The Bush administration’s most significant achievement following the president’s October attendance at the Asia Pacific Economic Cooperation (APEC) summit and visits to Thailand, the Philippines, Singapore, and Indonesia has been to broaden APEC’s agenda to incorporate security issues in parallel to trade and investment. The president praised Thai, Philippine, and Singaporean assistance for the reconstruction of Iraq and Afghanistan and promised additional military and economic aid to Bangkok and Manila. However, Indonesia and Malaysia continue to express concerns about U.S. policy in Iraq and the U.S. war on terror, seeing the latter as anti-Muslim and the former as unilateral, preemptive, and disproportionately military. Thus, U.S. security policy may be splitting ASEAN with respect to the war on terror.

**Terrorism vs. Economics at APEC**

In a whirlwind trip to Asia to attend the APEC Leaders Meeting in Bangkok on Oct. 20-21, President Bush also stopped briefly in the Philippines, Singapore, and Indonesia where he emphasized the U.S. antiterrorist agenda. His APEC counterparts, by contrast, seemed more concerned with trade and investment issues after the collapse of World Trade Organization (WTO) talks in Cancun the previous month. President Bush’s discussion of security and terrorism in a forum that was conceived as an exclusively economic grouping elicited objections from outgoing Malaysian Prime Minister Mahathir Mohamed as well as officials from Indonesia and Vietnam. Nevertheless, the United States insisted that economic and security issues are inextricably linked and that terrorism cannot be divorced from trade. Economic fallout from the October 2002 and August 2003 Bali and Jakarta Marriott bombings has been severe, particularly in regional tourism but also in levels of foreign investment and capital flight. Thus, stopping terrorism goes hand in hand with APEC’s goal of promoting economic prosperity.

APEC ministers agreed that security questions directly linked to economic matters were open for discussion; however, purely political issues such as Burma’s treatment of Nobel laureate Aung San Suu Kyi, currently under house arrest, would not be placed on the agenda. APEC has agreed to fight terrorism within the framework of securing trade
in the Asia Pacific. Members pledged to cooperate to stem terrorist activities that threaten the flow of tourists, trade, and investment.

Among the specific actions APEC leaders recommended in the 2003 Bangkok Declaration are the imposition of controls on trade in shoulder-fired missiles (MANPADs) which can be used to bring down passenger aircraft, improved security management of shipping both at ports and on the high seas, and better monitoring of cross-border movements and terrorist financing. APEC leaders also agreed to the U.S. proposal for a new Asian Development Bank terrorism fund to help developing states strengthen port security and combat money laundering. In a press interview on the way to the APEC summit, Secretary of State Colin Powell stated that the United States hoped APEC would make counterterrorism “part of their continuing agenda ... for future conferences ... and make it part of the [APEC] work plans.” The U.S. proposal to control the manufacture and distribution of MANPADs constitutes a reversal of its previous resistance to formal international restrictions on the transfer of shoulder-fired missiles. Moreover, the Bangkok Declaration also welcomed the establishment by Singapore and the U.S. of a Regional Emerging Disease Intervention Center that would monitor and respond to health threats such as SARS or possibly biological terrorism.

The U.S. push for greater regional security efforts has raised concerns among Southeast Asian officials and business executives about the costs of these new requirements and whether complex shipping controls will impede freer trade. Major new investments in computing, ship monitoring, and port security are costly but are nevertheless becoming mandatory for commercial access to U.S. ports. The U.S. Bio-Terrorism Act, in force from mid-December, makes it harder for countries that do not use electronically sealed containers to export agricultural products to the U.S. Singapore and Thailand, among Southeast Asian states, have committed to the electronic container seals program. While shipping costs may increase, insurance rates might decline for shippers in the two states because of the enhanced security arrangements.

**More Antiterrorist Support to the Philippines**

In an eight-hour visit to the Philippines on Oct. 18, President Bush announced an additional $340 million aid package which included more training for Philippine forces fighting the Abu Sayyaf kidnap-murder gang and al-Qaeda-linked operations in the southern Philippines. The president also renewed his support for Philippine President Gloria Macapagal-Arroyo’s efforts to reach a peace agreement with the Moro Islamic Liberation Front (MILF), promising development aid “when a lasting peace is established.” President Bush stated that the two countries had formalized a five-year plan to “modernize and reform” the Philippine military, though it was unclear how much of the cost would be borne by the United States.

