Chapter-2
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During the Post-Cold War era, two governments have determined Australia’s foreign policy stance: the Labor Administration of Paul Keating (1991-1996) and the Liberal-Nationalist Coalition of John Howard (1996-2007). Although coming from different ends of the political spectrum, both had consciously consolidated Australia’s regional position in the Asia-Pacific.

Australia’s geopolitical shift toward Asia undoubtedly gathered momentum from the late 1980s. This shift in emphasis reflected the changing nature of the international system. The debate over whether Australia should continue to define its foreign policy in terms of the U.S. alliance or on the basis of independently assessed imperatives were finally resolved in the aftermath of the collapse of the Soviet Union. As the new geostrategic landscape emerged, Australia found itself in a position remarkably different from the one prevailing during the Cold War era. The end of the Cold War bipolarity and the near simultaneous acceleration of the processes of economic globalization and liberalization have necessitated the reappraisal of the status and foreign policy towards the region and also resurgent of India and China in Southeast Asia. No longer seeing itself as wholly dependent on the U.S. for protection, Australia began vigorously to pursue the course of self reliance it had tentatively started earlier in the 80s namely, defining its own unique interests independent of traditional alliance commitments while seeking to develop a network of regional ties. An early indication of this reoriented Post-Cold War posture was the proposal for a Conference on Security and Cooperation in Asia
(CSCA), which was specifically advanced as a metaphor for Asian dialogue and Mutual Confidence Building (Evans & Grant 1995: 117).

**The Paul Keating Administration**

The Labor Government under Prime Minister Paul Keating was more outward looking in its engagement with Asia-Pacific than the earlier government of Bob Hawk (Prime Minister for two terms). The policy of Multiculturalism adopted during Hawk administration became the main focus of Keating administration. It was felt that Australia needed to project itself as an Asian friendly country rather than be seen as a bastion of Anglo Saxon culture. The active pursuit of Multiculturalism was expected to bring dividends in improving relations with the neighbouring Asian countries (Perry 1994: 113-118). Australia’s policy makers where conscious of the negative impact of “White Australia Policy” which though introduced in 1901, had continued till 1972. The White Australia Policy introduced strict immigration rules in order to prevent Asian people from coming to Australia. (Meaney 1995: 45-46) Analysts and experts acknowledge Australia’s earlier fears of being located far from the mother country and its obsession of keeping its culture and people from the Asian onslaught due to its geographical location. With change in global environment and the economic growth in Southeast Asia, Australian political elite realized the need to give new direction to its foreign policy keeping the strategic options best suited to the national interest of the country.

Australia policy at this instance also identified with the Post-Cold War aims of democratization and individual human rights, which placed the country uncomfortably in the middle of the “Asian versus Western values” debate that had began in the early 1990s. Aware of the dangers that this position posed to the wider objective of regional
engagement, Canberra opted to pursue these general goals through quiet and tacit diplomacy (as opposed to the more-strident approach the United States was emphasizing). (Cotton and Ravenhill 1997)

In 1990’s, Australia’s pursuit of Comprehensive Engagement under Paul Keating was reflected in a regional Foreign Policy agenda that was both vigorous and proactive. Adoption of multiculturalism as national policy was reflective of this identification with the region and so was Australia’s Look West policy. Australia endeavored to play a constructive role in Southeast Asia through multilateral diplomacy to enhance security dialogue, trust building and practical cooperation by participating in both formal “track one” and non-official “track two”, and working groups. (Brown 1994)

Although, Keating was not the first Prime Minister to emphasize the importance of trade and security ties with Southeast Asia, it was his government that focused in defining the pre-eminence of Asian links over Australia’s traditional links with Britain and the United States. He called for acceptance by Australian that ‘Asia is where our future lies’. Prime Minister Keating wanted to erase this image of Australia as Euro centric backwater, which still clung to the remnants of ‘White Australia Policy’. The economic future of Australia was seen in the Asia Pacific. He wanted Australia to define an identity of its own. In this effort he suggested Australia be declared Republic and with Union Jack to be removed from the upper corner of the Australian flag. These symbolic gestures according to Prime Minister Keating would go long way in facilitating relations with Asian neighbours, as it would free Australia from the burden of being seen as a surrogate of Western countries. The earlier government of Hawke was absolutely committed to the western alliance, which in the last phase of the Cold War meant
uncritical support to the US as it exerted its augmented dominance. The American communication bases in Australia, more important than ever for a new generation of strategic weapons, were therefore sacred. The right of American warships to enter local ports, regardless of whether they were carrying nuclear weapons, was inviolable. (Macintyre 2004: 256). To further emphasize the new direction, Keating's first overseas visit was to Indonesia in 1992, a country he had never visited before. It was the first visit to Jakarta by an Australian Prime Minister since 1983 (Grattan 2000: 424).

