

## Chapter 1

### Factors in regional stability 1989-1992

For Australia, the stability of Southeast Asia is a key factor in our security. The growing economic and political stability of Southeast Asia since the mid-1960s - in particular the success of the Association of Southeast Asian Nations (ASEAN) - has made a military threat to Australia from the region most unlikely, and a threat to Australia from a major external power improbable. It has also made our major trade routes, especially with our largest trading partner, Japan, more secure. As The Defence of Australia 1987 stated, "We share a common concern with these countries to strengthen regional stability and to limit the potential for external powers to introduce tension or conflict."<sup>1</sup> For Australia to contribute to greater regional stability, it is important to be aware of factors that regional countries see as significant for a stable strategic environment.

Since perceptions by individuals in each nation vary, a comprehensive list of factors seen by each country as influencing regional stability is not feasible. Instead this chapter indicates a range of factors perceived as important by those with some influence over Government policy or national opinion in Indonesia, Malaysia and Singapore.

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<sup>1</sup> Department of Defence, The Defence of Australia 1987, A.G.P.S., Canberra, 1987, 6.

One factor in regional stability not covered in this chapter is the military presence of the United States in the western Pacific. Because of the range of attitudes towards the United States in Indonesia, Malaysia and Singapore - and because of the significance of the United States alliance for Australia's security approach - this is dealt with separately in Chapter Two.

### **The view from Indonesia**

A description of strategic perceptions from Indonesia is more correctly a description of perceptions from Jakarta. National leaders and opinion makers are concentrated in Jakarta and look at events and issues from a Jakarta perspective. For these people, because of the long struggle to achieve and maintain national unity, Indonesia itself constitutes most of what is seen as the "region". The other countries of ASEAN and Southeast Asia form the rest of this region, with the looming figure of China as the backdrop.

### **Indonesia's national resilience**

A belief in Indonesia's predominant and growing role in Southeast Asia, together with the challenge of maintaining Indonesia's own unity, produce a perception that Indonesia's national resilience - as senior Foreign Ministry official Dr Hasjim Djalal said - is "vital for regional stability."<sup>2</sup> For Indonesia, national resilience means:

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<sup>2</sup> Jakarta Post, 15 February 1990.

the capability or ability of a country, in all fields of national endeavour, to withstand and overcome all forms of outside interference and adverse influence which are harmful to its development, either in the ideological, political, economic, socio-cultural, or military areas.<sup>3</sup>

As Foreign Minister Ali Alatas said:

What is required is the development of the political, economic and socio-cultural strengths which together constitute a nation's real capacity to endure and to withstand threats to its integrity, viability and security.<sup>4</sup>

According to Jusuf Wanandi, Chairman of the influential Centre for Strategic and International Studies in Jakarta, "Indonesia, on its part, has a high self-image and tends to view itself as being in a central position."<sup>5</sup> This perception has been reinforced by the economic success of the Suharto years, which justifies, in the eyes of prominent Indonesians, an enhanced role for their nation in international affairs. Dr Hilman Adil, senior analyst at the Indonesian Institute for Sciences, believes that "overall achievements of four consecutive Five Year Plans and...the first 25 year long term development program have provided the country [with] a firm foundation to widen its foreign policy options."<sup>6</sup> In the opinion of the Jakarta Post, there is:

definitely a more assertive sense of confidence, mainly as a result of the buoyancy of the private sector...but partly also as a reflection of national pride over the fact that Indonesia, as a large archipelagic state, has managed to maintain its national unity when a host of other developing countries are plagued by centrifugal forces that are endangering their national cohesiveness.<sup>7</sup>

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3 Dr Hasjim Djalal, senior Indonesian Foreign Ministry official, quoted in Jakarta Post, 15 February 1990.

4 Ali Alatas, "The Emerging Security Environment in East Asia and the Pacific - an ASEAN perspective", Address to the National University of Singapore Society, Singapore, 28 October 1992, 9.

5 Jusuf Wanandi, "Australia-Indonesia security relationship," The Indonesian Quarterly, vol. XX, no. 2, 2nd quarter 1992, 161.

6 Jakarta Post, 9 October 1989.

7 Jakarta Post, 22 May 1990.

Indonesia's success calls for "a more outward looking posture...capable of anticipating Indonesia's prominent position in the region."<sup>8</sup>

Given this belief in Indonesia's central role in regional affairs, it follows that threats to Indonesia's unity and cohesion are seen as threats to regional stability as a whole. As Indonesian armed forces (ABRI) spokesman Brigadier General Nurhadi Purwosapturo said in November 1992, "The challenge is not from outside but inside".<sup>9</sup> Indonesian Defence and Security Minister Murdani stated in September 1990 that recent global political changes had alleviated external threats to Indonesia's security, but that internal difficulties remained potential sources of tension.<sup>10</sup> In the same month, ABRI chief General Try Sutrisno said that within the next two years Indonesia would be faced with multidimensional threats "related to racial, religious, and ethnic conflicts....Our people are still vulnerable" to such subversive activities.<sup>11</sup> At a seminar in August 1990, speakers stated that Indonesia was "vulnerable to serious internal conflicts...due to its pluralist nature in terms of ethnic groups, races, religions, and provincial traditions."<sup>12</sup> Foreign Minister Ali Alatas said Indonesia would not support separatist movements in Southeast Asia because of the influence this could have in his own country. "We know the danger of separatism is to us all", he said.<sup>13</sup>

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8 Jakarta Post, 5 October 1989.

9 Telegraph Mirror (Sydney), 2 November 1992.

10 Jakarta Post, 10 September 1990.

11 Jakarta Post, 19 September 1990.

12 Jakarta Post, 14 August 1990.

13 Far Eastern Economic Review, 11 July 1991.

There are signs that the economic success of Indonesia in recent years - whilst a major factor in growing national confidence - has also, paradoxically, led to some concerns for national stability. The Indonesian economy has experienced sustained growth in the last decade with the diversification away from oil revenue being particularly impressive.<sup>14</sup> But there is a perception that this growth is mainly benefiting the West Java region and the Chinese commercial community. There is a fear that such perceptions could create support for separatist movements or lead to racial conflict. There are frequent public references to the "widening gap between the rich and the poor."<sup>15</sup> In May 1992, President Suharto conceded that the nation's rapid industrial development had increased the gap between the rich and the poor. He said he was confident, however, that "...by holding on to the noble value of the Pancasila ideology we will be able to overcome the development challenges before us."<sup>16</sup> Mazurki Darusman, a senior Golkar MP, believed that Indonesia's largest foreign investor, Japan, had played a large part in creating a socio-economic gap in Indonesia. This was because Japanese investments had been concentrated in Jakarta and West Java.<sup>17</sup>

Indonesia's economic progress, together with the global trend towards democratisation, is also producing calls for greater political openness, in particular a review of ABRI's role in national affairs. This is also a challenge for Indonesia's national cohesion. The head of the political science faculty at the University of Indonesia, Professor

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14 Straits Times, 17 August 1990.

15 see eg. Jakarta Post, 19 September 1990.

16 Indonesian Observer, 26 May 1992.

17 Straits Times, 19 May 1990.

Juwono Sudarsono, told a military audience in August 1990 that:

The obsession for national unity upheld by the state apparatus, especially army officers who use...[their] badge in the name of national interest, must be more tolerant and open.<sup>18</sup>

ABRI recognises the pressure for reform. Army Chief of Staff, General Edi Sudrajat, has said that better educated Indonesians want a change from "the foot-stomping, father-knows-best leadership style"<sup>19</sup>. Nevertheless, ABRI has indicated that it is not ready to relinquish political control,<sup>20</sup> and that it wants to ensure that any changes are tightly under its control, particularly any alterations to its own *dwi fungsi* role. In response to claims that ABRI will inevitably have to redefine its role with the decline in communism and the lack of any external threat, General Sutrisno asserted that communism was still the greatest danger to Indonesia.<sup>21</sup> General Sutrisno warned that "ABRI and the people will never hesitate to crush anyone trying to endanger the nation's unity and ideology."<sup>22</sup> General Sudradjat warned an Army audience in August 1990 to be vigilant in the face of elections scheduled for 1992 and 1993. "The general elections should proceed in a safe, smooth and orderly manner, and be won by the New Order", he said.<sup>23</sup> The Indonesian Government appears uncertain about how to respond to pressure for greater political openness. In August 1990 there were statements by

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18 Jakarta Post, 31 August 1990.

19 International Herald Tribune, 10 August 1990.

20 Ibid.

21 Jakarta Post, 19 September 1990.

22 Straits Times, 12 June 1990.

23 Jakarta Post, 10 August 1990.

Government ministers that there would be less Government censorship of local and foreign media reports<sup>24</sup>. But by later that year, restrictions were being applied again.<sup>25</sup>

### **The role of ASEAN**

Indonesia considers its security to be intimately linked to that of its neighbours. In May 1990 the Jakarta Post referred to "the strategic need for our large archipelagic state, with growing national interests, to establish a secure and conducive geopolitical environment."<sup>26</sup> Hence Indonesia seeks to promote "regional resilience". According to Dr Hasjim Djalal, this involves elevating "our concept of national resilience to a regional level", including assisting the national stability of neighbouring states, and encouraging "co-operation between the countries of the region [and] their sense of solidarity on various issues of common concern".<sup>27</sup> Indonesia's support for ASEAN continues to be the most important element in its promotion of regional resilience. According to President Suharto "without ASEAN, the region will not be stable."<sup>28</sup> Foreign Minister Ali Alatas stated in October 1992 that "mutually beneficial socio-economic cooperation, through ASEAN, constitutes...a vital ingredient for national and regional stability".<sup>29</sup> As Dr Hasjim Djalal said, "Our commitment to regional co-operation, particularly

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24 Far Eastern Economic Review, 6 September 1990

25 Far Eastern Economic Review, 6 December 1990 and 13 December 1990.

26 Jakarta Post, 28 May 1990.

27 Jakarta Post, 15 February 1990.

28 Straits Times, 31 March 1989.

29 Ali Alatas, op. cit., 9.

through ASEAN, constitutes one of the main pillars of our foreign policy."<sup>30</sup>

For Indonesia, the growing cohesion of ASEAN over the last 25 years has strengthened the region's capacity to resist interference by external powers such as China. ASEAN also provides a legitimate diplomatic and political avenue for Indonesia to assert its leadership of the region. In addition, support for ASEAN demonstrates to regional nations that Indonesia will continue to play a stabilising role in Southeast Asia. It also helps assure Indonesians themselves that their country will not return to the destabilising international approach that characterised the last years of the Sukarno era.

In Indonesia's view, it is the links between regional military establishments that form the heart of ASEAN co-operation. These help maintain good relations despite the public and sometimes quite heated disputes that occur in the political field between ASEAN members. Vice-Admiral Soedibyo Rahardjo, ABRI's Chief of the General Staff, said in early 1992 that closer security links within ASEAN create a "spiders web" of co-operation that would help ensure regional stability.<sup>31</sup> In recent years, Indonesia has placed special emphasis on its military relationships with Singapore and Malaysia.<sup>32</sup> Minister for Defence General Murdani was the instigator of meetings between the Chiefs of Staff of Indonesia, Malaysia and Singapore in 1988 and 1990.<sup>33</sup> He was

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30 Jakarta Post, 15 February 1990.

31 M. Richardson, "Indonesia-US get together", Asia-Pacific Defence Reporter, April-May 1992, 31.

32 See Singh, Bilveer, "Confidence Building Security Measures in Southeast Asia", Strategi vol 1, no 1, Kuala Lumpur, February 1992, 27-47, for a list of bilateral military exercises involving Singapore, Malaysia and Indonesia between 1980 and 1990.

33 Straits Times, 24 March 1989.

also the prime mover behind two landmark military agreements with Singapore in 1989.<sup>34</sup> In January 1991 Indonesia and Malaysia signed an agreement for joint air patrols to safeguard security in the Malacca Strait.<sup>35</sup> In early 1992, the two countries signed a memorandum of understanding calling for collaboration in defence industries and more joint programs in logistics, training exercises, and temporary exchanges of personnel.<sup>36</sup>

For Indonesia, an important aspect of intra-ASEAN military co-operation is its largely informal and low profile nature. Consistent with its 'free and independent' foreign policy, Indonesia does not support formal ASEAN wide defence cooperation. According to Jusuf Wanandi:

the existing scheme of [military] co-operation - or the lack of a formal ASEAN scheme - [has] brought about quite encouraging results and could become the basis for multilateral co-operation when the need arises in the future....[however] such co-operation [will be] defensive in nature and will not take the form of a military pact.<sup>37</sup>

Vice-Admiral Rahardjo agreed that multilateral co-operation would be possible without ASEAN becoming a defence pact. He said the aim should be for the six ASEAN states to develop "one standard of tactical and operational procedures which can be used jointly if needed."<sup>38</sup> An important consequence of this for Australia, according to Wanandi, is that this type of multilateral cooperation:

will not disrupt any military co-operation that individual members of ASEAN have with outside parties,

<sup>34</sup> *Straits Times*, 27 April 1989.

<sup>35</sup> *Far Eastern Economic Review*, 31 January 1991.

<sup>36</sup> *Asia-Pacific Defence Reporter*, April-May 1992, 31.

<sup>37</sup> Jusuf Wanandi, op.cit., 166.

<sup>38</sup> M. Richardson, op. cit., 31.

such as the Five Power Defence Arrangements or bilaterally with the United States.<sup>39</sup>

When Alexander Downer, defence spokesman for Australia's Liberal/National Party Coalition, visited Indonesia in July 1992:

Indonesian military officials reaffirmed their government's position that security in Southeast Asia should be enhanced through bilateral defence links rather than a formalised multilateral security structure.<sup>40</sup>

In addition to military links, Indonesia sees personal rapport between the political leadership of ASEAN countries as highly important for the stability of the grouping. "All the leaders of ASEAN...belong to what is called the decisive factor for regional stability", remarked Sabam Sirait, a member of Indonesia's Supreme Advisory Council, in August 1989.<sup>41</sup> As with military ties, the special effort put into maintaining close personal links on a political level with Malaysia and Singapore indicates Indonesia's priorities within ASEAN. The lengthy periods for which Lee Kuan Yew (until late 1990), Mahathir and Suharto have been in power has assisted links between Indonesia and its immediate neighbours. In the case of Indonesia-Singapore relations, the perception of new Prime Minister Goh Chok Tong as a member of the 'old school' of regional leaders has helped maintain a stable relationship. Of course, personal relations between the leaders of the three nations will not always run smoothly. The Far Eastern Economic Review reported in August 1992 that President Suharto was not comfortable with Mahathir's forthright international

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39 Jusuf Wanandi, op.cit., 166.

40 Australian, 6 August 1992.

41 Straits Times, 23 August 1989.

approach.<sup>42</sup> There is also some concern in Indonesia about leadership transition in the three countries. The Review reported in October 1992 that former foreign minister Mochtar Kusumaatmadja regretted that modern ASEAN leaders were too "cerebral", took things too seriously, and had abandoned the old clubby atmosphere.<sup>43</sup> Nevertheless, Indonesia has taken care to develop close ties with the emerging generation of leaders, and to reassure them of its regional intentions.<sup>44</sup>

The importance in Indonesia's eyes of personal ties between national leaders indicates that the personality of Suharto's successor - and his rapport with regional leaders - will be seen in Indonesia itself as a key factor in future regional stability.

