁶ Fabio Scarpello, U.S. diplomat meets Philippines rebels amid ongoing controversy over U.S. presence, AdnKronos International, February 28, 2008.

⁷⁷ Simon Montlake, U.S. troops in Philippines defy old stereotype, Christian Science Monitor, March 1, 2007, p. 7. Al Jacinto, U.S., Filipino troops go on charm offensive, Manila Times (internet version), September 10, 2007.

⁷⁸ Asia Security Monitor No. 147, November 2005. U.S. says peace deal in Manila may pressure JI, Reuters News, October 22, 2005.

⁷⁹ William M. Esposito, Who is the US supporting in the Mindanao war? Philippine Star (internet), August 19, 2007.

capital.⁸⁰ Since January 2004, sectarian violence between insurgents and security forces in Thailand's majority-Muslim provinces has left over 3,300 people dead according to press reports. The groups that have led this surge in violence are generally poorly understood, and their motives are difficult to characterize. Many believe they are mostly focused on local autonomy, but even the Thai government has poor understanding of the diverse groups active in the South.

Meanwhile, the government in Bangkok has undergone several political transitions: a bloodless military coup in September 2006 ousted the democratically-elected Prime Minister Thaksin Shinawatra, an interim government took control for 15 months, and a new civilian government took power after elections were held in December 2007. The successive administrations have taken somewhat different approaches to curbing the violence in the south, but none appear to have found a way to resolve the ongoing insurgency.

Southern Insurgency

The southern region has a history of separatist violence, though the major movements were thought to have died out in the early 1990s. Thai Muslims have long expressed grievances for being marginalized and discriminated against, and the area has lagged behind the rest of Thailand in economic development. The death toll of over 3,300 includes suspected insurgents killed by security forces, as well as victims of the insurgents. This includes both Buddhist Thais, particularly monks and teachers, and local Muslims.

After a series of apparently coordinated attacks by the insurgents in early 2004, the central government declared martial law in the region. Moreover, a pattern of insurgent attacks — targeted shootings or small bombs that claim a few victims at a time and counter-attacks by the security forces — has developed. The pattern crystallized into two major outbreaks of violence in 2004: on April 28, Thai soldiers killed 108 insurgents, including 34 lightly armed gunmen in a historic mosque, after they attempted to storm several military and police outposts in coordinated attacks; and on October 25, 84 local Muslims were killed: 6 shot during an erupting demonstration at the Tak Bai police station and 78 apparently asphyxiated from being piled into trucks after their arrest. The insurgents retaliated with a series of more gruesome killings, including beheadings, following the Tak Bai incident.

Thaksin and Surayud's Approaches. The Thaksin government's handling of the violence was widely criticized as ineffective and inflammatory. Critics charged that the Thaksin Administration never put forth a sustained strategy to define and address the problem, that it repeatedly and arbitrarily shuffled leadership positions of those charged with overseeing the region, and that it failed to implement adequate coordination between the many security and intelligence services on the ground. Under the military government, interim Prime Minister Surayud Chulanont took a more conciliatory approach by publicly apologizing to Muslim leaders for past government policies in the South and resurrecting a civilian agency responsible for

⁸⁰ For more information on political developments in Thailand, see CRS Report RL32593, *Thailand: Background and U.S. Relations*, by Emma Chanlett-Avery.

improving relations between the security forces, the government, and southern Muslims that Thaksin had abolished. General Sonthi Boonyaratglin, leader of the coup and the first Muslim commander of the Army, advocated negotiations with the separatist groups as opposed to the more confrontational strategy pursued by Thaksin. However, the violence increased in the months following the coup.⁸¹ Some analysts said that a younger generation of more radicalized insurgents resisted the more conciliatory approach of the new leadership in Bangkok. Criticism emerged that Surayud's policies were insufficiently implemented, law enforcement was unable to effectively prosecute cases, and that intelligence coordination remained abysmal.

Current Government's Approach. The current government, under the leadership of Prime Minister Samak Sundaravej, has claimed that the South is a priority, but critics maintain that his administration has not focused adequate resources on the area as it has struggled to maintain its hold on power in Bangkok. The region remains under martial law, which allows security forces to arrest suspects without warrants and detain them for up to 30 days. Since June 2007, a more concentrated counter-insurgency campaign known as "Operation Southern Protection" had led to far more arrests; many analysts see the mass arrests as fueling local resentment. Daily violence had ebbed somewhat as a result of the military crackdown, but observers note an increase in more lethal and bold attacks, including a March 2008 car bombing of a prominent hotel in Pattani that is known for hosting official delegations.⁸² The Samak government has announced that it will try and curb the violence by encouraging investment in the region as the poverty rate has increased and industries have shut down.⁸³ Human rights groups have continued to criticize the military for its mistreatment of Muslim suspects; in March 2008, Human Rights Watch accused the army of torturing an arrested Muslim cleric who later died in police custody.⁸⁴

Close observers note that attacks have become more provocative, more deaths are caused by increasingly powerful explosions, and the insurgents have directed more attacks at economic targets, particularly those owned by ethnic Chinese. Some analysts describe a movement increasingly driven by an Islamist agenda: the insurgents appear intent on driving a harsher ideological line and labeling conciliatory Muslims as collaborators. Because of the repeated attacks on state-run schools, many citizens have chosen to send their children to private Islamic schools. The insurgents' village-level network has expanded, perhaps driving more local support.⁸⁵ As the attacks have become more sophisticated and coordinated, a climate

⁸¹ "Thailand's Leaders Struggle for Solution as Separatists' Violence Increases," *The New York Times*. February 26, 2007.

