

**Senate Testimony on Indonesia  
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**by Paul M. Cleveland  
Immediate Past President and Trustee  
The United States – Indonesia Society  
USINDO**

Introduction

It is an honor and pleasure, Madam Chairman, to appear before this committee today. May I begin by saying that the views expressed in my testimony are my own and not necessarily those of USINDO or its Board.

The United States-Indonesia Society welcomes the focus this hearing brings to developments in the fourth largest nation in the world and to relations between the United States and Indonesia, the world's third and fourth largest democracies. Not only is Indonesia's democracy flourishing, it is flourishing in the world's most populous Muslim nation.

Indonesia has always been important to us and to the world in strategic, political, and economic cum commercial terms, but that importance has risen substantially in the past several years as Indonesia has become an increasingly important counterweight to China's spreading influence in the region. Also Indonesia has become a democratic pacesetter for the Islamic world and for the Southeast Asian region.

Indisputably, the United States has a very high level of interest in Indonesia's success. To ensure fulfillment of that interest, our government needs to devote more time, energy and assistance to Indonesia's development.

I am pleased to appear on today's panel with Dr. Hadi Soesastro, Executive Director of the Center for Strategic and International Studies in Jakarta. CSIS is Indonesia's oldest think tank and with which USINDO has had a long and productive relationship. Dr. Soesastro is his country's leading authority on economic, trade and business relations with ASEAN and the larger Asian community.

Remarkable Progress

Relatively secure against outside encroachment, resource and culturally rich, Indonesia was governed for centuries under authoritarian and colonial rulers in such a way that political growth was stunted and the country's full potential never came near being met.

While progress toward establishing democracy along with economic recovery was substantial in some areas during the first six years after President Suharto's fall in 1998, it was marked by halting leadership, continuing high levels of corruption, only modest economic growth, and failure to grapple comprehensively and effectively with such major problems as separatism,

military and police reform, environmental degradation, judicial and public prosecutorial reform, plus tax and other commercial and trade related changes necessary to attract essential foreign investment. Advances were made on self-sustaining political/economic development, but relapse into authoritarian control remained a widely considered possibility.

Progress made in the last year contrasts sharply.

In 2004 Indonesia held a series of remarkably clean elections with high voter turnout, including the largest one day election in the history of the world when it voted for parliament in April of that year. Moreover, the electorate proved sophisticated and sought honest, progressive leadership, voting in the government of President Susilo Bambang Yudhoyono (SBY) with a 61% margin in Indonesia's first direct election of a president last September. Among other things, SBY's campaign featured a promise to eradicate corruption that decidedly appealed to the Indonesian people. To satisfy the high level of voter confidence, in its first year SBY's administration has:

- undertaken widespread change and reform for better governance including critical military and police reform;
- required his cabinet appointees to sign an anti-corruption pledge and taken on a substantial number of corruption cases, including several high profile ones;
- struggled to maintain fiscal balance by reducing politically explosive fuel subsidies in early 2005 – now it clearly must repeat that move against the background of ever mounting international oil prices;
- addressed tax, investment and micro-business climate reforms to attract urgently needed foreign investment
- effectively managed the tsunami relief effort despite the magnitude of the task and bureaucratic shortcomings;
- reached a peace agreement with Acehese rebels (the GAM), initiated serious political dialogue on Papua, and sought common ground with East Timor on a reconciliation process;
- worked closely with the United States in restoring cooperative military relations and pursuing the investigation into the Timika incident of August, 2003;
- undertaken an impressive set of overseas visits including one to the United States to reestablish key relationships and made distinct strides in improving relations with Australia, Japan, China, India and others;
- reinvigorated regional dialogue on trade, investment, terrorism, security cooperation and maritime security;

By any measure it has been a remarkably active beginning and has gone far toward locking in effective, sustainable, democratic development.

### Challenges Ahead

As impressive as this beginning has been, the long term challenges ahead are larger still. To illustrate:

- Improved organization and management in the administration, including creation of Presidential Palace coordinating mechanisms (such as national security and domestic councils) will be a must if any President of Indonesia is to govern more effectively,
- Along with better political party organization and improved staffing and organization within the Parliament itself, as well as better performance by the parliamentarians, there must be increased coordination with and lobbying of the Parliament by the administration in order to pass difficult legislation and cease reliance on overuse of Presidential decrees – the President has done well personally in persuading the DPR to raise fuel subsidies and in winning approval of the Aceh peace accord, but he cannot devote all his energy to the DPR and a large number of bills are currently languishing in the DPR’s inbox;
- Other reforms within the administration such as increased tax collection, especially from large tax payers, new tax law revision and strengthening of the commercial court will be crucial to ensure fiscal viability;
- Continued heavy emphasis needs to be placed on decentralizing and balancing the distribution of power, responsibility and fiscal capability from Jakarta to local government – an immensely complicated task;
- Capacity building among government civil servants at provincial and local government levels is needed so officials will be closer to the people and take responsibility for their actions;
- Local elections in 2005 and 2006 must be clean and well run.