Although he was the first U.S. president to address a joint session of the Philippine Congress since Dwight Eisenhower in 1960, several thousand protesters filled the streets near the Congress protesting the U.S. invasion of Iraq. While President Bush promised aid to reform and strengthen both the Philippine National Police and the armed forces as
well as a six-year program to aid education in the poorest areas of the country, endemic corruption in all of these institutions elicits skepticism about the future success of these programs. Last August, Philippine Armed Forces chief Gen. Narciso Abaya bemoaned the “graft and corruption at all levels,” including sales of military equipment on the black market and even to the MILF. American-supplied M-16s have been recovered in Abu Sayyaf camps.

U.S. forces have been engaged in joint maneuvers with Philippine forces on Luzon, but training in Mindanao to flush out Jemaah Islamiyah (JI) operatives has been put on hold this year because the “Terms of Reference” for this year’s exercises have not been agreed upon by the two sides. U.S. participation in actual combat is prohibited by the Philippine Constitution and the line between training, advising, and combat in Mindanao operations against Abu Sayyaf and JI may be hazy at best.

**Thailand Upgraded as Malaysia Balks at U.S. Plans**

While in Thailand for the APEC meeting, President Bush upgraded defense relations with Bangkok to “non-NATO ally,” the second Southeast Asian state after the Philippines to win that designation. In recognition of the presence of several hundred Thai noncombat troops in Iraq, non-NATO ally status provides arms procurement from the United States on more favorable terms and additional military assistance for modernizing Thai armed forces. However, Thai critics of the new designation fear it will make the country a greater target for jihadists. President Bush praised Thai assistance in Afghanistan as well as Iraq, its role in East Timor, and its efforts to stem the drug trade. He also announced that the two countries would launch negotiations on a free trade agreement.

In Malaysia, however, outgoing Prime Minister Mahathir blasted the Bush administration for unilateralism in Iraq and “this idea about preemptive attacks” that sets a “terrible” example for the rest of the world. Mahathir’s farewell address to the Organization of the Islamic Conference, while condemning jihadists, also charged that Jews had survived and prospered at the expense of Muslims – an allegation that drew immediate condemnation from the Bush administration. The president branded the remarks “wrong and divisive.” Mahathir claimed, in turn, at a Malaysian press conference, that President Bush told him that he regretted having to use strong words and, Mahathir concluded, they were not a rebuke.

**Tensions in U.S.-Indonesian Counterterrorism**

President Bush’s Oct. 22 discussions with Indonesian Islamic leaders in Bali seemed to accomplish little in creating a meeting of the minds. In a public opinion poll published in Jakarta’s respected *Tempo* magazine, 60 percent of the respondents said they did not think the U.S. would reverse its policy on terrorism and Islam despite meeting with the clerics. Some of those attending the discussion came away with the view that the United States equated their religion with terror despite the president’s vigorous denials.
Talk of U.S. educational aid to Indonesian schools to promote a more modern and religiously tolerant curriculum was condemned by Din Syansuddin, secretary general of the Indonesian Council of Ulemas, as “a form of interference” in Indonesia’s sovereignty. USAID embarked on a new program that bypasses the national education department and works directly with local school districts to help modernize their curriculum and equipment: $157 million has been earmarked for this program.

The U.S. seeks a stronger counterterrorism partnership with Indonesia, a country seen in Washington as a breeding ground for Islamist militants because of its weak government and social instability. The majority of JI’s membership attended Muslim schools in Indonesia. President Megawati Sukarnoputri was one of the first Muslim leaders to pledge support for the United States in the wake of the Sept. 11 attacks and received $700 million in economic aid, including counterterrorism training for the police. However, military relations remain partially frozen because of the army’s human rights violations in East Timor and possible complicity in the 2002 killing of two U.S. citizens in Papua.

Indonesia’s defense white paper, released in December, puts terrorism just behind separatism as the main security threats to the country. Traditional security concerns such as external invasion or aggression are deemed unlikely. Separatism in Aceh and Papua, cross-border crimes, piracy, hijacking, and drug trafficking constitute the current threats facing Indonesia – all of which serve to justify a continued strong military based on territorial commands. Nevertheless, bureaucratic conflicts and resentments among the army, police, and national intelligence agency hinder coordination in dealing with these challenges.