#### **Indo-China/ASEAN relations**

In terms of the stability of Southeast Asia as a whole, the central issue perceived by Indonesian officials and academics is the future relationship between ASEAN and Indo-China. Indonesia is concerned to end the division between the communist and non-communist blocs in Southeast Asia. ASEAN's security interests in the larger sense, according to Foreign Minister Ali Alatas, would be enhanced if Southeast Asia ceased to be "perennially divided between ASEAN and Indo-China."<sup>45</sup> Dr Hasjim Djalal stated in February 1990 that:

political stability in Southeast Asia as a whole would be a 'mirage' without commensurate political stability in

<sup>42</sup> Far Eastern Economic Review, 20 August 1992.

<sup>43</sup> Far Eastern Economic Review, 22 October 1992.

<sup>44</sup> see, for example, the meeting in early 1989 between President Suharto and Goh Chok Tong, then Deputy Prime Minister of Singapore, Straits Times, 31 March 1989.

<sup>45</sup> Pacific Defence Reporter, 1991 Annual Reference Edition, 25.

Indochina and the development of cooperative relations between the non-communist ASEAN and the socialist countries of Indochina.<sup>46</sup>

According to the Jakarta Post:

it is not to Indonesia's geopolitical interest if a kind of dichotomy is established in our subregion, due to the existence of an ASEAN which enjoys a steady economic growth, and an Indochina that is stagnant.<sup>47</sup>

There is particular interest within Indonesia in encouraging Vietnam to build positive regional relations. In Indonesia's view the isolation of Vietnam has caused an imbalance in its economic development compared to ASEAN. This has the potential to prompt further waves of boatpeople seeking refuge in the ASEAN countries. Indonesia supported the hard line of Thailand and Singapore on the Vietnamese invasion of Cambodia for the sake of ASEAN unity, but privately favoured a more conciliatory approach. As the Jakarta Post said in October 1990:

Based on the parallel trends shown by their respective anti-colonial struggles, Indonesia has always shown great sympathy and understanding towards Vietnam's position, even when the rest of the world tended to treat it as a pariah of the international community of nations.<sup>48</sup>

President Suharto's visit to Vietnam in November 1990, the first by an ASEAN leader since 1975, indicated Indonesia's keenness to encourage Vietnam to contribute to regional resilience through membership of ASEAN. This was despite the belief of other ASEAN countries that fundamental political changes and the development of a market economy had to occur before closer involvement could be considered.<sup>49</sup> Agreements

46 Jakarta Post, 15 February 1990.

47 Jakarta Post, 11 October 1990.

48 Ibid.

49 Transcript from ABC Radio, International Report, 22 November 1990.

on economic, scientific and technical co-operation were signed during Suharto's visit, and in a joint communique Suharto and Vietnamese Prime Minister Do Muoi expressed confidence that efforts at national reconstruction and development would enable Vietnam to play "an enhanced role in regional and international affairs."<sup>50</sup> Suharto's initiative helped lead to the decision at the ASEAN summit in January 1992 to invite Vietnam (and Laos) to accede to ASEAN's Treaty of Amity and Co-operation.<sup>51</sup>

Joint development of resources in the South China Sea is seen as a potential means of assisting Vietnam's economy whilst at the same time drawing it into the Southeast Asian community. This appears to have been one motive behind Indonesia's sponsorship of workshops involving all the claimants to the Spratly islands in the South China Sea.

Indonesia's interest in a stable, economically resilient Vietnam is not only the result of a concern for regional stability per se and a feeling of common colonial experience. Fostering a sound relationship with Vietnam also boosts perceptions of Indonesia's regional role. It helped Indonesia, for example, play a greater role in resolving the major security issue for Southeast Asia over the last decade - the Cambodian civil war. In addition, there is a perception in Indonesia that a resilient Vietnam is needed as a buffer against possible aggression by China.

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<sup>50</sup> Straits Times (weekly overseas edition), 24 November 1990.

<sup>51</sup> Singh, Bilveer, "After the Summit: The Way Forward", ASEAN-ISIS Monitor (Kuala Lumpur), No.3, April 1992, 3.

### China's international approach

Of the major Asian powers outside Southeast Asia, Indonesia sees China as the major influence on regional stability. While Indonesia's relations with Japan are important for reasons of trade, aid and investment, and a watchful eye is kept on India's naval program, it is China that has a pervasive influence on Indonesia's strategic outlook. In Indonesia's view, China's national policies have a considerable effect on both the domestic and external factors in regional resilience. Professor Juwono Sudarsono explained at an Indonesia-Vietnam Conference in late 1990 that:

our relationships with China extend beyond our external relations with this most important political state for Southeast Asia....Because our relations with China penetrate deep into the political and social psyches of our respective nations, the manner in which we handle [these] relations...is of utmost importance to the development of nation building in our respective nations.<sup>52</sup>

Hence normalisation of relations with China in August 1990 was seen as central to the greater international role that many Indonesians felt their nation should play. It was also regarded as essential given Indonesia's perception of China's key role in future regional stability. Thus President Suharto's visit to China in November 1990 was described as "the most significant...since he became head of state and government."<sup>53</sup>

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52 Jakarta Post, 29 October 1990.

53 Jakarta Post, 11 October 1990.

*China and the stability of Southeast Asia*

Normalisation of Indonesia-China relations in 1990 and China's diplomatic campaign to woo ASEAN after the 1989 Tiananmen incident encouraged some positive Indonesian perceptions of China's contribution to regional stability. However, a fundamental concern remained in Indonesia about Chinese policy over the longer term. "The emergence of a congenial China is not something we should take for granted," remarked the Jakarta Post on the occasion of the visit by Chinese Premier Li Peng to Indonesia in August 1990. According to the Jakarta Post, if Southeast Asia remains:

plagued by intra-regional problems...it would be all too tempting for [a] modern and assertive China to treat parts of Southeast Asia as its quasi special economic and political zones.<sup>54</sup>

For some in Indonesia, China's approach on the Cambodian problem and its willingness or otherwise to give up armed support for the Khmer Rouge, has been a test of whether it is prepared to play a constructive role in regional stability. As the Jakarta Post said in August 1990:

the Cambodian conflict is now reduced...to a testcase of whether China is willing to place more importance on its longer-term interests in Southeast Asia, rather than continue harbouring its grudge against Vietnam.<sup>55</sup>

With a solution to the Cambodian conflict,

Positive cooperation between China, the world's most populous country, Indonesia, the greatest country in Southeast Asia, and Vietnam, the most important country

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<sup>54</sup> Jakarta Post, 13 August 1990.

<sup>55</sup> Jakarta Post, 1 August 1990.

in Indochina, will really contribute significantly towards durable peace and stability in this region.<sup>56</sup>

In the opinion of Foreign Minister Ali Alatas, normalisation of Indonesia-China relations would help the search for peace in Cambodia and promote political stability in the region as a whole.<sup>57</sup>

There is concern in Indonesia about China's naval program and the prospect that, as in 1988, China might again use military force in the South China Sea. In June 1991, the International Herald Tribune reported that Admiral Sunardi, strategic policy adviser to the Indonesian Minister for Defense, said that China "had the potential to become a major military power and appeared intent on securing control of the South China Sea."<sup>58</sup> Apprehension about the southward movement of Chinese military power gives Indonesia a strong motive to seek a co-operative approach to the dispute over ownership of the Spratly Islands in the South China Sea, even though it is not a claimant to the islands. Hence Indonesia's disappointment in 1992 when one of the regional workshops it organised on this issue was undermined by renewed Chinese assertiveness over the Spratlys. The Far Eastern Economic Review reported that "One Indonesian critic felt that China was out to sabotage Jakarta's initiative on managing conflicts in the South China Sea".<sup>59</sup>

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56 Jakarta Post, 20 November 1990.

57 Straits Times, 16 August 1990.

58 International Herald Tribune, 14 June 1991.

59 Far Eastern Economic Review, 13 August 1992.

*China and Indonesia's internal stability*

Indonesians have difficulty separating perceptions of China's national policies from their attitudes towards ethnic Chinese in Indonesia. Of Indonesia's population of 184 million, around 5-6 million are of Chinese origin. Approximately 300,000 of these are 'stateless', being neither Chinese citizens under Indonesian law nor Indonesian citizens.<sup>60</sup> This group was unable either to renew their Chinese passports or to leave Indonesia legally following the suspension of formal diplomatic ties between Indonesia and China in 1967.

Indonesians of Chinese origin face a range of restrictions resulting from a complex mixture of racial mistrust, economic jealousy, fear of communism and fear of China. Although the proportion of ethnic Chinese in Indonesia is much less than in Malaysia (3% compared with 32%), racial tension is arguably greater in Indonesia. The activities of ethnic Chinese in Indonesia have largely been confined to the business sector. Defence Minister Murdani warned that segregation of ethnic Chinese could endanger national unity. "We [have] let them play in economic fields only", he said.<sup>61</sup> In November 1990 Home Affairs Minister Rudini denied there was any prohibition on Indonesians of Chinese descent enrolling in the armed forces or civil service. The Jakarta Post commented "In the past an unofficial restriction was believed to have been imposed on the descendants to enter either one of the

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<sup>60</sup> Jakarta Post, 9 August 1990 and 31 August 1990.

<sup>61</sup> Straits Times, 17 August 1990.

institutions."<sup>62</sup> Ethnic Chinese have also faced a strict quota system in universities and have had little, if any, role in party politics. Despite calls by some in the military such as Murdani to allow greater participation by ethnic Chinese in national affairs, there are still strong doubts in Indonesia about the loyalty of Indonesians of Chinese descent, especially those in the "stateless" category. This is connected with a belief that ethnic Chinese - supported by Peking - were heavily involved in the events of 1965, and a continuing apprehension that China might attempt to use ethnic Chinese to promote communism in Indonesia.

The execution in February 1990 of members of the Indonesian communist party (PKI) imprisoned since 1965 indicates that anti-communist (and hence anti-Chinese) pressures are still significant. The head of Indonesia's Defence Ministry Research Institute, Sukarto, warned at the time that despite the decline of communism in eastern Europe:

It is not impossible that [former communists] will seize on the new, more sophisticated form of communism. If that happens, it is going to be a major challenge for our national vigilance in the future.<sup>63</sup>

When Chinese Premier Li Peng met President Suharto in Jakarta on 7 August 1990 he pledged that the Chinese government would never utilise the services of ethnic Chinese living in Indonesia for its own interests. He also told Suharto his government had no relations with former members of the Indonesian Communist Party.<sup>64</sup> China, according to Li Peng, would adhere to the "Dasa Sila Bandung" (10 principles of

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<sup>62</sup> Jakarta Post, 20 November 1990.

<sup>63</sup> Sydney Morning Herald, 13 March 1990.

<sup>64</sup> Jakarta Post, 8 August 1990.

Bandung) including non-interference in the internal affairs of other nations, respect for territorial sovereignty, non-aggression and the use of peaceful means to settle international disputes.<sup>65</sup> Despite these assurances, the Straits Times Jakarta correspondent reported that:

even following the re-establishment of ties on August 8, several quarters here had often expressed the view that Beijing might make use of ethnic Chinese in Indonesia for its own ends.<sup>66</sup>

There were fears that with normalisation of Indonesia-China ties, China's influence over Indonesians of Chinese origin might increase. As the Jakarta Post said:

Apparently there is some concern in this country that the resumption of a normal diplomatic relationship with China would enhance the role of Indonesians of Chinese descent with the consequence that their influence, not only in the business sector, would widen significantly.<sup>67</sup>

As the publicity given to Li Peng's assurance on non-interference with Indonesian affairs indicated, the Government was anxious to allay these fears. Hence State Secretary Moerdiono was not impressed when two weeks after normalisation, around 5,000 ethnic Chinese applied to accompany Indonesia's team to Beijing for the Asian Games. The Straits Times reported that Moerdiono "...was visibly annoyed...when he asked why there were so many people eager to go."<sup>68</sup> "We should not do things which will only cause misunderstandings amongst ourselves" he said.<sup>69</sup> An "Indonesian of Chinese descent" was reported as saying:

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<sup>65</sup> Jakarta Post, 9 August 1990.

<sup>66</sup> Straits Times, 11 October 1990.

<sup>67</sup> Jakarta Post, 13 August 1990.

<sup>68</sup> Straits Times, 28 August 1990.

<sup>69</sup> Jakarta Post, 23 August 1990.

It does not help given some of the concerns expressed about normalisation and its effect on Indonesians of Chinese ancestry. Those who did not favour normalisation at this time will say 'See, we told you so. See how the Chinese here are reacting.'<sup>70</sup>

Perceptions of the loyalty of ethnic Chinese are also not assisted by their relative economic success as a group in Indonesia. Normalisation of relations with China occurred at the same time as an economic boom in Indonesia. The Government's emphasis on fast economic growth appeared to have most benefit for the powerful Chinese owned conglomerates.<sup>71</sup> In May 1990, the Jakarta Post said:

there is an increasing concern that the fast growth, caused by deregulation measures, among other things, is giving too great an opportunity to groups that already possess modern entrepreneurial skills and have access to the main sources of information - generally speaking, those of Chinese ancestry - thus giving rise to a feeling of unfair competition and the creation of a gap between the very advanced and the lagging. Such a development could be a cause for concern if this dichotomy coincided with the existing racial divisions in our society.<sup>72</sup>

Shortly after Li Peng's visit, the spokesman of the United Development Party warned that if indigenous businessmen were not given more leeway to develop their commercial activities, the ethnic Chinese would soon monopolise the economy and control the government as a whole. Indigenous businessmen had to be given protection "lest they be devoured by the aliens", he said.<sup>73</sup>

Recent initiatives by President Suharto have not helped reduce economic jealousy of the Chinese community. In January

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70 Straits Times, 28 August 1990.

71 Sunday Times (Singapore), 29 July 1990.

72 Jakarta Post, 22 May 1990.

73 Jakarta Post, 10 August 1990.

1990 Suharto called for the large business conglomerates owned by ethnic Chinese to transfer twenty-five per cent of their shares to indigenous co-operatives.<sup>74</sup> This was an attempt to increase his popular appeal in the lead up to the 1993 Presidential elections. An elaborate and highly publicised ceremony was arranged for late July 1990 where the ethnic Chinese conglomerate owners transferred shares to the pribumi co-operatives.<sup>75</sup> Apart from increasing his popularity by capitalising on latent anti-Chinese feeling in Indonesia, this initiative does not appear to have been unconnected with normalisation of relations with China less than two weeks later. Together with the execution earlier in the year of former PKI activists, it indicated to the general public the government was not moving too close to China by re-establishing formal diplomatic links. Whilst Suharto may have succeeded in doing this, his initiatives also helped maintain the Chinese question as a divisive issue in Indonesia.

Some two years after normalisation, the commercial dominance of ethnic Chinese was still being referred to by senior leaders, including Economic Minister Radius Prawiro. "A certain ethnic group has dominated the country's business life ranging from retail business and marketing to the ownership of capital goods," he said. He urged Chinese business groups to help smaller ones run by indigenous Indonesians. "The problem is", he said, "how to cope with the gap [between the rich and poor] and maintain national unity, so that social jealousy can be avoided."<sup>76</sup>

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74 Far Eastern Economic Review, 29 March 1990. See also Straits Times, 2 July 1990.

