

# CRS Report for Congress

## Terrorism in Southeast Asia

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# 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, particularly in its ability and willingness to carry out attacks against Western targets. JI and its cells, however, have not been eradicated and continue to operate.

To combat the threat, the Bush Administration has pressed countries in the region to arrest suspected terrorist individuals and organizations 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, increase intelligence sharing operations, restart military-military relations with Indonesia, and provide or request from Congress substantial aid for Indonesia and the Philippines.

The responses of countries in the region to both the threat and to the U.S. reaction generally have varied with the intensity of their concerns about the threat to their own stability and domestic politics. In general, Singapore, Malaysia, and the Philippines were quick to crack down on militant groups and share intelligence with the United States and Australia, whereas Indonesia began to do so only after attacks or arrests revealed the severity of the threat to their citizens. 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 will begin with an overview of the rise of Islamist militancy and a discussion of the JI network before proceeding to discuss terrorism in Indonesia, the Philippines, Thailand, Malaysia, and Singapore and will conclude with a section on options and implications for U.S. policy. Counterterrorism strategies include placing greater emphasis on attacking the institutions that support terrorism, building up regional governments' institutional 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

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.<sup>1</sup>

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 to countenance an overt U.S. role in their internal security.<sup>2</sup> The U.S. foreign policy challenge is to find a way to confront the terrorist elements without turning them into

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<sup>1</sup> 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.

<sup>2</sup> Daljit Singh, "The Terrorist Threat in Southeast Asia," *Regional Outlook; 2003-2004*.

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, which had their roots in anti-Dutch guerilla activities, effectively were kept in check by strong leadership from Presidents Sukarno (1950-1965) and especially Suharto (1967-1998). Moderate Islamic groups formed the main legal opposition to the Suharto regime which ended in May 1998. Since Suharto's fall, religious consciousness has been on the rise among Indonesian Muslims, giving greater political space for radical groups and their violent fringe to operate, at times openly.

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 Muslim population in the past century that 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.

In Malaysia, the late 1990s saw a potentially significant electoral swing toward a radical Islamist party, Parti Islam se-Malaysia (PAS). However, PAS suffered major setbacks in parliamentary elections in early 2004. The results appear to indicate that mainstream Islam in Malaysia has reasserted its moderate character. Prime Minister Abdullah Badawi, who is himself a respected Islamic Scholar, has demonstrated Malaysia's moderate Islamic approach since replacing former Prime Minister Mahathir Mohammad.

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

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.<sup>3</sup> 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.<sup>4</sup> Al Qaeda's leadership also has taken advantage of

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<sup>3</sup> 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.

<sup>4</sup> For examples of how the September 11 plot organizers traveled relatively freely throughout Southeast Asia to hold meetings and case flights, see *The 9/11 Commission Report*, pp. 156-

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.<sup>5</sup>

Second, over time, Al Qaeda Southeast Asian operatives helped create what may be Southeast Asia's first indigenous regional terrorist network, Jemaah Islamiyah (JI), that 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.<sup>6</sup> 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, extensive network of Islamic charities, and lax financial controls of some countries, most notably Indonesia and the Philippines.<sup>7</sup>

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.

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<sup>4</sup> (...continued)  
160.

<sup>5</sup> *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.

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

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

## 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.

JI's goals have ranged from establishing an Islamic regime in Indonesia, to establishing an Islamic Khaliphate over Muslim regions of Southeast Asia and northern Australia, to waging jihad against the West. There appears to be 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 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 JI appears 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.<sup>8</sup> Almost overnight, formerly restricted Muslim groups from across the spectrum were able to operate. Baasyir and Sungkar returned to Solo, preaching and organizing in relative openness there. Simultaneously, Jakarta's ability to maintain order in Indonesia's outer islands decreased dramatically, and long-repressed tensions between Muslims and Christians began to erupt. In 1999 and 2000, the outbreak of sectarian violence in Ambon (in the 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.<sup>9</sup> 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.<sup>10</sup> 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.

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.<sup>11</sup> They shared personnel, such as when JI sent an operative with

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<sup>8</sup> For more information on Indonesia see CRS Report RL32394, *Indonesia: Domestic Politics, Strategic Dynamics, and American Interests*, by Bruce Vaughn.

<sup>9</sup> Sidney Jones, "Indonesia Background: Jihad in Central Sulawesi," *International Crisis Group Report N°74*, February 3, 2004.

<sup>10</sup> 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.

<sup>11</sup> 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 (continued...)"

scientific expertise to Afghanistan to try to develop an anthrax program for Al Qaeda.<sup>12</sup> The two networks have jointly planned operations — including the September 11 attacks — and reportedly have conducted attacks in Southeast Asia jointly.<sup>13</sup> Often, these operations took the form of Al Qaeda’s providing funding and technical expertise, while JI procured local materials (such as bomb-making materials) and located operatives.<sup>14</sup> Riduan Isamuddin, also known as Hambali (for more information, see below), 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.<sup>15</sup>

## 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.<sup>16</sup> 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 (see **Figure 1**). Each *mantiqi*, in turn, was subdivided into at least three additional layers: battalions, platoons, and squads.<sup>17</sup>

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<sup>11</sup> (...continued)  
in Southeast Asia,” p. 9.

<sup>12</sup> *The 9/11 Commission Report*, p. 151. Yazid Sufaat is the individual JI sent to Kandahar.

<sup>13</sup> 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 bombings.

<sup>14</sup> *The 9/11 Commission Report*, p. 151.

<sup>15</sup> Sidney Jones, “The Changing Nature of Jemaah Islamiya,” *Australian Journal of International Affairs*, June 2005.

<sup>16</sup> 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.

<sup>17</sup> Jones, “Jemaah Islamiyah in South East Asia,” pp. 27-28.

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 since 2002, a more flexible structure, "better suited for an organization under siege," undoubtedly has evolved.<sup>18</sup>

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 Mohammad 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.<sup>19</sup> 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.<sup>20</sup> The implication is that JI may not be as monolithic as commonly assumed.<sup>21</sup>

## 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.

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<sup>18</sup> Jones, "The Changing Nature of Jemaah Islamiya," p. 170.