Cooperation with the United States can be a two-edged sword in this environment: U.S. support for one agency may fuel the resentment of others. Although U.S. aid to the military is constrained by Congressional statute, Washington is funding, training, and arming a specially screened Indonesian counterterror police unit of 400 designed to respond to terrorist incidents anywhere in the archipelago by 2005. With an initial grant of $16 million, the new police unit will have up-to-date communications, night-vision gear, technical support, including sniper rifles, helicopters, and C-130 transport aircraft. All recruits are vetted to insure clean human rights records and that they have not served in East Timor. However, Washington is not ignoring the Indonesian military. Under a new $17 million program that circumvents Congressional constraints, over 100 Indonesian military officers are taking up “counterterrorism fellowships” in the United States. This latter program constitutes American recognition that the fight against terrorism in Indonesia will still be dominated by its 279,000-strong army.

Although the United States declared JI a terrorist organization after the October 2002 Bali bombing and even though Indonesian political and religious leaders condemn terrorism, no Indonesian official nor any major cleric has publicly acknowledged the group’s existence. All political leaders depend on Muslim votes. President Megawati fears that strong condemnation of JI would drive many of her supporters into Muslim political parties.
The U.S. has commented on domestic Indonesian politics. Prior to embarking for Asia, President Bush warned that Indonesia must not be “defined” by Muslim extremists. U.S. diplomats in Jakarta urged former President Suharto’s Golkar party not to pick former armed forces commander Gen. Wiranto as its presidential candidate for the 2004 elections given his alleged role in the 1999 killings in East Timor. On Indonesian Army efforts to suppress separatists in Aceh and Papua, the U.S. president urged dialogue rather than force and promised funds for Aceh’s rehabilitation once the fighting ended.

Despite U.S. assistance to Indonesia’s antiterror operations in the wake of the Bali and Jakarta Marriott bombings, popular anti-U.S. sentiment is at an all-time high because of the U.S. occupation of Iraq. Even moderate Islamic leaders have branded the U.S. president a “criminal” and a “terrorist.” While U.S. forces remain in Iraq, it is unlikely these sentiments will significantly atrophy.

**Singapore Security Cooperation Enhanced**

During his Oct. 21 visit to Singapore, President Bush and Prime Minister Goh Chok Tong agreed to negotiate an expanded defense and security cooperation framework. Security collaboration between the United States and the Southeast Asian city-state has been close for many years with a small U.S. naval contingent permanently billeted and a harbor equipped to handle U.S. *Nimitz*-class aircraft carriers. The new framework specifies enhanced bilateral cooperation in counterterrorism, counterproliferation of weapons of mass destruction (WMD), joint military exercises and training, policy dialogues, and defense technology. Since the two states currently work together in all of these fields, the enhancement will presumably deepen and expand these activities.

President Bush thanked Singapore for its contribution to Iraqi reconstruction and commended the Singapore police for the training of their Iraqi counterparts in protecting critical installations. The joint statement commemorating the visit also pledged multilateral antiterror cooperation through the UN, ASEAN, and APEC. Curiously, the ASEAN Regional Forum (ARF) was omitted from the document, perhaps suggesting that APEC may be replacing the ARF as the preferred regional security cooperation forum.

Singapore has also become a participant in the U.S.-led Proliferation Security Initiative (PSI) – the first Southeast Asian state to do so. Dedicated to keeping weapons of mass destruction away from “state and non-state actors of concern,” PSI participants met Dec. 16-17 in Washington to discuss lessons learned from interdiction exercises held earlier in 2003. PSI joint exercises have simulated seizures of WMD from ships and aircraft and are designed, according to Under Secretary of State John Bolton, “to go beyond the national criminal provisions and the international export control regimes and engage in actual interdiction.” In short, PSI is counterproliferation in action. Over 50 countries have endorsed the statement of interdiction principles, though there are concerns about how well interdictions square with international maritime law and freedom of navigation. The United States and others are considering amendments to the Suppression of Unlawful Acts At Sea Convention to resolve the ambiguities.
**Additional Terrorist Concerns in Southeast Asia**