75 Sunday Times 29 July 1990.

76 New Straits Times, 27 March 1992.

In May 1992 the Indonesian Government signed a memorandum of understanding with China on the "stateless" Chinese issue. China expressed its willingness to issue passports to ethnic Chinese in Indonesia to allow them to return to the motherland.<sup>77</sup> Indonesian Minister of Justice Ismail Saleh encouraged Indonesians of Chinese origin to do just that.<sup>78</sup>

Perceptions of China and those of Chinese race in Indonesia also affect Indonesia's perceptions of its ethnically Chinese neighbour Singapore. Links between Singapore and China will always attract a degree of suspicion in Indonesia. As the Far Eastern Economic Review reported in October 1992, "Singapore's support for a closer ASEAN - China relationship is seen by Jakarta as making Singapore a possible Trojan horse for Peking in the region."<sup>79</sup>

In Indonesia's eyes, therefore, China's future policies have considerable potential to affect both Indonesia's own national cohesion and the stability of Southeast Asia as a whole.

#### **Indonesia/Papua New Guinea relations**

The Jakarta Post suggested in August 1990 that Indonesia's relationship with Papua New Guinea was "in concrete terms at least of equal significance" to resumption of diplomatic ties with China.<sup>80</sup> Indonesia has placed considerable emphasis in recent years on developing a more

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77 Straits Times (weekly overseas edition), 16 May 1992, 11.

78 Straits Times (weekly overseas edition), 23 May 1992, 11.

79 Far Eastern Economic Review, 22 October 1992.

80 Jakarta Post, 8 August 1990.

constructive relationship with Papua New Guinea. A steady improvement in Indonesia-Papua New Guinea relations led to the signing of a "Treaty of Mutual Respect, Friendship and Co-operation" in 1987.<sup>81</sup> Former Foreign Minister Mochtar Kusumaatmadja, on direction from President Suharto, adopted a "non-patronising" approach to Papua New Guinea. "The head of state always asked that we should not act as a big brother and not throw our weight around in settling problems with Papua New Guinea", remarked Mochtar during the fourth Indonesia-Papua New Guinea Conference in 1990.<sup>82</sup> These conferences, first held in 1984, have played an important role in improving understanding between two countries whose ruling elites have little in common ethnically or historically.<sup>83</sup>

A co-operative relationship with Papua New Guinea is important for Indonesia because of the perceived potential for developments in Papua New Guinea to affect Irian Jaya and Indonesia's other eastern provinces. As Jusuf Wanandi has said, "For Indonesia, its relations with Papua New Guinea affect the development of Irian Jaya and its relations with other South Pacific nations."<sup>84</sup> A "pan-Melanesian" movement, in Indonesia's view, would have Papua New Guinea as its natural leader. Such a movement could influence the Melanesian populations in Irian Jaya, East Timor and the Moluccas. A good relationship with the Papua New Guinea leadership helps ensure any such movement does not receive support from the Papua New Guinea government.

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81 The Indonesian Quarterly, vol. XX, no. 2, 2nd quarter 1992, 159.

82 Jakarta Post, 7 August 1990.

83 The Indonesia - Papua New Guinea Conferences are organised by Jakarta's Centre for Strategic and International Studies. Participants include officials, academics, businessmen and media representatives from both countries.

84 Jusuf Wanandi, *op. cit.*, 157.

A sound relationship with Papua New Guinea is also important for Indonesia's attempts to control the Organisasi Papua Merdeka (OPM), one of the few remaining active separatist movements in Indonesia. Indonesia has successfully concluded a number of agreements with Papua New Guinea in recent years which enable more effective action against the OPM as well as increasing links between the armed forces of the two countries. These include the establishment in August 1989 of a joint security committee to handle border problems, the renewal of the "Basic Agreement on Border Arrangements" in April 1990, permission in November 1990 for "hot pursuit" by Indonesian forces into Papua New Guinea territory, a "status of forces" agreement in January 1992<sup>85</sup> and a memorandum of understanding in May of the same year under which soldiers from both countries would work side by side on civic programs in Papua New Guinea<sup>86</sup>. In Indonesia's view, these agreements strengthen an important aspect of regional stability. Home Affairs Minister Rudini stated in August 1990 that:

One of the tremendous achievements is, in my view, the creation of a stronger basis and improved procedures to cope with issues related to our border problems...A solid relationship between Papua New Guinea and Indonesia can indeed be a bridge for the creation of greater inter-regional co-operation.<sup>87</sup>

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<sup>85</sup> Post-Courier (Port Moresby), 14 January 1992.

<sup>86</sup> Post-Courier (Port Moresby), 14 May 1992.

<sup>87</sup> Jakarta Post, 9 August 1990.

### The view from Malaysia

Malaysia's view of its "region" differs from that of Indonesia. Malaysians do not have a perception that their nation is the leading power in Southeast Asia or that Malaysia itself constitutes most of the region. Hence unlike Indonesia, Malaysia does not see its own internal stability as a key factor in the stability of its wider region.

### Indonesia's regional approach

Malaysian officials and academics recognise the pervasive influence of Indonesia on the stability of their region. In Malaysia's view, Indonesia retains the potential to be a variable factor in regional stability. Despite the commitment to national and regional stability demonstrated throughout the Suharto years, there is uncertainty in Malaysia over the future role Indonesia sees for itself in Southeast Asia. In August 1990 Malaysia's Deputy Foreign Minister warned that regional disputes between Malaysia and its neighbours could flare up into political or military conflict. "The Indonesian confrontation against Malaysia in the 1960s is ample proof of this reality", he said.<sup>88</sup> Memories of Confrontation and an appreciation of Indonesia's current influence lead to concerns in Malaysia about the future policies of their large neighbour, especially after President Suharto steps down.

While there has been some political tension in Malaysia-Indonesia relations in recent years, this has been set against

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<sup>88</sup> Straits Times, 17 August 1990.

a background of increasing cooperation, including in the security field. Malaysia would like Indonesia to recognise that it has a "special relationship" with Malaysia. However, at the second "Malindo" (Malaysia-Indonesia) dialogue at Bogor in January 1990, Indonesia rejected Malaysia's suggestion that there was a form of Malay and Islamic unity between the two nations. As Jusuf Wanandi had said previously:

'Unity in diversity' is the essence of Indonesia's Pancasila, whereas Malaysia stresses...Malay primacy in its ruku negara....Pancasila dictates that Indonesia is neither a secular nor a religious state, [whereas in Malaysia] Islam...is the religion of the politically dominant Malays. It is the official state religion."<sup>89</sup>

The scheduled three day conference in Bogor ended in failure a day early, amidst vocal anti-Malaysian protests (caused by the execution of an Indonesian national for drug offences in the Malaysian state of Sabah).<sup>90</sup>

Some Malaysians believe Indonesia is jealous of the economic success of its "little brother" Malaysia. There have been warnings of divisive commercial competition, particularly over palm oil exports. Malaysia feels that Indonesia has benefitted from Malaysia's expertise to take some of Malaysia's markets.<sup>91</sup> B.A. Hamzah from the Institute of Strategic and International Studies in Kuala Lumpur said in October 1992 that ASEAN was "witnessing a more assertive Indonesia".<sup>92</sup> There is a similar view in Jakarta about Malaysia. Prime Minister Mahathir's proposal for an East Asian Economic Grouping, according to the Far Eastern Economic

89 Jusuf Wanandi, "Indonesia-Malaysia bilateral relations", The Indonesian Quarterly, vol. xvi, no. 4, October 1988, 456-458.

90 New Straits Times, 16 February 1990; Far Eastern Economic Review, 1 March 1990.

91 Far Eastern Economic Review, 1 March 1990.

92 Far Eastern Economic Review, 22 October 1992.

Review, was not well received in Indonesia. The Review said that "Indonesia's perception is that Mahathir has ridden roughshod over ASEAN's hallowed house rules of (prior) consultation and consensus."<sup>93</sup>

Malaysia and Indonesia, however, have developed mechanisms for managing disputes that arise between them. A Malaysia-Indonesia Joint Ministerial Commission was set up in October 1991 because of the number of issues concerning the two countries. These included an influx of illegal Indonesian workers into Malaysia, border demarcation questions, the delimitation of overlapping Exclusive Economic Zones, and the need for a joint hydrographic survey of the Malacca Straits.<sup>94</sup> The most serious issues, however, were the question of refugees coming to Malaysia from the Indonesian province of Aceh, and the dispute between the two countries over ownership of Sipadan and Ligatan islands off the east coast of Borneo.

Around 200 Acehnese villagers, fleeing from an Indonesian crackdown on the separatist movement in their province, landed in Malaysia in April 1991, seeking political refugee status. Despite considerable domestic sympathy for the Muslim refugees, Malaysia agreed to return them to Indonesia. "Our primary concern is to maintain the good relationship between the two countries," said Foreign Minister Datuk Abdullah Ahmad Badawi. The Acehnese refugees were "a bit reluctant to return and we are now persuading them to do so."<sup>95</sup> The Acehnese were returned to Indonesia because, in Foreign Minister Badawi's

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<sup>93</sup> Far Eastern Economic Review, 20 August 1992.

<sup>94</sup> New Straits Times, 8 October 1991.

<sup>95</sup> New Straits Times, 11 October, 1991.

words, the extensive global changes in recent years means "we will need co-operation among neighbouring countries."<sup>96</sup>

Another incident in September 1992 demonstrated the commitment of Malaysia to good relations with Indonesia. A documentary screened on Malaysian television accused Indonesia of gunning down unarmed civilians in East Timor and of forcibly occupying the territory. Members of Indonesia's Parliament said this was tantamount to intervention in Indonesia's domestic affairs.<sup>97</sup> Malaysia acted quickly to defuse any friction over this incident. The Malaysian Government clearly distanced itself from the screening. As Deputy Prime Minister Ghafar Baba said, "The screening of the film may be a result of a mistake by one or two Television Malaysia staff."<sup>98</sup> Prime Minister Mahathir conveyed an apology to President Suharto, and Information Minister Mohamed Rahmat flew to Jakarta to personally apologise to his Indonesian counterpart, Minister Harmoko. For his part Harmoko said he accepted the broadcast had been the result of an "editorial slip-up" which had occurred without the Malaysian Government's knowledge.<sup>99</sup>

The dispute over Sipadan and Ligatan islands, however, was not so easily resolved. As the Secretary-General of Malaysia's Foreign Ministry, Datuk Ahmad Kamil Jaafar said, "It won't be easy for us to solve the problem. It has been with us for the last 22 years."<sup>100</sup> The Sabah state government was concerned that the dispute over the islands had the

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96 Ibid.

97 Canberra Times, 29 September 1992.

98 Ibid.

99 Ibid.

100 New Straits Times, 9 October 1991.

potential to lead to a serious rift with Indonesia. Sabah's Chief Minister Kitingan directed that there should be no more development of tourist resorts and other facilities on Sipadan to avoid worsening the dispute. "We cannot have too much infrastructure on the island," he said.<sup>101</sup> The Joint Ministerial Commission failed to resolve the dispute, as did a special three day working committee attended by senior officials from both countries. Hence despite the importance it places on good relations with Indonesia, disputes over territory will still provoke a nationalistic response from Malaysia. "Malaysia has been working on the basis that the two islands are its territory", said Datuk Jaafar.<sup>102</sup> It would be wrong, however, to read too much into this dispute. The issue first arose in 1968 and had been largely dormant until 1991 when its re-emergence could be seen - paradoxically - as a sign of improved relations. "Now that we have established a very good relationship, we feel that the matter could be discussed in a friendly manner," said Indonesian Foreign Minister Ali Alatas<sup>103</sup>. Moreover, the day after the Malaysia-Indonesia General Border Committee failed to resolve the matter in January 1992, the two nations announced they would be increasing military co-operation, including more combined exercises and increased officer exchanges.<sup>104</sup> A formal memorandum of understanding providing for increased military co-operation was signed in February 1992.<sup>105</sup>

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101 New Straits Times. 18 October 1991.

102 New Straits Times. 10 October 1991

103 New Straits Times. 12 October 1991.

104 New Straits Times. 28 January 1992, and 29 January 1992.

105 New Straits Times. 19 February 1991.

### China's policies

Malaysia's view of China reflects the view from peninsula not East Malaysia. According to Professor Zakaria Haji Ahmad from the University of Kebangsaan Malaysia, "this territorial division [between peninsular and East Malaysia] in effect translates as a country that is actually two not only physically but also spiritually".<sup>106</sup> Hence the greater racial harmony in East Malaysia (which produces a more relaxed perception of China) is not reflected in the Malaysian Government's view.

A concern to preserve the Malay homeland against the encroachment of ethnic Chinese, together with resentment at the economic success of Chinese both in Malaysia and elsewhere in the region, remain important influences on Malaysia's perception of China. The history of racial tension in peninsular Malaysia (where ethnic Chinese comprise approximately thirty three per cent of the population<sup>107</sup>) means the ruling Malay elite retains an underlying mistrust of China itself, whatever the shifts in ideology or approach of the Beijing regime. As one Malaysian commentator observed, Malaysia is "more anti-China than...anti-communist."<sup>108</sup> Anti-communism, however, also remains an important influence on Malaysia's perceptions of China. National leaders cannot easily forget forty-one years of insurgency by the Communist

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106 Zakaria Haji Ahmad, "Malaysian foreign policy and domestic politics: looking outward and moving inward?", in R. Scalapino et al (eds), Regional dynamics: security, political and economic issues in the Asia-Pacific region, Centre for Strategic and International Studies, Jakarta, 1990.

107 H. Osman-Rani, "Malaysia's New Economic Policy After 1990", Southeast Asian Affairs 1990, Singapore, 1990, 204.

108 Noraini Haji Abdullah, "Leadership in Malaysia: Security Perceptions and Policies", in M. Ayooob and C. Samudavanija (eds), Leadership Perceptions and National Security, Singapore, 1989, 143.

Party of Malaysia (CPM), whose membership was almost entirely ethnic Chinese. The insurgency ended formally only in 1989. Moreover, for many years it was nominally led from Beijing by the CPM chief, Chin Peng.<sup>109</sup> There is a concern in Malaysia that China still desires to use the "overseas Chinese" to promote its ideology, and that elements of a Chinese "Fifth Column" remain in Malaysia. In October 1990, the chief of the Malaysian Defence Force warned that communism was not dead, despite the changes taking place in Eastern Europe.<sup>110</sup>

The legacy of the MCP insurgency is also reflected in apprehension about growing links between Thailand and China. The MCP used bases in southern Thailand for operations in Malaysia. There is a concern that growing Thailand - China ties could again create the danger of communist infiltration over Malaysia's northern border.<sup>111</sup>

After the Tiananmen incident in mid-1989, Malaysia initially feared that domestic turmoil in China might lead to "expansionism or foreign adventure."<sup>112</sup> By 1990, however, the economic and diplomatic isolation of China by Western nations led China to adopt a more co-operative approach towards Southeast Asia. In Singapore in August 1990 Chinese Premier Li Peng offered to join efforts with Southeast Asian nations to develop the natural resources of the Spratly islands. As Dr Noordin Sopiee, the head of Malaysia's Institute of Strategic and International Studies, said "That could be a very

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109 Gordon P. Means, "Malaysia in 1989. Forging a plan for the future", Southeast Asian Affairs 1990, Singapore, 1990, 201-202.