⁸² "Insurgents Turn Up Heat with Hotel Blast," *South China Morning Post*. March 22, 2008.

⁸³ "Thailand to Encourage Investment in Restive South," *Dow Jones International News*. March 21, 2008.

⁸⁴ "Thailand: Imam's Killing Highlights Army Abuse in South," from Human Rights Watch webpage at [<http://hrw.org/english/docs/2008/03/26/thaila18346.htm>].

⁸⁵ "Southern Thailand: The Impact of the Coup," *International Crisis Group*. March 15, 2007.

of fear has developed and division along religious lines has accelerated. According to some reports, 15% of the Buddhist population has left the region.⁸⁶

Little Evidence of Transnational Elements. Most regional observers stress that there is no convincing evidence to date of serious Jemaah Islamiyah (JI) involvement in the attacks in the southern provinces, and that the overall long-term goal of the movement in the south remains the creation of an independent state with Islamic governance. Many experts characterize the movement as a confluence of different groups: local separatists, Islamic radicals, organized crime, and corrupt police forces. They stress, however, that sectarian violence involving local Muslim grievances provides a ripe environment for foreign groups to become more engaged in the struggle. Such experts have warned that outside groups, including JI and other militant Indonesia-based groups, may attempt to exploit public outrage with events like the October 2004 incidents to forge alliances between local separatists and regional Islamic militants. Some of the older insurgent organizations earlier were linked to JI, have reportedly received financial support from foreign Islamic groups, and have leaders who have trained in camps in Libya and Afghanistan. Despite these links, foreign elements apparently have not engaged significantly in the violence.

Leadership of Insurgency Unclear. Identifying the groups directing the insurgency has been challenging, but most analysis suggests that there is no one organization with authority over the others. Some reports suggest that the Barisan Revolusi Nasional-Coordinate (BRN-C) has coordinated other groups that operate largely autonomously. Other actors are the older Islamist separatist groups the Pattani United Liberation Organization (PULO) and Gerakan Mujahideen Islam Pattani (GMIP). In April 2008, a PULO website claimed that its members were committed to resolving the violence through a dialogue with the Thai government, but neither the central government nor the other groups followed suit. An organization called Bersatu at one point claimed to be an umbrella grouping for all the insurgent factions, but appears to have very limited authority over the disparate networks. The failure of the Thai government to establish an authority with whom to negotiate limits its ability to resolve the conflict peacefully.

U.S.-Thai Cooperation

Part of the U.S. concern about Thailand's vulnerability to international terrorism stems from Thailand's relatively lax border controls and tourist-friendly visa requirements. 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. There have been indications of JI presence in Thailand, particularly given the 2003 arrests of Hambali, a radical figure with suspected ties to Al Qaeda, and of three Islamic leaders suspected of planning to attack foreign embassies and tourist destinations. In January 2002, Hambali is reported to have convened a meeting of JI's operatives in southern Thailand at which the group agreed to attack "softer" targets. A number of Al Qaeda and JI figures, including convicted World Trade Center bomber Ramzi Yousef, have fled to Thailand to escape arrest in other Southeast Asian countries.

⁸⁶ Zach Abuza, "Wake Up Call," e-newsletter. March 20, 2007.

Thailand and the United States have close anti-terrorism cooperation, institutionalized in the joint Counter Terrorism Intelligence Center (CTIC), which was reportedly 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. According to press reports, the CTIC took the lead in capturing Hambali and also has captured a number of other suspected JI operatives, acting on CIA intelligence. Thailand also reportedly provided a black site where U.S. CIA officials were allowed to secretly hold suspected terrorists.⁸⁷ According to press reports, two major Al Qaeda figures captured in Pakistan were flown to Thailand for interrogation by U.S. officials in 2002.

It is unclear to what extent U.S.-Thai counterterrorism cooperation was affected by the U.S. response to the military coup in September 2006. Unspecified counterterrorism funds appropriated under Section 1206 of the National Defense Authorization Act for FY2006 were suspended, but other programs "deemed to be in the U.S. interest" continued, according to the U.S. State Department. Regardless, the State Department certified that Thailand had restored a democratically elected government in February 2008, removing legal restrictions to providing assistance to Thailand.

Malaysia

Unlike many of its neighbors in Southeast Asia, Malaysia has no indigenous separatist groups or insurgents that are generally viewed as engaging in terrorist activities. The purported terrorist groups that do remain in Malaysia are generally external in nature, comparatively small and relatively inactive. Following the events of September 11, 2001, Malaysia was briefly considered a "hot spot" for global terrorism because some of plotters of the attacks reportedly met in Kuala Lumpur. Since then, Malaysia has been largely out of the spotlight in the global counter-terrorism efforts.