<sup>19</sup> 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.

<sup>20</sup> Jones, "The Changing Nature of Jemaah Islamiya," pp. 171-172.

<sup>21</sup> International Crisis Group, *Jihadism in Indonesia*, Asia Report 127, January 24, 2007.

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, apparently visited Malaysia and met with cell members in 2000. Additionally, the FBI claims that Malaysian cell members provided Moussaoui with \$35,000 and a business reference.

In June 2002, the Indonesian police arrested a suspected Al Qaeda leader, Kuwaiti national Omar al-Farouq, at the request of the CIA and turned him over to the U.S. military. After three months of interrogation, al-Farouq reportedly confessed that he was Al Qaeda's senior representative in Southeast Asia and disclosed plans for other terrorist attacks against U.S. interests in the region. These included a joint Al Qaeda/JI plan to conduct simultaneous car/truck bomb attacks against U.S. interests in Indonesia, Malaysia, Singapore, the Philippines, Thailand, Taiwan, Vietnam, and Cambodia around the first anniversary of the September 11 attacks.<sup>22</sup> 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.<sup>23</sup> (See the Indonesia section below for more information on the Bali bombings and other attacks in Indonesia.)

## Indonesia

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."<sup>24</sup> His statement follows the June 2007 capture of JI Emir Zarkasih and JI military leader Abu Dujana, who stated that Bassyir was the spiritual leader of JI. Earlier in 2007, Indonesian authorities reportedly captured bomb making materials and ammunition for a grenade launcher in central Java.<sup>25</sup> Indonesian authorities also captured 15 JI suspects between March 2007 and the end

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<sup>22</sup> Romesh Ratnesar, "Confessions of an Al-Qaeda Terrorist," *Time*, September 23, 2002.

<sup>23</sup> 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.

<sup>24</sup> "Indonesia's president Claims Victory in war Against Terror," *DowJones Newswire*, August 16, 2007.

<sup>25</sup> Joshua Kurlantzick, "Doing it Indonesia's Way," *Time Int. Asia*, August 20, 2007.

of June 2007.<sup>26</sup> In his speech, Yudhoyono stated that the security situation in Sulawesi and the Maluku had improved. Past inter-communal strife between Christian and Muslim communities in Poso, Sulawesi, may make that area a focal point for JI activity aimed at reconstituting their organization.

Others appear less confident over the extent to which JI has been neutralized. 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.”<sup>27</sup> In June of 2007, U.S. Pacific Commander Admiral Timothy Keating stated that JI remained a real threat to the region.<sup>28</sup> Paul O’Sullivan, Director General of the Australian Secret Intelligence Organization (ASIO) stated in June 2007 that “successful counter-terrorism efforts by Indonesian authorities have eroded JI’s capabilities but Noordin Mohammad 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.”<sup>29</sup>

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 recent 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.<sup>30</sup>

## Background

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, who was under pressure from Islamic political parties, condemned anti-American violence and pledged to protect U.S. assets and citizens

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<sup>26</sup> “Indonesian Authorities Capture 15 Suspects in 3 Months,” *Xinhua News Agency*, June 22, 2007.

<sup>27</sup> “Leaders Shouldn’t Let Terrorism Slip from APEC Agenda-Experts,” *DowJones Newswire*, September 3, 2007.

<sup>28</sup> “JI Still Poses a Real Threat, Says US Commander,” *The Straits Times*, June 29, 2007.

<sup>29</sup> Doug Conway, “Warning of Terror to Come,” *The Courier Mail*, June 21, 2007.

<sup>30</sup> “Dujana Admits Bakar was JI Spiritual Leader,” *SBS*, June 27, 2007.

but also publicly opposed the U.S.-led military campaigns in Afghanistan and Iraq.<sup>31</sup> 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 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 Maluku offers terrorists a conflict that they may be able to manipulate to further their ends.<sup>32</sup>

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.<sup>33</sup> 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.<sup>34</sup> 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

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<sup>31</sup> Richard Paddock, “Indonesia Presses U.S. to Stop Bombing Asia,” *Los Angeles Times*, November 2, 2001.

<sup>32</sup> “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.

<sup>33</sup> “Support Declines Among Muslims for Violent Defense of Islam,” *Radio Free Europe*, July 26, 2007.

<sup>34</sup> Mark Forbes, “JI Openly Recruits as Leaders Quizzed,” *The Age*, June 23, 2007.

sites frequented by Westerners.<sup>35</sup> 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 100 injured, including two Americans and other Westerners, when three suicide bombers attacked restaurants frequented by foreigners.<sup>36</sup>

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.<sup>37</sup> 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 Mohammad 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. Noordin 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 Maluku 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.<sup>38</sup>

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 Maluku and in Poso. Reportedly many of these incidents have involved elements of JI as well as offshoots of Darul Islam and

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<sup>35</sup> Jay Solomon and James Hookway, "Bali Bomb Suspect Used Thailand as Staging Area," *The Wall Street Journal*, November 7, 2002.

<sup>36</sup> R. Pura and L. Lopez, "Bali Blast Signals Militants Rebirth," *The Wall Street Journal*, October 3, 2005.

<sup>37</sup> Ellen Nakashima and Alan Sipress, "Al Qaeda Linked to Blast by Official," *Washington Post*, October 15, 2002.

<sup>38</sup> 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.

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 of an Islamic state.”<sup>39</sup> The increased militant activity in Maluku and Posos 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.<sup>40</sup>

## 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 Sukaranoputri when she was Vice-President. Baasyir’s highly publicized trial began in the spring of 2003. Baasyir denies leading JI, though he acknowledges training at his Al Mukmin school all of the 13 suspects arrested in Singapore in December 2001.<sup>41</sup>

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.<sup>42</sup>

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.<sup>43</sup> 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.<sup>44</sup> Only one witness testified that Baasyir was the leader of JI.<sup>45</sup>

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<sup>39</sup> “Weakening Indonesia’s Mujahidin Networks: Lessons from Maluku and Poso,” *International Crisis Group*, October 13, 2005.