110 Straits Times, 4 October 1990.

111 J. Mohan Malik, "Nuclear free Southeast Asia - the China factor", Current Affairs Bulletin, vol. 65, no. 10, March 1989, 20.

112 L. Buszynski, "Southeast Asia", in Klintworth G. (ed), China's crisis: the international implications, Canberra papers on strategy and defence, no. 57, 1989, 101.

important confidence building measure."<sup>113</sup> Normalisation of relations between China and Indonesia in 1990 was also seen by Malaysia as a positive development, especially Li Peng's assurances that the Chinese government would not use ethnic Chinese in Southeast Asia for its own interests, and that China no longer maintained links with local communist parties.<sup>114</sup>

By 1992, however, Malaysia's latent fear of China was reconfirmed. Elements within China reversed the conciliatory approach of Li Peng on the South China Sea. In February 1992, China passed the Territorial Waters Act reaffirming its sovereignty over the Spratly islands and reserving the right to use force there. Malaysia's Foreign Minister Datuk Abdullah Badawi expressed surprise at the move. "We must avoid military conflicts at all cost", he said.<sup>115</sup> The New Straits Times saw China's new law as "a legal basis for military action against countries which encroach on its territory."<sup>116</sup> Malaysia's Minister for Defence said it was particularly significant that China had sanctioned the use of force in the South China Sea, although he cautioned "it would appear that this declaration by the Chinese assembly is more for domestic consumption, rather than for external purpose."<sup>117</sup> The chief of Malaysia's armed forces, General Tan Sri Hashim Mohamed Ali said "We want conflicting...claims ...settled peacefully. However, if the claimant decides to use force, we have no alternative but to protect our

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113 Asia-Pacific Defence Reporter, October 1990, 19.

114 Ibid.

115 New Straits Times, 1 March 1992.

116 New Straits Times, 26 June 1992.

117 Minister of Defence, Malaysia, Keynote address, Chief of the General Staff Conference, Darwin, April 1992, 21-22.

sovereignty to the last drop of blood."<sup>118</sup> In May 1992 China signed a deal with the United States oil company Crestone for development of an area in the South China Sea also claimed by Vietnam.<sup>119</sup> "What worries many observers", said the Far Eastern Economic Review, "is the Chinese pledge to use force if necessary to protect Crestone's concession."<sup>120</sup> There were reports that China was taking steps to ensure it could implement this pledge. The Far Eastern Economic Review reported in April 1992 that the deputy commander-in-chief of the Chinese Navy said China would develop advanced weaponry and adjust its strategy to protect its claims in the South China Sea.<sup>121</sup> Reported military acquisitions included the purchase of advanced SU-27 fighter bombers and air to air refuelling technology, and negotiations with Ukraine for the purchase of an aircraft carrier.<sup>122</sup> China's development of Hainan island as a major naval base and air base (within range of the Spratly islands for the SU-27s) was another cause of concern. China confirmed its hardline approach at a regional conference on the South China Sea in Indonesia at the end of June 1992. "Any intervention by any state outside the region will certainly complicate the problem," said an official from China's Ministry of Foreign Affairs.<sup>123</sup>

The Territorial Waters Act, the concession granted to Crestone and China's development of power projection capabilities caused dismay in Malaysia. As the Far Eastern Economic Review reported:

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118 New Straits Times, 12 March 1992, 7.

119 Far Eastern Economic Review, 9 July 1992, 14.

120 Ibid.

121 Far Eastern Economic Review, 16 April 1992.

122 Sun Herald (Sydney), 26 July 1992.

123 Sydney Morning Herald, 4 July 1992, 19.

Some of the ASEAN countries...perceive China's actions as being expansionist, aggressive and certainly not in the spirit of the stated policy of peaceful, joint development.<sup>124</sup>

Malaysia was one of the prime movers behind the joint declaration on the South China Sea signed by ASEAN foreign ministers at their annual meeting in July 1992. The declaration called for resolution of disputed claims by "peaceful means, without resort to force"<sup>125</sup>. "It is important that China knows the way we feel", said Datuk Badawi. Datuk Badawi was not impressed by China's response that it "appreciated some of the basic principles" in the declaration. "The beautiful (Chinese) statement on policy doesn't reconcile with what's happening on the ground", he said.<sup>126</sup>

Concern over its inability to protect its claims in the Spratlys was cited as the motive for Malaysia's interest in purchasing ex-Soviet MIG-29 advanced combat aircraft. The Far Eastern Economic Review reported that:

the Russians have offered a delivery period of nine months, which could give Malaysia the enhanced deterrent capability it wants by the end of 1993....There is the feeling here, more so than anywhere else other than Singapore, of the need for a deterrent capability.<sup>127</sup>

In addition to new Air Force capabilities, there were also plans for the Royal Malaysian Navy to acquire new ships and equipment. The Straits Times reported that it was Malaysia's maritime disputes, especially the Spratlys, but also Sipadan

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124 Far Eastern Economic Review, 9 July 1992.

125 Far Eastern Economic Review, 13 August 1992.

126 Far Eastern Economic Review, 6 August 1992.

127 Far Eastern Economic Review, 23 July 1992.

and Ligatan (with Indonesia) and Pedra Blanca (with Singapore) that were behind these planned acquisitions.<sup>128</sup>

Even if the planned improvements to its air force and navy are achieved, however, a key issue for Malaysia will remain how to deal with China's military forces, especially the Chinese Navy. The Far Eastern Economic Review reported in July 1992 that Malaysian defence sources had no illusion about the efficacy of any ASEAN country successfully challenging China. The Review quoted an Australian defence expert as saying "The United States thinks China's deployment is obsolete. But which ASEAN country has the capacity to detect submarines or counter stand-off missile technology?"<sup>129</sup> Recent Chinese military improvements and its assertive approach on the Spratlys have increased concern in Malaysia about China's regional approach "post-Deng". As Minister for Defence Najib said, "as Beijing is still modernising her military forces, regional states will view any change in her foreign policy with concern."<sup>130</sup>

### **The role of ASEAN**

Malaysia is closely aware of the contribution of ASEAN to the stability of its region. In the opinion of Abdul Razak Abdullah Baginda, head of strategic studies at Malaysia's Armed Forces Defence College:

the formation of ASEAN in 1967...provided some form of confidence and stability externally, as far as Malaysia and Singapore were concerned. The setting up of this Association was influenced primarily by the problems

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128 Straits Times (weekly overseas edition), 25 July 1992.

129 Far Eastern Economic Review, 23 July 1992.

130 Minister of Defence, Malaysia, op. cit., 19.

which existed in the 1960s, involving Malaysia, Indonesia and the Philippines, which created some degree of instability in Southeast Asia. Although ASEAN was formed with socio-economic dimensions in mind, there was no doubt that it was political expediency that had brought the five nations together. It could be argued that the formation of ASEAN had brought regional stability...despite the ongoing Vietnam War.<sup>131</sup>

Malaysia remains strongly committed to ASEAN and continues to see it as an important factor in regional stability in the post-Cold War World. As Malaysia's Chief of Defence Force said, "ASEAN must always be ready to assume a greater role in the maintenance of peace and stability in the region. It has the credentials to do so."<sup>132</sup> In May 1990 Malaysia's Foreign Minister Dato Abu Hasan Omar stated:

ASEAN has [proved] its usefulness both in promoting intra-ASEAN co-operation and in promoting regional stability...ASEAN will continue to be the cornerstone of Malaysia's foreign policies.<sup>133</sup>

According to former Deputy Prime Minister, Datuk Musa Hitam, Malaysia's view is that:

We live in an inter-dependant world. We must concentrate on Southeast Asia because our immediate and long-term future lies in ASEAN. Intra-ASEAN relations are most crucial and our collaboration with ASEAN nations will ultimately determine our future.<sup>134</sup>

Shortly before the Fourth ASEAN summit in January 1992, the New Straits Times summarised what it saw as ASEAN's role in regional stability:

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131 Abdul Razak Abdullah Baginda, "Five Power Defence Arrangements: two decades and beyond," Strategi, vol. 1, no. 1, Kuala Lumpur, February 1992, 49.

132 Hashim Mohd Ali, Gen Tan Sri, "Prospects for defence and security cooperation in ASEAN", Strategi, vol. 1, no. 1, Kuala Lumpur, February 1992, 8.

133 Dato' Hassan Omar, "Malaysia's foreign policy in the 1990s", ISIS Focus (Kuala Lumpur), no. 63, June 1989, 22.

134 Straits Times (weekly overseas edition), 18 July 1992.

ASEAN...with its concept of a Zone of Peace, Freedom and Neutrality (ZOPFAN) has enhanced regional security through many discussions on regional issues. It has successfully functioned as a defacto counterweight to the Indonesian bloc during the years when security threats were emanating from this bloc. As a mechanism for moderating intra-ASEAN tensions and threat perceptions, it has also been successful. All this without a formal defense alliance like the North Atlantic Treaty Organisation...clearly, ASEAN is a stabilising force in the Asia-Pacific region and is poised to play a greater role.<sup>135</sup>

There were concerns in Malaysia that with the end of the Cambodian civil war (or, more precisely, with the withdrawal of Vietnamese troops from Cambodia in 1989), ASEAN members would no longer have a motive for maintaining the unity of the grouping. It was felt that more would need to be done to present a picture to countries such as China, Japan and India of a cohesive regional entity. In November 1989, Noordin Sopiee suggested an alternative avenue for promoting ASEAN unity. If ASEAN, he said, could ensure that the new Asia Pacific Economic Co-operation Forum (APEC) is "based on existing ASEAN machinery", then APEC "could provide one of the essential unifying issues that will cement us together in the way that the Cambodian issue has done in the last ten years."<sup>136</sup>

Since it has boundaries with all of the other ASEAN members, the association will continue to be an important tool for Malaysia in managing its regional relations. "Benign and cooperative relations between neighbouring states go a long way towards keeping the region free of tension and conflict", said Malaysia's Foreign Minister Datuk Abdullah Badawi in June 1992.<sup>137</sup> Malaysia has a series of ongoing disputes with its

<sup>135</sup> New Straits Times, 21 January 1992.

<sup>136</sup> Jakarta Post, 4 November 1989.

<sup>137</sup> Straits Times (weekly overseas edition), 27 June 1992, 10.

neighbours, including the claim to Sabah by the Philippines and the associated question of large numbers of illegal Filipino immigrants; the Limbang salient question with Brunei; the support given to Thai separatists in the northern border region of peninsular Malaysia; disputes with Indonesia over Sipadan and Ligatan islands and Acehnese refugees; and the continuing political, racial, religious and territorial squabbles with Singapore. As Datuk Badawi said, "For some of us, our most demanding relations are those with our neighbours."<sup>138</sup> Malaysia realises the value of ASEAN for regional stability in these circumstances. As General Hashim said in an article in early 1992:

ASEAN has been successful this far to avoid and resolve conflicts between members of ASEAN. The potential for conflicts has always been subdued in the larger interests of the ASEAN grouping.<sup>139</sup>

It would require a conscious decision to sacrifice ASEAN unity on the part of Malaysia or one of its neighbours for armed conflict to result from any of the disputes listed above.

In Malaysia's eyes, its volatile relationship with Singapore demonstrates the value of wider groupings such as ASEAN. Although there is a perception that the underlying relationship has been strengthened in recent years (especially through growing economic and security ties) there is also concern over the increase in public disputes between the two countries. The visit to Singapore by Israeli President Herzog in 1987, Brigadier General Lee's questioning of the loyalty of the Malays in the Singapore Armed Forces in 1988) and

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<sup>138</sup> Ibid.

<sup>139</sup> Hashim Mohd Ali, Gen Tan Sri, *op. cit.*, 2.

Singapore's offer of military facilities to the United States in 1989 - amongst other issues - all caused political, religious and racial tension between the two nations. Such problems are considered manageable at present, particularly because of the personal contacts between the leaders of Malaysia and Singapore. There is uneasiness in Malaysia, however, about the situation over the next ten years when a new generation of leaders will come to power. As Datuk Badawi stated in August 1989, every time a political controversy arises between Malaysia and Singapore, a "dependable old boys network" of graduates from the old Raffles College and University of Malaysia in Singapore acts to solve the problem. However:

the new generation of leaders...have not gone through the same shared experience...(they) will not share the same kind of understanding...of our common destiny...I am quite concerned about this development because the new generation is more nationalistic...they may quibble over pebbles, not realising that it is more important to take care of the mountain.<sup>140</sup>

Former Deputy Prime Minister Datuk Musa Hitam shared Badawi's concern:

I worry when I see the new leaders in Singapore and Malaysia responding to events in both countries not in the manner handled by the old guard. If this level of tolerance is lowered, we are going to have problems. Malaysia, Singapore and Indonesia must always realise the need to nurture and encourage their young leaders to have constant contacts. They must get rid of any ignorance which they have about each other because such ignorance can lead to prejudice.<sup>141</sup>

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<sup>140</sup> Datuk Abdullah Badawi, Malaysia - Singapore relations, Institute of Policy Studies, Singapore, 1990, 12,13.

<sup>141</sup> Straits Times (weekly overseas edition), 18 July 1992.

Other Malaysians stated more bluntly that it was Singapore's younger leaders that were to blame. National Front member of parliament Wan Hanafiah Mat Sainan said in May 1992 that younger leaders in Singapore did not have sufficient respect for historical and blood ties with Malaysia. This could:

be clearly seen from recent actions taken by them against Malaysia...when Singaporeans rushed to Johor for shopping, they introduced such regulations as the half-tank ruling. Recently, Singapore wanted to introduce a levy on motorcycles belonging to Malaysians working there.

Hanafiah described such decrees as 'opportunistic'. He said that:

Malaysians are now asking how far Malaysia will tolerate Singapore. We dare to criticise Western powers which are arrogant but when our own neighbour acts in the same manner, we remain silent.

Hanafiah urged the Malaysian government to take a tougher stand against Singapore, "because we do not want Singapore to become another Israel."<sup>142</sup>

Provocation, however, did not come only from Singapore. Youth leaders in Malaysia were also doing their bit to stir the pot. In May 1992, the leader of the Parti Islam (PAS) youth wing announced plans to erect a Malaysian flag on the island of Pedra Blanca.<sup>143</sup> Singapore has administered Pedra Blanca for 150 years but Malaysia claims ownership of the island. Malaysia's older generation tried to defuse the issue. "I think you should take not notice of this group of people", said the Chief of Defence Force, General Tan Sri

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<sup>142</sup> Straits Times (weekly overseas edition), 2 May 1992.

<sup>143</sup> Straits Times (weekly overseas edition), 13 June 1992.

Yaacob Mohd.<sup>144</sup> Prime Minister Mahathir said PAS was merely trying to extract political mileage out of the issue. "My advice to PAS is not to look for trouble through meaningless, symbolic gestures", he said.<sup>145</sup>

The regular friction between the two nations, and Malaysia's concern over the capacity of a new generation of leaders to manage the relationship, indicate why Malaysia sees value in ASEAN. The membership of Malaysia and Singapore in wider groupings such as ASEAN and the Five Power Defence Arrangements ensures that bonds remain between them despite the occasional disputes that inevitably arise.

