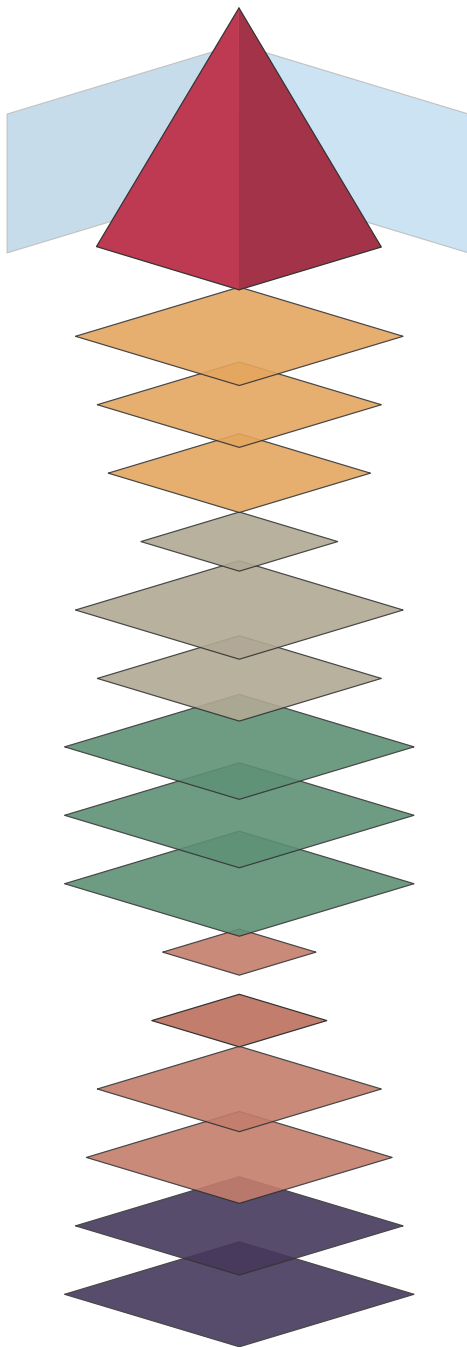



 **INDONESIA**



 **6.85**
CRIMINALITY SCORE
20th of 193 countries
8th of 46 Asian countries
2nd of 11 South-Eastern Asian countries

 **CRIMINAL MARKETS** **6.60**

HUMAN TRAFFICKING	7.50
HUMAN SMUGGLING	6.50
EXTORTION & PROTECTION RACKETEERING	6.00
ARMS TRAFFICKING	4.50
TRADE IN COUNTERFEIT GOODS	7.50
ILLICIT TRADE IN EXCISABLE GOODS	6.50
FLORA CRIMES	8.00
FAUNA CRIMES	8.00
NON-RENEWABLE RESOURCE CRIMES	8.00
HEROIN TRADE	3.50
COCAINE TRADE	4.00
CANNABIS TRADE	6.50
SYNTHETIC DRUG TRADE	7.00
CYBER-DEPENDENT CRIMES	7.50
FINANCIAL CRIMES	8.00