<sup>40</sup> Sidney Jones, “Asking the Right Questions to Fight Terror,” *The Jakarta Post*, January 9, 2006.

<sup>41</sup> Abuza, “Tentacles of Terror,” p. 72.

<sup>42</sup> Raymond Bonner, “U.S. Pressure to Hold Militant Sets Off Outcry in Indonesia,” *New York Times*, April 20, 2004.

<sup>43</sup> “Bashir: A Strong Chance to walk Free,” *Australian Associated Press*, February 9, 2005.

<sup>44</sup> Sian Powell, “Call for Baasyir Jail Term,” *The Australian*, February 9, 2005.

<sup>45</sup> “Indonesian Prosecutors Ask for Eight-Year Jail Sentence for Bashir,” *Voice of America*, (continued...)



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 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.<sup>46</sup> 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.<sup>47</sup>

## 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.<sup>48</sup>

## The Philippines

The Muslim terrorist and insurgency situation in the southern Philippines has become increasingly complex since 2002 when Philippine and U.S. forces conducted a relatively successful operation against the Abu Sayyaf Group on Basilan Island off the southwestern tip of the big southern island of Mindanao. The operation reduced Abu Sayyaf's strength from an estimated 1,000 active fighters to an estimated 200-400 in 2006. Another apparently positive development in the southern Philippines is that the cease-fire between the Moro Islamic Liberation Front (MILF) and the Philippine government and military (AFP) has held. Negotiations for a settlement are also ongoing in Malaysia.

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<sup>45</sup> (...continued)  
February 8, 2005.

<sup>46</sup> See, for instance, Michael Sheridan, "Bali Terror Chief's New Mission," *The Sunday Times*, August 2006.

<sup>47</sup> Mark Forbes, "West Funds Elite Unit to Destroy Islam," *The Sydney Morning Herald*, June 27, 2007.

<sup>48</sup> 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.

However, there are other developments of a decidedly negative nature that could worsen the overall situation in the southern Philippines and even the Philippines as a whole. One is the growing cooperation among the Abu Sayyaf Group, several major MILF commands, and elements of Jemaah Islamiyah on Mindanao. JI appears to have made Mindanao a primary base for building up its cadre of terrorists. Moreover, this cooperation among the three groups appears to be transforming Mindanao into a significant base of operations rather than just a site for training; and these operations appear to increasingly target the Philippines for terrorist attacks.

## The Abu Sayyaf Group

The Abu Sayyaf Group is a small, violent, faction-ridden Muslim group that operates in western Mindanao and on the Sulu islands extending from Mindanao. It has a record of killings and kidnaping and has had past, sporadic links with Al Qaeda.<sup>49</sup> Philippine military operations since 2001, supported by the United States, have weakened Abu Sayyaf on Basilan Island and in the Sulu islands southwest of Basilan. However, under the leadership of Khadafi Janjalani,<sup>50</sup> Abu Sayyaf reoriented its strategy and appears to have gained greater effectiveness as a terrorist organization. Janjalani de-emphasized kidnaping for ransom and instead emphasized developing capabilities for urban bombings. He improved ties with key military factions of the MILF and established cooperation with JI. He also re-emphasized the Islamic nature of Abu Sayyaf. Thus, even though Abu Sayyaf's armed strength has fallen from an estimated 1,000 in 2002 to 200-400 in 2006, the capabilities of the organization may be growing.<sup>51</sup> The Abu Sayyaf Group reportedly has established links with elements of JI, using several MILF base camps where the two groups reportedly engage in joint training with an emphasis on bomb-making and urban bombings.<sup>52</sup> Two key JI leaders from Indonesia also reportedly relocated to Jolo Island in the Sulu islands chain.

By mid-2005, JI personnel reportedly had trained about 60 Abu Sayyaf members in bomb assembling and detonation.<sup>53</sup> Since March 2004, the Philippine government reportedly has uncovered several Abu Sayyaf plots to carry out bombings in Manila, including the discovery of explosives. In April 2004, police officials reportedly determined that a February 2004 bombing of a Manila-based ferry, in which 194

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<sup>49</sup> The ASG reportedly provided support to Ramzi Yousef, an Al Qaeda agent convicted of planning the 1993 bombing of the World Trade Center. In 1994, Yousef rented an apartment in Manila where he made plans and explosives in an attempt to blow up 11 U.S. passenger jets simultaneously over the Pacific Ocean.

<sup>50</sup> Khadafi Janjalani reportedly was killed in a shootout with Philippine forces in December 2006.

<sup>51</sup> Abuza, Zachary. *Balik-Terrorism: The Return of the Abu Sayyaf Group*. Carlisle, U.S. Army War College, 2005. p. 27. Mogato, Manny. "Fighting in the Philippine South Rages, Soldier Killed." *Reuters*, November 24, 2005.

<sup>52</sup> *Ibid.*, pp. 14-19, 22-24.

<sup>53</sup> Mogato, Manny. "Philippine Rebels Linking up with Foreign Jihadists." *Reuters*, 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.

people died, was the work of Abu Sayyaf and the Rajah Solaiman Movement (RSM), a group of Filipino Muslim converts from the Manila area.

Within a few months after the September 11, 2001 terrorist attack on the United States, the Bush Administration moved to extend direct military support to the Philippines in combating Abu Sayyaf. The United States committed 1,300 U.S. military personnel in 2002 to support Philippine military operations against Abu Sayyaf on Basilan island. This force completed its mission by the end of 2002. In 2005, the Philippines and the United States developed and implemented a combined operation in western Mindanao against Abu Sayyaf, and U.S. military personnel also participated in non-combat operations on Jolo Island.

The U.S. military role appears to be based on three objectives: (1) assist the Philippine military to weaken Abu Sayyaf in its redoubt of Jolo and the other Sulu islands; (2) neutralize joint Abu Sayyaf-Jemaah Islamiyah training; and (3) kill or capture Khaddafy Janjalani and other Abu Sayyaf leaders.

