1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: SULLEN RESENTMENT HAS REPEATEDLY FLARED INTO VIOLENCE SINCE MARCH 1989 IN NORTH ACEH, HOME TO A MORE THAN USD 5 BILLION NATURAL GAS-BASED INDUSTRIAL COMPLEX. LATEST ON THE LIST OF INCIDENTS ARE A RIOT, THE MURDER OF A SOLDIER, AND THE FIRE BOMBING OF A GOVERNMENT COMPLEX. OVER THE PAST DECADE, RESENTMENT OF AN ANNUAL TRANSFER OF ABOUT USD 1 BILLION CONFIDENTIAL

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TO JAKARTA'S COFFERS AND, APPARENTLY, OF A VIRTUAL LOCK ON LOCAL MANAGEMENT POSITIONS BY NON-ACEHNESI INDONESIANS HAS FUELED TRADITIONAL ACEHNESI ISLAMIC FEVER AND XENOPHOBIA. THE DISMISSAL, WITH THE COMPLETION OF SEVERAL MAJOR PROJECTS

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A JOHNSTON
DATE/CASE ID: 14 JUL 2005  200502290

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IN 1988, OF THOUSANDS OF LOCAL WORKERS HAS FURTHER HEIGHTENED SOCIAL-ECONOMIC TENSIONS. JAKARTA HAS RESPONDED WITH A MIXTURE OF REPRESSION AND ACCOMODATION, BUT NO ADDITIONAL FUNDS. THERE IS NO EVIDENCE THAT THE CURRENT OUTBREAK OF VIOLENCE REFLECTS A COORDINATED CAMPAIGN OF ORGANIZED RESISTANCE, NOR ARE THERE INDICATIONS THAT LOCAL BITTERNESS IS DIRECTED TOWARDS WESTERNERS. END SUMMARY.

3. STRETCHED ALONG THE COAST OF THE MALACCA STRAIT, NEXT TO THE TOWN OF LHOKSEUMAWE, CAPITAL OF THE KABUPATEN (DISTRICT) OF NORTH ACEH, IS A MAJOR INDUSTRIAL COMPLEX. CONSTRUCTED SINCE MOBIL OIL DISCOVERED THE ARUN NATURAL GAS FIELD IN 1971, IT INCLUDES THE WORLD'S LARGEST LIQUIFIED NATURAL GAS (LNG) PLANT, WHICH ALSO PRODUCES CONDENSATE AND LIQUIFIED PETROLEUM GAS (LPG); TWO OF INDONESIA'S LARGEST FERTILIZER PLANTS; AND INDONESIA'S LARGEST PAPER MILL. NORTH ACEH'S POPULATION HAS JUMPED SINCE 1974 FROM ABOUT 490,000 TO MORE THAN 800,000. INTO THIS PREVIOUSLY BACKWARD AGRICULTURAL AREA HAVE FLOODED HUNDREDS OF THOUSANDS OF ACEHNSE AND A FEW THOUSAND ETHNIC JAVANESE, BATAK, AND EXPATRIATE TECHNICIANS AND MANAGERS.

INCIDENTS IN THE FIRST HALF OF 1989:

4. SINCE MARCH 1989, UNREST HAS PICKED UP STEAM IN THIS STRATEGIC AREA, WHICH GENERATES ABOUT FIVE PERCENT OF INDONESIA'S GNP. INCIDENTS EARLIER THIS YEAR INCLUDE:

-- MARCH 10: ABOUT 8,000 PEOPLE RIOT IN LHOKSEUMAWE WHEN DENIED ADMISSION TO A CIRCUS, SETTING FIRE TO TRUCKS AND CONFIDENTIAL

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OTHER CIRCUS VEHICLES. ORDER IS RESTORED AFTER THREE PLATOONS OF SOLDIERS, FIRING THEIR WEAPONS IN THE AIR, ARRIVE AT THE SCENE.