 **CRIMINAL ACTORS** **7.10**

MAFIA-STYLE GROUPS	6.00
CRIMINAL NETWORKS	7.50
STATE-EMBEDDED ACTORS	8.00
FOREIGN ACTORS	6.00
PRIVATE SECTOR ACTORS	8.00

 **4.25**
RESILIENCE SCORE



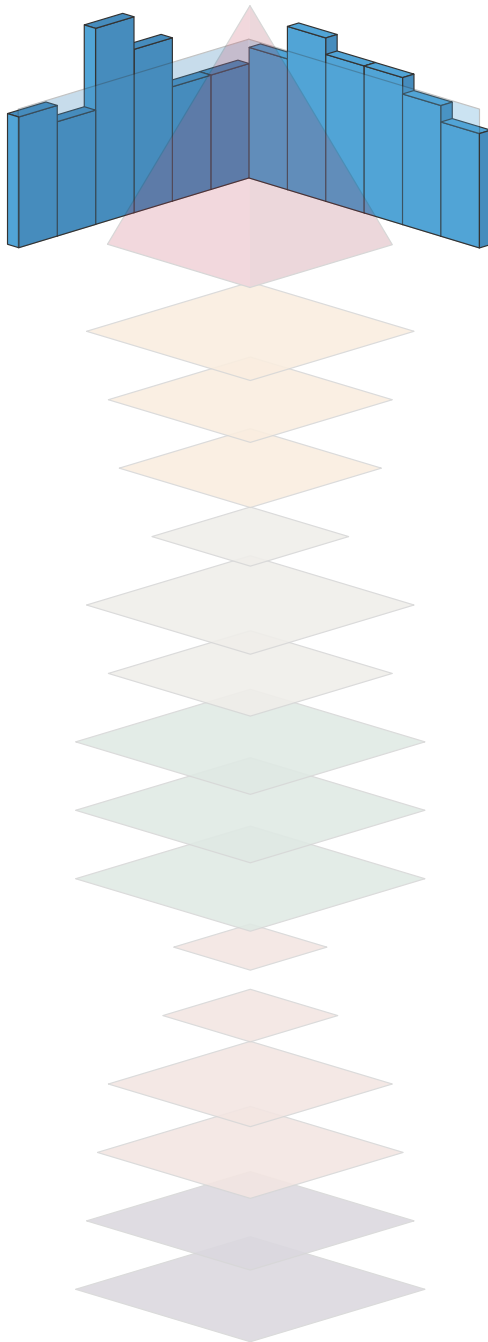
Funding provided by the United States Government.



Funded by the European Union

ENACT is funded by the European Union and implemented by the Institute for Security Studies and INTERPOL, in affiliation with the Global Initiative Against Transnational Organized Crime.

 **INDONESIA**



 **4.25**
RESILIENCE SCORE

123rd of 193 countries
23rd of 46 Asian countries
6th of 11 South-Eastern Asian countries

POLITICAL LEADERSHIP AND GOVERNANCE	4.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	3.50
INTERNATIONAL COOPERATION	6.00
NATIONAL POLICIES AND LAWS	5.00
JUDICIAL SYSTEM AND DETENTION	3.50
LAW ENFORCEMENT	3.50
TERRITORIAL INTEGRITY	4.00
ANTI-MONEY LAUNDERING	5.00
ECONOMIC REGULATORY CAPACITY	4.50
VICTIM AND WITNESS SUPPORT	4.50
PREVENTION	4.00
NON-STATE ACTORS	3.50

 **6.85**
CRIMINALITY SCORE

 CRIMINAL MARKETS	6.60
 CRIMINAL ACTORS	7.10



Funding provided by the United States Government.



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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Human trafficking is a significant problem in Indonesia, which serves as a source, transit and destination country for trafficked people. Labour traffickers exploit Indonesians through coercion, including force and debt, in Asia and the Middle East. Fraudulent labour recruitment agents and subagents are responsible for more than half of the Indonesian female trafficking cases overseas. Women and children are particularly vulnerable to sexual exploitation, and tens of thousands of them become victims annually. Additionally, traffickers exploit women and girls in forced labour for domestic service, and children may be forced to participate in drug trafficking. The pandemic has made working-class Indonesians more vulnerable, especially women and children who have lost their savings and are more susceptible to exploitation. In fact, the scale of human trafficking in the country is estimated to have increased. Myanmar nationals are also reported to be increasingly vulnerable to human trafficking in Indonesia.

Indonesia is also a significant source, transit and destination country for human smuggling, often linked to labour migration, which is facilitated by recruitment agents. Despite efforts to crack down on the fees charged by recruitment agencies, the practice continues, and corrupt officials reportedly facilitate the market. People transiting through Indonesia stay for an average of two to four weeks before switching smugglers, and border officials are believed to engage in bribery to provide falsified identity documents. Human smuggling serves as a means of economic survival for many Indonesians, especially in eastern regions such as Nusa Tenggara and Maluku. Migration flows along maritime routes from Indonesia to Malaysia continue to be dangerous and sometimes fatal, with smuggling mainly facilitated by Indonesian fishermen transporting asylum seekers. The reopening of the Malaysian economy is fuelling demand for foreign labour, and many Indonesians are seeking to return to Malaysia, where there are more than a million undocumented Indonesian workers. Rohingyas have also been smuggled from Indonesia to Malaysia.