## **MNLF and MILF**

The U.S. focus on Abu Sayyaf is complicated by the broader Muslim issue in the southern Philippines, including the existence of two much larger groups, the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF). Both groups have been in insurrection against the Philippine government for much of the last 30 years. The MNLF signed a peace treaty with Manila in 1996, which granted limited autonomy to four Mindanao provinces. The MILF, with an estimated armed strength of 10,000, has emerged as the larger of the two groups. Its main political objective has been separation and independence for the Muslim region of the southern Philippines.

MILF leaders deny links with JI and Abu Sayyaf, but there are many reports linking some local MILF commands with these terrorist organizations. Evidence, including the testimonies of captured Jemaah Islamiyah leaders, has pointed to strong links between the MILF and JI, including the continued training of JI terrorists in MILF camps. This training appears to be important to Jemaah Islamiyah's ability to replenish its ranks following arrests of nearly 500 cadre in Indonesia, Malaysia, and Singapore. A stronger collaborative relationship has developed between these MILF commands and Abu Sayyaf since 2002.

Zachary Abuza, an expert on Islamist terrorism in Southeast Asia, has identified four of eight MILF base commands as sites of active MILF cooperation with Abu Sayyaf and JI. He also has identified the MILF's Special Operations Group as facilitating joint training and joint operations with Abu Sayyaf. JI uses these MILF base camps to train both MILF and Abu Sayyaf cadre. Khadafi Janjalani and other Abu Sayyaf leaders reportedly received sanctuary in at least one MILF base camp.<sup>54</sup> An ambush of Philippine troops on Basilan in July 2007 reportedly was carried out by a combined MILF-Abu Sayyaf force.

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<sup>54</sup> Abuza, *Balik-Terrorism: The Return of the Abu Sayyaf*, pp. 14-19, 22-24.

The MILF has had tenuous cease-fire agreements with Manila. The Republic of the Philippines government and the MILF concluded a new truce agreement in June 2003, which has resulted in a substantial reduction in violence and armed clashes. However, the cease-fire apparently has not reduced the movement of terrorist personnel and materials between Mindanao and the Indonesian island of Sulawesi under the direction of JI.<sup>55</sup>

The negotiations between the MILF and the government have been protracted and inconclusive. A main issue of disagreement is over “ancestral domain,” the size and the geographical configuration of an autonomous Muslim political entity. Another issue is the constitutional-political system in an autonomous Muslim entity; whether an electoral democracy or a traditional system led by Muslim religious and tribal leaders. The nature of security forces remains to be resolved, including the jurisdiction of the Armed Forces of the Philippines and the Philippine National Police (PNP) in the Muslim entity. The MILF also seeks agreement on a referendum to be held to determine the final political status of the Muslim entity. Such a plebiscite could include an option for full independence.

There are divisions between military (AFP) and civilian authorities over strategy toward the MILF. The AFP favors a more aggressive strategy and is suspicious of a negotiated settlement. The collaboration between elements of the MILF, JI, and Abu Sayyaf also suggests that key MILF commanders may not support any agreement between the MILF leadership and the Philippine government that does not include outright independence for the Muslim areas of the southern Philippines. In that scenario, the MILF could fracture with hardline elements joining even more closely with JI and Abu Sayyaf, which would give rise to a high level of terrorist operations despite a settlement agreement.

The Arroyo Administration and presumably the Bush Administration are operating on the assumption that the MILF leadership sincerely wants a peace compromise and opposes collaboration with JI and Abu Sayyaf. However, there is another view that the MILF leadership has a relationship with the hard-line MILF commands similar to that between the political organization Sinn Fein and the armed wing of the Irish Republican Army. According to this view, the MILF leadership is acting as a front for the hard-line commands, shielding them from moves against them by the Philippine government and the AFP.<sup>56</sup>

## **U.S. Policy Toward the MILF**

The Bush Administration has expressed growing concern over MILF links with JI and JI's use of the Mindanao-Sulawesi corridor as well as doubts about the Philippine government's ability to end Muslim terrorism on Mindanao.<sup>57</sup> The U.S.

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<sup>55</sup> The Mindanao-Sulawesi corridor is one of the weakest links in the anti-terrorist efforts of Indonesia and the Philippines backed by the United States.

<sup>56</sup> Commentary on ABC Radio News, December 28, 2005.

<sup>57</sup> In April 2005, U.S. Embassy Charge d'Affairs in Manila, Joseph Mussomeli, caused an  
(continued...)

government has considered placing the MILF on the U.S. list of terrorist organizations. However, the Arroyo Administration has opposed such a move as potentially jeopardizing the peace negotiations.<sup>58</sup> The Bush Administration also has voiced support for the Philippine-MILF peace negotiations as the best means of de-linking the MILF from JI.<sup>59</sup> This support boosts the Arroyo Administration's position against the AFP's advocacy of a militarily-aggressive strategy toward the MILF. Moreover, a breakdown of the negotiations and the cease-fire likely would confront the Bush Administration with policy decisions regarding a U.S. role in a wider war. 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 U.S. actions against the MILF similar to those in the joint exercises against Abu Sayyaf.

Some analysts have speculated that if significant elements of the MILF opposed a peace agreement and moved closer to JI and Abu Sayyaf, and if they were able to continue or expand terrorist operations, the Bush Administration would be faced with a different kind of challenge, but one that could include similar pressures for greater U.S. military involvement. There also would be the challenge of maintaining the U.S. commitment of financial aid to support a settlement. This commitment, too, could confront the Administration with a policy decision of whether or not to employ U.S. pressure on the Philippine government to implement faithfully its obligations under a peace agreement. This scenario is plausible, given the reputed poor performance of Philippine governments in implementing the 1977 and 1996 agreements with the MNLF.

## Thailand

Thailand has endured a persistent separatist insurgency in its majority-Muslim southern provinces, which includes the provinces of Yala, Narathiwat, Pattani, and Songkhla, while dealing with political instability in its capital.<sup>60</sup> Since January 2004, sectarian violence between insurgents and security forces in Thailand's majority-Muslim provinces has left over 2,300 people dead. In September 2006, an army commander led a bloodless military coup in Bangkok, ousting the

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<sup>57</sup> (...continued)

uproar among RP officials when he stated that parts of Muslim Mindanao, with its poverty, lawlessness, porous borders, and links to regional terrorist groups, could develop into an "Afghanistan-style" situation. In May 2005, U.S. Ambassador to the Philippines, Francis Ricciardone, referred to Cotabato province in southern Mindanao as a "doormat" for Muslim terrorists.