The conceptual foundation upon which Keating and his Foreign Minister, Gareth Evans, sought to develop this vision of regional enmeshment was "Comprehensive Engagement", which was itself based on an expanded and more inclusive notion of security. "Comprehensive Engagement" was developed in the late 1980s to complement and provide balance to the 1987 Defence White Paper, which had shifted Canberra's policy nucleus away from its dependency on the United States to an orientation that emphasized a more discrete and self-reliant regional focus. The intention behind this concept was not to convey the idea that Australia naturally belonged to Southeast Asia. Rather, it sought to engage the countries of the region in a spirit of partnership and mutual respect by forging a diverse and substantive array of cross-linkages and contacts. The long-term goal was to foster a Southeast Asian community for peace and security of which Australia felt it was an integral part, based on a shared set of common defence norms and interests. (Australia's Regional Security, Ministerial Statement by Senator Gareth Evans 1989)

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1 Comprehensive Engagement was first used to describe Australia's policy towards Southeast Asia in Ministerial statement by Senator Gareth Evans, Australia's Regional security, 6 December 1989, Para's 173-76.
several issues areas (military, diplomacy, environmental and economic) deemed to be of common interest to all countries in Southeast Asia.

Paul Keating is regarded as the architect of the reorientation school. In 1991, while taking over the new administration, Mr. Keating asserted bluntly, “We have to turn to Asia, Full stop.” (Barr 1995: 10) The Keating Government saw the development of a much more multilateralist approach in Australia’s foreign policy, and an activist role for the Australian Foreign Minister, in particular Gareth Evans. Great political and economic changes occurred in the international system during this period, in particular, the rise of Japan as a rival to the US in the economic realm, the emergence of Asia as a world economic power, and the demise of the Soviet Union and subsequent ending of the Cold war. (Smith and Kettle 1996: 108)

Australia identified itself as a ‘middle power’ capable of acting as an honest broker on the international stage. It began to view itself, as one of a group of states with liberal-democratic traditions that could act in concert to influence the larger powers; recognizing the limits of a ‘middle power’ state acting alone unilaterally. (Smith and Kettle 1996: 111-13)

Paul Keating Administration strongly identified its security with the stability of the surrounding region and took certain concrete steps which continued to be followed into next administration of John Howard. These were aimed at bringing the ASEAN countries closer to Australia. He did not want the ASEAN region, to think of Australia as not part of the region. Australia’s trade with Asia was increasing and Australia did not want to jeopardise its access to Southeast Asian markets.
In Indochina, considerable time, energy and resource were devoted to facilitating the process of national reconciliation and democratization in Cambodia. Australia worked closely with Japan, the United States and the European Union in bringing about the negotiations that led to the 1991 Paris Peace Settlement and actively participated in the United Nations transitional authority that was subsequently dispatched to lay the groundwork for the 1993 independence elections. Australia was the first country to announce that it would seek such accreditation to the Supreme National Council (SNC); in the first place on a non-resident basis through its Ambassador to Thailand and subsequently by the establishment of a resident mission in Phnom Penh. (Annual Report, 1997-98, Department of Foreign Affairs and Trade, Australia)

In order to get a UN presence to prepare the way for what was to become the UN Transitional Authority in Cambodia (UNTAC), a UN Advance Mission (UNAMIC) was dispatched to Cambodia on 9 November 1991. The UN operation in Cambodia, for all its flaws was a success. In spite of the setbacks and deficiencies, the UN-supervised settlement achieved its principal aims. It succeeded in removing the Cambodian conflict as a source of regional tension; Australia's contribution to the settlement process was its positive contribution to the peace process was extremely constructive and acknowledged by the international community. (Berry 1997) Australia provided economic aid of $2 million for demining operations in Cambodia. The funds were being provided through AIDAB, Australia's overseas aid agency. Above all, it showed how effective Middle Power diplomacy could be over the United Nations Peace initiative. It was more an intellectual than a political or military role. It represented not only a sharp new turn in the
implementation of Australia’s Indo-China Policy but also a major development in Australian diplomacy. (Evans & Grant 1995: 236)

