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# U.S. Interests and Policy Priorities in Southeast Asia

By

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Chairman Hyde's invitation requested our assessment of U.S. and Indonesian relations, regional counterterrorism efforts, the situation in Burma, possible troop deployments in the Philippines, the political climate and election preparation in Cambodia, and human rights conditions in Vietnam.

Southeast Asia is a region in which democratization has proceeded at a mixed pace. In the past decade, the Philippines and Thailand have consolidated relatively young democracies. Indonesia, under authoritarian rule for thirty years, continues to make strides in its democratic transformation. In Laos, Cambodia, and Vietnam, we are promoting more open societies and democratic government. In Burma, although we were heartened by the release of Daw Aung San Suu Kyi last May, we have subsequently been disappointed by a lack of progress toward democratic change. At the same time, Southeast Asia is a region that is largely coming to grips with terrorism, again with some countries moving to take effective action more rapidly than others. The common threat of terrorism has actually strengthened cooperation and our ties with

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key Southeast Asian countries. One need think only of October 12 in Bali. That attack shows that terrorism threatens us all and it can happen anywhere.

## **Indonesia**

Indonesia's status as the world's fourth most populous nation gives it an intrinsic importance. In addition, Indonesia has the world's largest Muslim population, thus making it a key player in our engagement with the Islamic world. Indonesia's importance to U.S. interests is further enhanced by the nation's ongoing transformation into a vibrant democracy following decades of authoritarian rule. We also have substantial commercial and environmental interests in Indonesia, a nation with significant natural, energy, and mineral resources, and a storehouse of biodiversity, home to some of the world's largest tracts of tropical rainforest and expanses of coral reef.

We view the Indonesian example of tolerance and democracy as a model for other Muslim countries. It is imperative that we support the democratic transition in Indonesia, not only because of Indonesia's intrinsic importance, but because its experience gives the lie to those who would claim that Islam and democracy are mutually incompatible. The outcome of Indonesia's experiment with democracy has profound implications for our strategic interests in fighting terrorism, preserving regional stability, promoting human rights and the rule of law, expanding access for U.S. exports and investment, and preserving the global environment.

The risks of Indonesia's failure to consolidate its democratic gains are sobering to contemplate. A breakdown in law and order would accelerate the spread of terrorism, crime, illegal drugs, infectious disease, and trafficking in persons. A dissolution of central authority and rising separatist movements would risk destabilizing the region, raise the menace of substantial humanitarian emergencies, accelerate regional environmental degradation, and invite the growth of militarism and violence. To avoid such daunting outcomes, we must assist Indonesia with its effort to create a just and democratic society.

- **Combating Terrorism/Police Assistance**

The terrorist threat that endangers Indonesia and its neighbors was graphically illustrated by the bombings in Bali in October of last year that killed more than 200 people, including seven Americans. Indonesia responded to this bombing by conducting a professional and competent police investigation that made remarkable progress in solving the Bali attacks and in disrupting the Jemaah Islamiyah terror network behind them. The Indonesian government has pressed ahead with domestic counterterrorism legislation and increased cooperation and consultation with its neighbors. With newfound determination, the mainstream Muslim groups that represent the vast majority of Indonesians are speaking out against the extremist fringe that are involved in acts of terrorism and other violence.

As part of our Anti-Terrorism Training Assistance Program, funded through the Non-Proliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account, we are assisting the Indonesian National Police (INP) in the formation of a counterterrorism unit. Once established, this unit will substantially enhance the Indonesian government's capability to neutralize terrorist cells and conduct terrorism-related criminal investigations.

- **Military-to-Military Relations**

There is no question that the military-to-military relationship is one of the most controversial aspects of our bilateral partnership. Reforms in the Indonesian military have not kept pace with Indonesia's broader democratic development. The lack of a track record on accountability for human rights abuses is of particular concern.

Nevertheless, it is in the U.S. national interest to engage with the Indonesian armed forces. For good or ill, the Indonesian armed forces will play an extremely influential role not only in the future of the Indonesian state, but also in the survival of that state. To influence the behavior and attitudes of the members of the Indonesian armed forces, and to ensure adequate protection of American and American interests in Indonesia, we must interact with them.

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While military reform is lagging, there have been some signs of progress. The military has accepted more changes in its status and role in the national life over the past four years than at any other time in its history. It did not intervene in the 1999 elections, and it resisted political pressure to violate constitutional norms during the turbulent period of President Wahid's impeachment and the succession to President Megawati. The military has formally relinquished its special, parallel function in government, and accepted a sharp reduction in appointed parliamentary seats and the end of appointed representation in legislative bodies by 2004. The conviction on March 12, 2003 of an Army general officer for East Timor human rights abuses represents a tangible step on the path to accountability.

Fundamental problems remain, however. Progress on accountability has been slow; the military has grudgingly gone along with trials for a small number of officers for human rights abuses. Discipline remains a problem. The military also deals with inadequate central government funding through running unofficial businesses and foundations, and sometimes engaging in illicit activities.