<sup>58</sup> Abuza, *Balik-Terrorism: The Return of the Abu Sayyaf*, p. 42. "Gloria's powers of persuasion." *Far Eastern Economic Review*, December 12, 2002, p. 10.

<sup>59</sup> Asia Security Monitor No. 147, November 30, 2005. "U.S. Says Peace Deal in Manila May Pressure JI." *Reuters News*, October 22, 2005.

<sup>60</sup> For more information on political developments in Thailand, see CRS Report RL32593, *Thailand: Background and U.S. Relations*, by Emma Chanlett-Avery.

democratically-elected Prime Minister Thaksin Shinawatra. As the military government struggled to gain its footing, several coordinated bombs went off in Bangkok on December 31, 2006, killing 3 and injuring over 30, including 9 foreign tourists. The terrorist attack in Bangkok has not been linked to southern elements, but compounds the challenges that Thailand's new government faces as it tries to restore legitimacy and democratic rule.

## **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 2,300 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.

The Thaksin government's handling of the violence was widely criticized as ineffective and inflammatory. Critics charge that the Thaksin Administration never put forth a sustained strategy to define and address the problem, that it repeatedly but 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. Surayud publicly apologized to Muslim leaders for past government policies in the South and resurrected a civilian agency responsible for 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, has advocated negotiations with the separatist groups as opposed to the more confrontational strategy pursued by Thaksin.

However, the violence appears to have increased, with the rate of deaths increasing in the months since the coup. Some analysts say that a younger generation of more radicalized insurgents is resisting the more conciliatory approach of the new leadership in Bangkok. As Surayud and Sonthi attempt to win over the trust of the local Muslim communities, increased attacks make reconciliation difficult to achieve. Criticism has emerged that Surayud's announced policies have been insufficiently implemented, law enforcement has been unable to effectively prosecute cases, and that intelligence coordination remains abysmal. About 25,000 troops are stationed

in the South; some say that the military government has shorthanded the South in favor of redeploying troops to Bangkok and the north to prevent a counter-coup.<sup>61</sup>

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 were linked to JI in the past, have reportedly received financial support from groups in other Islamic countries, and have leaders trained in camps in Libya and Afghanistan. Despite these links, however, foreign elements apparently have not engaged in significant ways in the violence.

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). 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.

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.<sup>62</sup> As the attacks have become more sophisticated and coordinated, a climate of fear has developed and division along religious lines has accelerated. According to some reports, 15% of the Buddhist population has left the region.<sup>63</sup>

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<sup>61</sup> Zach Abuza, "Heading South," *Asian Wall Street Journal* op-ed. June 19, 2007.

<sup>62</sup> "Southern Thailand: The Impact of the Coup," *International Crisis Group*. March 15, 2007.

<sup>63</sup> Zach Abuza, "Wake Up Call," e-newsletter. March 20, 2007.

Relations with Malaysia are complicated by the ongoing insurgency in the south. Many of the Muslim Thais are ethnically Malay and speak Yawi, a Malay dialect. The Malaysian public has grown increasingly angry at the perceived violence against Muslims in Thailand. Some Thai officials have claimed that there are militant training camps in Malaysia that feed on the violence in the south. Malaysia denies the allegations and has pledged cooperation to stem the insurgency. Cooperation includes increases in troops and equipment to increase border security, joint border patrols with Thai counterparts, and termination of the joint citizenship privileges that some believe facilitate the passage of terrorists across the border. After taking office, Surayud reached out to Malaysia, securing a promise of cooperation from Prime Minister Abdullah Badawi.

## **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.

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.<sup>64</sup> 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 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" have continued, according to the U.S. State Department.

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<sup>64</sup> "Thai War on Terrorism Presents Diplomatic Headache," *Sydney Morning Herald*, September 23, 2006.



## Malaysia

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 the confessions of one captured Al Qaeda leader, Malaysia was viewed as an ideal location for transiting and meeting because it allowed visa-free entry to citizens of most Gulf states, including Saudi Arabia.<sup>65</sup> 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 Badawi 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.<sup>66</sup> According to Deputy Secretary of State Robert Zoellick the United States remained confident in Malaysia's ability to handle the threat of terrorism.<sup>67</sup> Malaysia's former Prime Minister Mahathir Mohammed, a longstanding promoter of non-violent Muslim causes, openly criticized Islamic terrorists after September 11, including Palestinian suicide bombers.

Mainstream Islam in Malaysia appears to have reasserted its moderate character. The late 1990s saw a significant electoral swing toward the radical Islamist party, Parti Islam se-Malaysia (PAS), that was reversed in the parliamentary elections of March 2004 that significantly rolled back PAS' earlier gains. Badawi's Barisan National (BN) party polled 64.4% of the vote and took 196 out of 219 seats in parliament.<sup>68</sup> PAS lost control of Terengganu and only just held on to Kelantan leaving it in control of only one of 13 state governments, with BN controlling the rest. PAS seats in parliament fell from 26 seats to seven. The election result was interpreted as a sign that Malaysians were comfortable with Badawi. The election result was also viewed as demonstrating the limited appeal of radical Islamic policies espoused by PAS.<sup>69</sup>

### 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

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<sup>65</sup> *The 9/11 Commission Report*, p. 158.

<sup>66</sup> "Malaysia PM Abdullah Warns Muslims Against Extremism," *Voice of America*, January 27, 2005.

<sup>67</sup> "Malaysia's Efforts Against Terrorism," *Bernama*, June 8, 2005.

<sup>68</sup> Malaysia Primer, Virtual Information Center, U.S. Department of Defense, April 12, 2004.

<sup>69</sup> "Malaysia Politics: Election Winner and Losers," *Economist Intelligence Unit*, March 24, 2004.