Malaysia's perception of the contribution of ASEAN to regional stability can be contrasted with that of Indonesia. Indonesia tends to see its support for ASEAN primarily as a means of demonstrating its own commitment to a benign international approach. Malaysia, on the other hand, places more emphasis on ASEAN as a means of constraining disputes in the region, especially those between Malaysia and her own neighbours.

As in Indonesia, however, there is a perception in Malaysia that military links are the key to the cohesion of ASEAN and to its contribution to wider regional stability. The chief of Malaysia's armed forces, General Hashim, said in early 1992 that "ASEAN has contributed greatly to the security of its members and the region as a whole through the interlocking web of defence and security co-operation".<sup>146</sup> The recent history of Malaysia-Singapore relations supports

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144 Straits Times (weekly overseas edition), 30 May 1992.

145 Straits Times (weekly overseas edition), 13 June 1992.

146 Hashim Mohd Ali, Gen Tan Sri, op. cit., 8.

General Hashim's assertion. At the same time as the Pedra Blanca dispute and other acrimonious debates between the two countries, joint Malaysia-Singapore land exercises were recommenced after being suspended for three years.<sup>147</sup> The importance of military ties in maintaining workable relations with Singapore was demonstrated by Malaysia's attempts to reduce public disquiet about Singapore's developing defence capabilities. In September 1992, General Yaacob Mohd stressed the benefits for the region of Singapore's growing defence capacity. ASEAN countries, he said, regarded each other's strong defences as a bonus rather than an 'arms race':

We welcome any effort to improve the armaments and ability of each of the armed forces....We are very happy with the air force of Singapore, because we do not have enough aircraft ourselves....When it comes to the crunch, we are quite confident that Singapore can come to our assistance. So, we look on it as a bonus.<sup>148</sup>

As with Indonesia, Malaysia's support for intra-ASEAN military ties does not extend to formal region-wide defence co-operation. Defence Minister Dato' Najib explained in March 1992 that while Malaysia supported discussions on security:

this cannot be seen as a prelude to the enhancement of ASEAN as a security alliance....We do not want to create a situation which will draw reaction from certain quarters on the establishment of a defence pact or alliance on a multilateral basis....Neither do we have a common perception of the threat...where is the threat coming from?<sup>149</sup>

As the New Straits Times pointed out:

There is no need for an ASEAN military pact to further strengthen regional security....the best way to do it is through bilateral co-operation. This means more

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147 Straits Times (weekly overseas edition), 25 April 1992.

148 Straits Times (weekly overseas edition), 26 September 1992.

149 New Straits Times, 1 March 1992.

consultative and joint mechanisms to focus on issues such as international dadah trafficking, regional disaster management and territorial demarcation disputes...there is no need at least for now, for any larger or more formal arrangement.<sup>150</sup>

While Malaysia sees ASEAN as an essential tool for the maintenance of good regional relations, there are dangers in over-reliance by Malaysia on the grouping. Malaysia's apparent belief that ASEAN unity will necessarily be regarded as paramount by its neighbours does not encourage resolution of intra-ASEAN disputes. For example, Prime Minister Mahathir has said Malaysia will not have full diplomatic ties with the Philippines until the Sabah claim is dropped.<sup>151</sup> This means there is no agreed maritime border between the two countries. Hence there will continue to be no coordinated patrolling to curb illegal Filipino migration to Sabah (the number of illegal migrants was recently estimated at 300,000 out of a total population in Sabah of only 2 million<sup>152</sup>) or to prevent alleged support from Sabah for separatist movements in the southern Philippines. Malaysia appears to believe that because of the commitment of the Philippines Government to ASEAN and regional stability, it will continue to ignore nationalist elements who do not wish to drop the Sabah claim. This may be so, and it may also be the case that attempts to resolve such disputes could actually increase the risk of serious tension. Nevertheless, while the dispute remains unsettled, the potential for a serious altercation with the Philippines will also remain.

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150 New Straits Times, 21 January 1992.

151 Straits Times (weekly overseas edition), 26 September 1992.

152 Ibid.

### Indo-China and the regional order

Malaysia shares the concern of Indonesia to draw the nations of Indo-China, especially Vietnam, into the regional order. According to Prime Minister Mahathir, "an economically prosperous Vietnam will make for a strong and stable Southeast Asia."<sup>153</sup> Like Indonesia, Malaysia believes that the economic development of Vietnam will help avoid another wave of refugees from that country. As of April 1992, there were still some 11,500 Vietnamese boat people in Malaysia, of whom 9,000 were classed as economic refugees.<sup>154</sup> When Vietnamese Prime Minister Vo Van Kiet visited Malaysia in January 1992, he agreed with Dr Mahathir "about the importance of solving the Vietnamese refugee problem which Malaysia was facing...[he] agreed that the matter must be treated with the utmost urgency."<sup>155</sup> When Mahathir visited Vietnam in April 1992, he spoke of his desire to forge "a truly formidable force of peace, progress and stability in the entire region."<sup>156</sup> Accompanied by one hundred businessmen, Mahathir signed a range of bilateral commercial agreements during the visit.<sup>157</sup>

Like Indonesia, Malaysia sees Vietnam as a buffer against China. During Mahathir's visit to Vietnam, an accord was signed covering overlapping claims in the South China Sea. This served as a demonstration of solidarity against the

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<sup>153</sup> New Straits Times, 21 April 1992, 2.

<sup>154</sup> Ibid.

<sup>155</sup> Ibid.

<sup>156</sup> Ibid.

<sup>157</sup> Far Eastern Economic Review, 30 April 1992.

Chinese claim to the whole of the South China Sea. Mahathir and Vo Van Kiet also made clear their interest in joint development of resources in the South China Sea.<sup>158</sup> Joint development offers the prospect - from Malaysia's point of view - of a more resilient Vietnam tied into a stable Southeast Asian order and contributing to the resilience of the region against external pressure from China.

### **Economic development and cooperation**

The importance Mahathir placed on Vietnam's economic progress demonstrates that in Malaysia's eyes, economic development and cooperation are important for regional stability. As Minister for Defence Dato Sri Najib said in April 1992:

Another positive development is the impressive economic growth of the regional states, especially amongst ASEAN states...Economic prosperity of regional states will certainly contribute to the well-being of the region by allowing us to be more self-reliant in defence and ensuring continued political stability.<sup>159</sup>

According to Foreign Minister Datuk Badawi:

For Malaysia and ASEAN, the rapid changes following the end of the Cold War hold both challenges and uncertainties...growth and prosperity in the region can only be nurtured through economic co-operation, and therefore, there is a need for more intensive collaboration...These economic linkages will help reduce the income and wealth disparities between countries and contribute to long term peace and stability in the region.<sup>160</sup>

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<sup>158</sup> New Straits Times, 21 April 1992.

<sup>159</sup> Minister of Defence, Malaysia, op. cit., 17.

<sup>160</sup> New Straits Times, 12 April 1992.

### The view from Singapore

Singapore's geographic vulnerability produces a keen perception of the factors that contribute to a stable region, and to Singapore's own security within the Malay archipelago. Whilst not seeing itself - as Indonesia does - as the leading influence on the region, Singapore believes that through its own policies it can encourage a more stable region. Singapore focusses on specific factors which it believes benefit regional stability and develops policies to encourage and nurture these. Malaysia and Indonesia, in comparison, whilst perceiving similar factors as important for regional stability, do not develop policies to capitalise on these in the systematic way Singapore does.

### The economic development of Southeast Asia

Singapore believes that the consistent economic growth in Southeast Asia in recent years has been one of the most important factors in the growing stability of the region. In the opinion of Singapore's leaders, economic growth of the ASEAN nations has made "security in the region very much less a worry."<sup>161</sup> Because of the importance Singapore attaches to economic growth for regional stability, there is concern at events that might affect this. In his 1990 National Day Rally speech, Prime Minister Lee warned that from Singapore's point of view the economic implications of the Gulf crisis placed the world "on the brink of a possible disaster."<sup>162</sup>

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<sup>161</sup> Straits Times, 27 August 1990.

<sup>162</sup> *Ibid.*

Singapore perceives particular benefits from its growing trade and investment links with Indonesia and Malaysia. Between 1987 and 1988 Singapore's direct investment in Indonesia increased four fold.<sup>163</sup> Malaysia's 1987 decision to allow Singapore to deal directly with state governments led to a sustained increase in trade between the two countries (with an average growth rate of 26 per cent between 1987 and 1990).<sup>164</sup> In August 1990, Prime Minister Lee Kuan Yew announced plans for the Singapore Government to invest in the stock markets of its neighbours, with the aim not only of encouraging further regional economic growth, but as a direct contribution to the political cohesion of the Malay archipelago. In Singapore's view, Lee said, economic initiatives such as this are central to "the beginnings of a sound good relationship with both Malaysia and Indonesia."<sup>165</sup>

The "Growth Triangle" concept linking Singapore with Johor in Malaysia and the Riau province in Indonesia in a special trade and development zone was a specific initiative designed by Singapore to increase the strategic stability of its immediate neighbourhood. As Singapore's Minister for Trade and Industry Lee Hsien Loong said in July 1990:

Integrating the economic development of [the] Riaus with Singapore...gives each country a stake in the prosperity of the other. This makes it much more likely that the two countries will enjoy good relations, whoever [is] in charge in Singapore and in Jakarta.<sup>166</sup>

According to the Straits Times:

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<sup>163</sup> Straits Times, 13 July 1989.

<sup>164</sup> Straits Times (weekly overseas edition), 13 October 1990.

<sup>165</sup> Straits Times, 27 August 1990.

<sup>166</sup> Jakarta Post, 18 July 1990.

The likely pay off [from the Growth Triangle] is not only faster growth for all three parties but also better regional security, as a result of greater prosperity and economic interdependence.<sup>167</sup>

Singapore's encouragement of regional economic growth is also related to the issue of race relations. Singapore feels that the racial issue retains the potential to affect regional stability, particularly if there is an economic downturn affecting the non-Chinese races in Malaysia or Indonesia. The possibility of racial tension spilling over into Singapore remains one of the island republic's greatest fears. Economic co-operation with its neighbours helps Singapore avoid this possibility.

Like Indonesia and Malaysia, Singapore believes that closer economic ties between ASEAN and Indo-China would contribute to greater regional stability. In August 1990, Prime Minister Lee Kuan Yew said Southeast Asia would be very different if "Vietnam, Cambodia, and Laos also join the growth group...with mutual growth, there will be less friction."<sup>168</sup> Even at the height of its vocal opposition to Vietnam's invasion of Cambodia, Singapore permitted private trade with Vietnam. In late 1990, Singapore indicated that with the anticipated political settlement in Cambodia it would lift the official ban on investment in Indo-China.<sup>169</sup> Singapore, however, has been more reluctant than Indonesia and Malaysia to encourage political ties with Indo-China, especially Vietnam. For many years Singapore regarded Vietnam as a Soviet surrogate, a legacy of the Cold War which has not entirely disappeared. In addition, Singapore's cultural and

<sup>167</sup> Straits Times, 30 June 1990.

<sup>168</sup> Straits Times, 27 August 1990.

<sup>169</sup> Straits Times (weekly overseas edition), 13 October 1990.

racial ties with China - which produce a more positive view of Chinese policies - mean that unlike its neighbours, Singapore does not see Vietnam as a buffer against potential Chinese aggression.

### **The role of ASEAN**

While Singapore stresses the importance of economic growth for regional stability, there is also a recognition that the reverse is true. "For trade, investments, we require a peaceful, stable environment," said Lee Kuan Yew in 1990.<sup>170</sup> For Singapore, a key element in the peace and stability of its surrounding region has been the political cohesion of the ASEAN grouping. Singapore sees continued ASEAN unity as central to its future security. Deputy Prime Minister Goh Chok Tong stated in February 1990 that with the projected reduction in the United States presence:

only a more united Association of Southeast Asian Nations would ensure that small countries like Malaysia, Singapore and Brunei continued to prosper.<sup>171</sup>

With the outcome of the Gulf crisis unclear, Goh stressed to a conference of ASEAN MPs in September of the same year that "If the worst happens, and the world reels in recession and instability, ASEAN will act as a stabiliser for its member countries."<sup>172</sup>

Potential threats to ASEAN unity are of concern to Singapore. In Lee Kuan Yew's view, ASEAN's political unity

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<sup>170</sup> Straits Times, 27 August 1990.

<sup>171</sup> Antara News Service (Jakarta), 5 February 1990/A.

<sup>172</sup> Straits Times, 12 September 1990.

was due to a common fear of communism, which underpinned its formation in 1967 and greatly strengthened its unity after the Vietnamese invasion of Cambodia in 1978.<sup>173</sup> With the Vietnamese withdrawal from Cambodia in September 1989, Singapore believed ASEAN had lost a key motive for continued unity. Singapore thought Thailand had already undercut ASEAN unity by independently seeking to build economic relations with Indochina. "The Thai concept of Suwannaphum, or Golden Peninsula, looks towards Indochina rather than the region as a whole", remarked Lee Hsien Loong in July 1990.<sup>174</sup> Earlier, Foreign Minister Wong Kan Seng had told his ASEAN colleagues that "We will have to find new rallying points."<sup>175</sup>

Singapore has actively encouraged economic co-operation as a replacement unifying force for ASEAN. In 1990 Singapore called for ASEAN governments to use natural market trends to build intra-ASEAN trade and investment, an area where ASEAN's achievements to date had been "modest".<sup>176</sup> Pressure from Singapore ensured that the Fourth ASEAN summit in January 1992 had a strong economic theme. At the summit, the ASEAN leaders agreed to establish an ASEAN Free Trade Area (AFTA) by 2008. They also signed a tariff reduction agreement to pave the way for AFTA. In the opinion of a Singapore political scientist:

While political-security challenges from outside had in the past unified (ASEAN), it would appear that the end of the Cold War has made the new economic challenges posed by protectionism, especially by the Single European Market...and the North America Free Trade Area...the new source of unity among the ASEAN states. Thus, those who predicted the death or disarray of ASEAN following the

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173 Far Eastern Economic Review Asia 1990 Yearbook, 62.

174 Jakarta Post, 17 July 1990.

175 Far Eastern Economic Review Asia 1990 Yearbook, 62.

176 see remarks by Lee Hsien Loong, Jakarta Post, 17 July 1990.

settlement of the Cambodian problem would be disappointed.<sup>177</sup>

While economic pressure from European and North American trade blocs is now an important unifying factor for ASEAN, another unifying force came from China's renewed assertiveness in the South China Sea. Although Singapore has less fear of China than her neighbours, she supported ASEAN's declaration on the South China Sea in July 1992, not least because of the potential effect of conflict over the Spratly islands on the prosperity and welfare of the region. China's moves in the South China Sea, according to Wong Kan Seng, "conflict with 20th century realities".<sup>178</sup>

While, in Lee Hsien Loong's words, "The new Singapore leaders will continue to give priority to ASEAN"<sup>179</sup>, this is not to say that Singapore will depend on this one factor alone for its strategic security. Singapore invokes as many external factors as possible to bolster its fragile geo-strategic position.

