

POLITICAL ROUNDUP: 2006 A YEAR IN REVIEW

Indonesian currents

Indonesia had a largely peaceful year, but as the following review shows, problems related to ethnicity and/or economic inequality occasionally spilled over into the public arena with violence. As these long-term issues are approached, it has become clear that in the short term military and police reform are vital. There was progress, albeit slow and prone to backsliding, in the fight against corruption and the DPR passed some crucial new laws but at a rate that hindered reform. Some political elites argued over the role of Western businesses in the Indonesian economy with specific cases centred on ExxonMobil, Newmont and Freeport, but in general the country and the government remain open to foreign investment.

Domestic instability

The simmering ethnic conflicts that have beset parts of the archipelago in recent years continued in 2006. Sporadic episodes of violence occurred in Poso, Central Sulawesi, including bomb attacks, arson, riots, shootings and attacks on property. A special security force sent to the region for six months, including 4,000 police and soldiers, was partially successful in reducing the violence. Beyond securing the area, the Central Sulawesi Security Task Force investigated past incidents of violence, seized weapons and looked into corruption surrounding the disbursement of humanitarian aid.

However, the core issue remains unresolved—what role the military and local and national government officials played in the conflict. Ample evidence now exists linking parts of each to the violence in Poso through eyewitness reports and confessions from senior military figures (See *Report* Vol. 8 No. 17). To date, the government has not taken any concrete action. Motivation for such involvement in the violence ranges from perpetuating a dependence on the military to officials pocketing large portions of the humanitarian funds that the central government provided to the hardest hit areas.

The death sentences carried out against the Poso Three for their alleged roles in masterminding the conflict in the region also highlighted the underlying causes of the violence. One of the accused provided local officials with a list of 16 local citizens who reportedly participated in the violence but the list received little follow up. The Central Sulawesi police chief who vocally supported the idea of the involvement of military and government elements in the violence was unceremoniously removed from his post in September.

An episode in Makassar, South Sulawesi, also served to underpin the fragility of Sulawesi's social stability. After a Chinese-Indonesian killed a maid there the area's often frontier justice nearly spilled over into a sweeping operation against the Chinese-Indonesian community there. Sporadic violence also occurred in Ambon, including a clash between military and police personnel.

Indonesia's Eastern-most province of Papua was another hot-spot in 2006. The relatively low levels of violence there centred on Freeport's local mining

activities and not on religion or ethnicity. Clashes between protesters and police turned deadly in March after four security force members were killed. Rising tensions were partially quelled when the national police ordered the return of its mobile brigade to their barracks in the capital Jayapura and then replaced its head.

The tensions are driven partly by what locals see as inequitable distribution of funds from the company but the military's presence in the region also seems to fan the flames of the conflict. Freeport feels that it needs heavy military involvement to safeguard its operations, while at the same time such a security detail is in the military and the police's interests given the amount of funding the company provides for extra security.

The urgency to reign in the military and place it under civilian control was highlighted this year as President Yudhoyono came under increasing criticism for the stalled efforts toward military reform.

A number of militant Islamic groups in Indonesia also fomented a degree of instability in Indonesia this year. The FPI increased its activities in the first half of the year, storming religious centres belonging to the Islamic Ahmadiyah sect in Bogor and Lombok, while also targeting alcohol vendors, gambling dens and brothels in several urban locations (See *Report* Vol. 8 No. 11). Faced with mounting pressure from moderate Muslim leaders and activists, the government moved to revise a law on the freedom to organise to allow the disbanding of these organisations, which disrupt public order. Although the police made some high profile arrests within these organisations, government action against them fell short and what role these groups play in the future in igniting instability remains to be seen.

Islam in politics

Islam crept into Indonesian politics this year after a series of lightening rod issues created fissures among the populace, including the publication of an Indonesian version of *Playboy*, a controversial anti-pornography law and some local government regulations based on *sharia* principles.

Playboy's office moved from Jakarta to Bali after it was attacked in April, but the magazine continues to be published and is widely available throughout Indonesia.

The anti-pornography bill, which made headlines during mid-2006, is still being debated in the legislature. Pitting the moderate Muslim mainstream and non-Muslim communities against vocal Islamic fringe groups, clauses in the bill would ban people from kissing in public and suggested jail or fines for women exposing "sensitive" body parts such as hair, shoulders and legs. The bill spurred demonstrations all around the country. Although the final bill has not been passed, it is expected to be substantially watered down.

Sharia driven regulations at the local level also generated intense controversy this year (See *Report* Vol. 8 No. 8). Various local governments around Indonesia

issued regulations requiring government employees to wear Muslim dress on Fridays, banning acts of public intimacy, limiting the freedom of women to go out alone after dark, confining the sale of alcohol and making Koranic literacy compulsory for graduating students. The issue of *sharia* by-laws remains divisive; when 56 members of the legislature filed a petition against them in June, 134 legislators issued a counter petition, arguing local governments should be allowed to decide on the issue themselves without central government involvement.

Corruption

Corruption continued to plague Indonesia in 2006, with only fitful progress toward its eradication. While the Corruption Eradication Commission (KPK) continues to do good work, inadequate laws still hamper it. This year, for example, the KPK began pushing for an amendment to the anti-corruption law to reverse the burden of proof in corruption cases, requiring those accused to show that their assets were acquired legally. At the same time, the KPK has been criticised for being too selective in the cases it pursues, having yet to investigate cases involving the military or the presidential palace since it opened its doors in 2004 (See *Report* Vol. 8 No. 10).

Other developments included a planned Presidential Instruction to involve state institutions in handling corruption reports. But observers criticized it for potentially subverting the anti-corruption effort; it would prevent full investigations into graft cases until the Government Internal Oversight Body (APIP) reviewed preliminary investigation.