- Papua

One of the most important issues of concern in our bilateral relationship with Indonesia is the case of the murder of American citizens in Papua in August 2002. This ambush by unknown gunmen took the lives of three teachers, two Americans and one Indonesian, and wounded many others. According to public statements by the officer in charge of the initial Indonesian police investigation, the evidence pointed to possible involvement by members of the Indonesian military, rather than members of the separatist movement known as Office of Program Management (OPM). The Indonesian and international media have reported various comments by sources suggesting that members of the Indonesian Army Special Forces, known as KOPASSUS, were responsible for the attack. Other reports or theories have blamed members of the Indonesian Army Strategic Reserve, known as KOSTRAD. While the preponderance of evidence appears to indicate that elements of the Indonesian Army were responsible for the crime, we cannot make any definitive judgments until the investigative process is complete. Until we have a better understanding of this terrible crime, we must be careful not to assign blame to institutions.

We have made clear to the government of Indonesia that those responsible must be identified and punished. Anything short of a full accounting and punishment for those responsible will hurt our entire relationship. In response to our concerns, the Indonesian government formed a joint Police and Armed Forces investigative team to conduct a new investigation, and accepted participation by the Federal Bureau of Investigation (FBI). In mid-January, FBI agents traveled to Papua to conduct interviews of persons connected to this tragedy. The FBI agents recently finished their trip to Papua, but given the complexities of this investigation, they will have to return before they can conclude their investigation.

- Political Developments

In the political field, 2004 will be a momentous year for Indonesia's government due to the upcoming landmark elections. Indonesia will hold its first ever direct Presidential election, in addition to nationwide parliamentary elections. We have provided extensive assistance to help these elections proceed smoothly, and we are also assisting the Indonesian government in its implementation of a regional autonomy program. Indonesia's transition to democracy has been a turbulent process, but it is progressing in a very positive and dramatic manner.

Despite continued problems with impunity, corruption, and weak institutions, Indonesian democracy is characterized by a dynamic and burgeoning civil society. The trends are very positive, but require the patience of the Indonesian people, as well as interested international observers, as change is always uneven and often unpredictable. However, real change is only lasting when it comes from within, rather than being imposed from outside.

The eve of an election year is bringing predictable political struggles to Indonesia. Political leaders have an eye on their campaigns to promote their respective parties' own interests.

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Bureaucratic infighting increases, and the public seeks avenues to voice its discontent with government policies, including through demonstrations. This is all part and parcel of the democratic process, and should be seen as evidence of continued growth rather than portents of instability.

- Economic Issues

2002 saw a number of positive macroeconomic developments, including steady economic growth, moderating inflation, and a strengthening balance of payments. However, the Bali bombings dealt a blow to Indonesia's tourism sector and investment climate, thus weakening Indonesia's long struggle to recover from the devastating 1997 financial crisis. As a result, economists forecast Indonesia's 2003 economic growth rate at 3.5 percent. While macroeconomic stability has been achieved, Indonesia cannot attract the investment it needs to grow and employ its people because of the uncertainty due to corruption, security concerns, opaque regulations, and a lack of legal clarity. The terrorist threat needs to be reduced to improve the investment climate, and the newly created National Investment Protection Team must be accompanied by reforms to the tax and customs system and the cumbersome bureaucracy. In addition, the practice of treating commercial disputes as criminal cases, a chilling factor on foreign investment, must cease.

Indonesia's long-term economic health also depends on the government tackling tough issues such as the sale of excessive state assets, civil service reform, and corruption in the judicial sector. Indonesia's \$5 billion International Monetary Fund (IMF) program will terminate at the end of the year and the government is not expected to request an extension. While completion of the IMF program demonstrates the success of Indonesia's macroeconomic management in the short-term, the challenge the government now faces is maintaining market confidence in the absence of a donor-approved plan of action. To do so, Indonesia will need to announce and stick to a credible economic program.

- Trafficking in Persons

Indonesia is a major source, destination, and transit country for trafficking in persons for sexual and labor exploitation. Although Indonesia does not yet comply with the minimum standards outlined in the *Trafficking Victims Protection Act*, Indonesia has made notable efforts to bring itself closer to compliance. Some concrete results in combating trafficking in persons include a commitment of increased resources, and the attainment of some benchmarks that are in line with U.S. recommendations. These benchmarks include the establishment of a national action plan and passage of a child protection bill. Police have also become more engaged, freeing approximately six hundred victims in seventeen known cases in 2002, and our police training programs are contributing to this success.

Despite these advances, Indonesian efforts remain weak in the area of investigation and prosecution of traffickers. Many officials and security force members continue to be complicit in trafficking in persons. Indonesia's full compliance with minimum standards will require sustained commitment over the long-term, and we will continue to urge Indonesia's government to work toward full compliance with U.S. standards.