#### **Indonesia and the Suharto approach**

Singapore believes Indonesia's leaders have a central role in determining the stability or otherwise of its strategic environment. As Lee Hsien Loong said in 1990:

we should not neglect fundamental factors which have underpinned ASEAN's stability and tranquility over the last 20 years, and on which ASEAN's success continues to depend. One such factor has been Indonesia's focus on

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177 Singh, Bilveer, "After the Summit: The Way Forward", op. cit. 2-3.

178 Far Eastern Economic Review, 6 August 1992.

179 Jakarta Post, 17 July 1990.

economic development and co-operation with its neighbours...This has had a great deal to do with the character and outlook of President Suharto and his firm personal commitment to ASEAN.<sup>180</sup>

Singapore awaited the possible stepping down of Suharto in 1993 for signs that a commitment to stability had been institutionalised in Indonesia. Lee Kuan Yew said in August 1990 that:

it is a matter of supreme importance to us how the succession in Indonesia takes place...it is important...that it is a constitutional process. Otherwise the great advances made in...25 years may well be thrown away.<sup>181</sup>

Singapore acknowledges the efforts of Suharto to institutionalise his personal commitment to national and regional stability through the Indonesian Armed Forces (ABRI), the National Assembly, and the state ideology Pancasila. "If the institutionalisation is secured before he leaves office, ASEAN will thrive and prosper", Lee said in August 1989.<sup>182</sup>

It is not only the manner in which Suharto's successor comes to power, but the personality of the new leader which will be important for regional security in Singapore's eyes. Memories of Sukarno and Confrontation, and a belief that Suharto personally has been largely responsible for regional stability, mean that Singapore's leaders will see the character of a future Indonesian President as a major influence on the region. As Lee Kuan Yew remarked, "remember in all new countries the character and personality of the

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180 Jakarta Post, 18 July 1990.

181 Straits Times, 27 August 1990.

182 Straits Times, 21 August 1989.

leaders count for a great deal in deciding bilateral relations."<sup>183</sup>

### **Singapore's defence policies**

Singapore believes its own defence policies contribute to a more stable, less threatening region. Defence development encourages regional countries to follow a peaceful international approach by demonstrating that any threat to Singapore could not be lightly undertaken, and defence diplomacy adds to regional cohesion by building co-operative military relations with neighbouring countries.

#### *Defence development*

The invasion in August 1990 of small, prosperous Kuwait by its much larger neighbour Iraq struck a chord with Singapore. For Singapore it proved the value of a strong defence force. "Singapore does not want to suffer the fate of Kuwait", remarked Foreign Minister Wong Kan Seng shortly after Iraq's invasion.<sup>184</sup> In 1989 some 27 per cent of Singapore's budget was allocated to defence.<sup>185</sup> "When we can take care of ourselves, we also contribute to regional stability", said First Deputy Prime Minister and Minister for Defence Goh Chok Tong.<sup>186</sup> Second Minister for Defence Lee Hsien Loong said the Gulf crisis showed how unpredictable strategic developments can be. In Southeast Asia, "Despite the best efforts of ASEAN

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<sup>183</sup> *Straits Times*, 27 September 1990.

<sup>184</sup> *Straits Times*, 18 August 1990.

<sup>185</sup> *Far Eastern Economic Review Asia 1990 Yearbook*, 9.

<sup>186</sup> *Straits Times*, 19 August 1990.

countries, untoward developments cannot completely be ruled out". The role of Singapore's Armed Forces is to "safeguard the prosperity which Singapore has achieved, and to guarantee a climate of stability and confidence in which economic growth can continue."<sup>187</sup>

A policy of "total defence" involving full use of civil as well as military resources provides the basis for Singapore's deterrent strategy. "If ever we are chased by a hound bigger than ourselves, which is conceivable, then we must, like the mousedeer, be prepared to turn around and give it a kick," said Lee Hsien Loong.<sup>188</sup> A standing army of some 55,000, the availability of 200,000 reserves at 6 hours notice, maintenance of a large force of tanks and armoured personnel carriers, and recent acquisitions of advanced F-16 fighter aircraft, E2C airborne early warning aircraft, and new missile corvettes<sup>189</sup>, give substance to Singapore's ability to do this.

Misgivings are expressed from time to time by Singapore's neighbours about its defence capabilities. "What if Singapore were governed by a Saddam Hussein", asked one Malaysian paper in August 1990, "then...Malaysia and Indonesia would be threatened."<sup>190</sup> Singapore is aware that its neighbours might find its development of a strong defence force unsettling. Lee Hsien Loong admitted that merely using the analogy of a "poisonous shrimp" to describe Singapore's defence posture "could be misread by others as Singapore being aggressive and

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187 Straits Times, 5 September 1990.

188 Straits Times, 15 September 1990.

189 Jane's Defence Weekly, 27 January 1990, 151-159.

190 Straits Times, 18 August 1990.

insensitive."<sup>191</sup> With proper explanation, however, Singapore feels there should be no misunderstanding of its defence approach. "The approach is no different from Indonesia's concept of regional resilience through national resilience", said Goh Chok Tong.<sup>192</sup> Singapore also takes other measures to allay concerns on the part of its neighbours. Singapore's new F-16 fighter aircraft were based in the United States for two years so that Singapore would not be the first to operate these aircraft in the region. As the Straits Times said:

The rationale...for keeping the F-16s in the United States was that Singapore wanted to avoid any misunderstanding with its neighbours. It did not want to be the first country in the region to introduce this generation of fighter jets.<sup>193</sup>

Possession of an effective defence force, and recognition of its capability by other nations, will continue to be seen by Singapore as a major component in a stable strategic environment. Strong defence, in Singapore's view, helps ensure the attraction of economic and not military competition for other states, as well as providing essential insurance in the event of a future breakdown in regional stability.

#### *Defence diplomacy*

Singapore is the only ASEAN nation to have bilateral military relations with all the other members of the grouping.<sup>194</sup> As Prime Minister Lee said in September 1989:

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191 Straits Times, 15 September 1990.

192 Sunday Times (Singapore), 19 August 1990.

193 Straits Times (weekly overseas edition), 25 July 1992.

194 Jane's Defence Weekly, 27 January 1990, 151.

I am a great believer in more interaction between armed forces, both between friends and potential adversaries, because nothing is lost....Not to know each other is to work in the dark, and fantasies can arise.<sup>195</sup>

In recent years Singapore has made a noticeable effort to build closer military ties with Indonesia and Malaysia. Frequent meetings between Lee Hsien Loong and Indonesia's General Benny Murdani (as Armed Forces Chief and then Defence Minister) were reportedly the basis for two "milestone" military agreements between Singapore and Indonesia in 1989.<sup>196</sup> The first was for joint funding of an air weapons practice range in north Sumatra; the second gave the Singapore Armed Forces "virtually unlimited access" to any part of Indonesia for Army training.<sup>197</sup> In December 1989 the first land exercise between the two nations was held.<sup>198</sup> In 1990 Indonesian aircraft operated from Singapore for the first time, during the Elang Indopura air exercise and in a naval exercise in the South China Sea. Singapore made available some of its latest technology for Indonesia's benefit - including early warning aircraft and a computer simulation centre.<sup>199</sup> In 1992 Singapore and Indonesia established a direct communications link between their navies and announced plans to conduct joint patrols to combat the growing menace of piracy.<sup>200</sup> In 1989 Singapore held its first ground force exercises with Malaysia. These were held in Singapore in May, and in Sarawak, East Malaysia, in October.<sup>201</sup> Given Singapore's concern about its susceptibility to assault, it is

195 Straits Times, 22 September, 1989.

196 Far Eastern Economic Review, 13 April 1989.

197 Straits Times, 24 March 1989.

198 Business Times (Singapore), 11 December 1989.

199 Straits Times, 13 September 1990 and 10 October 1990.

200 Straits Times (weekly overseas edition), 27 June 1992, 8.

201 Straits Times, 26 May 1989 and 6 October 1989.

particularly significant that Malaysian troops - as well as Indonesian aircraft - have been allowed to exercise in Singapore itself. As the Straits Times commented "It would have been thought impossible in 1986...that Malaysian troops would actually be exercising in Singapore."<sup>202</sup> Formal military links between Singapore and Malaysia, however, are not as stable as those between Singapore and Indonesia. In 1990 Malaysia cancelled bilateral exercises with Singapore (although joint exercises under the Five Power Defence Arrangements continued). Bilateral exercises between Malaysia and Singapore were not resumed until 1992.<sup>203</sup>

It is not formal exercises, however, but personal links between military leaders that Singapore believes contribute most to regional stability. In June 1992, the outgoing Chief of Singapore's Defence Force, Lieutenant-General Winston Choo, said:

There is now a greater sense of consensus among the military leaders on the nature of military relations among the ASEAN countries, a consensus that is governed by a network of bilateral military ties".<sup>204</sup>

There have been at least two recent meetings between the chiefs of staff from Indonesia, Malaysia and Singapore - the first in Bali in 1988 and the second in Bandung in August 1990. The Straits Times said of the first meeting that "it is expected to improve stability in the region as far as the three countries are concerned."<sup>205</sup> According to the Straits Times, 'defence sources' from Singapore said this informal

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<sup>202</sup> Straits Times, 26 May 1989.

<sup>203</sup> Straits Times (weekly overseas edition), 25 April 1992.

<sup>204</sup> Straits Times (weekly overseas edition), 13 June 1992.

<sup>205</sup> Straits Times 27 April 1989.

military relationship would supplement the already good links established by the political leadership of the three countries. The loose interlocking ties between the military top brass would not only provide a platform for possible trilateral defence co-operation but would help pre-empt any future misunderstandings at the defence level.<sup>206</sup>

Singapore's strategic vulnerability and its continual search for additional mechanisms that might enhance its security make it more willing than Indonesia or Malaysia to consider formal multilateral defence cooperation in ASEAN. At the Fourth ASEAN summit in January 1992, Singapore, together with Thailand and the Philippines, proposed that "military ties between the six ASEAN states needed to be increased in order to enhance Southeast Asian regional security." Singapore supported the Philippines' proposal for a formal consultative committee on defence. Opposition from Indonesia and Malaysia, however, meant the idea of multilateral ASEAN defence cooperation was not accepted by the summit.<sup>207</sup>

### **Implications for Australia**

As stated at the beginning of this chapter, the above perceptions do not represent a comprehensive or prioritised list of all of the elements that individuals in Indonesia, Malaysia and Singapore see as important for regional stability. Nevertheless, the factors listed above are

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<sup>206</sup> *Straits Times*, 24 March 1989.

<sup>207</sup> Singh, Bilveer, "After the Summit: The Way Forward", 3.

regarded as significant by those who influence government policy and national opinion in the three countries. An awareness of these perceptions indicates whether Australia's approach to the promotion of a stable region could be adjusted to fit more closely with that of our near neighbours to the north. It also helps measure Australia's success in meeting the Government's aim of "participating actively in the gradual development of a regional security community based on a sense of shared security interests"<sup>208</sup>.

It was shown above that Indonesia, Malaysia and Singapore each see military ties, close personal relationships between political leaders, and economic and business links as important for workable relations between nations and for building regional stability and security.

#### **Regional defence cooperation**

The three nations each see military links as a central to ASEAN unity and hence to regional stability as a whole. Military contacts are maintained, in one form or another, despite occasional political disputes and tension between Indonesia, Malaysia and Singapore. Malaysia and Indonesia upgraded military cooperation in early 1992 despite the dispute over Sipadan and Ligatan islands. Malaysia and Singapore restarted bilateral military exercises in April 1992 despite the Pedra Blanca dispute and various other bilateral irritations. Even when military exercises between Malaysia and Singapore were suspended from 1989 to 1992, the chiefs of

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208 Senator Gareth Evans, *Australia's Regional Security*, Canberra, 1989, 44.

their armed forces met each other in trilateral gatherings with their Indonesian counterpart.

Australia's approach is consistent with the perception in Indonesia, Malaysia and Singapore of the importance of military ties for regional stability. Australia regards military co-operation as central both to its policy of defence self-reliance and to its overall regional security approach. As The Defence of Australia 1987 stated, "Australia recognises its responsibility to contribute to regional security through bilateral defence relationships with all the countries in our region."<sup>209</sup> In Australia's Regional Security, Foreign Minister Evans said that "Australia's military capability ...provides the foundation for our capacity to contribute to a positive security environment through the exercise of... military diplomacy."<sup>210</sup>

Although The Defence of Australia 1987 said that "Australia's military cooperation with Southeast Asia is modest"<sup>211</sup>, over the last decade Australia has held more military exercises with Indonesia, Malaysia and Singapore than they have held between themselves. Between 1980 and 1990 Australia held 118 military exercises with Indonesia, Malaysia and Singapore (including joint exercises with Malaysia and Singapore under the Five Power Defence Arrangements), compared with 88 bilateral exercises between the three Southeast Asian nations over the same period.<sup>212</sup> Apart from combined exercises, Australia's other defence cooperation with Southeast Asia includes "training courses, ship and aircraft

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209 Department of Defence, The Defence of Australia 1987, Canberra, 1987, 8.

210 Senator Evans, op. cit., 18.

211 Department of Defence, op. cit., 13.

212 Singh, Bilveer, "Confidence Building Security Measures in Southeast Asia", 36-46.

visits, regular high level visits and personnel exchanges."<sup>213</sup>  
 To enhance this nation's "ability to contribute constructively to the development of regional strategic stability", the Australian Government's 1989 strategic basis paper, Australia's Strategic Planning in the 1990s, said there was a need for additional cooperation, including:

substantive regional intelligence cooperation;...further development of regional maritime surveillance arrangements; (and)...more substantive Australian participation in combined exercises and training with regional countries.<sup>214</sup>

In September 1992, Australia's Minister for Defence, Senator Ray, said that security cooperation with regional countries was now an "increasingly prominent defence activity".<sup>215</sup>

Australia's approach also recognises the importance for regional stability of personal links between senior defence personnel. As the Government stated in October 1992:

The aim of cooperation [in this case with Indonesia] is to build personal and professional relationships to increase understanding between the defence establishments of both countries.<sup>216</sup>

There is a need to recognise, however, that the emphasis in Southeast Asia is on contact between senior military personnel. In Australia, civilian officials have an important role in advising the Government on defence policy. To ensure the value of defence links as an avenue for maintaining contact in times of political tension, countries such as Indonesia, Malaysia and Singapore need to see civilian

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<sup>213</sup> Australian Government, The Government's response to the Coalition's defence policy, Canberra, October 1992, Appendix 1, 1.

<sup>214</sup> Australian Government, Australia's Strategic Planning in the 1990s, Canberra, 1992, 43-44.

<sup>215</sup> Ibid., iv.

<sup>216</sup> Australian Government, The Government's response to the Coalition's defence policy, Appendix 1, 1.

officials as well as military officers from Australia as influential figures in the making of Government policy.