Anti-corruption campaigners also suggested this year that all corruption cases be channeled into the relatively new Anti-Corruption Court, which is seen as more effective than normal district courts. Currently, the Anti-Corruption Court can only try cases from the KPK, while cases from the Attorney General's Office (AGO) go to other courts.

In a positive move, the legislature adopted the UN Convention against Corruption in March, providing a legal basis for international cooperation to recover state assets. As far as sentencing goes, the consensus among anti-corruption advocates was that they were too light with many receiving only two years or less.

Numerous regional corruption cases were opened this year. The AGO reported that there are now over 100 corruption cases being investigated, involving more than 1,000 regional legislators. Some prosecutions have resulted, including former *Bupatis* in Jambi, Sulawesi and Papua and 43 local legislators in West Sumatra.

High profile prosecutions included a former religious affairs minister, several members of the General Election Commission and the former chairman of the Investment Coordinating Board. Others walked free to the consternation of observers, including former Bank Mandiri President AC Neloe and former PLN President Director Eddie Widiono. Former President Soeharto, the biggest alleged corruptor of them all once again escaped calls for a trial.

Laws

The DPR passed some high profile laws this year, including the citizenship bill, which clarifies the citizenship of those Indonesians descended from ethnic groups other than Malay and the children of trans-national marriages. Also, the Aceh Governance Bill codified various commitments made during the Helsinki peace agreement. The law paved the way for local elections and gave Acehnese the right to form local political parties, but the revenue sharing formula for the oil rich province left some dissatisfied. A bill aimed at eradicating corruption in the importation of goods and the collection of customs duties was also passed, but it remains to be seen how effective its implementation will be.

One big failure this year for investors was the shelving of any revisions to the country's labour laws (See *Report* Vol. 8 No. 6). After massive labour protests, the government dropped the proposed revisions. While the witness protection bill, the freedom of information bill, the investment law and an overhaul of the criminal code are among some laws that are still being debated. Heading toward the 2009 elections, a bill regulating both elections and political parties is one that also continues to be debated.

A showdown also occurred in 2006 between the Supreme Court and the newly created Judicial Commission over how much authority the latter has over the former. After the Constitutional Court stripped the Judicial Commission of some of its powers in a case that a number of Supreme Court judges filed, the DPR set in motion a new law that will redefine and clarify the commission's role.

All in all, however, regarding the DPR, 2006 was another year of extremely low productivity, which was marked by unacceptably long decision making periods before laws were ratified. The witness protection bill, for example, has been in the DPR for five years and the freedom of information bill has been in the pipe even longer.

International affairs

President Yudhoyono had a busy year, however, on the international front. Two themes that highlighted Indonesia's international affairs this year were the courting of international investment and using Indonesia's strategic advantage as the world's most populous Muslim nation to gain entry onto the world stage.

Middle East

Embarking on a 10-day trip to the Middle East in April, Yudhoyono touted his credentials as a mediator in the Israeli-Palestinian conflict while trying to boost Middle Eastern investment into Indonesia. But the only concrete development regarding Indonesia's role in the Middle East was the deployment of 600 peacekeeping troops to Lebanon late in the year.

The relationship between Indonesia and Israel remained strained throughout

2006, with the Indonesian government condemning Israeli attacks on Palestine and Lebanon. At the same time, the Indonesian Chamber of Commerce and Industry was given permission to visit Israel to seek investment from the country. Indonesia continued to reject the opening of official diplomatic relations with Israel.

Iranian President Mahmoud Ahmadinejad's May visit caused a stir as he upstaged President Yudhoyono in a joint press conference, using his time on the podium to defend Iran in its dispute with the US over Iran's nuclear capabilities. The tirade against the West formed something of a theme during his visit and seemed to visibly embarrass Yudhoyono during the press conference.

Developed countries

Indonesia's close ties to Western countries were also emphasised this year. Then US Secretary of Defense Donald Rumsfeld, US Secretary of State Condoleezza Rice and US President George Bush all paid visits during 2006. Among some other notable visitors were British Prime Minister Tony Blair and Dutch Prime Minister Jan Peter Balkenende. In general, enhanced trade and investment, increased military aid to Indonesia for anti-terrorist activities and humanitarian aid were discussed.

Indonesia's relationship with Australia took a major hit in March when Australia granted temporary protection visas to 42 Papuan asylum-seekers. Despite the rhetoric and the symbolism of withdrawing the Indonesian ambassador to Australia, efforts to mend the bilateral relationship began in June and Australian Prime Minister John Howard promised to pass a new immigration law, making it more difficult for Papuans to seek asylum in Australia.

Asia

Another major pole of influence for Indonesian foreign affairs in 2006 was China. In exchange for access to Indonesia's oil and natural resource sectors, China increased promises to be a major investor in Indonesia's infrastructure sector (See *Report* Vol. 8 No. 7). President Yudhoyono visited China in November and Vice President Kalla visited in April to cement agreements and to increase bilateral trade.

Indonesia supports the one China policy and does not officially recognise Taiwan. That led to some diplomatic acrobatics in May when Taiwanese President Chen Shui Bian landed in the Riau islands, and the crew claimed that the aircraft was forced to land due to "technical problems." During the stopover, investment topics were reportedly discussed.

Elsewhere in Asia, President Yudhoyono's January pledges to mediate talks between North and South Korea fizzled out after North Korea pressed ahead with its nuclear tests. President Yudhoyono postponed a planned trip to North Korea three times this year, in an apparent sign of dissatisfaction with the regime.

Indonesia and other ASEAN countries also avoided pressing Burma on making any real democratic reforms. In an April announcement, President Yudhoyono said that Burma's military junta needed to "open up," but gave no timeframe or plan of action for this to occur.□