-- MARCH 16: DESPITE EFFORTS BY LOCAL SECURITY FORCES TO BLOCK THE ENTRANCE OF YOUNG ACEHNSE INTO LHOKSEUMAWE, HUNDREDS OF STUDENTS ATTEMPT TO ATTACK LHOKSEUMAWE'S CIVIL REGISTRY OVER THE ALLEGED ISSUANCE OF BIRTH CERTIFICATES INTENDED FOR CHRISTIANS TO MUSLIMS. ACCORDING TO THE INDONESIAN MAGAZINE "TEMPO" (INDONESIA'S VERSION OF TIME) ARMED POLICE AND SOLDIERS WERE COMMITTED TO ENSURING ORDER AND SECURITY UNITS CONTINUED TO PATROL THE TOWN FOR SEVERAL DAYS AFTER THE INCIDENT.

-- LATE MARCH: ARSONISTS REPORTEDLY BURN SUGARCANE FIELDS
ON A GOVERNMENT-OWNED PLATATION.

-- APRIL 1: THE HEAD OF NORTH ACEH'S GOVERNMENT ELECTRICITY BOARD ADMITS THAT FREQUENT LOCAL BLACKOUTS ARE DUE TO "SABOTAGE" OF THE POWER DISTRIBUTION SYSTEM.

-- MAY 20: INDONESIAN MILITARY RETURNS SEVERAL ACEHNESNE ARRESTED IN MEDAN TO LHOKSEUMAWE IN CHAINS, INFORMATION AVAILABLE.

-- EARLY SUMMER: ARSON IS SUSPECTED AT ONE OF THE LARGE FERTILIZER PLANTS, ACCORDING TO SINGAPORE CONSUL (PROTECT) IN MEDAN. ACEHNESNE WORKERS LEAVE THE PLANT BEFORE THE DANGEROUS FIRE STARTS.

RECENT INCIDENTS:

5. AFTER A RELATIVE LULL THIS SUMMER, THE LHOKSEUMAWE AREA EXPLODED WITH A RIOT, THE ASSASINATION OF A SOLDIER, AND A FIRE BOMBING IN LATE SEPTEMBER. FIRST ON THE LIST WAS A

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SUBJECT: NORTH ACEH: SPARKS IN THE GAS FIELDS.

SEPTEMBER 20 RIOT (REF B) IN WHICH AT LEAST SEVERAL HUNDRED ACEHNESSE DROVE NATIONALLY-KNOWN SINGER DINA MARIANA FROM HER STAGE, BURNED A TRUCK AND HER BAND'S EQUIPMENT, AND THEN ATTACKED AND DESTROYED A POLICE STATION APPROXIMATELY 500 METERS FROM THE CONCERT. TOLD PRINCIPAL OFFICER (P.O.) A FEW DAYS LATER THAT THE RIOT WAS THE RESULT OF AN EVER-VOLATILE ACEHNESSE CROWD EXPLODING WHEN PART OF THE AUDIENCE WAS DENIED ENTRANCE UNTIL SHORTLY BEFORE THE SINGER COMPLETED HER PERFORMANCE. ON OCTOBER 10, COMPARED THIS RIOT TO ONE THAT TOOK PLACE AT A MICK JAGGER CONCERT IN JAKARTA SEVERAL YEARS AGO.

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ASSURED P.O. ON OCTOBER 11 THAT THE RIOT WAS A "SPONTANEOUS EXPLOSION OF FRUSTRATION". HOWEVER, ACKNOWLEDGED PRIVATELY THAT NINE ACEHNESSE REMAIN UNDER DETENTION IN CONNECTION WITH THE RIOT. THEIR LINKS WITH THE ACEH MERDEKA (ACEH INDEPENDENCE) MOVEMENT ARE BEING INVESTIGATED.

IN THIS BUILDING WERE PERMITTED TO ESCAPE AND THEN PREVENT THE FIRE FROM SPREADING TO THE OTHER BUILDINGS IN THE COMPLEX. COMMAND HAS NOW LEARNED THAT THESE WERE SEVERAL

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"BAD APPLES" AMONG THE GOVERNMENT EMPLOYEES AT THIS COMPLEX. AS THERE WERE NO FATALITIES, THE BAYU INCIDENT IS BEING INTERPRETED PRIMARILY AS A WARNING TO ISOLATED VULNERABLE KORAMILS.