These problems would be formidable enough for any new democracy to manage. But there is much more, and I would now like to turn to several major issues discussed below in greater detail, in which both the U.S. government and the Society are involved: corruption and judicial reform; security; separatism (Aceh and Papua); society and religion; and education.

### Corruption and Judicial Reform

Corruption is endemic in Indonesia – the country ranks at the bottom of Transparency International’s corruption pile – and it is universally seen at home as well as abroad as the number one problem Indonesia must overcome if it is to restore confidence in both government and business.

Obviously closely related, judicial reform along the lines of the Indonesian Supreme Court’s “blueprint” has to be implemented. Apart from the courts, reform has yet to take hold in the Justice Ministry and public prosecutor’s office, and upgrading and reform of Indonesia’s legal fraternity also still lies ahead.

SBY has made initial inroads into this problem. As noted, he required all cabinet ministers to take a pledge to conduct their affairs with integrity and to avoid corruption, collusion and nepotism (KKN). He sent special messages to key targets where corruption has been most rampant: the Attorney General’s Office, Customs and Taxation, and the Bank of Indonesia.

The Supreme Audit Agency which has had a good reputation in the past was given sweeping powers to gather facts regarding the operations of the state owned enterprises. He gave the

Corruption Eradication Commission both autonomy and special security protection in addition to which he formed a special interdepartmental corruption eradication team.

Getting down to cases the administration's prosecutions are beginning to produce results. The former governor of Aceh, Abdullah Puteh, was given a ten year sentence for misuse of state funds; the Bank Mandiri's former president was fired and has been indicted for a major loan scandal. New investigations are being mounted regularly into state owned companies as well as the activities of some 57 state officials, including governors, mayors and legislators. The former Minister of Religion is being investigated for filching \$71 million from Haj funds.

In some areas SBY has fallen short. While he retains impeccable credentials personally, his administration in the view of some failed to go after some high level people it should have, leading to the accusation that he has not come down hard enough on "the big fish." He has basically proven courageous against the scourge of corruption and he has accumulated political capital that he should put to use in this most vital cause. But follow-through will be the watchword of observers and critics in the future.

The Judiciary: All the "follow-through" in the world, however, cannot correct the corruption problem if cases can be bought off and come to naught in the courts or the prosecutors' offices. It has been said that judges have gathered to bid on cases that they believe hold potential for large pay-offs. More than any other of the three sectors of government, the Judiciary is in need of reform. Indonesia's economic, political and social strengths cannot be upgraded in the last analysis unless the courts uphold the law of the land. There are a number of reform needs:

- Judicial incompetence is both legend and intact. One reason: personnel selection is often corruption, but there is encouragement in the recent appointment of the Judicial Commission that will oversee the performance of the country's 6000 judges and recommend appointments.
- Case outcomes vary widely. An Australian girl allegedly dealing in marijuana received twenty years; Abu Bakar Basyir got less than three for his leading role in terrorism in Indonesia. Some big businessmen have gotten off scot-free even when open and shut cases are brought against them, or in some cases as some foreign investors have found big business miscreants are able to turn the tables on their accusers.
- Judges salaries are too low, and they are therefore more susceptible to bribery.
- Administration of the judiciary branch is poor. It no longer depends administratively or legally on the executive as it once did and that is certainly a step forward. Nor, however, has it been closely monitored and held accountable. There is considerable irony not to mention danger in the fact that it has become a law unto itself. Much is done behind the scenes, out of sight of potential exposure and correction. Lack of transparency, low pay, and an overall budget that is three-tenths of one percent of the entire government's budget lie at the heart of the problem. Mismanagement abounds.
- A new criminal code (some 20 years in the making) has been widely criticized for its vagueness and repressive nature with regard to press freedom. Vague definitions of

crimes, procedures and jurisdictions complicate an already overly complicated and inefficient system based to a considerable extent on old colonial laws.