JI, Southeast Asia’s most prominent terrorist organization, still trains in parts of Indonesia and the southern Philippines, according to officials in both countries. To counter these activities, the CIA now has more agents in Southeast Asia than at any time since the Vietnam War. Most of the JI recruits training in the southern Philippines come from Indonesia. The continued operation of the camps has led to stern messages by U.S. officials to President Arroyo that the Philippines is not doing enough to shut them down. Under interrogation, captured JI operations leader Hambali stated that the MILF is a recipient of JI funds and that JI recruits train in MILF-protected camps. Meanwhile, the MILF denies any connection either to al-Qaeda or JI. U.S. Ambassador to the Philippines Francis Ricciardone in early October warned that continuing links between the MILF and JI would lead to the loss of millions of dollars in U.S. development aid to MILF areas in the southern Philippines. A MILF spokesman in a rejoinder invited the United States and other foreign governments to observe the situation in areas where the MILF is active to prove there are no links to JI.

President Bush’s Asia tour, emphasizing antiterror cooperation, pointedly skipped Malaysia where Mahathir’s anti-Jewish remarks followed the prime minister’s harsh criticism of the Bush administration’s Iraq policy. Ironically, Malaysia follows precisely the trajectory that the U.S. hopes to see in other Muslim countries – a generally moderate religious populace successfully modernizing with a rising standard of living whose government harshly suppresses terrorists. For the ruling United Malay National Organization (UMNO) to sustain its popularity, however, it must court Muslim sensibilities and distance itself – at least rhetorically – from the U.S.

**U.S.-Vietnam Relations Warm**

Vietnam’s desire for stronger diplomatic and business ties with the United States was apparent throughout the past quarter. An air services agreement was signed in mid-October allowing U.S. carriers to fly to Vietnam and permitting Vietnamese airlines access to five American cities. Hanoi is also exploring the possibility of purchasing passenger planes from Boeing. A month later Vietnam’s defense minister met with Defense Secretary Donald Rumsfeld at the Pentagon where they discussed future security cooperation. Hanoi is particularly concerned about unexploded ordnance left over from the Vietnam War and health problems resulting from the American defoliant Agent Orange used to clear jungle during that period.

The U.S. Navy frigate *USS Vandegrift* visited Saigon from Nov. 19-23, the first U.S. warship to call since the end of the war in 1975. And Vietnam’s Deputy Prime Minister Vu Khoan came to Washington in search of U.S. investors in early December. American business representatives gave him an earful of complaints about the obstructionism of the Vietnamese bureaucracy and lack of transparency with respect to rules and licenses. The U.S. House of Representatives also passed a resolution condemning Hanoi’s abuses of religious freedom. So, although relations are definitely improving, the road to full amity is still strewn with significant potholes.
Conclusion

The most significant achievement from President Bush’s October Southeast Asian tour has been to broaden APEC’s agenda to incorporate security issues in parallel with trade and investment. The president acknowledged Thai and Philippine military deployments to assist in Iraq’s reconstruction; and a new security framework agreement was announced with Singapore. Nevertheless, both Malaysia and Indonesia – the region’s predominantly Muslim states – have expressed serious concerns with U.S. policy. Although both governments are committed to suppressing terrorism, they also condemn the U.S. occupation of Iraq. In early December, Indonesia’s foreign minister claimed that U.S. policy in Iraq has made the world more dangerous, not less, as the Bush administration claims. By acting unilaterally, Foreign Minister Hasan Wirajuda insisted, the U.S. waged “an arbitrary preemptive war” and set a dangerous precedent for other countries. America’s war in Iraq is widely seen in Indonesia and Malaysia as a war on Islam. Public opinion polls in Indonesia show that only 17 percent of the population holds a positive view of the United States – down from over 60 percent prior to the Iraq invasion. Unless the Bush administration can reverse this perception that it is now conducting its security policy preemptively, unilaterally, and primarily through the use of military force, American foreign policy in much of Southeast Asia will continue to be viewed with considerable distaste.