- Religious Freedom

The government of Indonesia generally respects the religious freedom provisions of the constitution, but there continues to be religiously motivated violence and tension. We monitor these developments closely, and are encouraged by recent evidence that there is growing religious tolerance since the Bali bombings. In particular, mainstream Muslim groups and leaders have improved dialogue with their Christian counterparts. The terrorist acts did not, as intended, drive Muslims and Christians apart, but rather brought them together to condemn the attacks and work against the spread of radicalism. We saw this most publicly over the Christmas and New Year's period, when Muslim groups committed their security staff to guard places of worship. This positive development follows the sustained successes of the *Malino Accords* signed in Maluku and Sulawesi, and the reported dissolution of the Muslim extremist group, Laskar Jihad, in

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October 2002. In Bali, although Muslims are under greater scrutiny from local Hindus, the harsher backlash that some feared did not take place.

- Human Rights

The Indonesian military's human rights record remains poor, and serious abuses continue to be committed, particularly by Indonesian security forces in outer provinces. Our embassy reported in depth on this issue, and we actively promote respect for human rights and accountability for violations. We have seen some positive trends in Maluku and Sulawesi with the sharp decline of serious abuses last year and a reduced death toll in most conflict zones. In Aceh, the *Cessation of Hostilities Agreement* (COHA) has succeeded in almost halting the violence.

## **Burma**

With respect to Burma, unfortunately I must report that efforts to foster peaceful democratic change have come to a halt. The regime has released only a few political prisoners since late November and those in advance of a visit by the United Nations (U.N.) Special Rapporteur. The regime has made new arrests of political activists in that same timeframe. Most seriously, the junta has not demonstrated a willingness to begin a real dialogue with the National League for Democracy on substantive political issues. Although Aung San Suu Kyi has been able to travel in Burma, her most recent trips were marred by incidents instigated by government-affiliated organizations and believed to be based on orders from Rangoon. An already poor economic situation has been further unsettled in recent weeks, with a banking crisis causing financial uncertainty in the country. This crisis serves as an indisputable illustration of the mismanagement of the economy by the regime.

We continue to support the efforts of U.N. Special Envoy Razali Ismail to broker a solution. Absent progress, we will be forced to consider, in conjunction with the international community, additional sanctions and/or other measures. However, we cannot expect universal support in these measures, and the evident lack of agreement within the international community on the appropriate approach has hampered efforts to isolate and target the regime effectively.

I also must point out that international sanctions on arms transfers to Burma have encouraged the regime to turn to China, North Korea, and Russia, as suppliers, each of which seems prepared to supply both basic and advanced weapons to Burma.

The military dictatorship in Burma severely abuses the human rights of its citizens. There is no real freedom of speech, press, assembly, association, or travel. Patterns of abuse are even worse in ethnic minority areas. These abuses include extrajudicial execution, rape, disappearance, beating, persecution, and forced labor, including conscription of child soldiers, censorship, forced relocation, and the curtailing of religious freedom,

The United States has consistently co-sponsored Burma resolutions at the United Nations General Assembly and the United Nations Commission on Human Rights containing strong language condemning the ongoing systematic abuse of human rights. We have also supported and continue to support United Nations Special Rapporteur for Human Rights Pinheiro's efforts to initiate an independent, credible investigation of allegations of widespread rapes by the Burmese military. For his part, Pinheiro has proposed several options to the regime for establishing a credible mechanism for investigating allegations of human rights violations in ethnic minority areas. The regime has yet to agree to a specific mechanism.

Pinheiro cut short his visit to Burma this week after finding a hidden microphone in a room he was using to interview political prisoners. We regret that the Burmese government has chosen to treat a representative of the United Nations with such disrespect. The U.S. government is supportive of efforts by the International Labor Organization to engage the regime in discussions to develop a viable plan of action to eliminate forced labor.

I would also like to point out our concern about the growing humanitarian crisis of human immuno-deficiency virus/acquired immune deficiency syndrome (HIV/AIDS) in Burma. In 2002,

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United States Agency for International Development (USAID) initiated a \$1 million program to address the HIV/AIDS epidemic by funding international non-governmental organizations to undertake prevention activities. In fiscal year 2003, we hope to increase funding to international non-governmental organizations; but no assistance is given to the regime. Discussions with the government continue on allowing international non-governmental organizations to conduct voluntary HIV testing and counseling, as well as on the regime's commitment to more effective prevention, treatment, and care programs, including for pregnant mothers and high risk groups.

### **Philippines**

U.S. and Philippine relations have never been stronger than in the past decade. President Gloria Macapagal-Arroyo is a firm ally who last year characterized our bilateral relationship as a "moral partnership" based on shared values and strategic interests. As a reflection of this strong relationship, President Arroyo will make a state visit to the United States in the spring of this year, only the third state visit in the Bush Administration. President Arroyo has adopted an ambitious program of economic and political reform along with taking strong actions against terrorists in the Philippines. She announced last December she would not run in the 2004 election so that she can focus on her agenda, including poverty alleviation, good governance, economic reform, and reconciliation between the government and insurgent groups in the southern Philippines. The United States supports this agenda, and is providing economic and development assistance. Internationally, President Arroyo is a vociferous supporter of the war on terrorism and supports totally disarming Iraq. She has spoken out on the need for North Korea to accept international non-proliferation norms.