However, because Malaysia views itself as a prime example of a more moderate Muslim nation, it believes it has a better understanding of the causes of and solutions for terrorism than other nations. In particular, Malaysia has been one of the harshest critics of the Bush Administration's strategy for conducting the "global war on terrorism." During the administrations of its former Prime Minister Mahathir Mohammed and its current Prime Minister Abdullah Badawi, Malaysia has maintained that U.S. anti-terrorism policies and strategies are leading to the growth — and not the decline — in the membership and popular support for so-called "terrorist groups." Instead, Malaysia has advocated an approach that focused on combating what it sees as root causes of terrorism, such as poverty and the denial of human rights.

⁸⁷ "Thai War on Terrorism Presents Diplomatic Headache," *Sydney Morning Herald*, September 23, 2006.

Despite these sharp differences in their policies and strategies, Malaysia has generally been supportive of specific U.S. counter-terrorism programs and initiatives in Southeast Asia. In addition, certain aspects of Malaysia's domestic counter-terrorism policies are seen to mirror those in the United States. In some cases, Malaysia's domestic counter-terrorism programs have been sharply criticized for needlessly curtaining civil liberties and providing the Abdullah administration with tools to suppress political opposition.

Recent Events

Malaysian officials recently expressed concern that rising oil and food prices, as well as the overall weakening of the global economy, might lead to a growth of social unrest and terrorism. During the 8th ASEAN Senior Officials Meeting on Transnational Crime (SOMTC), Malaysia's Home Minister Syed Hamid Albar linked the declining global economic situation to a potential rise in terrorism and other forms of crime.⁸⁸ The Home Minister's views were reflected in the comments of Prime Minister Abdullah during the July 2008 D8 meeting in Kuala Lumpur.⁸⁹ Abdullah linked rising oil and food prices to a growing risk of "political unrest in many societies."⁹⁰

On the operational side of its counter-terrorism efforts, Malaysian authorities captured two JI operatives in Kuala Lumpur some time prior to their being handed over to Indonesia authorities in March 2008. Husna and Purwantoro apparently made their way from Indonesia to Malaysia undetected and had reportedly been given fake passports and plane tickets for Syria by an Algerian known as Jafar. The pair reportedly met with Jafar in both Kuala Lumpur and Jakarta. Their Syrian destination and contact with Jafar has led to speculation that the two were headed for Iraq and that JI has maintained contact and linkages with outside terrorist groups despite its having been severely disrupted. Sydney Jones with the International Crisis Group has reportedly stated "It suggests an international network with a base in Jakarta and raises all sorts of questions about who else might be here." It was also reported that the two had received bomb making training at JI training camps in the southern Philippines in 1999. Purwantoro is thought to have been a leader of JI operations in Sulawesi.⁹¹ There are claims that terrorist group active in southern Thailand have been able to move across the Thai-Malay border with relative impunity.⁹²

⁸⁸ "Economic Downturn May Push Up Crime, Says Syed Hamid," *The Malaysian Insider*, June 17, 2008.

⁸⁹ The D8 is a group of eight Muslim developing nations comprised of Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

⁹⁰ "'D8' Agrees to Boost Food Production as Crisis Looms," *AFP*, July 8, 2008.

⁹¹ "Indonesian Police Details How JI Forge Int'l Terror Links," *The Philippine Star*, June 1, 2008.

⁹² "Malaysia Risk: Security Risk," *Economist Intelligence Unit*, May 19, 2008.

Background

For a period in the late 1990s, Malaysia was the locus of JI and Al Qaeda activity in Southeast Asia. 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 a statement by 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.⁹³ Since 2001, Malaysian authorities have done much in support of the war against terrorists even as Malaysia has differed with some aspects of U.S. foreign policy.

A Muslim Voice of Moderation. Prime Minister Abdullah has urged Muslims around the world to guard against extremism and improve ties with the West while promoting his nation's moderate version of Islam known as Islam Hadhari or "Civilizational Islam."⁹⁴ According to former Deputy Secretary of State Robert Zoellick the United States remained confident in Malaysia's ability to handle the threat of terrorism.⁹⁵ Malaysia's former Prime Minister Mahathir Mohammed, a longstanding promoter of non-violent Muslim causes, openly criticized Islamic terrorists, including Palestinian suicide bombers.

Malaysia is an ethnically-diverse, predominantly Islamic nation with large Chinese and Indian minorities. From its beginnings, Malaysia has sought to balance its identity as an Islamic nation with its culturally diverse population. Prime Minister Abdullah has stated that "we are responsible for ensuring that the culture of extremism and violent acts in the name of Islam does not happen in Malaysia."⁹⁶ The Malaysian government has tried to place itself at the center of the debate within the Islamic community at fora such as the Organization of the Islamic Conference (OIC) on what Malaysia sees as the true values of Islam and Islam's history of religious and cultural tolerance.

