

The Human Rights Cost of the Indonesian Military's Economic Activities

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WASHINGTON, Jun 21 (IPS) - Until the Indonesian military is barred from pursuing its own business interests, civilian control over its activities will be limited, and human rights will suffer as a result, according to a major new report released Wednesday by Human Rights Watch (HRW).

The report, "Too High a Price: The Human Rights Cost of the Indonesian Military's Economic Activities", finds that the military's long-time practice of independent financing has led to a host of abuses, including extortion, property seizures and profiteering, and has sustained violence in conflict areas, such as Aceh and Papua, rich in natural resources.

"The military's money-making creates an obvious conflict of interest with its proper role," according to the 136-page report's author, Lisa Misol, a researcher with HRW's Business and Human Rights Programme.

"Instead of protecting Indonesians, troops are using violence and intimidation to further their business interests," she said. "And because the government doesn't control the purse-strings, it can't really control them."

Under a 2004 law, the military, formerly known as the Tentara Nasional Indonesia, or TNI, is supposed to divest itself of all its commercial interests -- variously estimated at between 200 and more than 1,500 businesses -- by 2009.

But government moves to begin addressing the military's economic entanglements to date have been "slow, half-hearted, and incomplete", according to the report, which calls on the government of President Susilo Bambang Yudhoyono to "radically rethink its approach".

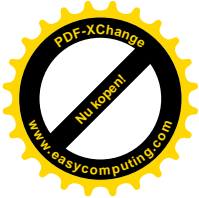
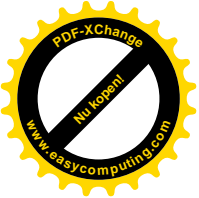
While the reform calls for profitable military enterprises to be made into state-owned companies, for example, it would permit the TNI to retain charitable foundations and cooperatives that long been used as fronts for its commercial interests, the report said.

Daniel Lev, an Indonesia expert at the University of Washington in Seattle, said, "This is the kind of report that needs more currency because the army's military business enterprises have not gotten the attention they deserve. Not enough has been done about it, in part because people aren't paying enough attention."

The report, which is based on two years of research, including more than 200 interviews with government officials, TNI retired and active-duty officers, independent experts, community activists, and businesspeople, comes just weeks after the visit to Jakarta of U.S. Defence Secretary Donald Rumsfeld.

Despite long-standing Congressional curbs on U.S. military aid and sales to Indonesia, including restrictions on certain kinds of aid until the civilian authorities asserted significant control over the TNI and greater transparency regarding its business interests, Rumsfeld's trip marked the official normalisation of military relations between the two countries. The Pentagon has long sought to improve ties with the TNI in order both to secure closer cooperation in the "global war on terror" and to bolster Jakarta as a friendly counterweight to China.

While many TNI critics have assailed it for a history of serious human rights abuses in East Timor, Aceh, Papua and elsewhere, they have also noted that its financing and commercial



activities have played an important role in fomenting those abuses and in ensuring its independence from civilian authorities.

"Since the revolution, the army has never had to defend Indonesia from an outside enemy, so the primary enemy of the Indonesian army is the Indonesian people," Lev told IPS. "You can't get rid of the army's corruption unless you're willing to change the army itself. You need really strong leadership to do that. SBY (the president) is a smart man and a nice man, but he doesn't have enough of a will to pull it off."

For much of the military's existence, only about half of its budget was provided from the government's military account. Although some of the rest was obtained through other government accounts, with little or transparency, most of the balance was raised by range of independent operations, including "military-owned enterprises, informal alliances with private entrepreneurs to whom the military often provides services, mafia-like criminal activity, and corruption", according to the report.

"If your budget provides about one-third or one-half of what you need, you're going to steal the rest of it. That's ensured (in Indonesia)," Lev said. "One of the ways you resolve it is to reduce the size of the army. But if you try to do that, they'll put up a terrific fight because they'll immediately lose money."

While the TNI claims that the additional funds are used for the welfare of the troops, much of the revenue goes directly to commanders, specific units, or individual soldiers, and are never monitored or subject to financial controls. The result is a virtual invitation for corruption.

One common method of raising funds is providing security or protection services to private interests, arrangements that lend themselves to rights abuse, as well as corruption.

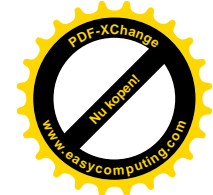
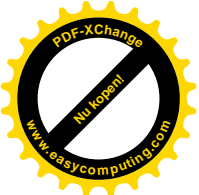
One of the most notorious examples was the payment by U.S. mining giant Freeport McMoRan to local TNI units in Papua to provide security for its operations. Federal investigations have been opened in the United States to determine whether these payments may have amounted to extortion, and reports that the 2002 ambush and killing of two U.S. teachers near the Grasberg mine may have been intended to extort more money from the company have persisted despite the indictment of alleged rebels for carrying out the attack.

Despite Freeport's admission that payments were made, however, the Indonesian government has yet to carry out its own investigation as to whether military officers violated any laws in accepting the payments.

In another case, a coal-mining company in South Kalimantan retained a military-run cooperative to deal with illegal miners in its concession area. The military organised the miners through violence and intimidation and then brokered sales of the illegally mined coal for its own benefit.

In a similar case, a series of military-owned businesses in East Kalimantan gained preferred access to forest concessions on land claimed by indigenous communities, over-logged the area, and then illegally exported the timber to Malaysia. Not only were the operations were illegal, the report noted, they also fostered unrest among the indigenous groups. While the concessions were eventually withdrawn, the companies and individuals involved were not prosecuted or otherwise sanctioned.

In areas of civil conflict, soldiers have often engaged in predatory behaviour against local residents, including extortion and property seizures, according to the report. In other cases, the TNI's involvement or complicity in illicit commerce, including drug-trafficking, has resulted in violence, as in a bloody 2002 incident in North Sumatra, when several civilians were killed



during a military attack of hundreds of troops on a police station. While in that case, 19 soldiers were discharged and received jail terms, scores more went unpunished, according to the report.

The report concluded that it is "nearly impossible" to determine the total value of the TNI's economic activities, and that "no one, including top military leaders, has a full grasp of the sums involved."

Even the proportion of the total military budget believed to be raised by licit and illicit TNI operations is unclear, according to the report. (END/2006)