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.<sup>70</sup> 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.<sup>71</sup>

## U.S.-Malaysia Cooperation

Malaysia's Prime Minister Datuk Seri Abdullah Badawi sought to strengthen bilateral ties with the United States during his July 2004 meeting with President Bush in Washington, DC.<sup>72</sup> Although not uncritical of United States' policies, such as the Israel/Palestinian issue, Badawi is a moderate Islamic leader that has demonstrated that Malaysia will continue to be a valuable partner in the war against terrorism in Southeast Asia.<sup>73</sup> Badawi has urged that the war on terrorism take into account the root causes of terror and has warned that if it does not "for every one we kill, five more will emerge to continue their struggle."<sup>74</sup>

Badawi's more diplomatic approach differs from his predecessor former Prime Minister Mahathir Mohammad. Shortly after taking office in the fall of 2003, Prime Minister Abdullah Ahmad Badawi pledged to continue Malaysian support for the war against terror.<sup>75</sup> In March 2004, Badawi's National Front Coalition won a significant victory over Malaysian Islamists who favor an extreme form of Islam. In a statement before the Organization of Islamic Conference (OIC) Prime Minister Abdullah Badawi 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.<sup>76</sup>

In a show of appreciation for his cooperation, Mahathir was invited to Washington, DC, and met with President Bush in mid-May 2002. During that visit the United States and Malaysia signed a Memorandum of Understanding (MOU) on counterterrorism. The text of that document became the basis for a subsequent

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<sup>70</sup> Michael Richardson, "Maintaining Security in Malacca Strait," *The Jakarta Post*, January 11, 2006.

<sup>71</sup> "Malaysia, Singapore Boardings Wrap Up Anti-Terrorism Exercise," *US Fed News*, August 21, 2007.

<sup>72</sup> See CRS Report RL32129, *Malaysia: Political Transition and Implications for U.S. Policy*, by Bruce Vaughn.

<sup>73</sup> Speech by The Honorable Abdullah Badawi, Prime Minister of Malaysia, Washington, DC, July 19, 2004.

<sup>74</sup> "Disquiet as Bush Dominates Agernda at Asia Pacific Summit," *Agence France Presse*, November 21, 2004.

<sup>75</sup> "Malaysia Pledges Terror Fight," *The Wall Street Journal*, November 4, 2004.

<sup>76</sup> "Time For US to Change its Image," *Today*, January 28, 2005.

declaration on counterterrorism that the United States and ASEAN signed at the August 2002 ASEAN Regional Forum (ARF) meeting.<sup>77</sup> Mahathir's visit symbolized positive change in the bilateral relationship. The Bush Administration has downplayed U.S. human rights concerns over Malaysia's use of its Internal Security Act (ISA) to imprison political opponents without trial, especially since Kuala Lumpur has employed the ISA against suspected members of JI and the *Kumpulan Mujiheddin Malaysia* (KMM).<sup>78</sup>

The KMM is a small, militant group calling for the overthrow of the Malaysian government and the creation of a pan-Islamic state encompassing Malaysia, Indonesia, and the southern Philippines. Founded in 1995, the group is estimated by Malaysian authorities to have fewer than 100 members. According to Singaporean and Malaysian authorities, the KMM has close links to JI and radical Islamist groups in the Maluku and the Philippines.

## Singapore

Shortly after the September 11, 2001 attacks in the United States, Singaporean authorities launched aggressive operations to counter terrorist activities.<sup>79</sup> 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 other suspects have links to the Philippines-based Moro Islamic Liberation Front (MILF).

### 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

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<sup>77</sup> 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>].

<sup>78</sup> U.S. State Department, *Patterns of Global Terrorism 2001*, pp. 123-124, [<http://www.state.gov/s/ct/rls/pgtrpt/>]. The KMM's links to Malaysia's main opposition party, Parti Islam se-Malaysia (PAS), are controversial. After the September 11, 2001 attacks, Prime Minister Mahathir explicitly linked PAS to the KMM and international terrorist movements, and went on a political offensive against the party, which had made gains in recent local elections. Several of the alleged KMM members arrested are allegedly PAS members, including some senior party leaders. Abuza, "Tentacles of Terror," February 5, 2003 draft, p. 40.

<sup>79</sup> For more information on Singapore, see CRS Report RS20490, *Singapore: Background and U.S. Relations*, by Emma Chanlett-Avery.

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 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.

Additionally, 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.<sup>80</sup>

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.<sup>81</sup> 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.<sup>82</sup> Options include:

- Placing priority on discovering and destroying terrorist training centers, which have proven extremely important to JI and the MILF, in particular;<sup>83</sup>
- Strengthening the capacities of local government's judicial systems, through training and perhaps funding, in an effort to reduce the corruption and politicization of the judicial process;
- Working with Indonesia, the Philippines, and other countries to better manage communal tensions and identify religious flash points

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<sup>80</sup> Rohan Guanaratna, "Al-Qaeda's Operational Ties with Allied Groups," *Jane's Intelligence Review*, February 1, 2003.

<sup>81</sup> 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 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.

<sup>82</sup> Abuza, "Funding Terrorism in Southeast Asia," p. 10-11.

<sup>83</sup> Jones, "Indonesia Backgrounder," p. ii.

before they erupt. Sectarian violence has proven to be fertile ground for JI and other terrorist groups to recruit and raise funds;<sup>84</sup>

- 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;
- 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;
- Continue 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.<sup>85</sup>

## Other Policy Implications

There appears to be 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

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<sup>84</sup> Sidney Jones, "Terrorism In Southeast Asia, More Than Just JI," *Asian Wall Street Journal*, July 29, 2004.