The Malaysian government has been highly critical of U.S. conduct of the global war on terrorism and its overall Middle East Policy. Malaysia views the U.S. "invasions" of Afghanistan and Iraq, as well as the continuing "occupation" of Iraq, as contributing to the growth of membership and popular support of terrorist groups. In addition, the Malaysian government sees the "pro-Israel" bias of the United States as a barrier to the resolution of the Palestinian problem and another source of rising support for terrorist groups. Also, Malaysia has been critical of the perceived U.S. tendency to "stereotype" terrorism as being a problem peculiar to Islam, contributing to a rise in anti-Islam rhetoric.⁹⁷ During the June 2008 gathering of the Organization

⁹³ *The 9/11 Commission Report*, p. 158.

⁹⁴ "Malaysia PM Abdullah Warns Muslims Against Extremism," *Voice of America*, January 27, 2005.

⁹⁵ "Malaysia's Efforts Against Terrorism," *Bernama*, June 8, 2005.

⁹⁶ "Malaysian Premier calls on Muslims to Defy Militants," *Agence France Presse*, July 20, 2005.

⁹⁷ Mohd Nasir Yusoff, "M'sia Wants Stereotyping of Terrorism with Islam to Stop," (continued...)

of the Islamic Conference, Prime Minister Abdullah reportedly stated, “This biased view (of Islam) in the West persists, and, I must admit, it is not helped by the misguided actions of a discredited few from the Muslim side.”⁹⁸

Maritime Concerns. The threat of seaborne terrorism in the region, particularly in the vital Straits of Malacca between Malaysia, Singapore, and Indonesia, continues to be a cause for concern. This is due to the strategic importance of the sea lanes to international trade and its vulnerability to attacks against shipping. Malaysia, Singapore, Thailand and Indonesia have made progress in addressing potential terrorist and pirate threats to maritime shipping lanes in the Straits of Malacca by agreeing on operating procedures that will allow patrols of each state to enter into the territorial waters of others when in pursuit of pirates or terrorists.⁹⁹ In August 2007, the navies of Malaysia, Brunei, the Philippines, Singapore and Thailand participated in a Southeast Asia Cooperation Against Terrorism (SEACAT) exercise with the U.S. Navy in the Straits of Malacca that sought to provide training in the area of maritime interception.¹⁰⁰ According to the press, the Pentagon recently awarded a total of \$27 million in coastal surveillance equipment to Indonesia, Malaysia, and the Philippines to “disrupt terrorists plying the Sulawesi sea lanes.”¹⁰¹

U.S.-Malaysia Counter-Terrorism Cooperation

The United States and Malaysia signed a Memorandum of Understanding (MOU) on counter-terrorism in May 2002. The text of that document became the basis for a subsequent declaration on counterterrorism that the United States and ASEAN signed at the August 2002 ASEAN Regional Forum (ARF) meeting.¹⁰²

Shortly after taking office in the fall of 2003, Prime Minister Abdullah pledged to continue Malaysian support for the war against terror.¹⁰³ As previously discussed in this report, Malaysia has repeatedly attempted to play the role of facilitator of talks between the governments and indigenous separatist groups in Southeast Asia, including taking the role as chief facilitator of talks between the Philippine government and Moro Islamic Liberation Front (MILF). However, in a statement

⁹⁷ (...continued)

Bernama, March 5, 2007.

⁹⁸ “Muslim Leaders Urge Western Governments to Condemn Acts that Insult Islam,” *Associated Press*, June 9, 2008.

⁹⁹ Michael Richardson, “Maintaining Security in Malacca Strait,” *The Jakarta Post*, January 11, 2006.

¹⁰⁰ “Malaysia, Singapore Boardings Wrap Up Anti-Terrorism Exercise,” *US Fed News*, August 21, 2007.

¹⁰¹ Eric Schmitt, “Experts See Gains Against Asian Terror Networks,” *New York Times*, June 9, 2008.

¹⁰² 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>].

¹⁰³ “Malaysia Pledges Terror Fight,” *The Wall Street Journal*, November 4, 2004.

before the Organization of Islamic Conference (OIC) Prime Minister Abdullah reportedly called on the United States to change its foreign policy to counter the perception, held by many in the Islamic world, that it is anti-Islamic.¹⁰⁴

During his July 2004 meeting with President Bush in Washington, DC, Prime Minister Abdullah sought to strengthen bilateral ties with the United States.¹⁰⁵ Following his visit, Abdullah urged that the war on terrorism take into account the root causes of terror and warned that if it does not “for every one we kill, five more will emerge to continue their struggle.”¹⁰⁶

The extent to which the United States depends on “Malaysia to be an effective and cooperative player in the region’s vital counterterrorism programs” was highlighted by James Keith in testimony before the Senate Committee on Foreign Relations in May of 2007. Keith stated that “Prime Minister Abdullah Badawi has set a path forward that promises an increasingly productive relationship and greater congruence between the interests of America and Malaysia.”¹⁰⁷

Terrorism and Counter-Terrorism in Malaysia

The level of terrorist activity in Malaysia is considered comparatively low. Stiff new laws and police activity have purportedly undermined the previously existing networks of terrorism in Malaysia. The Malaysian government has purportedly sharply reduced the activities of the JI and Al Qaeda. Other groups reportedly active in Malaysia include the Abu Sayyaf Group and the Kampulan Mujiheddin Malaysia (KMM).