The Supreme Court has a “blueprint,” a widely anticipated Judicial Commission is underway, and NGOs and outside assistance are all over the place. Yet the overall reform process promises to continue slowly at best. The way ahead is clear enough. A start has been made. But the need for more rapid implementation cries out.

The United States has a substantial role to play. First of all it is useful for the United States government and its legal profession to apply diplomatic pressure on the Indonesians when it is clear that individual Americans or corporations have been hard done by in the Indonesian courts. To avoid nationalistic backfires, it is important that to the extent possible, this be in the form of respectful assistance to those in Indonesia who are even more concerned than we about the need for corrections. Our approach should be to help Indonesians help themselves.

Apart from the diplomatic pressure in some cases that clearly go off the rails, we need to help with the reform process. Through USAID we are supporting NGOs that are providing valuable advice and inputs into the reform process. A code of legal ethics is being developed with the Assistance of the American Bar Association. Importantly, a joint working group on legal reform was announced during President Yudhoyono’s visit to Washington in May and this should bring new impetus to the overall effort. The involvement of a senior judicial official, perhaps a Supreme Court Justice, would be a welcome spur to progress.

### Defense and Security

The United States-Indonesia Society has recently produced three publications on Indonesia’s defense and security:

- *Towards a Stronger U.S.-Indonesia Security Relationship* by John Haseman and Eduardo Lachica;
- *Indonesia’s War on Terror* by William Wise
- *Indonesia and the United States, Shared Interests in Maritime Security* by Bronson Percival.

These studies point to three major conclusions:

- More effective measures to promote regional and maritime security and counter terrorism in Southeast Asia require closer United States cooperation with the armed forces and law enforcement authorities of Indonesia;
- Promoting defense reform in Indonesia requires cooperation with the Yudhoyono government, not sanctions and withholding assistance;
- There are important – indeed essential – opportunities to further cooperation and constructive relations with Indonesia to achieve human rights, professional and other reforms within the Indonesian military that many outside the Indonesian armed forces would like to see.

Supporting these conclusions is the important progress that has already been made to overcome the shortcomings and in some cases the abuses of the past.

- The military has essentially taken itself out of formal politics, although no one would deny that it still wields substantial informal political clout;
- Members of the armed forces no longer sit in Parliament as part of a special faction and active duty military officers can no longer serve in civilian government positions;
- The police (Polri) have been separated from the armed forces (TNI) and are separately under the command of the President;
- The military justice system has been placed under the civilian oversight of the Supreme Court as in the United States;
- Of great importance a recent law requires that military-run businesses be brought under full government control; a working group headed by the Defense Ministry is to recommend implementation measures to go to the President soon;
- Treasury expenditures for the TNI are now subject to prior approval by the Defense and Finance Ministries; if the TNI gives up its businesses the TNI budget will need to be doubled to \$5.6 billion;
- And consideration is being given to a long-term plan for repositioning and realigning the structure, roles and missions of the armed forces.

While reform is the focus of discussion when the subject of the military comes up, it is important to keep in mind that the military is vital not just for external defense but for the time being at least to the security and stability of the domestic scene as well. The shortcomings of democracy remain widespread. The military should be in the background and ease or be eased out gradually to avoid violence during the present institution building phase. The TNI has a long proud history; it cannot be cast over the side. Reform should zero in on a careful transition to civilian control, adequate budgets and capacity building to enable the military to play the professional, non military role many of its best officers see in its future.

Co-equal with reform of the TNI and closely linked to the reform in the judiciary branch is capacity-building for the police. Necessary measures identified in the USINDO studies include:

- At least a doubling of police forces close to United Nations standards to perform community policing and basic local security functions;
- Improvements in salaries, training and living conditions as a disincentive for corruption – a major problem in the police.
- Emphasis on upper level management.
- Improvements in Police intelligence and coordination with other law enforcement authorities, particularly relating to counter terrorism and internal security.

To help ensure success in this area, Indonesia is blessed with moderate reform-minded leaders. First, SBY himself a former General who has been known as a reformer and who has placed other moderates at the top levels of the armed forces, while supporting the General Endriartono Sutarto, who has taken a strong non-political stance, as his senior military

Commander. Then there is Defense Minister Juwono Sudarsono who is the best possible leader to begin to assert the necessary civilian leadership in the defense sector.

Reform of the military and the police will take a long time as the military's presumption of power in domestic terms has existed for a long time; moreover it will take time to bring the police up to standard, ready to take over. But we should not wait for some ideal to emerge. Now is the time that United States assistance will have the most impact on the reform process.