The Philippines is confronting a serious threat at home from Communist and Muslim insurgencies and international terrorists. There has been a recent increase in violence by the Communist People's Party and its armed wing, the New People's Army. The Moro Islamic Liberation Front, the largest Islamic extremist group in the Philippines, is responsible for attacks on both infrastructure and civilians. Philippine authorities recently arrested members of the Moro Islamic Liberation Front in connection with the March 4 bombing at the Davao International Airport. One American was among the many killed in that attack, and three Americans were wounded. The Abu Sayyaf Group has kidnapped several hundred Filipinos and foreigners in the last several years. It has been responsible for the deaths of three Americans. It appears that the Abu Sayyaf Group is no longer interested only in kidnap-for-ransom, but also in bombings and other traditional terrorist activities.

We and the Philippine government are concerned at the growing evidence of links between Philippine and international terrorist groups, including al Qaeda and Jemaah Islamiyah. Similarly, our two governments also are concerned there could be a link between the Abu Sayyaf Group and Iraq. We have formed a strong coalition with the Philippine government to combat terrorism in the Philippines. Last year's "Balikatan 02-1" represented a special counterterrorism-focused exercise on Basilan, at the request of the government of the Philippines. We are consulting to determine the form it should take this year, and going ahead with plans for the annual training deployment, the eighteenth in a series of exercises which began in 1981.

Current programs will further enhance Philippine military counterterrorist capabilities in line with our global campaign against terrorism. These programs are consistent with our robust overall security assistance package for the Philippines. President Bush has told President Arroyo that we will continue to help the Philippines in its efforts against terrorism. U.S. officials traveled to Manila in February to discuss our counterterrorism cooperation. Secretary of National Defense Reyes visited Washington in late February to discuss next steps. General Abaya of the Southern Command has just left Washington after consulting with us and with Department of Defense. We are optimistic that such close consultations will produce a plan that will fit the needs of both sides. We respect the Philippines' sensitivities regarding its constitution and laws. As we did last year, we would send forces only at the express invitation of the Philippine government.

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## Cambodia

Our main policy and assistance goals in Cambodia are to promote democracy and support Cambodia's adherence to human rights standards. The centerpiece of the current U.S. policy is a robust strategy to prepare for the July 27 National Assembly elections and to promote human rights non-government offices and civil society.

As the anti-Thai riots of January 29 indicate, provocative rhetoric, ethnic tensions, and political violence are a plague on the body politic of Cambodia and serious check on democratization. The government itself is part of the problem, as evidenced by the Prime Minister's provocative public comments in the preceding days and in the slow response by authorities on the night of the riots, and the government's use of the riots as a pretext for harassment of political opposition and independent media.

Killing of political leaders in the run-up to the national election are another major concern. The shooting death in February of Om Radsady, a respected National United Front for an Independent Neutral, Peaceful, and Cooperative Cambodia (FUNCINPEC) advisor, has focused international concern. Although we have confirmed reports that police captured one of Om's assailants, we continue to stress that we wish to see more prosecutions and convictions in cases of political violence and intimidation. As the July 27 elections approach, we are pressing hard for the government to establish a safe environment for all participants to compete, provide equal media access, and control election abuses. We are steadfast in our resolve. High-level U.S. officials, during visits to Phnom Penh, have made public statements highlighting our concerns. We believe the government is listening but much more needs to be done.

We have asked the Government of Cambodia to provide a full report on the January 29 events and the measures that will be taken to ensure security on the one hand and democracy and human rights on the other. Our strategy for strengthening the election process calls for support of democratic institutions and democratic parties. The U.S. government \$11 million program supports non-government organizations with voter and candidate education, issues media programs, broadcasts of candidate debates, and well-trained cadres of election monitors.

We support efforts to establish a credible tribunal that brings to justice senior leaders of the Khmer Rouge and others who bear the greatest responsibility for atrocities committed between 1975 and 1979. Accountability for these crimes is important not only to bringing reconciliation and lasting peace, but also to promoting the rule of law and developing democracy in Cambodia. U.N. Legal Advisor Hans Corell stated the recently negotiated agreement is in conformity with the U.N. General Assembly resolution passed in December 2002, noting that the Tribunal will exercise jurisdiction in accordance with international standards of justice, fairness and due process. We hope passage and implementation of this agreement will meet the standards set out in the General Assembly resolution to ensure a credible tribunal. We are reviewing the agreement and look forward to the Secretariat's full report once it is released.