The Abu Sayyaf Group once engaged in several terrorist actions in Malaysia. In 2000, a Philippine-based Abu Sayyaf cell abducted tourists at two Malaysian resorts, returned to the Philippines, and held them hostage for a period of time. The hostages from Malaysia were eventually freed or rescued, but some hostages from other attacks were killed by Abu Sayyaf. The group reportedly split from the much larger Moro National Liberation Front in the early 1990s under the leadership of Abdurajak Abubakar Janjalani.

The KMM is a small, militant group calling for the overthrow of the Malaysian government and the creation of a pan-Islamic state encompassing Indonesia, Malaysia, 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 Maluku and the Philippines.

¹⁰⁴ “Time For US to Change its Image,” *Today*, January 28, 2005.

¹⁰⁵ See CRS Report RL33878, *U.S.-Malaysia Relations: Implications of the 2008 Elections*, by Michael F. Martin.

¹⁰⁶ “Disquiet as Bush Dominates Agernda at Asia Pacific Summit,” *Agence France Presse*, November 21, 2004.

¹⁰⁷ James Keith, Ambassador Designate to Malaysia, “Nominee to be Ambassador to Malaysia,” U.S. Department of State, May 22, 2007.

In June 2008, Malaysia's Home Ministry began investigations into a claim that Malaysians were involved in a plot with members of the Liberation Tigers of Tamil Eelam (LTTE) to plant a bomb in Colombo, Sri Lanka.¹⁰⁸ Home Minister Hamid has reportedly stated, "If it is true that some Malaysians are involved with the LTTE, we will take severe action." Also in June 2008, the Malaysian government began withdrawing its peacekeepers in the southern Philippines, supposedly as a sign of its impatience with the progress of talks between the Moro Islamic Liberation Front (MILF) and the Philippine government.¹⁰⁹

Malaysia has passed a number of laws as part of its counter-terrorism efforts. The most prominent and criticized law is the Internal Security Act (ISA). Originally passed in 1960s during a national state of emergency, the ISA allows for the arrest and detention of people without charge for up to two years if the Home Minister determines that the detainees pose a threat to national security. Other counter-terrorism laws went into effect in March 2007 that provide for the forfeiture of terrorist-related assets, allow for the prosecution of those who materially support terrorists, and expanded surveillance of suspects.¹¹⁰

There have been repeated allegations that the Malaysian government has used and continues to use the ISA and other counter-terrorism laws to suppress political opposition. In November 2007, several members of Malaysia's Hindu Rights Action Force (HINDRAF) were arrested following a demonstration to protest the destruction of Hindu temples. Most of HINDRAF members arrested were subsequently released. However, on December 12, 2007, Prime Minister Abdullah signed two-year detention orders for five of the detained HINDRAF leaders under the provisions of the ISA, claiming that the organization has ties to international terrorist groups, such as the LTTE. HINDRAF has reportedly denied it has any links to the LTTE or other terrorist groups.¹¹¹ In addition to the so-called "HINDRAF Five," there are reportedly 70 other ISA detainees in Malaysia, including purported JI members.

There is opposition to the ISA and other counter-terrorism laws in Malaysia in part of their abuse for political purposes, and in part because of their infringement of civil liberties. In June 2008, the Malaysian Bar Council called on the Malaysian government to abolish the ISA following a court decision awarding \$800,000 in damages to a political activist who was arrested and detained. The court ruled the activist's arrest and detention was clearly done for political reasons, and were not based on any threat to national security.¹¹²

¹⁰⁸ "Probe on Malaysian Link to Colombo Bomb Attack Plan," *The Malaysian Insider*, June 17, 2008.

¹⁰⁹ "Philippines Seeks More Peacekeepers to Replace Malaysians," *The Malaysian Insider*, June 4, 2008.

¹¹⁰ For more information, see U.S. Department of State, *Country Reports on Terrorism*, release on April 30, 2008.

¹¹¹ "Those Linked to Terror Groups to Face Consequences," *The Star*, December 9, 2007.

¹¹² "Move to Abolish Malaysian Security Law Gathers Strength," *IANS*, June 20, 2008.

Singapore

Shortly after the September 11, 2001 attacks in the United States, Singaporean authorities launched aggressive operations to counter terrorist activities.¹¹³ Under its Internal Security Act, Singapore has arrested dozens of suspected Islamic militants, 34 of whom remain in detention. Many of the militants are alleged to be members or sympathizers of JI. In 2002, Singaporean authorities reportedly uncovered a JI plot to bomb the U.S. Embassy and other western targets in Singapore. Authorities claim that many of the suspects have links to the Philippines-based Moro Islamic Liberation Front (MILF).