Against this background there are many opportunities for the United States and other donors to assist with professional training, defense management, improvements in command and control and establishment of a national security or defense council and staffing in the office of the President. Through IMET and FMF and police assistance we can help the trustworthy defense leadership of Indonesia to make the changes we would like to see. By continuing to stiff them we will only frustrate and eventually alienate them.

Juwono Sudarsono had good bilateral defense talks with our administration in early August. Congress should join the effort to further cooperation, not impose further restrictions.

#### Separatism: Aceh

Indonesia has long been bedeviled by threats of separatism and separatist forces in Aceh and Papua. While prepared to make concessions in the form of greater autonomy, the national government has always seen a united Indonesia as vital to its interests. Fearful not only of losing control of these important provinces but of the centrifugal effect the losses would have elsewhere in the country, Indonesia has resisted the separatist movements zealously, and the United States instructed by its own history, along with many other nations, has supported this position.

An insurgency was underway for many years in Aceh where tens of thousands of people have been killed. The TNI has been in the vanguard of the effort to quell rebellion and has among other things developed major vested interests in illegal logging and other ventures in the province. Many among the resistance have had vested interests of their own, so the antagonists became locked in struggle despite central government efforts to reach accord.

Ironically, it took disaster to engender peace. The tsunami that struck Aceh and killed well over 100,000 people has had a beneficial effect on the conflict in that province and an agreement has been reached that will call for careful monitoring and nurturing but holds genuine promise. Under a balanced set of compromises, the GAM gives up its guns and the TNI leaves the province, while the province achieves autonomous status but remains a province within Indonesia. The agreement will take careful monitoring. The government will face challenges from nationalists who believe it was too generous with the GAM and from the Acehnese people who do not yet fully understand the terms. The popular view favors peace. But implementation will be as large a determinant of success as the initial agreement. We should strongly encourage positive resolution of problems and a lasting peace settlement wherever appropriate.

The challenge now to use the phrase of Sidney Jones is “to shift from bullet to ballot”.

The tsunami has opened the way to unprecedented public and private assistance from the United States, other nations, and world organizations. The outpouring of our aid, particularly our military’s emergency role in the early post disaster period, has helped repair the United States’ tarnished image throughout Indonesia.

Acehnese reconstruction in general is encouraging. While it got off to a slow start, USINDO President Al La Porta just back from the province reports major progress. Housing construction is now rapid, most people are out of tents, local mosques and schools are being rehabilitated, land issues are being sorted out, commercial activity is on the rebound.

The task now is twofold: to reconstruct Aceh’s settlements and livelihoods and consistent with the new agreement and prospects for economic growth to reorient the province from south to north, rebuilding the entrepots in Banda Aceh and on Sabang Island. There is also a need to upgrade the east coast highway as well as an internal road networks and many other infrastructure components. GAM fighters and victims of the past fighting need resettlement assistance. According to political observers, GAM candidates are unlikely to capture a single county-level government, but the elections rightly should involve ex GAM fighters to give them a political outlet for their needs and demands.

USINDO has played a small but we believe effective role directing its own assistance efforts to rebuilding a small component of the Aceh educational system. Agreements have just been concluded for USINDO to build a new model high school on the campus of Syiah Kuala University in Banda Aceh to meet local community need as well as provide a training facility for new teachers. We are cooperating with the Sampoerna Foundation of Jakarta as well as USAID and hope that the model school buildings will be opened a year from now. We have received generous donations from the corporate sector as well as private individuals and school children. An elementary school walkathon in New York raised \$10,000.

On the larger front the continuing assistance of the United States as well as other donors will be needed for years to come. We have done well so far. The new west coast road will make a major contribution as will community development, teacher training, and schools management. United States help in police training will help replace the roughly 2000 police lost in the disaster, and further avenues of U.S. assistance should be considered to support the Asean Monitoring Mission, or AMM, that is led by the European Union (EU) and ASEAN countries. Consideration should also be given to resettlement assistance, perhaps through the International Organization of Migration (IOM), which is working closely with the Aceh Reconstruction Authority (BRR).

Beyond these efforts we need to continue to work closely with other donors, principally including the World Bank, which is in charge of donor coordination as well as the Consultative Group for Indonesia to ensure there is long term support in that quarter for Aceh.

Separatism: Papua



The conflict in Aceh and more recently the peace accord with the GAM have won more publicity in recent years in the west than the challenge Indonesia faces with Papua, nevertheless the Papuan problem could in the end prove more difficult to resolve if it is not managed correctly.