Chronology of U.S. Southeast Asia Relations
October-December 2003

Oct. 1, 2003: U.S. Ambassador to the Philippines Francis Ricciardone warns that links between the Moro Islamic Liberation Front (MILF) and Jemaah Islamiyah (JI) jeopardize millions of dollars in U.S. aid to Mindanao.

Oct. 1, 2003: Philippine Vice President Guingona brands “unconstitutional” an “open skies” agreement reached with the United States that would permit U.S. airlines to fly more frequently to the Philippines. He insists that the agreement should be a treaty and, therefore, subject to Senate ratification.

Oct. 1-2, 2003: UN envoy Razali Ismail visits Burma; fails to secure the release of Aung San Suu Kyi.

Oct. 2, 2003: MILF spokesman denies that the MILF has ties to JI.

Oct. 2, 2003: Indonesian police demand direct access to captured JI terrorist Hambali in U.S. custody. While Washington has provided interrogation information, it has not yet permitted access by any Southeast Asian state to Hambali.
Oct. 2, 2003: In Congressional testimony, U.S. Deputy Assistant Secretary of State Matthew Daley said U.S. economic sanctions on Burma had led to the closure of 62 mainly garment factories, throwing 60,000 women out of work.

Oct. 5, 2003: Malaysian Deputy PM Badawi criticizes U.S. Customs for imposing new regulations on shipping containers without consulting shippers or governments.

Oct. 6, 2003: Philippine press reports that Manila will ask President Bush for 30 military helicopters and 30,000 M-16 rifles during the president’s Oct. 18 visit.

Oct. 7, 2003: The ASEAN Bali summit led to the “Declaration of ASEAN Concord II” composed of three major themes: an ASEAN Security Community (ASC), ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community.

Oct. 9, 2003: Vietnam and U.S. agree to allow direct passenger and cargo flights between the two countries for the first time since the Vietnam War.

Oct. 9 - 23, 2003: U.S. Air Force pilots stationed in South Korea hold a two-week training exercise in Malaysia flying against Malaysian Mig-29s.


Oct. 14, 2003: President Bush calls Philippine President Arroyo “a strong leader” with “a strong agenda to run on” in a seeming endorsement of her candidacy for reelection in 2004.

Oct. 14, 2003: According to the Miami Herald, the U.S. military deployed surveillance planes to determine if guerrilla forces in southern Philippine jungles posed a threat to U.S. counterterrorist trainers.

Oct. 15, 2003: In an interview with a Jakarta-TV channel, President Bush downplays Indonesian requests for direct access to Hambali and promises to share interrogation information.

Oct. 16, 2003: President Bush launches his Asia trip with a statement that Indonesia cannot let its Islamic community be defined by religious extremists.

Oct. 16, 2003: In a speech at the Organization of Islamic Conference summit in Malaysia, PM Mahathir Mohamad makes anti-semitic statements suggesting the Muslim world unite against the Jewish people.

Oct. 17, 2003: USTR Robert Zoellick praises China’s free trade agreement with Southeast Asia as a recognition that “China’s growth is a benefit to them.” He predicts that U.S. bilateral FTAs in the region, when aggregated, would be worth even more.
Oct. 18, 2003: President Bush visits Manila, addresses joint session of Congress, meets President Macapagal-Arroyo, praises the Philippines as a “stalwart” ally in the war on terror, and pledges to support Manila’s five-year plan to modernize its military.

Oct. 18, 2003: Secretary of State Powell in Bangkok states that APEC must link security issues with trade and investment in an age of terrorism.


Oct. 20, 2003: President Bush in Bangkok designates Thailand “a major non-NATO ally” as a reward for its antiterror cooperation.

Oct. 20, 2003: President Bush in Bangkok berates Malaysian Prime Minister Mahathir for his comment that Jews ran the world by proxy, labeling the prime minister’s remarks “divisive and wrong” and “squarely against what I believe in.”

Oct. 21, 2003: President Bush visits Bali, speaks with moderate Muslim leaders and meets with President Megawati; then departs for Singapore, where he meets with PM Goh.

Oct. 25, 2003: A high-level Indonesian police official states the U.S. has agreed to transfer Hambali to Jakarta for prosecution after the U.S. completes his interrogation. No specific time frame is mentioned.