Despite its strong counter-terrorism record, Singapore was embarrassed by the February 2008 high-profile prison escape of Mas Selamat bin Kastari, the alleged head of JI in Singapore. Mas Selamat was accused of plotting the embassy bombing. A government report issued two months after the escape, with the prisoner still at large, concluded that there had been no inside cooperation in Mas Selamat's escape from the tightly-guarded Whitley Detention Center.

U.S.- Singapore Cooperation

The Joint Counter Terrorism Center (JCTC) coordinates the multiple agencies and departments of the Singaporean government that deal with terrorism, including the intelligence agencies. Since 9/11, Singapore has increased intelligence cooperation with regional countries and the United States. Singapore officials point to the arrest in Indonesia of Mas Selamat Kastari, the alleged JI Singapore cell leader, and the arrest in Thailand of Arifin Ali, a senior member of the same cell, as evidence of successful intelligence sharing with neighboring countries. Singaporean authorities have shared information gathered from suspected militants held under the Internal Security Act with U.S. officials, reportedly providing detailed insights into JI and Al Qaeda's structure, methods, and recruiting strategies.

Singapore was a founding member of the Proliferation Security Initiative (PSI), a program that aims to interdict shipments of weapons of mass destruction-related materials, and was the first Asian country to join the Container Security Initiative (CSI), a series of bilateral, reciprocal agreements that allow U.S. Customs and Border Patrol officials to pre-screen U.S.-bound containers. Singapore has led other littoral states in Southeast Asia to jointly protect the critical shipping lanes of the Straits of Malacca from piracy or terrorist attacks.

Enhanced Homeland Security

Singaporean officials maintain that important port facilities and other major targets remain vulnerable and have stepped up protection of these and other critical infrastructure. Measures include camera surveillance of water and power facilities, enhanced security at embassies and prominent public areas, and the deployment of

¹¹³ For more information on Singapore, see CRS Report RS20490, *Singapore: Background and U.S. Relations*, by Emma Chanlett-Avery.

armed personnel at a major petrochemical hub. Singapore has revamped its national security bureaucracy and instituted a “Total Defense” campaign, which calls on all Singaporeans to participate in the national defense. The government intends to psychologically prepare its public for an attack by framing the question of a terrorist attack as “when, not if.” A large-scale anti-terrorism exercise in June 2005 involved over 1,000 citizens and public officials and Singapore’s public transit systems. The regulation of people and goods across Singapore’s borders has been intensified through the merging of the border control functions of the customs and immigration services. To strengthen border security, Singapore has introduced a biometric passport holding a chip that provides the owner’s facial and fingerprint identification information. Singapore instituted a Strategic Goods Control (SGC) system that aims to prevent the proliferation of weapons of mass destruction, and is active in international fora that focus on export control regimes, including the Export Control and Related Border Security Assurance (EXBS) program organized by the U.S. Department of State.

Options and Implications for U.S. Policy

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.

To date the U.S. approach to fighting terrorism in Southeast Asia primarily has been bilateral rather than multilateral in nature. 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. Addressing these deficiencies could be elements of the long-term goal of competing against terrorist ideologies.

Thus far, the strategy of arresting Jemaah Islamiyah’s leadership is thought to have crippled JI’s capabilities significantly. This may mean that a continued push to arrest the network’s leadership could dramatically reduce JI’s ability to threaten Western targets directly. Additionally, it appears that middle and lower-level JI functionaries’ level of commitment may not be as fanatical as commonly thought.¹¹⁴

However, the apparent ability of JI to remain operational despite the elimination of most of its leadership indicates that a decapitation strategy alone is insufficient.¹¹⁵

¹¹⁴ Rohan Guanaratna, “Al-Qaeda’s Operational Ties with Allied Groups,” *Jane’s Intelligence Review*, February 1, 2003.

¹¹⁵ Barton Gellman, *Washington Post*, “Secret Unit Expands Rumsfeld’s Domain,” January 23, 2005. Additionally, in the days after the September 11 attacks, at least one senior (continued...)

Attacking camps operated by JI and/or the MILF in Mindanao is seen by some as particularly attractive, as Mindanao may be performing a crucial role as a regrouping and training area for JI operatives. Such a course of action would need to be coordinated closely with regional governments to ensure a common front and prevent antagonizing local governments and populations through unilateral U.S. action.

Capacity Building Strategies

Other counterterrorism 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.¹¹⁶ Options include:

- Placing priority on discovering and destroying terrorist training centers, which have proven extremely important to JI and the MILF, in particular;¹¹⁷
- Strengthening the capacities of local governments' 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;¹¹⁸
- Continuing and expanding support for state-run schools, so that Muslims are less likely to send their children to radical madrassas where extremist brands of Islam are propagated;
- 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;
- Pursuing policies that encourage economic development;
- Increasing regional cooperation on a multilateral and bilateral basis with key institutions involved with the war against terror;
- Providing additional 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;

¹¹⁵ (...continued)

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*, p. 559, note 75; Douglas Feith, "A War Plan That Cast A Wide Net," *Washington Post*, August 7, 2004.

¹¹⁶ Abuza, "Funding Terrorism in Southeast Asia," p. 10-11.