Extortion and protection racketeering are prevalent in Indonesia's informal economy, where syndicates control markets such as gambling and counterfeit goods. Financial crime syndicates have also taken advantage of the surge in online and delivery services, with illegal online lending syndicates, often collaborating with local authorities, becoming a growing problem. Historically, gangs of thugs and militias have controlled street markets and several types of economies, and new types of gangs and aggressive rent seekers continue to collect payments from local businesses.

TRADE

Arms trafficking is a moderate problem in Indonesia, with the country serving as a destination for trafficked arms from neighbouring countries such as Cambodia, Myanmar and the Philippines. The demand for arms is generated by local actors such as rebel groups, separatist movements and terrorists, who use both online and offline networks to conduct transactions. This market has been fueled by internal conflicts, and the challenge of detecting and monitoring arms circulation has further exacerbated the situation. The proliferation of arms has resulted in rising rates of violence and communal conflict in regions such as Ambon, Maluku and Poso in Central Sulawesi. However, the arms market is smaller than other criminal markets in Indonesia, and the country has low distribution of small arms compared to other countries in the region.

Counterfeit goods are a significant problem in Indonesia, as the country serves as a transit point for fake goods due to its proximity to China and its own local market for counterfeit goods. The trade has increased significantly, with e-commerce playing a major role in distribution. Despite complaints, e-commerce platforms in Indonesia have been slow to take down counterfeit materials, leading to calls for increased enforcement and specialized police forces to tackle the issue. Indonesia has been flagged as a country of concern internationally due to insufficient intellectual property protection and enforcement actions.

The COVID-19 pandemic has caused a surge in illegal tobacco sales in Asian countries, with cigarettes being one of the most commonly smuggled goods in the region. Organized crime groups and syndicates are behind networks that smuggle these goods through countries in the region, with Malaysia's and Indonesia's lax laws making it harder to prosecute illegal trading syndicates. The complex excise tax system in Indonesia has incentivized domestic manufacturers to under-declare their liabilities, leading to a high demand for illegally produced cigarettes domestically.

ENVIRONMENT

Indonesia is a major hub for illegal logging, driven primarily by wood harvesting and the conversion of land for palm oil plantations. The industry involves powerful brokers, private sector entrepreneurs and local political leaders, with most profits staying within the country. The trade has major negative impacts on the environment, social relations and the Indonesian economy, with losses of billions of dollars per year in uncollected non-tax revenues. Despite attempts to curb the trade, including the introduction of a timber legality verification system, implementation remains weak, and the legal system has failed to punish those responsible for the crime. In fact, locals who engage in illegal logging

are often punished while those who fund and profit from it avoid prosecution. During the COVID-19 pandemic, illegal logging of rainforests on the Indonesian island of Sulawesi is reported to have increased by almost three-quarters due to reduced monitoring activities.

Indonesia also faces massive illegal wildlife trade, with poachers targeting endangered species such as tigers, pangolins, cockatoos and orangutans. The market is one of the largest criminal markets in the country, with significant overlap with the legal wildlife trade market. There is no accreditation mechanism to differentiate between animals that are commercially bred and those captured in the wild. The illegal wildlife trade is expanding due to hobby communities and social media networks, with almost all traded animals believed to be poached. In addition, Indonesia has a significant illegal, unreported and unregulated fishing industry, with foreign actors from neighbouring countries such as the Philippines, Vietnam and China involved in the crime.

Illegal mining and drilling of non-renewable resources is a major issue in Indonesia, with millions of people participating across the country. The COVID-19 pandemic has led to an increase in artisanal mining, associated with safety concerns and environmental damage. Illegal mining for gold and other metals has resulted in fatalities, and illegal tin mining has raised tensions between miners and fishermen. The illegal mining market generates billions of dollars annually, making it one of the most significant criminal markets in Indonesia and South East Asia. Corruption is prevalent in the market, with low-level officials and the military allegedly receiving bribes to turn a blind eye to illegal activities. South Sumatra, home to Indonesia's largest coal reserves, has hundreds of thousands of hectares of land occupied by illegal mining operations. Illegal oil drilling also takes place in various provinces.