Domestic and cross-border trafficking in women and children, including for the purpose of prostitution, remains a very serious problem in Cambodia. As of April 2002, the Government of Cambodia had not fully complied with minimum standards for the elimination of trafficking and had not made significant efforts to do so. Cambodian police have investigated trafficking crimes and some traffickers have been convicted and are serving time in prison. But, corruption, complicity of government authorities, lack of police training and poor implementation of laws facilitate trafficking of persons and similar crimes, such as baby selling.

The Ministry of Women's and Veterans' Affairs takes a lead role in combating human trafficking and alleviating the suffering of its victims. We have already provided assistance to establish a prevention program overseen by the Ministry, and to facilitate the return and reintegration of Cambodian victims. We are examining additional programs that might increase the capacity of the law enforcement establishment to bring trafficking criminals to justice.

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We give no assistance to the central government, except in the legislatively prescribed areas of HIV/AIDS, basic education, Leahy war victims, and combating trafficking in persons. Our assistance programs for health, especially on HIV/AIDS prevention and treatment, are also an important area where the U.S. government is giving value added directly to the people of Cambodia.

Bilateral relations with Cambodia are difficult to keep on an even keel in light of the January riots and subsequent political killing; nevertheless, we have close cooperation on several issues of importance to the United States: prisoner of war and missing in action accounting; addressing corruption that caused us to suspend adoptions; and the return of Cambodian nationals deported by the U.S. Department of Homeland Security.

### **Vietnam**

Bilateral relations between the United States and Vietnam have expanded dramatically in recent years. From our original focus on full accounting for prisoners of war and missing in action, which remains central to our concerns, and refugee resettlement, our relations now encompass heightened cooperation on a number of global issues, including counter-terrorism, HIV/AIDS, demining, and disaster preparedness.

One of our primary goals in Vietnam is to stimulate growth and development through economic and legal reform and through promotion of greater transparency in the implementation of law and policy. The *Bilateral Trade Agreement* has become a key catalyst for change in Vietnam, along with parallel reform programs undertaken by the World Bank and the IMF. We also wish to broaden the relationship through public diplomacy, high-level official visits, and regular exchanges and raise the level of our discussions to a strategic dialogue on issues of mutual concern. Another important goal is to encourage political and legal reforms to help bring prosperity and greater stability to the Vietnamese people, and to increase respect for human rights. While the Government of Vietnam's human rights record remains poor and freedoms of religion, speech, the press, assembly, and association are limited, Vietnam is a much less repressive society now than ten, or even five, years ago. We continue to press Vietnam on its human rights record. While we hold an annual Human Rights Dialogue to raise our concerns with the Vietnamese on human rights violations, we have been disappointed by the lack of results from this Dialogue.

Promoting human rights and religious freedom in Vietnam is a significant embassy activity. Mission officers speak with authorities at all levels of government on various human rights issues including religious freedom, and the status of persons of concern detained, imprisoned, or harassed.

We continue to be troubled by reported harsh persecution of the Montagnards in the Central Highlands, and we have been frustrated at the Vietnamese government's refusal to allow us reasonable access to the region for further investigation. We have made clear that we do not support separatist movements in the Central Highlands or anywhere else in Vietnam. But, we do insist that basic, universally accepted standards must be enjoyed by all citizens of the country, including the Montagnards. The United States encourages the Government of Vietnam to ratify International Labor Organization conventions addressing worker rights, and in the context of our expanding trade ties, to promote the recognition of core worker rights. Given our history, the Vietnamese remain wary of our intentions. Progress toward our objectives on all fronts will require patience, consistency, and the building of trust.

### **Malaysia**

Bilateral relations with Malaysia have historically been very good, particularly at the working level. Despite sometimes blunt and intemperate public remarks by Prime Minister Mahathir, U.S. and Malaysian cooperation has a solid record in areas as diverse as education, trade, military relations, and counterterrorism. Malaysia is our eleventh largest trading partner, and we are Malaysia's largest trading partner and investor. Malaysia hosts 15 to 20 U.S. Navy ship visits per year, and Malaysian military officers train at U.S. facilities under the International Military

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Education and Training (IMET) program. Bilateral ties have been especially strong since the September 11, 2001 attacks, and reached a high point during Mahathir's working visit to Washington and meeting with the President last May.

However, Malaysian elite and public opinion was irritated by massive visa backlogs last summer after we tightened our regulations; by regrettable indignities suffered by Deputy Prime Minister Abdullah and other Malaysian leaders at U.S. airports; and by leaks of immigration and naturalization service documents incorrectly describing Malaysia as a terror-prone country. We have stressed to Malaysia that we are streamlining our procedures to minimize inconvenience to travelers and that our goal is secure borders and open doors. Malaysia is a staunch partner in the global war on terrorism. The Malaysian government pursues terrorists relentlessly, and currently has about ninety suspected terrorist in detention, including members of Jemaah Islamiyah, which was plotting to bomb U.S. military, diplomatic, and commercial facilities in Singapore. Some of the detainees have links to al Qaeda.