<sup>85</sup> United States Pacific Command Joint Interagency Coordination Group for Combating Terrorism, "Strategy for Regional Maritime Security Initiative," Version 1.0, November, 2004.

that addresses a host of real or perceived social, economic, political, and ultimately ideological challenges.”<sup>86</sup>

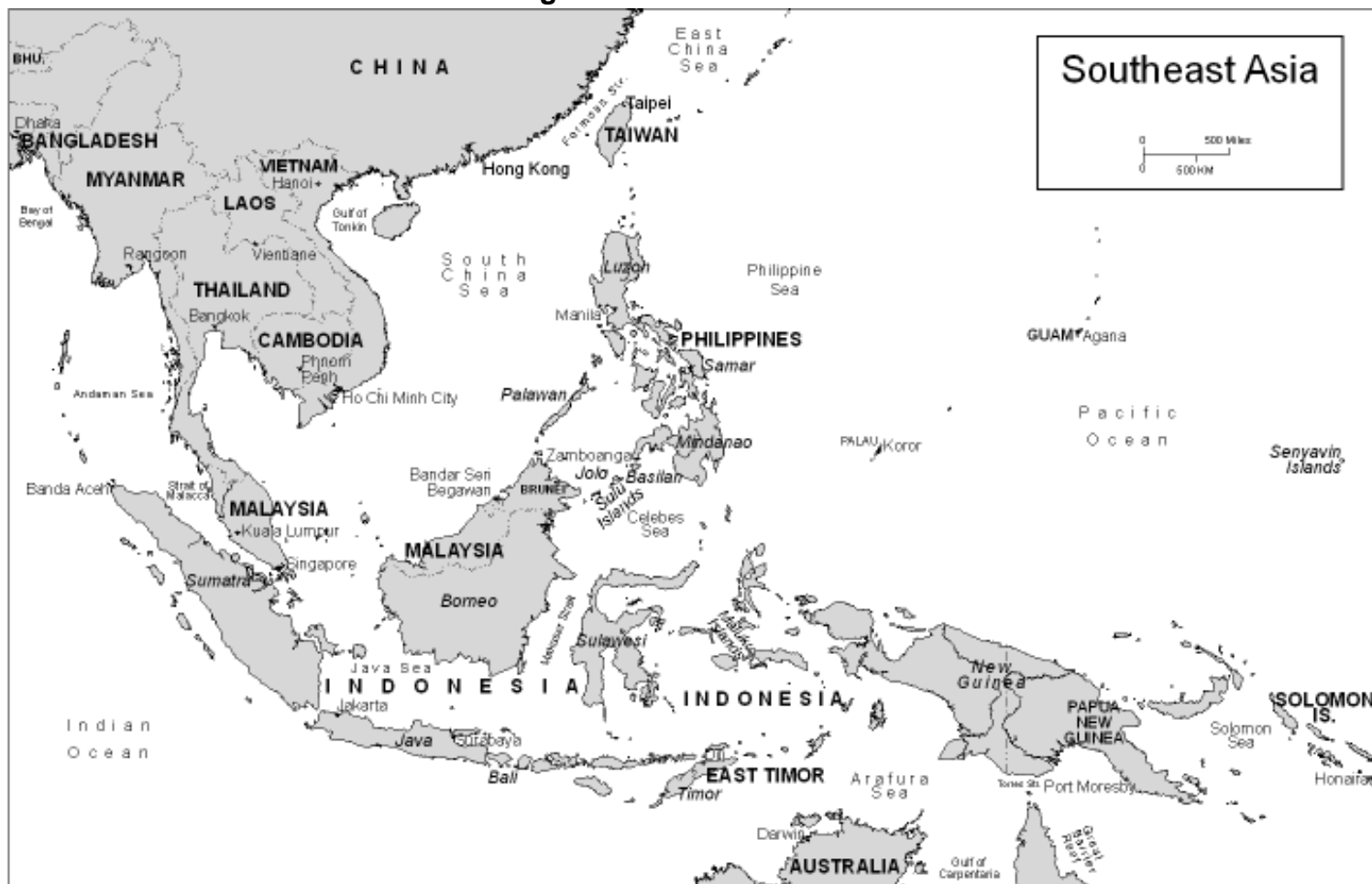
Some analysts believe Southeast Asian states perceive the United States as focused on the war against militant Islamists to the exclusion, or significant undervaluation, of other issues of more concern to regional states. Added to this are regional perceptions of an overly militaristic U.S. response 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.”<sup>87</sup> 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.

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<sup>86</sup> See Seng Tan and Kumar Ramakrishna, “Interstate and Intrastate Dynamics in Southeast Asia’s War on Terror,” *SAIS Review*, Spring, 2004.

<sup>87</sup> 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)