DRUGS

Indonesia is a transit and destination country for heroin that is smuggled from Thailand, Laos and Myanmar. Although drug trafficking is a significant criminal market in Indonesia, the heroin trade is relatively small compared to other countries in the region. Corruption is rampant in the market, with reports of state-embedded actors accepting payments to facilitate illegal drug trades. The heroin trade in Indonesia is profitable for both domestic and foreign actors, and demand primarily comes from within the country.

Bali is one of the most popular places for cocaine consumption and other drug use. While cocaine use in Indonesia is moderate, the drug is increasingly sold through social media platforms and transported via post. In 2022, the country's biggest cocaine seizure to date was made. Cannabis is mainly used in the northern part of Sumatra for cooking and producing cigarettes and herbal medicine, and it is

mostly grown for domestic consumption. Although both locals and foreign nationals participate in the cannabis trade, locals play a more significant role in the market.

The synthetic drug trade in Indonesia is thriving, with methamphetamine being the most widely used and seized drug. Methamphetamine in the country is produced by Middle Eastern and Chinese criminal organizations, and Indonesia serves as a transit country for methamphetamine being transported to Australia and New Zealand. The synthetic drug market is highly sophisticated, with major established domestic producers enjoying state backing. The synthetic drug trade continues to become more prevalent, and drug consumption in general has risen significantly in the country.

CYBER-DEPENDENT CRIMES

Indonesia boasts one of the world's largest digital economies, but its vulnerability to cyber-attacks is a growing concern. This is due in part to a shortage of skilled professionals and inadequate digital infrastructure. During the COVID-19 pandemic, cyber-attacks increased fivefold, making it even more challenging to regulate and enforce data protection, especially when the government is accused of using cyber-malware and surveillance software against its critics. Data breaches are prevalent in Indonesia, but there has been little effort to address security vulnerabilities or provide recourse for victims. Cybercriminals have capitalized on the pandemic by creating fake apps to monitor COVID-19, which has resulted in unsuspecting victims inadvertently installing malware on their devices. The most common cybercrime methods in Indonesia include malware and distributed denial-of-service, with no specific targets. The origin of these attacks is challenging to identify, but there may be transnational criminal networks profiting from these operations.

FINANCIAL CRIMES

Illegal online trading platforms have proliferated in Indonesia, with influencers promoting fraudulent apps that attract investors to trade stocks, resulting in millions of dollars in losses. Financial crime syndicates are constantly coming up with new ways to infiltrate financial systems for a profit, and many banks in the Asia-Pacific region report that new digital services have led to increased losses to online financial fraud. Every hour, tens of thousands of reports of financial fraud flood into Indonesia, with senior management of companies found to be responsible for most cases, often by recording fictitious sales.

CRIMINAL ACTORS

Over the past two decades, mafia-style groups in Indonesia have evolved into looser and more mobile networks. Although the government does not officially recognize their existence,

some of these groups have existed since the 1980s and have been supported by wealthy and/or military families. These groups are involved in a range of sectors, including property, gambling, drugs, car dealerships, forestry, mining and manufacturing. They typically have low membership and secretive internal structures. Other mafia-style groups in Indonesia include paramilitary-style militias, which have a long history in the country and are linked to police and military elites, or to competition between regional and national political parties. These groups often make money through debt collection, informal security provision and other coercive tactics.

State-embedded actors have significant control over criminal markets in Indonesia, and corruption is rampant at both national and regional levels. This includes the procurement of goods and services, licensing, bribery, budget misuse, illegal taxation, money laundering and obstruction of corruption investigations. Prison officers and border control officers are believed to facilitate drug trafficking operations. State-embedded actors also appear to influence the democratic process by buying votes to acquire strategic political positions.

Criminal networks are significant in Indonesia and are believed to be involved in various forms of organized crime, including drug trafficking, human trafficking and terrorism. Many criminal networks include state actors, making it difficult to distinguish between criminal and corrupt state networks. The networks often influence the democratic process by participating in political campaigns and buying

votes. Larger criminal networks adhering to religious interests have also carried out terror-like operations. Criminal human trafficking networks are believed to exist primarily in rural areas, especially in eastern Indonesia.