GOVERNMENT REACTION:

8. KODAM I, RESPONSIBLE FOR THE FOUR NORTHERN PROVINCES OF SUMATRA, HAS REACTED VIGOROUSLY TO RECENT INCIDENTS WHILE CONFIDENTIAL

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SEEKING TO AVOID WIDESPREAD DETENTIONS WHICH MIGHT PROVOKE MORE RESISTANCE. IN JUNE, THE GOI TRANSFERED COL. SUFFIAN, FROM THE ELITE RED BERETS IN JAKARTA, TO COMMAND THE NORTH ACEH KOREM. IN RESPONSE TO THE BAYU AND ARMY POST INCIDENTS, THE MILITARY AND POLICE RAPIDLY BLOCKED THE ROADS LINKING

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R 310530Z OCT 89
FM AMCONSUL MEDAN
TO SECSTATE WASHDC 4209
INFO AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMCONSUL SURABAYA
USCINCPAC HONOLULU HI 0009
C O N F I D E N T I A L

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CINCPAC ALSO FOR FPA.
E.O. 12356: DECL: OADR
TAGS: PGOV, PINS, ECON, ID
SUBJECT: NORTH ACEH: SPARKS IN THE GAS FIELDS.

LHOKSEUMAWE WITH MEDAN AND BANDA ACEH, SEARCHING VEHICLES
UNDER THE GUISE OF AN ANTI-NARCOTICS CAMPAIGN. THE KODAM
IS ALSO BELIEVED TO HAVE RUSHED 170 EXTRA SOLDIERS TO
LHOKSEUMAWE FROM MEDAN AND DISPACHED 40 RED BERET TROOPS
FROM JAKARTA. ACCORDING TO SEVERAL SOURCES, DURING THE LAST
WEEK OF SEPTEMBER LHOKSEUMAWE HAD THE APPEARANCE AND FEEL
OF A TOWN UNDER OCCUPATION. NONE OF OUR SOURCES COULD RECALL
SUCH A STRONG REACTION SINCE REMNANTS OF THE HASAN TIRO
FACTION OF THE ACEH MERDEKA MOVEMENT WERE CAPTURED IN 1982.
ON OCTOBER 6, DEPUTY ARMY COMMANDER GENERAL RAJAGUGUK VISITED
LHOKSEUMAWE TO REVIEW THE SECURITY SITUATION AND PREPARATION
FOR PRESIDENT SOEHARTO'S NOVEMBER 11 VISIT TO FORMALLY OPEN
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THE NEW P.T. KERTAS KRAFT ACEH PAPER MILL.

CAUSES:
9. RESENTMENT PUNCTUATED BY OCCASIONAL VIOLENCE IN NORTH ACEH
IS USUALLY ASCRIBED EITHER TO POLITICAL RELIGIOUS FACTORS,
SUCH AS A RESURGENCE OF THE ACEH LIBERATION MOVEMENT (ACEH

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10. Aceh has been Indonesia's most fervently Islamic and rebellious area for more than a century. The 1950s rebellion ended when Jakarta agreed that Aceh would become a separate province retaining undefined "special rights" in the application of Islamic law, in education, and in the preservation of its culture. Nonetheless, the Hasan Tiro faction of the Aceh Merdeka movement renewed the revolt in 1976. This faction, which assassinated a mobil employee in 1977, was suppressed in 1982 when most of the "ministers" of the separatist "government" were killed and Hasan Tiro fled abroad. Both said the Hasan Tiro faction now includes no more than 15 older activists in the jungle-covered hills and a few refugees in Switzerland.

11. The dream of a independent, Islamic, and potentially wealthy Aceh, however, never died. A faction described Aceh Merdeka as a rallying cry that still compels Acehnese to "stand up and follow". Its emotional power remains not only because Acehnese want independence, but because it draws on a deep longing for an Islamic state. However, in the view, Acehnese of North Aceh long for an ideal that they "don't really understand. To them it means imposing Islamic law, banning alcohol, and kicking out foreigners". An admitted that claiming to support Aceh Merdeka gives confidential.

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Dissidents "an extra point", but that's all. He insisted to P.O. that no connection has been found between an organized Aceh Merdeka movement and the recent violence in North Aceh.

12. Another explanation, recently advanced by "Tempo", attributes unrest in North Aceh to envy or jealousy (kecemburuan) on the part of Acehnese. This theme emphasizes the benefits of industrialization and ascribes a local revival of interest in Islam and social tensions among ethnic groups to unreasoning envy on the part of uneducated, unskilled, and backward Acehnese suddenly confronted with the modern world.