Malaysia's quiet, nuts-and-bolts support has proved crucial to our efforts. As Defense Minister Najib announced publicly last May, Malaysia granted the U.S. military overflight clearance on a case-by-case basis during Operation Enduring Freedom in Afghanistan. The Malaysian government also provides superb on-the-ground law enforcement and intelligence counterterrorist cooperation. It has agreed to freeze assets identified by the U.N. Security Council Sanctions Committee, though to date it has located no terrorist assets belonging to those entities. It requires financial institutions to file suspicious transaction reports on all names listed under U.S. Executive Order 13224, but is not yet a party to the *International Convention for the Suppression of the Financing of Terrorism*.

During Mahathir's U.S. visit, we signed a bilateral *Declaration of Cooperation Against International Terrorism*. Malaysia has also played a lead role in regional counterterrorist efforts in Southeast Asia, and hosted an inter-sessional meeting counterterrorist of the ASEAN Regional Forum March 20-22. The Malaysian cabinet has approved establishment of a Malaysia-based regional counterterrorist training center, in which we expect to play a significant role.

In recent months, the tone of Malaysian rhetoric regarding the United States has soured. We have objected to a series of public remarks made by senior Malaysian officials criticizing America's role in the world, beginning with Prime Minister Mahathir's opening speech at the Non-Aligned Movement Summit in Kuala Lumpur in late February. While we, of course, respect Malaysia's right to disagree with us on Iraq, we have engaged them diplomatically to urge their support for keeping the Iraq case in the U.N. Security Council and to explore other areas of common ground on Iraq.

Notwithstanding our differences on Iraq and on Middle East issues, Malaysia has repeatedly made clear that it will meet its obligations to protect foreigners and related institutions. Its on-the-ground law-enforcement and intelligence cooperation against terrorism remains extremely strong, illustrating the close integration of the Malaysian government with our vital security interests.

Malaysia generally respects the human rights of its citizens, although concerns remain in certain areas. The U.S. has criticized Malaysia over the years when the *Internal Security Act* has been used to stifle domestic opposition, although we distinguish between that use and its current implementation in a counterterrorism context. We consider detained former Deputy Prime Minister Anwar, a political prisoner, based on clear manipulation of his trials. We are following with interest the appeal of his second conviction, which is taking place this week in Kuala Lumpur.

## **Singapore**

Our political, commercial and military relationships with Singapore are excellent across the board. Singapore welcomes U.S. engagement in Southeast Asia as vital to regional stability. We cooperate closely with Singapore in regional and international fora, including Asian-Pacific Economic Cooperation (APEC), Association of Southeast Asian Nations and the Association of

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Southeast Asian Nations Regional Forum (ARF) and the U.N., where Singapore was a non-permanent member of the Security Council until its term expired at the end of December 2002.

Perhaps the high point of our bilateral relationship this last year was the successful conclusion of two years of negotiations on the *United States-Singapore Free Trade Agreement* (FTA). Singapore ranks twelfth among our trading partners, and the FTA will strengthen our trade relationship, eliminate barriers and tariffs, and phase out significant restrictions in several services sectors (financial, legal and the media), as well as enhance IPR protection. The FTA is now pending before Congress per the requirements of the *Trade Promotion Authority Act*. I would refer you to the U.S. trade representative for specific questions regarding its provisions; I only note here that we at the Department of State see this FTA as a major achievement in our bilateral relationship with Singapore and a positive step for the overall U.S. trade agenda.

As a member of the U.N. Security Council until its term expired in December 2002, Singapore worked hard for the adoption of *Resolution 1441*, giving Saddam one last chance to disarm peacefully. Since leaving the Council, Singapore has strongly supported the U.S. position that Saddam Hussein is a threat to the world who must be disarmed. We are proud that Singapore counts itself among the members of the Coalition for the Disarmament of Iraq, despite the fact that Singapore remains sensitive to the reaction of its Muslim population, 15 percent, to such a war.

Singapore has also been among our strongest counterterrorism partners and in the forefront of Southeast Asian counterterrorism efforts. The Government of Singapore made two highly publicized major arrests of terrorists who had been planning attacks in Singapore against U.S., British, and Singaporean targets. The first, of thirteen suspects, was in December 2001 and the second, of twenty-one suspects, was in August 2002. The majority of these suspects were members of the Jemaah Islamiyah (JI) terrorist network active in Southeast Asia, including several who had trained with al Qaeda. On October 17, following the Bali bombing, Singapore joined Australia, the U.S., and 47 other governments to designate the JI as a terrorist entity to the U.N.

On the financial counterterrorism side, Singapore is also a regional leader. Since September 11, 2001, the government of Singapore has enhanced its anti-terrorist financing regime, ratified the *U.N. Convention on the Suppression of Terrorist Financing*, passed new legislation to permit its authorities to freeze and seize terrorist assets under *UNSCR 1373*, and implemented asset freeze orders for the *UNSCR 1267* list. To date, no terrorist assets have been identified in Singapore. The Government of Singapore hosted a regional financial counterterrorism conference in January in which U.S. experts trained Southeast Asian and Pacific island countries in their responsibilities under the various U.N. financial counterterrorism resolutions.