Australia also recognises the sensitivity of Indonesia and Malaysia about formal multilateral defence cooperation. In July 1992, Foreign Minister Senator Evans, commenting on the Liberal/National Party's proposed new defence policy of 'co-operative regional deterrence', said this title was:

unlikely to be appealing to anyone in the region: it implies there is a threat to be deterred, risks antagonising major countries, and generally seems more likely to add to tension than alleviate it. The ASEAN countries have repeatedly foresworn becoming involved in formal defence pacts, partly because of the perception that this would if anything tend to attract threats.<sup>217</sup>

Coalition defence spokesman, Alexander Downer, admitted that use of the word deterrence could raise the question of "them versus us...If the whole policy is going to suffer because of a name, I would change the name".<sup>218</sup> When the Coalition's policy was formally released under the new title of 'cooperative regional defence', it recognised the preference of nations like Indonesia and Malaysia for low profile defence cooperation:

In most if not all cases, the defence links which the Coalition proposes developing with the region will not be developed in a formal alliance relationship.<sup>219</sup>

The effectiveness of Australia's current regional defence ties can be seen from the events of 1990 and 1991, when there was high profile political tension with both Malaysia and

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<sup>217</sup> Senator Evans, "Australia's approach to Asia-Pacific regional security", address to Tomorrow's Pacific Conference, Canberra, 15 July 1992, 8.

<sup>218</sup> Age, 4 August 1992.

<sup>219</sup> Federal Liberal Party/National Party Coalition, A Strong Australia - Rebuilding Australia's Defence, Canberra 1992, 6.

Indonesia. In both cases the defence relationship was maintained despite difficulties at a political level. Previous defence links, in contrast, have not been so enduring. In 1986, for example, Indonesia suspended military cooperation with Australia following the publication in the Sydney Morning Herald of an article criticising President Suharto.<sup>220</sup>

### Personal political links

Foreign Minister Senator Evans said in Australia's Regional Security that:

In the political sphere, particularly at the head of government and ministerial level, personal relationships can make the atmosphere for practical business receptive or unreceptive.<sup>221</sup>

Indonesia, Malaysia and Singapore each see personal political contact as one of the key factors in good relations with their neighbours. For Malaysia and Singapore, the capacity of heads of government to discuss problems with each other is an important means of controlling an often difficult bilateral relationship. Hence there is concern, particularly in Malaysia, about the effect on the overall relationship when a 'new generation' takes over with no common ties from pre-Malaysia days. In the case of Indonesia and Malaysia, what the Far Eastern Economic Review described as the contrasting "style and temperament" of President Suharto and Prime Minister Mahathir<sup>222</sup> has contributed to some uncertainty in

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<sup>220</sup> see an account of this incident in the Far Eastern Economic Review, 22 March 1990.

<sup>221</sup> Senator Evans, Australia's Regional Security, 24.

<sup>222</sup> Far Eastern Economic Review, 20 August 1992.

the political relationship between the two countries. This seems to have made personal contact even more important in resolving bilateral difficulties. Mahathir's prompt apology to President Suharto over the East Timor documentary issue in September 1992 is a case in point. Apart from personal contact between national leaders, there has also been an emphasis on face to face contact at ministerial level in resolving bilateral security issues. Indonesia and Malaysia have had a longstanding Joint Border Commission to manage their border in Borneo. In 1991 the two countries set up a Joint Ministerial Commission to discuss the dispute over Sipadan and Ligatan islands off the east coast of Borneo, and to resolve the Acehnese refugees issue. This emphasis on direct contact does not mean, of course, that issues are always resolved. Moreover, it is also true that personal contact in itself can cause friction. This seems to have been the case with the second "Malindo" talks in Bogor in January 1990.

There is a perception in Southeast Asia that Australia does not place enough importance on personal contact between political leaders. In the opinion of Noordin Sopiee:

Networking is very important...This is one area where Australia fails to exploit the potential for networking with those who are sympathetically disposed towards you...nobody is doing this properly.<sup>223</sup>

In the case of Australia's most important neighbour in Southeast Asia, Indonesia, however, there were more than 40 separate ministerial visits between the two countries between

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223 Sydney Morning Herald, 8 May 1992.

1988 and 1992.<sup>224</sup> This indicates that personal political contact with Indonesia at a ministerial level has been given priority by Australia, although it is difficult to judge whether this has resulted in effective "networking". In addition, Australia and Indonesia agreed in 1992 to general meetings of relevant ministers every two years. The first Australia - Indonesia Ministerial Forum was held in Jakarta in November 1992. Senator Evans said that this meeting created "a real springboard for allowing the relationship to leap forward in a much more substantial way than anything we have achieved so far."<sup>225</sup> Senator Evans himself has been very active in developing strong personal relations in the region. Former Australian Prime Minister Gough Whitlam said that Senator Evans was "the first Australian politician since me who had been able to establish a trusting and effective relationship with his Indonesian counterpart."<sup>226</sup>

As Gough Whitlam pointed out, however, even "The best foreign ministers and ambassadors need the backing of their respective heads of government."<sup>227</sup> As shown above, this is particularly important in Southeast Asia, where personal contact and rapport between national leaders is regarded as a major influence on regional stability. On this basis, it would seem that Australia neglected a key element in regional stability during the 1980s, particularly in the case of our relationship with Indonesia. Gough Whitlam said that when he was Prime Minister he stressed the importance of building a

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224 *Age*, 19 November 1992.

225 *Ibid.*

226 quoted in Ikrar Nusa Bhakti, "Facing the 21st century: trends in Australia's relations with Indonesia", *The Indonesian Quarterly*, vol. XX, no. 2, 2nd quarter 1992, 152.

227 *The Indonesian Quarterly*, vol. XX, no. 2, 2nd quarter 1992, 152.

close personal relationship with President Suharto.<sup>228</sup> Jusuf Wanandi believes that:

Bilateral relations [between Australia and Indonesia] were at their height in the early 1970s, in large part as a result of good personal relations...developed between Prime Minister Whitlam and President Suharto."<sup>229</sup>

By comparison, during nearly nine years in office from early 1983 to late 1991, Prime Minister Bob Hawke visited Indonesia only once - in his first year in power. As the Age reported, Indonesia was angered by conditions Hawke put on a second visit because of the Dili killings in November 1991.<sup>230</sup> Gough Whitlam believed that setting conditions for a visit to Jakarta would confirm impressions of Hawke both in Australia and overseas "as a media and poll-driven politician...(who) has always distanced himself from Indonesia."<sup>231</sup> Apart from not paying more than one visit to Indonesia, Hawke did not explore other ways of dealing directly with the Indonesian leadership. As an Indonesian academic pointed out:

Bob Hawke always took a tough stance on Indonesia, for example, in the David Jenkins affair and the Blenkinsop killing in Biak, Irian Jaya. [But] he never telephoned President Suharto to solve any problem in Australia's bilateral relationship with Indonesia, as he telephoned President Bush during the second Gulf War.<sup>232</sup>

The visit to Jakarta by Prime Minister Keating in April 1992 (discussed further in Chapter Three) helped to rectify the lack of personal political ties at the highest level between Australia and Indonesia. Together with other visits

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<sup>228</sup> Sydney Morning Herald, 10 December 1991.

<sup>229</sup> Jusuf Wanandi, "Australia-Indonesian security relationship", 158.

<sup>230</sup> Age, 19 November 1992.

<sup>231</sup> quoted in Ikrar Nusa Bhakti, "Facing the 21st century: trends in Australia's relations with Indonesia", The Indonesian Quarterly, vol. XX, no. 2, 2nd quarter 1992, 152.

<sup>232</sup> *Ibid.*

by Keating to Southeast Asia, this suggests the beginnings of a new approach that may be more in keeping with the importance Indonesia, Malaysia and Singapore place on personal political contact as a factor in regional stability.

### **Economic development and co-operation**

Indonesia, Malaysia and Singapore each see economic development and co-operation as an essential element in regional stability. For Malaysia and Singapore, this is more in terms of growth in commercial links between regional nations and the economic development of Southeast Asia as a whole. For Indonesia, given the perception that the Indonesian nation itself constitutes most of the region, it is also a matter of its own economic progress. Of the three nations, it is Singapore that has developed policies specifically aimed at improving regional stability through economic cooperation. A major reason for Singapore's promotion of the economic "growth triangle" with Indonesia and Malaysia was the desire to strengthen the cohesion and interdependence of the three nations.

Australia also recognises the role of economic development and cooperation in a stable strategic environment. In Australia's Regional Security, Foreign Minister Evans said:

Our economic assets and capabilities are of particular importance in the enhancement of national security, insofar as they create substantial and mutually beneficial links within the region...It is highly desirable from a national security viewpoint that we succeed in adding greater substance to our economic links with Southeast Asia and the South Pacific.<sup>233</sup>

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233 Senator Evans, Australia's Regional Security, 25 & 30.

Prime Minister Keating indicated in November 1992 that Australia shares the perception that Indonesia's economic progress is of particular significance for the stability of the region as a whole.<sup>234</sup>

In theory, Australia, like Singapore, sees security considerations as specific justification for promoting economic ties with its neighbours. As Senator Evans stated:

Our security interests in developing a broad-ranging relationship with the region means that we must devote a level of effort and resources to our economic relationship with the region greater than its relative economic importance would justify...Within the region...we need to focus special attention on Indonesia, Papua New Guinea and the nearer islands of the South Pacific."<sup>235</sup>

Economic links have increased in recent years with Australia's immediate neighbours. The ASEAN countries as a group now take more Australian exports than either the United States or the European community. Between 1988-89 and 1991-92, Australia's exports to ASEAN increased from \$3.9 billion to \$7.3 billion. Over the same period imports grew from \$2.8 billion to \$4 billion (or 9 per cent of total imports).<sup>236</sup> Singapore now ranks as Australia's fourth largest export market overall.<sup>237</sup> Indonesia has become Australia's ninth largest export market and the second largest in ASEAN.<sup>238</sup> Other examples of growing economic links with Indonesia include the Timor Gap Treaty and the Memorandum of Understanding on Economic Development Cooperation designed to

234 Paul Keating, Speech to 'Into Asia' Trade and Investment Convention, Perth, 17 November 1992, 2.

235 Senator Evans, Australia's Regional Security, 41.

236 Ibid., 26, and Department of Foreign Affairs and Trade, Annual Report 1991-92, Australian Government Publishing Service, Canberra, 1992, 34.

237 Department of Foreign Affairs and Trade, op. cit., 35.

238 Paul Keating, op. cit., 2.

increase trade between the Northern Territory and Indonesia's eastern provinces.<sup>239</sup> As Senator Evans suggested, these increasing links do have security benefits for Australia. An Indonesian academic noted that:

Australian aid to the eastern part of Indonesia can be regarded as a positive factor to improve the standard of living in these backward areas and to prevent them from separatism ...[therefore] Australian aid to Indonesia is also related to its own security interests.<sup>240</sup>

With the possible exception of the Timor Gap Treaty, however, the growing economic ties between Australia and Southeast Asia do not appear to have been motivated in any major way by national security considerations. The real impetus has come firstly from changes in the global economic order (especially the establishment of the European community and the North American Free Trade Agreement, which restrict Australia's access to some of its traditional markets), and secondly from the broader issue of Australia's place in the world. As Prime Minister Keating said:

Southeast Asian markets will become increasingly important to Australia's prosperity...[In addition] it is a question of attitudes, to do with how we see ourselves as a nation and how we perceive our relations with the region.<sup>241</sup>

Although Senator Evans has said that "The Timor Gap resolution is a clear example of a non-military solution to a problem that historically has often led to conflict"<sup>242</sup>, even this seemed to result more from a deficiency in overall relations

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239 Department of Foreign Affairs and Trade, op. cit., 35.

240 Ikrar Nusa Bhakti, op. cit., 152.

241 Paul Keating, op. cit., 3 & 6.

242 Senator Evans, Australia's Regional Security, 31.

with Australia's most important Southeast Asian neighbour rather than any specific security concerns. Moreover, international economic initiatives by the Australian Government in recent years, such as APEC (Asia-Pacific Economic Cooperation) and the Cairns Group of agricultural exporters, have not demonstrated the type of focus on our immediate region that could have been expected if security considerations were a specific motivating factor. APEC serves the Asia-Pacific as a whole, while the Cairns Group is a global grouping. Both involve some or all of the ASEAN nations, but they are not focussed specifically on our immediate neighbours, or on promoting Australia's economic ties with Southeast Asia.

Despite the language in Australia's Regional Security, Australia does not therefore appear to give priority to economic agreements for reasons of national security and regional stability in the same way Singapore does. This reflects the different strategic circumstances of the two countries. Because of its geographic vulnerability, Singapore perceives a need to devise initiatives such as the economic growth triangle with Malaysia and Indonesia specifically to promote regional cohesion. Australia is not in the same position. As the 1986 Dobb Review said, "Australia is one of the most secure countries in the world".<sup>243</sup> Hence in practice Australia does not have the same motivation as Singapore on security grounds to devote an extra level of 'effort and resources' to economic relationships with its immediate neighbours.

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<sup>243</sup> Paul Dobb, Review of Australia's defence capabilities, Canberra, 1986, 1.

### **ASEAN and Australia's security**

As shown above, a commitment to ASEAN is a central element in the foreign policies of Indonesia, Malaysia and Singapore. Each sees ASEAN as a major contributor to the stability of their region. ASEAN provides a measure of political unity for resisting external pressure, allowing them to deal with major external powers on a more equal footing. The three nations also believe ASEAN acts as a strong constraint on bilateral disputes between members of the grouping. A commitment to ASEAN limits the extent to which nations are prepared to criticise or act against the interests of fellow members.

The three nations recognise that Vietnam's withdrawal from Cambodia has removed the original unifying force for ASEAN. But they see convincing reasons for continuing to support ASEAN, including uneasiness over the effect of a reduced United States security presence, uncertainty about the future policies of major Asian powers such as China, and the need for protection against emerging economic trade blocs in other parts of the globe. Each nation recognises that a move away from ASEAN would cause concern amongst other countries in the region. Indonesia, in particular, sees its commitment to ASEAN as a demonstration to the region that it will not revert to a Confrontation type approach. All three nations recognise that a commitment to ASEAN helps maintain an atmosphere of regional stability essential for external investment and trade.

Although not a member of the grouping, Australia also recognises the key role of ASEAN in a stable strategic environment. The Defence of Australia 1987 said that ASEAN's "success as a cohesive grouping has added substantially to the strategic stability of our region."<sup>244</sup> On this basis, the continued cohesion of ASEAN is central to a stable strategic outlook for Australia. It follows that even though it does not involve us directly, Australia should encourage the continued viability of ASEAN as a key element in its approach to regional security. In particular, Australia needs to avoid actions which harm ASEAN. A recent Australian initiative which had the potential to do this was the APEC proposal. In Australia's Regional Security, Senator Evans said:

The APEC initiative, together with the Cairns Group before it, are excellent examples of how Australia can employ economic instruments and its political and diplomatic resources to develop new connections with the region, thereby enhancing our national security.<sup>245</sup>

APEC was, however, in some ways a threat to ASEAN, because of ASEAN's own responsibility for promoting economic co-operation and because of fears that ASEAN's identity would be lost in the wider Asia-Pacific grouping. Despite its slow progress in promoting economic interaction between ASEAN members, there was concern that one of the justifications for continued ASEAN co-operation and unity might be overtaken. In August 1989 President Suharto stated "Increased economic co-operation in the Pacific...must not in any way reduce the importance of ASEAN."<sup>246</sup> In an article on the APEC proposal, Noordin Sopiee

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244 Department of Defence, op. cit., 14.

