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**MEMORANDUM OF JUSTIFICATION
UNDER SECTION 599F(b) OF THE FOREIGN OPERATIONS,
EXPORT FINANCING, AND RELATED PROGRAMS
APPROPRIATIONS ACT, FY2006 (P.L. 109-102)**

Section 599F (b) of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, FY 2006 (P.L. 109-102), allows the ~~Secretary of State to waive restrictions in section 599F (a) on making funds~~ appropriated under the heading "Foreign Military Financing Program" available for Indonesia and issuing licenses for the export of lethal defense articles for Indonesia, if the Secretary determines and reports to the Committees on Appropriations that to do so is in the national security interests of the United States.

The U.S. and Indonesia face immediate challenges to our mutual security interests in the region, including terrorism, potential threats to strategic sea lanes, transnational threats to regional stability and the omnipresent potential for natural disasters. Working together, as the world's second- and third- largest democracies, the U.S. and Indonesia can overcome these challenges. It is therefore in the national security interests of the United States to immediately waive the conditions in Section 599F (a) and resume full security assistance for Indonesia. As a matter of policy, the quality and quantity of our assistance will continue to be guided by progress on democratic reform and accountability, and carefully calibrated to promote these outcomes.

The Administration believes that carefully targeted U.S. assistance to specific, vetted military units would provide the incentives and necessary resources for assisting further reform and strengthening civilian control of the military. U.S. military assistance to Indonesia brings with it exposure to U.S. values, including military professionalism, respect for human rights and transparent business dealings. Other potential military suppliers have no such scruples, and it would be counter to U.S. interests for Indonesia to develop close military relationships with these other regional players. Since the International Military Education and Training (IMET) program was restored in February 2005, the military has worked with the government to transfer and make more transparent its business interests, the government has drafted a Defense and Security Bill that brings the Armed Forces and Police more clearly under civilian control and advances the development of Indonesia's democratic institutions, the military and police have continued their good cooperation with the FBI in the Timika murder investigation to include deployments to Papua in August and October; and Indonesia

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negotiated, concluded and is now implementing on schedule an historic peace agreement in Aceh. We believe that other immediate and longer-term objectives, such as counterterrorism, improved maritime security, better interoperability for disaster relief and other missions, a strengthened U.S. presence in the region, a more consistent rule of law, accountability for atrocities committed in East Timor; and implementation of special autonomy in Papua could also be furthered through the closer relationship engendered by normalization of military relations and enhanced security assistance.

The Administration considers the relationship between the United States and Indonesia to be of the utmost importance. Indonesia plays a unique strategic role in Southeast Asia and in the Muslim world. It is the world's most populous Muslim-majority nation, a voice of moderation and bridge between the Islamic world and the West, a guarantor of security in the strategic sea lanes between East Asia and the Middle East, and a key member of the Association of Southeast Asian Nations. In support of the Global War on Terrorism and the President's "Freedom Agenda," it is vital that Indonesia's transition to democracy succeed. Congress has provided generous support for programs supporting good governance, political decentralization, a free media, civil society, education, economic growth, public health, and most recently tsunami reconstruction, which have significantly strengthened an additional foothold for democracy in Asia and the Muslim world.

To fully implement democracy and effectively address its security challenges, Indonesia must also reform its defense institutions. Considerable progress has already been made in this regard:

- The police have been separated from the military;
- The security forces have lost their reserved seats in the legislature;
- The practice of placing active duty military officers in civilian government positions has been all but discontinued (they occupy some positions in the Department of Defense);
- The military has supported the democratic political process by remaining fully neutral in the 2004 legislative and first-ever direct presidential elections;
- The Armed Forces have instituted international norms for its personnel; provided human rights training to soldiers in conjunction with the International Committee of the Red Cross; and in some cases have held individual soldiers accountable for violating human rights norms by trying and punishing violators.

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The overall trend regarding security service reform is positive. Nevertheless, serious challenges remain. The conditions listed in section 599F (a) address many of these challenges, including the need for prosecution and punishment of gross violations of human rights, accountability for atrocities committed in East Timor, and improved civilian control of the military. The Administration shares Congress's view that continued progress is needed in these areas. Full compliance will take time to achieve, given the scale and complexity of transition from authoritarian to democratic systems. A well-considered program of military cooperation can advance important aspects of this transition as it relates to the modernization and professionalization of Indonesia's armed forces. The Administration is committed to help Indonesia succeed; Indonesia is simply too important for its democratic transition to fail.

November XX, 2005 (*date determination is signed*)

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