13. However, argued that envy is not a sufficient explanation for the bitterness in his district. Instead, a stew of dissatisfaction, composed of several ingredients, simmers in the coffeehouses and occasionally comes to a boil when provoked by seemingly minor incidents.
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THE FIRST INGREDIENT IS ALLEGED WIDESPREAD RESENTMENT OF THE GAP BETWEEN NORTH ACEH’S CONTRIBUTION TO THE NATIONAL COFFERS AND THE FUNDS IT RECEIVES BACK FROM JAKARTA DEVELOPMENT. ALTHOUGH THESE CALCULATIONS ARE COMPLICATED, WE ESTIMATE THAT NORTH ACEH, FROM GAS, CONDENSATE, AND LPG, PROVIDES THE GOI WITH ALMOST USD 1 BILLION ANNUALLY IN BUDGET REVENUES, OF WHICH IT RECEIVES IN RETURN, ACCORDING TO ABOUT USD 6 MILLION, OR LESS THAN ONE PERCENT. THE SENSE THAT THIS DISTRICT PAYS AN UNEVEN PART OF THE NATION’S BILLS MAY BE HEIGHTENED IN SUBSISTENCE FARMERS, STILL THE MAJORITY OF THE LOCAL POPULATION, WHO BADLY NEED IMPROVEMENTS IN THEIR LOCAL IRRIGATION AND DRAINAGE SYSTEMS.


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CAN Seldom COMPETE SUCCESSFULLY WITH OUTSIDE LABOR FOR MORE TECHNICALLY DEMANDING INDUSTRIAL JOBS IS WIDELY ACKNOWLEDGED. WHAT IS MORE CONTROVERSIAL IS THE SUSPICION OF LOCALS THAT EVEN WHEN PREPARED TO JETISON THE PASTORAL AND ACCEPT THE DISCIPLINE OF FACTORY LIFE, IT IS THE ACEHNESSE THAT ARE THE
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ACTION EAP-00

INFO   LOG-00   ADS-00   AID-00   INR-07   SS-00   CIAE-00   EB-00
DODE-00  H-01   NSCE-00  NSAE-00  COME-00  HA-09   L-03
LAB-04  TRSE-00  PM-10   PA-01   OMB-01  SIL-01  INRE-00
USIE-00  SP-02  DOE-00  SNP-01   PRS-01  DS-01  SCT-03
 P-02   T-01   /048 W

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R 310530Z OCT 89
FM AMCONSUL MEDAN
TO SEASTATE WASHDC 4210
INFO AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMCONSUL SURABAYA
USCINCPAC HONOLULU HI 0010

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E.O. 12356:  DECL:  OADR:
TAGS:  PGOV, PINS, ECON, ID
SUBJECT:  NORTH ACEH:  SPARKS IN THE GAS FIELDS.
LAST HIRED AND THE FIRST FIRED. A STATISTICAL BREAKDOWN
RELATING TYPE OF EMPLOYMENT TO ETHNICITY IS NOT AVAILABLE.
WE DO KNOW THAT AT P.T. ARUN, WHICH ADMINISTERS THE
LNG/LPG/CONDENSATE PLANT, ABOUT 70.5 PERCENT OF THE EMPLOYEES
ARE ACEHNESSE AND ABOUT 37.8 PERCENT FROM THE DISTRICT
DISTRICT OF NORTH ACEH. MOBIL ESTIMATES ITS
WORKFORCE AS ABOUT 85 PERCENT ACEHNESSE. AT THE P.T.
ISKANDAR MUDA FERTILIZER PLANT, 53.6 PERCENT ARE
ACEHNESSE, BUT ONLY 14.6 PERCENT FROM THE DISTRICT.
PLANT MANAGERS DECLINED TO PROVIDE P.O. WITH INFORMATION ON
THE NUMBERS OF ACEHNESSE EMPLOYED AS MANAGERS, THOUGH IT WAS
WIDELY ACKNOWLEDGED THAT THEY ARE FEW AND FAR BETWEEN. ONE
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MANAGER INFORMED P.O. THAT P.T. ARUN HAS A SPECIAL TRAINING
PROGRAM FOR FUTURE ACEHNESSE MANAGERS, IN WHICH TEN HAD SO FAR
BEEN ENROLLED AND THREE GRADUATED TO RESPONSIBLE POSITIONS IN A
COMPANY WITH 1900 EMPLOYEES.