Singapore tightly controls charities, requiring reporting on overseas partners and details on transactions. However, Singapore encourages capital influx with bank secrecy laws and lack of currency reporting requirements and does not share financial records with U.S. law enforcement authorities because of the lack of a *Mutual Legal Assistance Treaty* (MLAT). We have been discussing the possible benefits of an MLAT with Singapore.

Singapore was the first Asian port to sign on to the *U.S. Customs Service Container Security Initiative* (CSI) which became operational this month. *Container Security Initiative* allows for pre-inspection in Singapore of goods destined for U.S. ports, and is an important security and efficiency measure. In addition, working with U.S. experts, Singapore has implemented a new strategic trade control system to better control trade in illegal goods that may pass through its port and to enhance worldwide non-proliferation efforts. The new system has some weaknesses, which we are working with the Singapore government to address, but still represents a significant step forward.

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Our military relationship is also very strong. Although Singapore is not a treaty ally, it supports a strong U.S. military presence in the Asia-Pacific region and has offered the U.S. increased access to its facilities since the closure of our bases in the Philippines.

The U.S. and Singapore in 1990 signed a Memorandum of Understanding (MOU) allowing the U.S. access to Singapore facilities at Paya Lebar Airbase and the Sembawang wharves. Under the MOU, a U.S. Navy logistics unit was established in Singapore in 1992; U.S. fighter aircraft deploy periodically for exercises, and roughly 100 U.S. Navy vessels per year visit Singapore. The MOU was amended in 1999 to permit U.S. Navy ships to berth at a special deep-draft pier at the Changi Naval Base.

Our two militaries have extensive contacts and participate in combined military exercises regularly, supported by approximately 150 U.S. logistics personnel stationed in Singapore. In addition, Singapore is a major customer for U.S. defense sales in the Asia-Pacific region. A new RSAF Apache AH-64D helicopter training detachment has recently been set up in Arizona. Our relationship with Singapore is as strong as it has ever been. We speak plainly to each other, even when we disagree on details, in pursuing our common goals of a terror free, stable and prosperous world and we look forward to continued good relations in both the short and long term.

### **Thailand**

Relations between the U.S. and Thailand are strong and multi-faceted. Thailand is one of five U.S. treaty allies in Asia, and we have a close and active security relationship with the Thai. Thai troops fought alongside Americans in Korea and Vietnam. More recently, Thailand has provided critical support, including a military engineering unit currently at work in Afghanistan, for Operation Enduring Freedom. Thailand has actively cooperated with us on all aspects of the war on terror.

We recognize Thailand as a fully functioning democracy in Asia. Over the last decade, the military's role in Thai politics has been greatly reduced, due to strong public opinion, through Constitutional reform and Thailand's overall political maturation. This evolution has had the support of the Thai military. Thailand enjoys a generally free and open press.

Thailand is our seventeenth largest trading partner with two-way trade of about \$20 billion. The U.S. is the second-largest foreign investor in Thailand. Last year, the U.S. and Thailand marked another milestone in the commercial relationship with the signing of a *Trade and Investment Framework Agreement*.

Thailand and the U.S. have been fighting drugs together for several decades, and joint U.S.-Thai efforts have led to the elimination of thousands of acres of opium previously grown in Thailand. Thailand is now no longer a significant producer of opium or heroin, though it remains a major transit point. Thailand faces a serious domestic methamphetamine problem.

In response to this situation, the Thai Prime Minister declared a ninety-day war on drugs beginning on February 1, 2003. According to media reports, the war on drugs had led to over 1,500 extra-judicial killings, of which only a handful of the alleged extra-judicial killings are under investigation. We have discussed this matter with the Thai and expressed our concerns.

We continue to work closely with Thailand to address the challenge of trafficking in persons. Thailand has made great strides and has demonstrated regional leadership in the areas of protection and prevention. We have strongly encouraged Thailand to emphasize prosecution measures as a national priority, most importantly to increase law enforcement efforts in going after traffickers and reduce incidents of officials' corruption and complicity. The U.S. government has provided funds to assist Thailand in its efforts.

Thailand is making an effort to improve relations with Burma, in part to achieve cooperation on counternarcotics. The Embassy of Bangkok maintains contact with Burmese refugees and displaced persons in Thailand, including political activists working outside refugee camps. We also provide financial support to non-government organizations active in the Burmese democracy

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movement. Thailand's policy towards Burmese refugees and dissidents outside refugee camps is in flux. Thailand continues to accept those fleeing fighting and political persecution, but may become less tolerant of activities that complicate its effort to resolve tensions with Burma.