Foreign criminal actors are heavily involved in Indonesia's human trafficking and drug trafficking markets. Chinese and Myanmar organizations reportedly fund the production of methamphetamine in Myanmar and transport the drugs through Malaysia into Indonesia. Meanwhile, Middle Eastern organizations produce methamphetamine in the Pakistan–Afghanistan border region and transport it using vessels with Iranian crews. Motorcycle gangs have also expanded internationally, with ad hoc and disorganized connections to amphetamine and weapons trafficking. Foreign and local criminal actors in Indonesia reportedly have a high level of interaction.

Private sector corruption is a serious concern in Indonesia. Private companies control most of the country's land mass, often paying the police and military to guard their concessions in mining and logging industries, which results in the persecution of local communities. The powerful elites controlling landed interests are linked to issues like deforestation, illegal logging and illegal palm oil development, with one in five hectares of palm oil being illegal. Private sector actors are also involved in illegal plastic supply chains, with many legal businesses mislabelling waste and plastic shipments to raise profits and engaging in money laundering and other illegal activities.

RESILIENCE

LEADERSHIP AND GOVERNANCE

In recent years, Indonesia's political leadership and governance have faced criticism for a decline in state legitimacy, human rights, economic equality and security. The current administration has been accused of attempting to maintain its power and potentially avoid elections, with calls from ministers to defer elections and amend the constitution to allow the president to stay in office for three consecutive administrations instead of two. Polling shows that Indonesians are not interested in postponing elections, and the current president's approval has fallen steeply, largely due to a rise in cooking oil prices and allegations of government corruption and the existence of palm oil cartels. It is reported that organized crime is not seriously dealt with, and several internal conflicts between the government and separatist movements threaten government resilience to organized crime.

The hobbling of the anti-corruption commission has made it difficult to root out illegality and criminality in Indonesia. The current president has been accused of using the threat of crime, particularly illegal drugs, to secure favourable election results. This has also further politicized the police, who are known to be politically loyal to the president. Currently, the anti-corruption agency's role has shifted away from prosecution to prevention. Despite attempts to weaken the institution, they continue to investigate high-profile politicians and government officials for their involvement in corruption.

Indonesia has ratified all international treaties related to organized crime and established extradition agreements with several countries. It prioritizes international cooperation to combat organized crime and contributes to the efforts of regional organizations, including the Association of Southeast Asian Nations, to address transnational organized crimes such as people smuggling, human trafficking, drug

trafficking and cybercrime. Indonesia has been strengthening its collaboration efforts to tackle cybercrime with other allies in the region, such as Australia. However, several countries believe that Indonesia is not doing enough against Chinese cyber and physical capabilities.

Indonesia has a legal framework in place to combat organized criminal activities, with most anti-crime legislation focusing on drug, flora and fauna crimes and forestry and illegal fishing crimes. However, concerns have been raised about the revision of the Corruption Act, which may weaken state capacities to tackle corruption. Despite the government's aim to improve the country's fight against crime, critics worry that projected changes in the penal code will allow authoritarian action against certain minorities.

CRIMINAL JUSTICE AND SECURITY

Indonesia's judicial system lacks specific units to deal with organized crime, and corruption and fraud persist in all state spheres, giving criminals a means to interfere with prosecutions. Judicial authorities have a low awareness of trafficking crimes and relevant legislation, and illegal logging cases are not frequently pursued, with only a handful of companies facing legal action. Prisons are overcrowded and conditions are harsh, with some drug networks operating inside them. Although the police have a mandate to combat organized crime, Indonesia's law enforcement agencies lack specific units dedicated to tackling it. Many believe that current capacities remain insufficient, particularly due to a lack of training in controlling Indonesia's maritime boundary. Corruption at all levels of government impedes law enforcement's efforts to address criminal markets, with the police having a reputation for corruption. The police have also been accused of being politicized, with weak horizontal accountability.