15. THE THIRD INGREDIENT, WHICH MAY HAVE FINALLY SPOILED
THE STEW, IS RECENT UNEMPLOYMENT. IN THE PAST DECADE
THOUSANDS OF LABORERS HAVE BECOME ACCUSTOMED TO STEADY
WORK CONSTRUCTING NORTH ACEH'S NEW INDUSTRIAL PLANTS.
HOWEVER, WITH THE COMPLETION LAST YEAR OF CONSTRUCTION OF THE
LPG ADDITION TO THE LNG PLANT AND OF THE P.T. KERTAS KRAFT
ACEH PAPER PLANT, AS WELL AS A CUTBACK IN SEISMIC EXPLORATION
(WHICH REQUIRES NEW ROADS, ETC.), OPPORTUNITIES FOR SEMI-SKILLED
AND UNSKILLED LABOR HAVE APPARENTLY ALL BUT VANISHED.
ADDING UP THE FIGURES, IT APPEARS THAT PERHAPS 10,000 PEOPLE
WERE LAID OFF IN 1988. AND, BECAUSE CONSTRUCTION OF THE
INDUSTRIAL PLANTS OVER THE PAST DECADE HAS HAD LITTLE "SPIN-OFF"
EFFECT IN CREATING LOCAL SERVICE INDUSTRIES,
THERE APPEARS TO BE LITTLE CUSHION FOR THE NEWLY UNEMPLOYED.

16. COMMENT: THE CENTRAL GOVERNMENT IN JAKARTA, IN
COOPERATION WITH FOREIGN CONTRACTORS, HAS BUILT AN IMPRESSIVE
AND PROFITABLE INDUSTRIAL COMPLEX AND ASSOCIATED INFRASTRUCTURE
IN A FORMERLY BACKWARD DISTRICT OF INDONESIA'S MOST
TRADITIONALLY REBELLIOUS PROVINCE. NEW COMPANIES HAVE
PROVIDED NEW ECONOMIC OPPORTUNITIES TO THOUSANDS OF ACEHNESSE
AND (PARTICULARLY MOBIL) CONTRIBUTED TO THE CONSTRUCTION OF
NEW MOSQUES, SCHOOLS, AND OTHER INSTITUTIONS. IN THE PROCESS,
HOWEVER, NEWLY-FORMED CLASS DISTINCTIONS APPEAR TO HAVE
EMERGED WHICH MAY AGGRAVATE OLD ETHNIC TENSIONS, WITH WELL
HEELED, PRIMARILY NON-ACEHNESSE MANAGERS EXPORTING BILLIONS
IN PROFITS TO THE CENTER. JAKARTA HAS RELEASED STEAM FROM
THE BOILING POT THROUGH THE APPOINTMENT OF TRUSTED AND
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IT HAS ALSO
REFRAINED FROM INCREASING THE FLAME BY MASS ARRESTS. BUT
IT HAS NOT BEEN PREPARED TO TURN DOWN THE FLAME BY ALLOCATING
ADDITIONAL FUNDS SPECIFICALLY TARGETED AT DAMPENING THE
FRUSTRATIONS OF LOCAL ACEHNES. JAKARTA SEEMS ABLE TO LIVE
WITH THIS TENSION, AND OCCASIONAL OUTBREAKS OF VIOLENCE, WHICH
WE BELIEVE UNLIKELY TO SPREAD RAPIDLY INTO MORE TRADITIONAL
AGRICULTURAL AREAS OF ACEH. BUT IT MAY BE LESS COSTLY IN THE
LONG RUN, PARTICULARLY IF THE APPARENTLY POORLY ORGANIZED
LOCAL RESISTANCE FINDS NEW LEADERSHIP AND BEGINS TO TARGET
VULNERABLE NATURAL GAS FACILITIES, TO CHANNEL AND PARTIALLY
ALLEViate LOCAL DISSATISFACTION THROUGH GREATER ATTENTION
TO THE PROBLEMS THAT CONFRONT THE ACEHNES.

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