Security Issues and Economic Activities in Indonesia’s Border Areas

Justin Hastings
Sam Nunn School of International Affairs
Georgia Institute of Technology

LPEM-ANU Kelompok Diskusi Sore Hari
29 July 2010
Question

How is terrorism related to Indonesia’s economic development?
Basic argument

• Security issues (terrorism) are connected to economic development through illicit activities (smuggling/piracy)
  – Terrorists use same networks and infrastructure as for *economically valuable* illicit activities

• Result
  – Cracking down on terrorism → harms economic development in border areas
  – Encouraging economic development in border areas → encourages terrorist operations
Presentation outline

1. Introduction
2. Terrorism and maritime piracy in Indonesia
3. Batam, terrorism, and illicit activities
4. Conclusions and policy implications
Crime-terrorism nexus?

Terrorists

Cooperation

Pirates/Smugglers
Crime-terrorism nexus?

- Shared Infrastructure/Networks
- Terrorists
- Pirates/Smugglers
Illicit activities in border areas

Prior Conditions
- Social networks
- Trade networks
- Political geography of the border

Illicit activities
- Illicit networks
- Routes

Outcomes
- Maritime piracy
- Smuggling
Illicit activities in border areas

Prior Conditions
- Social networks
- Trade networks
- Political geography of the border

Illicit activities
- Illicit networks
- Routes

Outcomes
- Maritime piracy
- Smuggling

Terrorist Cells
Jemaah Islamiyah (JI) timeline

- 1970s – Abdullah Sungkar and Abu Bakar Ba’asyir part of Komando Jihad, Darul Islam
- 1985 – AS and ABB flee to Malaysia
- 1986 – AS sends first recruits to Afghanistan
- 1993 – JI splits off from Darul Islam
- 1997 – JI trains recruits in the Philippines
- 1999 – AS and ABB return to Indonesia
- 2000 – Christmas Eve bombings
Jemaah Islamiyah (JI) timeline

- 2001 – Singapore bombing plots
- 2002 – First Bali bombing
- 2003 – Marriott bombing
- 2004 – Australian embassy bombing
- 2005 – Second Bali bombings
- 2005 – Death of Dr. Azhari bin Husin
- 2009 – Second Marriott/Ritz Carlton bombing
- 2009 – Death of Noordin Top
Clusters of piracy and terrorism
JI smuggling routes
Batam illicit activities: Underlying factors

- Cross-border social networks
- Cross-border trade networks
- Special economic zone
- Port and airport infrastructure
- Proximity to more developed economies
- Technological infrastructure
Bahars hijacking incident (Batam, 2005)

Planning
• Transportation: Ferries for planners
• Social: Recruiting pirates, obtaining weapons
• Economic: Obtaining a pirate ship

Attack
• Transportation: Base for the pirate ship
• Social/Economic: Intelligence on the target ship

Disposal
• Social/Economic: Finding a buyer for the ships and cargo (Singapore, Indonesia, Thailand)

Enforcement
• Technological: mobile phone networks
Illicit activities in Batam

Smuggling

Economic development

- Economic infrastructure
- Transportation infrastructure
- Cross-border social/trade networks
- Technological infrastructure

Terrorist Cell
Policy implications

Illicit activities

Terrorism  ↔  Economic development
Policy implications

• What would help?
  – With regard to economic activities
    • Decrease the transaction costs associated with formal cross-border trade
    • Decrease tariffs on predominant smuggled goods in a given area
    • Formalize gray market trade based on traditional cross-border social and trade networks
  – With regard to security issues
    • Evaluate extent to which terrorist cell is embedded in local political and economic networks → surgical crackdown