Indonesia's vast number of remote areas and weak border infrastructure make it particularly vulnerable to transnational organized crime. Efforts to combat drug trafficking have been hampered by poor border management and lack of necessary infrastructure. However, the government has been working on developing border infrastructure for almost a decade and has collaborated with neighbouring countries to improve border control. During the pandemic, Indonesia limited crossings at several check-points, but experts expected a rebound in illegal border crossings as the country reopened. Insufficient information and communications infrastructure make it challenging to connect Indonesia's geographically dispersed population digitally. The government's plan to create three new provinces in Papua has been met with opposition from native Papuans, who see it as an attempt to break up the separatist movement rather than an effort to address border issues.

ECONOMIC AND FINANCIAL ENVIRONMENT

Indonesia has made significant efforts to combat money laundering by implementing legislation and adopting standard international recommendations. The country's financial intelligence agency is responsible for preventing money laundering, managing data and information, supervising compliance and investigating financial transactions. Although disclosing beneficial ownership is mandated, no tangible outcomes have been seen yet. In June 2021, the Constitutional Court expanded the interpretation of the money laundering law, allowing all civil servants authorized to investigate crimes to conduct parallel money laundering investigations. This move is expected to increase investigations related to environmental crimes such as illegal logging. In recent years, the majority of cases reported on this crime have been related to terrorist financing, followed by corruption and tax evasion.

The Indonesian government is working to improve the country's economic competitiveness and accelerate post-pandemic economic recovery. New legislation includes provisions to lower corporate taxes, simplify business licences, reform labour laws and reduce bureaucratic and regulatory investment barriers. However, some experts question the ability of the new laws to guarantee economic regulatory capacity or sustainable growth. The government is also considering introducing new taxes, including a value added tax increase and a wealth tax on the rich, to rebalance the country's finances after borrowing and spending during the COVID-19 crisis. The pandemic has forced the government to borrow heavily and invest large sums of money, leading to a crackdown on tax evasion with the aid of training, financial data and international agreements to follow the money trail more efficiently. Preventative laws are in place to combat tax crimes, and those found guilty may face fines of two to four times the failed payment value and prison sentences ranging from six months to two, or even six, years. E-commerce is rapidly growing as a market platform for advertising in Indonesia, but criminal actors have taken advantage of these platforms to sell illicit items such as drugs, fauna and flora. While there is no evidence of criminal groups being involved in the regulation of economic markets, it is possible that corrupt officials have aided criminal actors in influencing economic decisions.

CIVIL SOCIETY AND SOCIAL PROTECTION

Indonesia has implemented measures to support victims of and witnesses to crimes, including human trafficking and drug-related crimes. However, there have been allegations that the witness and victim protection agency has had slow response times and been oppositional to witnesses. Limited support is available for whistle-blowers, and victims of sexual assault often hesitate to report incidents due to cultural norms and conservative Muslim beliefs. Civil society organizations supplement government services for male victims, and funds have been allocated to support

Indonesian victims of human trafficking abroad. NGOs have established rehabilitation centres for drug users and victims of drug-related crimes.

To combat organized crime, including human trafficking, forced labour and drug abuse, the Indonesian government has established prevention strategies. The government has created various task forces and distributed awareness materials to address these issues. However, NGOs have raised concerns about the effectiveness of the government's ban on Indonesian fishermen working aboard Chinese-flagged vessels to prevent trafficking for forced labour. The government also lacks standard operating procedures for proactive victim identification and referral to rehabilitation services. Nevertheless, mechanisms are available for local communities to report organized crime through call centres, texts or online platforms. Efforts to increase financial inclusion and literacy among the population, particularly the 97% of the workforce that lacks access to formal banking, are being made. However, the country faces challenges in preventing financial crimes such as online trading and gambling, which pose a threat to the economy.

Indonesia's government has been accused of failing to grant press freedom, with a rise in attacks on journalists, particularly those covering the environment and natural resources. While an independent media is protected by the Constitution, the government sometimes restricts the media using regulations relating to blasphemy, hate speech, defamation and false information. In addition, concerns have been raised over the operation of cyber police units, which experts believe to be detrimental to free speech, and a new agency regulating academic research has raised questions about the independence of scholarship. Civil society is under constant threat, and its space is shrinking. NGOs and other non-governmental groups are obliged by law to register in a government database, and they suffer harassment from government and religious groups. Attacks against human rights defenders have increased in recent years.

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