A key fact underlying this conclusion, all too little understood outside Indonesia, is that there are more Melanesians in the eastern islands of Indonesia than in Melanesia itself. Multi-ethnicity exacerbates the separatist tension that Indonesia is bound and determined to overcome.

The history of Papua's incorporation into Indonesia is unique. A resource rich area with a population of 2.3 million, roughly 40% of whom come from other parts of Indonesia, Papua originally remained under the Dutch after Indonesia won its sovereignty in 1949. However, in 1962 partly in response to heavy United States pressure, the Dutch gave up control, the United Nations took over briefly, then Papua became part of Indonesia, with the caveat that there be a confirming act of free choice.

In the event, the act of free choice involved selected tribal leaders who voted unanimously for incorporation, and it has always been controversial. The origins of Papua's incorporation, unfair return of the income from Papuan natural resources and repression of the Papuan people have fueled a separatist movement involving a small number of rag-tag militants, (the OPM), but a far larger group of pro-independence, nationalist and opportunistic supporters. The fact that rival groups claim to speak for all of the people will make final settlement more difficult.

A special autonomy law was passed in 2003 but because of deep seated mistrust and lack of Papuan capacity, progress toward this sensible goal has been halting at best. Subsequently, the government in Jakarta announced its intention to divide Papua into three parts, but this transparent effort to weaken separatist strength was strongly opposed by the local population, and President Megawati's decree was suspended.

Most recently in June the House of Representatives international relations committee inserted language in a State Department authorization bill questioning the circumstances of Papua's integration into Indonesia and this has angered many Indonesians. In a pointed rejoinder, one Indonesian colleague suggested to Stanley Weiss, a long-time observer of Indonesian affairs, that the Indonesian "parliament revisit the Cherokee Indian nation's 'integration' with the United States."

The United States has played an important role in the past in trying to help resolve difference over Papua's relationship with Indonesia. As in the case of Aceh, the centerpiece of our position has been to firmly support continued integration of the province within Indonesia. We should just as firmly reiterate that position.

In addition, we should help SBY to move forward toward his announced pledge to negotiate implementation of the existing special autonomy law, with additional provisions as necessary. The United States should provide assistance for development, local government capacity

building and civil society in Papua. Assistance to education should be high on our agenda in Papua as elsewhere in Indonesia (see below). We also need to improve explanations of U.S. administration and congressional positions vis-à-vis Papua in Indonesia where the policy distinctions are not so apparent. The formation of a new United States-Indonesian working party in the Indonesian Parliament (DPR) on September 5, which a USINDO officer attended, as well as a high level Papua Forum in Indonesia may also provide opportunities for improving mutual understanding on this crucial issue of importance to Indonesian national integrity.

### Indonesia's Moderate Islam

Despite expressed concerns in some quarters, the weight of evidence supports the conclusion that Islam in Indonesia continues the historical trend and in the main remains moderate. Surveys conducted by the Center for the Study of Islam and Society show a rising level of Islamic consciousness and piety; they do not confirm a concomitant rise in radicalism, according to leading Australian Islamic scholar, Greg Fealy, as well as a large number of other scholars both inside and outside Indonesia.

It is true that substantial percentages of survey respondent appear to support various aspects of shariah law, however, there is little actual practice of extreme forms of shariah in Indonesia and only a small percentage continue to favor shariah police which would be necessary to enforce the law. The PPIM results says Fealy, are significant in that they show a rising Islamic consciousness and shariah-mindedness. They indicate a continuing Islamisation within society and culture. But they do not necessarily show growing or increasingly radical Islamic politics.

Some read disturbing signs in the increased vote for Islamist parties, e.g. the more radical Islamic oriented parties favoring the introduction of shariah law. The Islamist vote in 1999 was 16% and increased in 2004 to 21%. But this rise was very largely due to a five percent increase in votes for the Justice and Prosperity Party (PKS). And it is generally agreed that the PKS success was largely due in turn to the party's clean image and organizational ability. Most believe it will be very difficult for the PKS to expand its reach further without moderating the more radical religious elements of its platform.

It is useful also to recall that a radical Islamist bloc in the parliament tried in 2002 to pass legislation to make it compulsory to follow shariah, but found so little support they withdrew it.