245 Senator Evans, Australia's Regional Security, 30.

246 Jakarta Post, 4 November 1989.

said that "ASEAN is crucially important to us...we must guarantee against possible dilution of ASEAN."<sup>247</sup> The ASEAN members agreed in November 1989 that a condition of its participation in APEC would be that its "identity and cohesion should be preserved and its cooperative relations with its dialogue partners and with third countries should not be diluted"<sup>248</sup>

The Australian Government appears to have recognised the potential of APEC to harm ASEAN and hence to damage Australia's own security interests. In September 1989, Australia's Ambassador to Indonesia, Philip Flood, said in an address calling for greater regional economic co-operation that:

ASEAN is central to any scheme....As far as Australia is concerned, the continued political cohesion of the Association is of great importance for regional and international stability. Any new forum that resulted...in the weakening of ASEAN's links would be a backward step.<sup>249</sup>

As Senator Evans said, "we had to be acutely sensitive to the desire of ASEAN not to be subsumed and institutionally overwhelmed, in a wider regional process."<sup>250</sup> Hence the "principles of Asia-Pacific Economic Co-operation" adopted at the inaugural APEC meeting in Canberra in November 1989 - chaired by Senator Evans - stated that "co-operation should complement and draw upon, rather than detract from, existing organisations...such as ASEAN."<sup>251</sup>

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247 Ibid.

248 Jakarta Post, 7 November 1989.

249 Jakarta Post, 28 September 1989.

250 Senator Evans & Bruce Grant, Australia's Foreign Relations in the World of the 1990s, Melbourne, 1991, 124.

251 Ibid., 125.

### The China factor

From a Southeast Asian perspective, China has a pervasive influence on regional stability. The racial composition of Indonesia and Malaysia, together with their own experience of communist movements, has led to a fear of China's influence on domestic stability. Combined with China's demonstrated willingness to use military force, this leads to a continuing apprehension about China's future role in the region. Singapore, because of its largely ethnic Chinese makeup, is more ambivalent. Along with its neighbours, however, Singapore is concerned about China's assertive approach to international relations, especially its recent policies in the South China Sea, and the potential damage this might cause to regional welfare and prosperity.

China's ubiquitous place in regional strategic perceptions is significant for Australia's aim of "a community of shared strategic interests" with Southeast Asia. Australia needs to appreciate the concerns of Malaysia and other regional nations about China's military power. In Australia's Regional Security, Senator Evans said "In the case of China, its ability to project power into Australia's immediate region remains limited."<sup>252</sup> Countries such as Malaysia, however, are more wary about China's military capabilities. As Australia's Strategic Planning in the 1990s stated, "China's military capabilities are more than sufficient to handle any regional power."<sup>253</sup> It was shown above that Malaysia's perceived

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252 Senator Evans, Australia's Regional Security, 13.

253 Australian Government, Australia's Strategic Planning in the 1990s, 18.

inability to counter China's military capabilities prompted it to explore quick fix options - such as ex-Soviet MIG-29 fighter aircraft - to provide air cover over the South China Sea. The concerns of countries such as Malaysia and Indonesia about China's military power are likely to increase as China's "four modernisations" progress. Hence Australia and regional nations will have a continuing interest in analysis of developments in China, especially its military programs and deployments. As Australia's Strategic Planning in the 1990s said, "It is important [with regard to China] that we keep in close contact with Southeast Asian countries in promoting a sense of regional strategic cohesion."<sup>254</sup>

#### **The national resilience of Indonesia**

The national resilience and stable international approach of Indonesia is regarded by all three countries - including Indonesia itself - as a most important factor in regional stability. For Indonesia, the challenge of maintaining national unity, and a belief in its leading role in the region combine to produce this perception. For Malaysia and Singapore, memories of Confrontation and their location on the doorstep of a nation of 185 million people ensure an appreciation of Indonesia's regional role. Each country realises that any reversion to the international approach of Sukarno during his later years in power would have severe consequences for the political and economic outlook of the Malay archipelago as a whole. All three nations welcome the

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254 Australian Government, Australia's Strategic Planning in the 1990s, 18.

opportunity that groupings like ASEAN present for Indonesia to demonstrate a continuing commitment to regional stability. Both Malaysia and Singapore would like to increase their links with Indonesia to reduce the long term potential for tension or conflict. Somewhat surprisingly (given racial, religious and other differences), Singapore has been the more successful in this area, using its military and commercial skills as inducement for Indonesian co-operation.

Australia's regional security approach is consistent with these perceptions. Australia shares the perception that the New Order regime under President Suharto has been a key factor in regional stability. In May 1991 Prime Minister Hawke said:

Since the establishment of the New Order in Indonesia under President Suharto, we have seen and greatly welcomed the passing of the threat posed by the Indonesia of the early 1960s, and the development of a stable, unified and rapidly developing neighbour able indeed to make a major contribution to the security of our region.<sup>255</sup>

In November 1992, Prime Minister Keating said:

I made a point of highlighting [when in Jakarta earlier in the year] the enormous strategic benefit Australia has obtained during the past 25 years through the success of the Suharto Government in consolidating political stability and economic development in the Indonesian archipelago.<sup>256</sup>

Australia's published security policies also indicate the priority given to Indonesia. As Senator Evans said in Australia's Regional Security, "In making judgements about where to deploy non-military policy instruments in support of our security concerns, geography dictates that Indonesia and

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<sup>255</sup> R.J. Hawke, "Australia's security in Asia", address to Asia-Australia Institute, Sydney, 24 May 1991, 4.

<sup>256</sup> Paul Keating, op. cit., 2.

PNG must be our first focus."<sup>257</sup> 'Non-military' ties between Australia and Indonesia have certainly increased in recent years. Important examples include not only the growing economic links mentioned above, but also the Australia-Indonesia Ministerial Forum and the Australia-Indonesia Institute, as well as a range of new agreements including an Extradition Treaty, a Fisheries Cooperation agreement and a Taxation agreement.<sup>258</sup> The fact that Prime Minister Keating visited Indonesia on his first overseas trip in April 1992 also indicates the priority Australia places on building ties with Jakarta. As in the case of commercial and economic links, however, there is little evidence to suggest that these 'non-military policy instruments' were specifically designed - as Senator Evans seems to imply - to "support our security concerns". Rather they result from a more general recognition of the national importance of adding substance to the relationship with Indonesia. On the other hand, the traditional military instruments in Australia's regional security approach have been structured with the strategic benefits of closer security ties with Indonesia in mind. As Prime Minister Keating said in Jakarta in April 1992:

We share with Indonesia a fundamental interest in the strategic stability of our region, and in limiting the potential for external powers to introduce tension or conflict. Recognising this shared strategic interest, we are keen to work with Indonesia as equal partners to strengthen bilateral defence relations. There is scope for building closer links between our armed forces and defence organisations."<sup>259</sup>

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257 Senator Evans, Australia's Regional Security, 12.

258 Ibid., 37, and Department of Foreign Affairs and Trade, Annual Report 1991-92, 34.

259 Paul Keating, Speech by the Prime Minister, Jakarta, 22 April 1992, 6.

Australia's Strategic Planning in the 1990s states that "It should be a major aim of Australian defence policy in the coming decade to give more substance to the defence relationship with Indonesia."<sup>260</sup> This approach is consistent with that of nations such as Singapore, which also perceives major strategic benefits from a closer security relationship with Indonesia.

Like Malaysia, Singapore and Indonesia itself, Australia recognises the importance of the Presidential succession process in Indonesia for wider regional stability. As Australia's Strategic Planning in the 1990s stated, "Increasingly, Indonesian approaches to the external world, including to relations with Australia, will be shaped by the succession."<sup>261</sup>

#### **Indo-China and regional resilience**

Indonesia, Malaysia and Singapore each see the economic growth and development of Indo-China, especially Vietnam, as important for future regional stability. Indonesia and Malaysia, in particular, have no wish to see a renewed wave of refugees from Indo-China, with the strain this would impose on their own national prosperity and cohesion. With doubts over future Chinese policy towards Southeast Asia, they also see a resilient Vietnam as an important buffer against China. Closer ties between ASEAN and Indo-China, in their view, will assist political and economic stability in Indo-China and the stability of Southeast Asia as a whole.

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<sup>260</sup> Australian Government, Australia's Strategic Planning in the 1990s, 10.

<sup>261</sup> *Ibid.*, 9.

Australia's policies towards Indo-China are consistent with these perceptions. In Australia's Regional Security, Senator Evans said that "comprehensive engagement" with Southeast Asia included "working for the involvement of Vietnam, Cambodia, Laos and Myanmar in the cooperative framework of regional affairs".<sup>262</sup> In October 1991 the Australian Government resumed direct bilateral aid to Vietnam. Economic agreements between Australia and Vietnam were signed and in April 1992, a four year \$100 million development program was announced. Economic agreements have also been signed with Laos. Australia has also played a leading role in devising a Cambodian peace settlement, and has made a major contribution to the United Nations Transitional Authority in Cambodia (including some 500 military personnel).<sup>263</sup>

#### **Indonesia - Papua New Guinea - Australia relations**

Indonesia appreciates that tension or conflict with Papua New Guinea could cause instability in Irian Jaya and its other eastern provinces. Because it regards its own stability as central to the cohesion of the region as a whole, Indonesia therefore sees good relations with Papua New Guinea as an important factor in regional stability. The high priority given to the Papua New Guinea relationship by Indonesia since the early 1980s has benefitted Australia. The potential for serious disputes between Indonesia and Papua New Guinea - and hence the prospects for Australian involvement in such

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262 Senator Evans, Australia's Regional Security, 44.

263 Department of Foreign Affairs and Trade, Annual Report 1991-92, 32-33.

disputes - has declined. As The Defence of Australia 1987 said:

Papua New Guinea and Indonesia have demonstrated a co-operative approach to management of their common border. The Government welcomes the signing of the Treaty of Mutual Respect, Friendship and Co-operation between Papua New Guinea and Indonesia in 1986.<sup>264</sup>

Australia's defence and regional security policies also give high priority to bilateral co-operation with Papua New Guinea.<sup>265</sup> As Jusuf Wanandi has said, it is important for Indonesia and Australia to convey to each other an understanding of their respective policies towards Papua New Guinea:

PNG's development has profound strategic implications for Indonesia and Australia...It is important...that regular dialogues be held to assess developments in Papua New Guinea and the co-operation that each side has with Papua New Guinea in order to avoid mutual misunderstanding and suspicions.<sup>266</sup>

There is a continuing need for Australia's security planners to recognise the interlocking nature of the Indonesia - Papua New Guinea - Australia relationship. As The Defence of Australia 1987 says, "The relationship of Papua New Guinea with its neighbours will always be a matter of interest to Australia."<sup>267</sup> Wanandi believes events in Papua New Guinea retain the potential to cause tension between Australia and Indonesia:

Australia's assistance to maintain stability in Papua New Guinea will be generally accepted by Indonesia, except if the problem is one affecting the Indonesia - Papua New Guinea border, which by definition is a problem able to

<sup>264</sup> Department of Defence, op. cit., 19.

<sup>265</sup> Ibid., 19, and Senator Evans, Australia's Regional Security, 12.

<sup>266</sup> Jusuf Wanandi, "Australia-Indonesia security relationship", 157.

<sup>267</sup> Department of Defence, op. cit., 19.

be solved only by Indonesia and Papua New Guinea. While the provision of logistical assistance will be readily acceptable, I would speculate at the response to the dispatch of Australian troops to Papua New Guinea. There would undoubtedly be an Indonesian response. [Hence]...close consultations between Indonesia and Papua New Guinea and Indonesia and Australia will always be important.<sup>268</sup>

### **Defence self-reliance and regional stability**

Singapore believes that a strong defence force contributes to regional stability. In Singapore's view, this helps to ensure that regional countries concentrate on non-military means of achieving their international aims. It allows Singapore to deal confidently with its region, with an increasing focus on co-operation with its neighbours, knowing that it has a strong deterrent against external attack.

There is considerable similarity between Singapore's defence approach and that of Australia. As The Defence of Australia 1987 says, the Australian Government:

believes that an Australian defence force able to deal effectively with the most credible challenges to the nation's sovereignty is the best contribution we can make to the continued stability of our region.<sup>269</sup>

Both countries draw parallels between their approach to defence and Indonesia's concept of security. Just as Goh Chok Tong compared Singapore's 'total defence' policy with Indonesia's 'national and regional resilience', so too did Senator Evans in Australia's Regional Security. "There is an appreciation already that our defence concept of 'self-

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<sup>268</sup> Jusuf Wanandi, "Conclusion - Indonesia", in Desmond Ball & Helen Wilson (eds), Strange Neighbours, the Australia - Indonesia Relationship, Sydney, 1991, 241.

<sup>269</sup> Department of Defence, op. cit., 6.

reliance' is similar to that of the Indonesians' 'national resilience'", he said.<sup>270</sup>

Given Singapore's geographic vulnerability, it is apparent why the small island nation would see a strong defence force as important for a stable strategic environment. In contrast, Australia has a vastly more secure geographic position. Nevertheless, Australia has traditionally suffered from the same perceptions of insecurity as Singapore.<sup>271</sup> Both countries tended to see themselves as distinct from their neighbours in terms of race, religion, culture and politics. In this context, a growing realisation that Australia could be defended should it ever need to be, contributes - in the same way as it does for Singapore - to a more confident involvement with the region. As an Australian academic commented in 1989 about the Labor Government's policy of defence self-reliance:

Without doubt the recommendations for a reorientation of the structure of the Australian defence force contained in the Dibb Report and subsequently formalised in the Parliamentary White Paper of the Defence Minister, Mr Beazley, constitute the single most important development in Australian defence planning for many years...[these] changes...reflect a much greater degree of sophistication and maturity....[The] more self-assured attitude...about Australia's place in the region...[and] a gradual move to greater defence cooperation within the region generally...may well contribute to a reduction of traditional suspicions and uncertainties that Australia has felt about its region."<sup>272</sup>

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270 Senator Evans, Australia's Regional Security, 20.

271 for example, in 1979, the former head of the Department of Foreign Affairs, Alan Renouf, stated "in terms of national defence capabilities, Australia is indefensible by her own unaided efforts." See A. Renouf, The Frightened Country, Melbourne, 1979, 13.

272 Andrew MacIntyre, "Australia - Indonesia Relations", in Desmond Ball & Helen Wilson (eds), op. cit. 151-153.

## Chapter 2

### Perceptions of the United States 1989-1992

A continued United States security interest and presence in the western Pacific is regarded by the Australian Government as a major factor in regional stability. As Prime Minister Hawke said in May 1991:

US engagement in the region is, and will remain, important to Australia's strategic and security interests, and important to the security interests of the region as a whole...A corner-stone of Australian strategic policy will therefore be to maintain and assist the US strategic presence in the region.<sup>1</sup>

Along with a capacity for self-defence and effective regional cooperation, strong alliance relationships - especially with the United States - are central to Australia's defence policy. The Government supports defence self-reliance "within a framework of alliances and agreements. The most significant of these is with the United States."<sup>2</sup> As the Minister for Defence, Kim Beazley, said when tabling The Defence of Australia 1987:

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<sup>1</sup> R.J. Hawke, op. cit., 7.

<sup>2</sup> Department of Defence, op. cit., 1.