¹¹⁷ Jones, "Indonesia Backgrounder," p. ii.

¹¹⁸ Sidney Jones, "Terrorism In Southeast Asia, More Than Just JI," *Asian Wall Street Journal*, July 29, 2004.

- 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;
- Continuing to track terrorism financing. 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.
- Increase U.S. Pacific Command's use of international conferences and exercises aimed at combating terrorism and piracy.¹¹⁹

Other Policy Implications

There is a perception among some Southeast Asians that the United States has relied too heavily on "hard" 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."¹²⁰

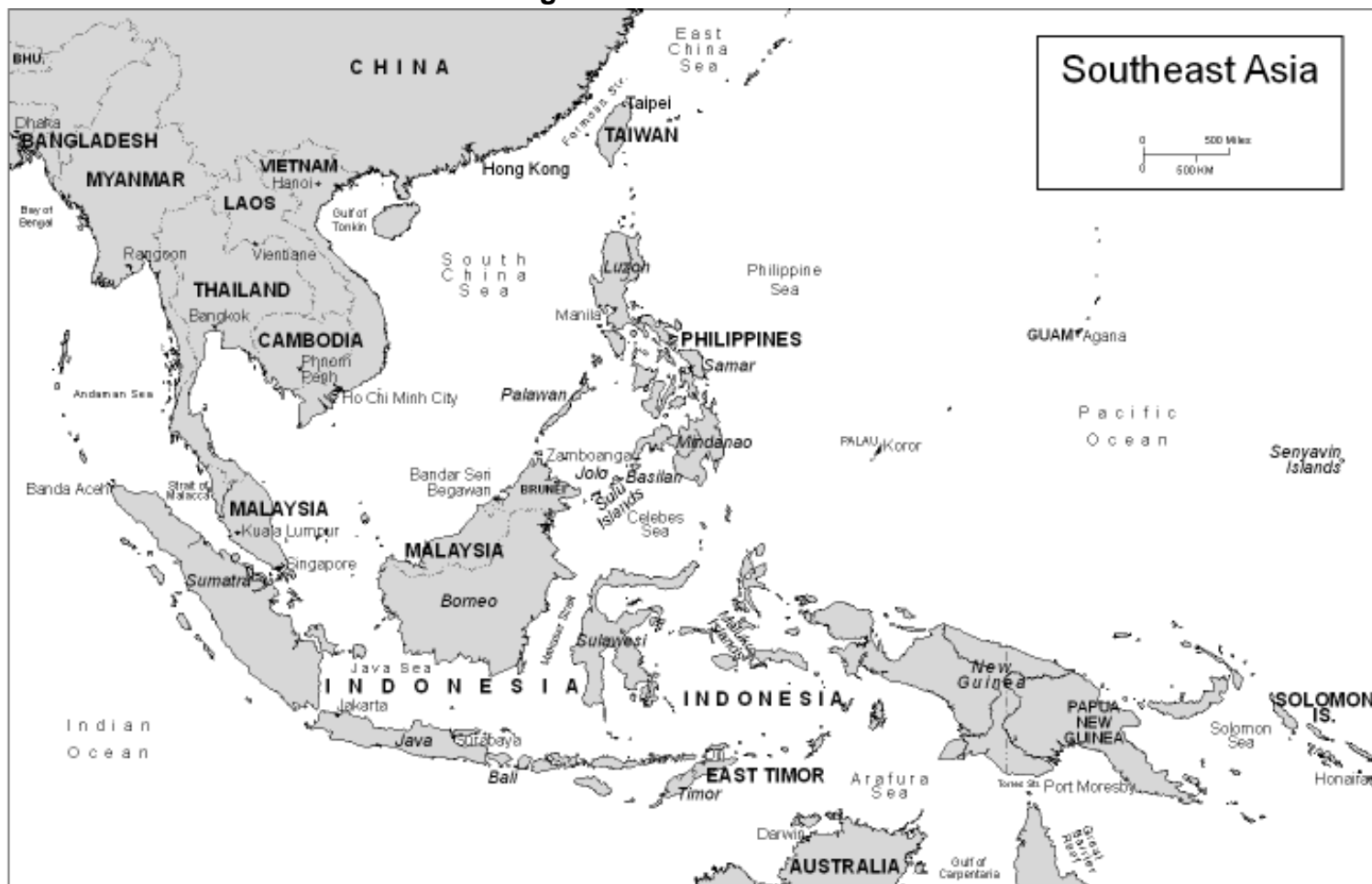
Some analysts believe Southeast Asian states perceive the United States as focused on the war against militant Islamists to the exclusion, or significant undervaluation, of other issues of more concern to regional states. Added to this are regional perceptions of an overly militaristic U.S. response in Southeast Asia. There are others still that see the American war on terror as a war against Islam. Together these factors indicate a potential disconnect between the United States and regional states. Such a division has the potential to limit the degree to which regional states will cooperate with the United States. From one perspective, "Washington stands to lose ground against Beijing's diplomatic drive to court regional countries on other, equally important economic and strategic issues if it remains narrowly focused on counter-terrorism cooperation alone."¹²¹ A policy approach that focuses more attention on the region and does more to take into account the concerns of regional states could, in this view, potentially achieve more cooperation in areas of concern to the United States including counterterrorism cooperation.