Oct. 27, 2003: PM Mahathir brushes off a U.S. Senate threat to cut $1.2 million in military aid over his anti-Semitic remarks.

Oct. 27, 2003: The U.S. State Department’s biannual report on Burma states that the country has made little headway in combating illicit narcotics. Burma is the world’s second largest producer of opium and a massive producer of methamphetamines.


Oct. 31, 2003: Abdullah Badawi is sworn in as Malaysia’s fifth post-independence prime minister. Mahathir Mohamad steps down after 22 years in power.

Nov. 5, 2003: The U.S. will supply Advanced Medium Range Air-to-Air missiles to Thailand because of an “imminent threat” posed by Russian rockets offered to China and Malaysia.

Nov. 6, 2003: Indonesian National Police chief reports that the U.S. State Department’s Security Service is training top-flight Indonesian police units in antiterror skills and upgrading their equipment.
Nov. 6, 2003: Indonesia extends martial law in Aceh for an additional six months. The U.S., Japan, and European Union issue statements of concern, which are dismissed as a prelude to “meddling.”

Nov. 7, 2003: Former top civil aviation administrator and navy reserve officer seize the control tower at Manila airport in protest against corruption, and are later killed by the Philippine police.

Nov. 8, 2003: UN envoy Paulo Sergio Pinheiro meets with Aung San Suu Kyi, who is refusing to be freed from house arrest until 35 NLD colleagues are also freed.

Nov. 8, 2003: Malaysia deputy defense minister dismisses warning by the U.S. State Department to Americans about the dangers of travel in Sabah, Malaysia.

Nov. 10, 2003: Vietnamese Defense Minister Pham Van Tra meets Defense Secretary Rumsfeld in Washington, the first meeting in the U.S. since the Vietnam War ended in 1975.

Nov. 19, 2003: Missile frigate U.S.S. Vandegrift arrives in Ho Chi Minh City for a four-day visit, the first Navy ship to visit since the end of the Vietnam War.

Nov. 20, 2003: President Arroyo hints that U.S. forces may be invited to help the Philippine Army hunt down JI terrorists in Mindanao.

Nov. 21, 2003: U.S. criticizes Burma for failing to crack down on money laundering and is requiring U.S. financial institutions to terminate correspondent accounts with Burmese banks.

Nov. 23, 2003: U.S. plans to establish supply and air bases in Australia met with anger in Indonesia.

Nov. 23-24, 2003: Burma’s military government releases five top NLD leaders from house arrest.

Nov. 28, 2003: U.S. military advisers are training a 500-man elite Philippine commando force whose sole mission is to counter the JI terrorist network in the country.

Dec. 3, 2003: Thailand announces it will keep its 433 medical and engineering troops in Iraq at least until March.

Dec. 4, 2003: U.S. and Vietnam sign aviation agreement that authorizes direct flights between the two countries.

Dec. 8, 2003: Abu Sayyaf terrorist leader Galib Andany aka Commander Robot captured in the southern Philippines after a fire fight. The U.S. offered a $5 million bounty for his apprehension and for four other Abu Sayyaf leaders.
Dec. 8, 2003: Indonesian Foreign Minister Hasan Wirajuda at a Jakarta CSCAP meeting, criticizes the war in Iraq as unilateral, arbitrary, and preemptive, the results of which have made the world more dangerous and exacerbated terrorist actions.

Dec. 15, 2003: U.S. State Department criticizes Indonesia’s decision to appoint a controversial police general to head the police force in Papua province. Brig. Gen. Timbul Silaen was indicted by UN prosecutors for his role in East Timor violence attendant upon the 1999 independence vote. Cleared by an Indonesian court, the UN indictment still stands.


Dec. 16-17, 2003: Singapore attends Proliferation Security Initiative meeting in Washington, becoming first Southeast Asia PSI participant.

Dec. 18, 2003: After meeting with the U.S. ambassador in Phnom Penh, Cambodia agrees to destroy 200 Soviet-era surface-to-air missiles to prevent them from falling into terrorist hands.

Dec. 18, 2003: The U.S. agrees to take in about 15,000 Hmong refugees currently in Thailand who fled Laos after the communist takeover of that country in 1975. The Hmong fought alongside the Americans. It has taken almost three decades for the U.S. to reach this decision.