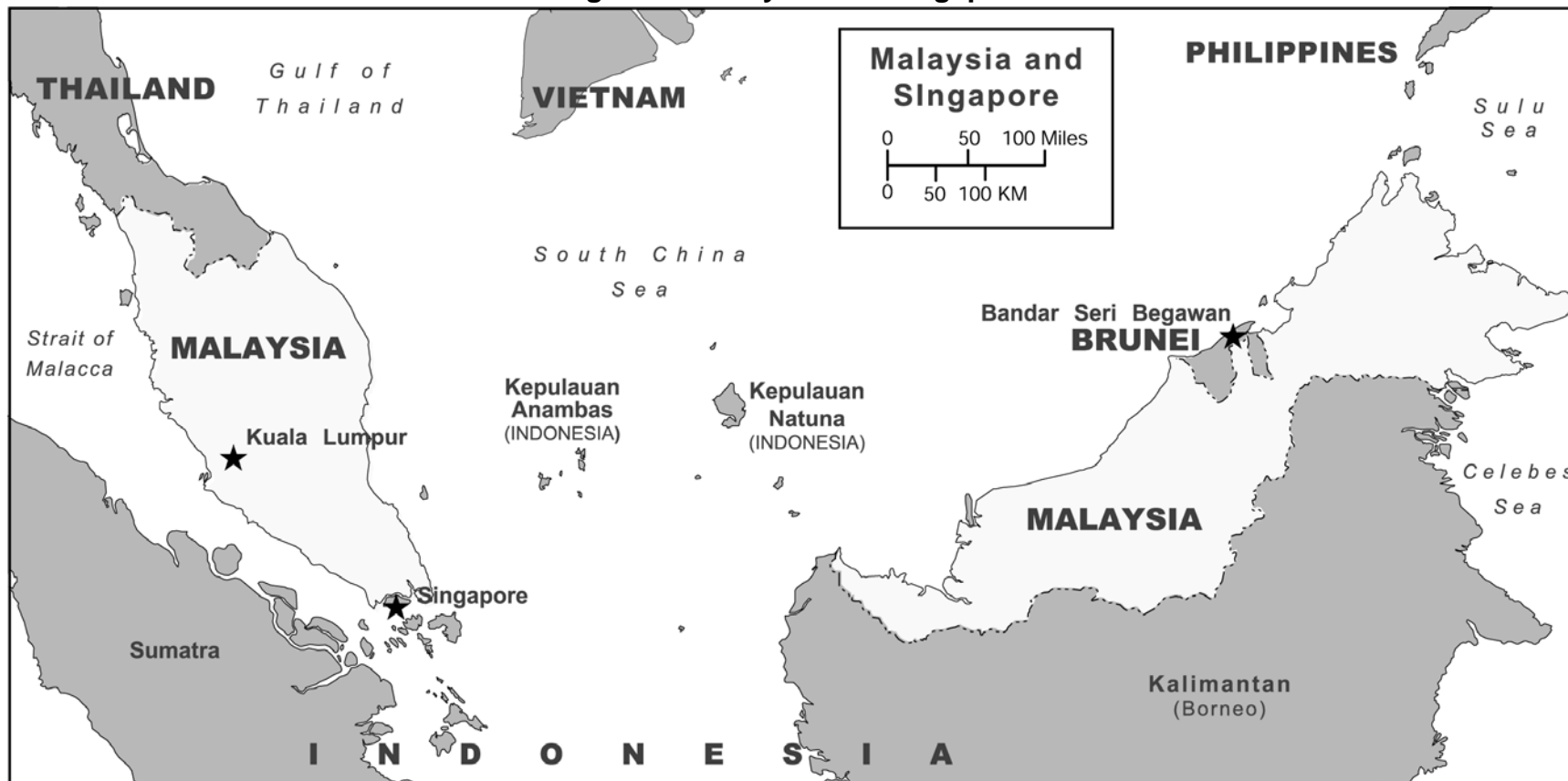


Figure 2. Indonesia



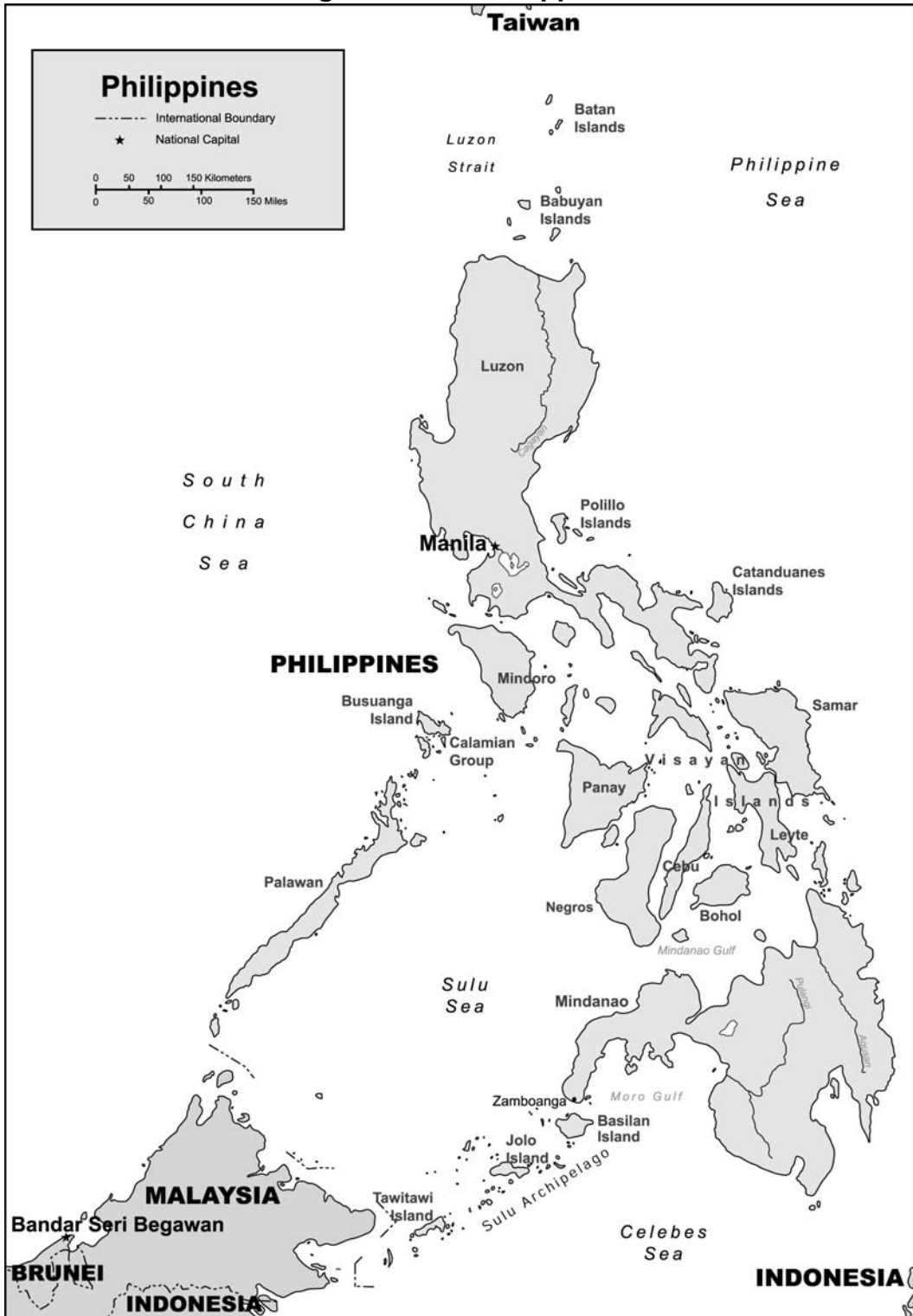
Source: Map Resources. Adapted by CRS. (K.Yancey 4/12/04)

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)