¹¹⁹ United States Pacific Command Joint Interagency Coordination Group for Combating Terrorism, "Strategy for Regional Maritime Security Initiative," Version 1.0, November, 2004.

¹²⁰ See Seng Tan and Kumar Ramakrishna, "Interstate and Intrastate Dynamics in Southeast Asia's War on Terror," *SAIS Review*, Spring, 2004.

¹²¹ Amitav Acharya and Arabinida Acharya, "The Myth of the Second Front: Localizing the 'War on Terror' in Southeast Asia," *The Washington Quarterly*, Autumn, 2007.

Figure 1. Southeast Asia



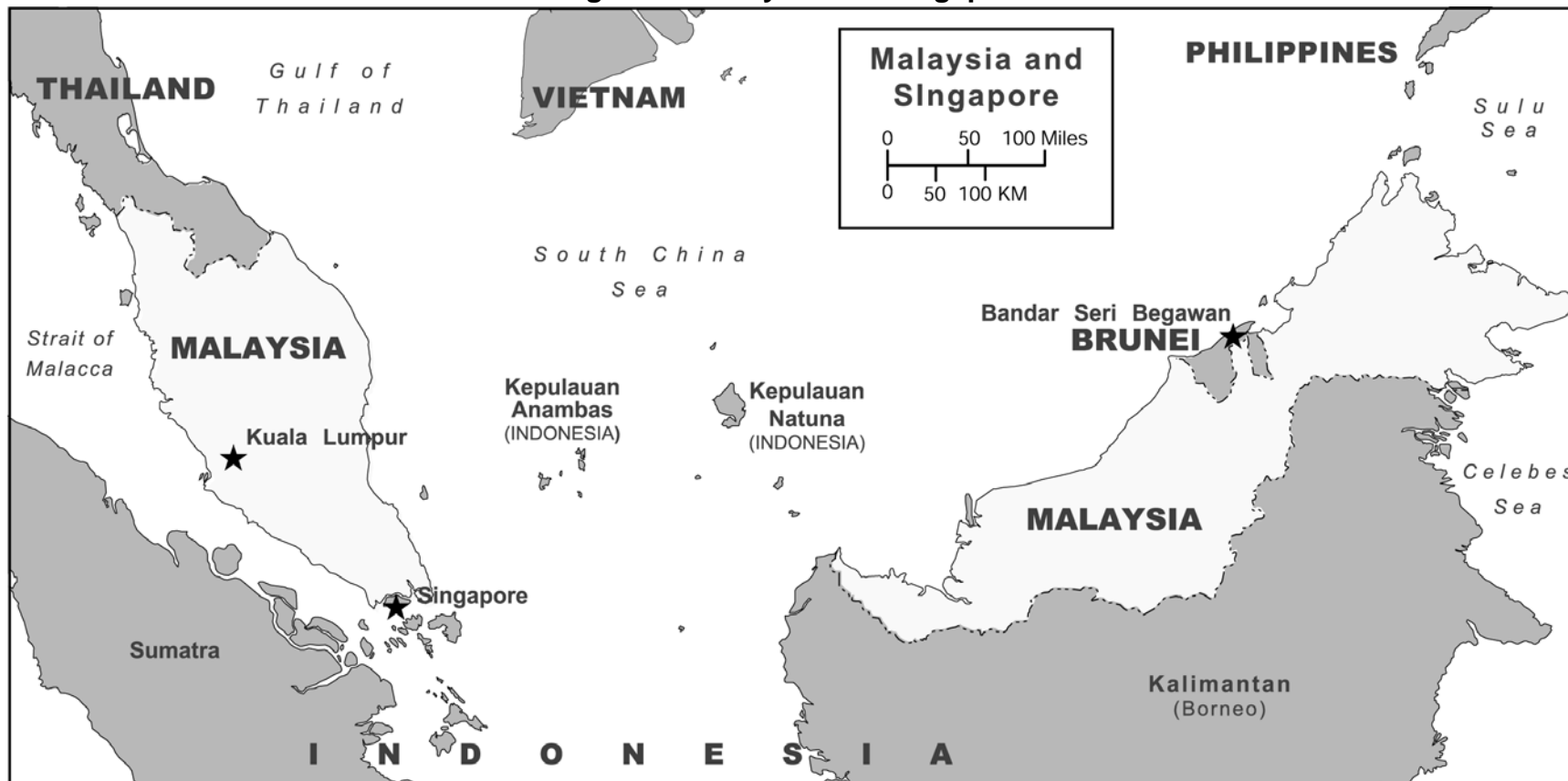
Source: Map Resources. Adapted by CRS. (R. Woods 8/18/03)

Figure 2. Indonesia



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

Figure 3. Malaysia and Singapore



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

Figure 4. The Philippines



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

Figure 5. Thailand



Source: Map Resources. Adapted by CRS. (K.Yancey 3/23/04)