Thailand's relations with Cambodia were downgraded in the aftermath of January 29 anti-Thai riots in Phnom Penh. The Thailand government froze all aid and economic cooperation with Cambodia, and suspended diplomatic relations. The Thailand government has demanded an apology, compensation for losses, and thorough investigation leading to justice for the perpetrators. The two countries now seem to be repairing the rift.

### **Brunei**

The United States and Brunei have enjoyed friendly relations since Brunei's independence in 1984. The December 2002 working visit of Sultan Hassanal Bolkiah further cemented our relationship with the signing of a *Trade and Investment Framework Agreement*, and the establishment of a Fulbright program to increase bilateral educational opportunities.

The United States and Brunei are also examining ways of increasing military cooperation, especially increased sales of defense equipment and opportunities for training for Bruneian military officers in the U.S. This would supplement the MOU on Defense Cooperation signed in 1994, under which Brunei's armed forces engage in annual joint exercises with the U.S.

Brunei is a strong supporter of counterterrorism efforts in the United Nations and in regional fora, including Asia-Pacific Economic Cooperation (APEC), ASEAN, and Southeast Asian Nations Regional Forum (ARF), where forceful Brunei leadership was instrumental in the adoption of strong counterterrorism declarations. After the Bali bombing, Brunei joined Australia, the U.S., and 47 other governments in the designation of the Jemaah Islamiyah to the U.N. as a terrorist entity. Brunei also has strengthened its legislation to control terrorist financing, and recently acceded to the *U.N. Convention on the Suppression of Terrorist Financing*.

Although a strong supporter of our counterterrorism efforts, Brunei has said it deeply regrets that dialogue and diplomacy failed to avert a war and is calling on the international community to seek a peaceful solution within the U.N. framework.

### **Laos**

U. S. policy in Laos focuses on five primary interests:

- Ensuring the fullest possible accounting for Americans still missing in action from the Indochina War;
- Pressing for progress on a broad range of democracy and human rights issues, including religious tolerance;
- Supporting counter-narcotics efforts;
- Securing the transition of the Lao economy to an open, market-oriented system;
- Cooperation in the war on terrorism.

The United States has maintained uninterrupted diplomatic relations with Laos since 1954. One of the ten poorest countries in the world, Laos is the only country with whom we maintain normal diplomatic relations that we do not have a normal trade relationship, and one of only three in the world without Normal Trade Relations, the other two being North Korea and Cuba. Two-way trade between the United States and Laos amounts to less than ten million dollars annually, with the main Lao exports being hand woven textiles, lumber and coffee. A *Bilateral Trade Agreement* was negotiated in 1997, which requires Normal Trade Relations to go into effect. In February of this year, Secretary Powell and United States Trade Representative Zoellick sent a letter to the Chairs and Ranking Members of the House Ways and Means and Senate Finance Committee signaling the Administration's support and urging the Congress to consider granting

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Normal Trade Relations status to Laos. In response, the Trade Subcommittee issued a Request for Public Comment on Normal Trade Relations for Laos, open through April 21.

The promotion of human rights, including religious freedom, is an integral part of our bilateral relationship. We remain deeply concerned about Laos' poor human rights record, and have made human rights an integral part of our ongoing dialogue with the Lao government. We are encouraged to see modest improvements in religious freedom. A Prime Ministerial Decree governing religion seeks to regularize religious practice, and local religious leaders have responded favorably. Isolated problems remain, particularly in Savannakhet province, but many previously closed churches have reopened, and we have seen fewer detentions and arrests and received no reports of new church closings.

We are aware of allegations of U.S.-based groups claiming the use of chemical weapons and "genocide" against Lao minorities, and particularly the Hmong. Our Embassy continues to investigate and evaluate all such claims, but has not been able to verify that such acts have taken place. Ambassador Hartwick traveled to Saisomboun Special Zone this fall and both the Ambassador and other Embassy officers have traveled extensively throughout Laos looking into allegations of human rights abuses both on the ground and through a web of formal government and informal contacts.

We are also cooperating with Laos on the issues of prisoner of war and missing in action (POW/MIA) and counter-narcotics. Approximately 391 U.S. Servicemen remain unaccounted for in Laos from the Vietnam War. Laos government humanitarian cooperation in POW/MIA recovery missions is generally very good; there are five joint task force recovery missions taking place this year. We continue to seek greater Lao flexibility to facilitate our increasing the pace of searches. The League of POW/MIA families recently visited Laos, and reports that they are pleased with Lao cooperation. Laos is the third largest producer of opium in the world behind Burma and Afghanistan. The U.S. provides law enforcement and alternative development assistance to Laos in an effort to reduce opium cultivation. We are encouraged by the decline in the acreage of land devoted to opium cultivation the past two years, but believe that law enforcement cooperation could be enhanced.

To date, counterterrorism cooperation has focused on strengthening Lao capability to prevent use of Laos as a possible target for terrorist activities and in preventing the use of the Lao banking sector for terrorist financial movements.