In the immediate post Suharto era there was a rapid spread of radical Islamist groups, but since then the trend has really been in reverse. Violent extremist groups such as Laskar Jihad are now largely defunct, but the Islamic Defenders Front (FPI) and the Indonesian Mujahidin Council (MMI) still attract hardline fringe support. Furthermore, Jemaah Islamiyah, the extremist group linked to Al Qaeda which is responsible for the bombings in Indonesia, continues to exist and its members can be expected to attempt future terrorist acts. No question they are dangerous. It is notable, however, that the bombings that occurred in Bali

and at the Marriott Hotel and in front of the Australian Embassy in Jakarta have turned the population at large away from violent extremism.

In sum, the continuing overall moderate nature of Indonesian Islam supports the conclusion that it is and will continue to prove to be fully compatible with Indonesia's nascent democracy. That is decidedly good news. Debate on Islam will continue but that is to be encouraged so that new ideas and political organizations compatible with the view of the diverse Indonesian people can emerge.

To be sure intra communal conflict caused by political, economic, ethnic as well as religious differences will continue and will have to be contained. SBY's government is dedicated however, to resolving conflict wherever it springs up and to furtherance of a moderate, multi-religious and multi-ethnic society. These are goals which the United States with its own diverse heritage is in a unique position to understand and to encourage. We should do all we reasonable can to do so.

### Education

USINDO officers have previously testified before Congress about the importance of human resource development to strengthen U.S.-Indonesian relations. As Indonesian universities undergo the transition toward greater self-sufficiency and less government control, many needs but also many opportunities for assistance and beneficial relationships are becoming apparent. In the report of the commission on strengthening United-States-Indonesian relations led by George Shultz and Lee Hamilton observed in late 2003, there is a pressing need to restore the close relationships that existed between the educational institutions of our two countries as existed in the 1970's and 1980's when United States assistance programs were better funded and centered on a web of university-level collaborations. Reductions in United States development assistance, public diplomacy initiatives and other programs in the 1990's have taken their toll. President Bush's initiative to channel \$157 million into basic education over the next 6 years is an excellent start, but United States assistance should be expanded to the university level. It is in tertiary education that our country can make strong contributions to Indonesia's continued development.

For the past two years, USINDO has been working with the Indonesian Embassy in Washington, the Directorate General of Higher Education of the Ministry of National Education, and a broad spectrum of Indonesian public and private universities on a package of proposals to meet the expressed needs of the tertiary institutions themselves. A conference held in Jakarta in March of this year identified four main initiatives which we are pursuing:

- The creation of up to 40 new Centers of Excellence and 400 new PhD's to improve first-class academic research and teaching capabilities. The U.S. Department of State has committed to train 100 new PhD's in 10 centers of excellence under the Fulbright program as part of this Presidential Scholars Initiative. These initial Centers of Excellence, moreover, would be linked with United States counterpart universities to promote faculty and other exchanges. We are also working with the World Bank to enlist other national contributions toward these same objectives,

coordinate the program, and sponsor pre-matriculation training in English and academic skills.

- A new teachers training project, being formulated by a joint Indonesian-American consortium led by Ohio State University, is identifying pressing needs to upgrade the skills, including English teaching, of Indonesian university instructors. Current thinking is to point this skills modernization toward the certification of university level teachers.
- A similar project aimed at improving university management is to be developed under a joint consortium arrangement led by the University of Pittsburgh.
- Three initiatives in the educational technology field:
  - Creation of a nationwide and affordable Internet system open to public and private universities to expand research and other capabilities. This project is to be developed under a public-private enterprise umbrella by U.S. and Indonesian technology providers.
  - The development of Indonesia-specific software in the national language by U.S. companies in partnership with Indonesian universities.
  - The establishment of an interactive web site, hosted by USINDO in cooperation with the University of Indonesia, to facilitate communication and knowledge sharing between researchers and universities on both sides of the Pacific.

USINDO is not a development assistance provider, nor are we highly expert educators, but we are trying to play a project incubation role in order to focus the university communities in both countries on common goals, supported by their respective private sectors. The World Bank and other multilateral institutions, along with U.S. foundations, are potential facilitators of these projects. We are pleased that there is excellent support for these innovative approaches on the Indonesian side, aimed especially at improving the commitment of tertiary institutions to move ahead in highly selective areas.

In conclusion, Madam Chairman, we believe that the advancement of Indonesian higher education and re-forging linkages with American colleges and universities offer an excellent opportunity to strengthen the modernist and moderate interests of the coming generations of Indonesians. As a small organization we in USINDO cannot claim too much, but we hope to work with the United States Government through Fulbright and USAID programs, as well as with multilateral institutions and other donors to help Indonesian academic institutions to increase their capabilities.