Australia’s economic and trade interests in Indo-China were relatively small but the longer-term potential growth particularly in Vietnam was seen as immense. Australia through its diplomatic engagement took advantage of this opportunity. Two-way trade with Vietnam grew steadily from around $6 million in 1984 to over $366 million in 1993, and Australia is now the largest investor in Vietnam. (Annual Report, 1993-94, Department of Foreign Affairs and Trade, Australia)

Paul Keating’s visited Vietnam and Laos in April 1994. Earlier the Vietnamese Prime Minister Kiet in May 1993 and Lao Prime Minister Khamtay in November 1993 had visited Australia. These high levels visits cemented political ties at the highest level. For the first time in April 1992, Australian aid was promised to Vietnam and Cambodia, following the Cambodian Peace Settlement. The aid program to Laos was trebled to provide for the Friendship Bridge across the Mekong River and a border control facility.

In the year 1994/95 and 1997/98 $200 million to Vietnam, $92 Million to Cambodia and $47.5 million to Laos were pledged by Australia. (Evans & Grant 1995: 236)

The economic aid by Australia to Southeast Asia carried crucial strategic significance to the latter. Not surprisingly, Australia’s interaction has grown to include security agreements with most of the “ASEAN ten”. Who have stronger defence links with Australia than with any other country, including amongst themselves. This is part of Australia’s strategy of active regional involvement. (Ablong 1997)

Keating’s Nationalism looked outwards to equip Australians with the confidence to operate in the globalised economy and attach them to their Asian destiny. He even
suggested that the traditional mate ship could be understood as an Asian value. Some Asian leaders were not so sure. Indonesia’s rulers found criticism by Australian press a sign of disrespect, the preoccupation with human rights, and an indication that the white outpost was still wedded to western values. Australia denied membership of ASEAN, and thwarted by Malaysia’s Prime Minister Mahathir in its attempt to promote APEC Forum as a broader regional block. Keating’s frustrated description of his counter-part as ‘recalcitrant’ did not assist his cause. (Macintyre 1999: 253) During Keating term major steps were taken to consolidate APEC (Beaumont and Woodard 1994: 97) and the decision to establish a new forum called the ASEAN Regional Forum. In July 1991, the ASEAN Post-Ministerial Conference (PMC) endorsed the proposition that PMC was an ‘appropriate base’ for discussion of regional security issues. (ASEAN Annual Report 1991-92, Ball & Kerr 1996: 23) At the Twenty-sixth ASEAN Ministerial Meeting in Singapore on 23-24 July 1993 it was agreed that the security component of the PMC dialogue would be known as the ASEAN Regional Forum (ARF), with eighteen member-the six ASEAN countries (Malaysia, Indonesia, Thailand, Singapore, the Philippines and Brunei), their seven major trading partners (the United States, Japan, Canada, South Korea, Australia, New Zealand and the European Community), and the five ‘guests’ and ‘observers’ at the ASEAN meeting (Russia, China, Vietnam, Lao and Papua New Guinea). (ASEAN Annual Report 1993-94)

While ASEAN’s interest in multilateral economic issues like Australia’s has been growing rapidly (with four of its six members – all the agricultural producers – being members of the Cairns group, and all being members of APEC), the association has only recently attempted to formalise economic co-operation. In January 1992, ASEAN leaders
launched the ASEAN Free Trade Area (AFTA), which came into effect on 1 Jan. 1993. Over a 10-15 year period, intra-regional tariff will be phased down to 0-5 percent through the implementation of a common effective preferential tariff (CEPT) scheme. (Evans 1989: 2)

Australia has certainly been participating in ASEAN’s rush to do business with outside countries, conscious of the market potential of a combined population of 330 million, albeit at the moment a total GDP is not much larger than Australia alone.

Added to this diplomatic programme was an active socio-economic and environmental agenda. Australia vigorously supported trade liberalization and integration throughout Southeast Asia, endorsing Asia Pacific Economic Cooperation (APEC). Australia officials proclaimed a multidimensional approach to Australia security policy and planning in which a comprehensive range of policy instruments - for example, diplomacy, military capabilities, economic and trade relations, overseas development assistance, immigration policy, cultural relations - are composed to enhance Australia security. (The Hon. P.J. Keating address to the Chinese Chamber of Commerce, Perth, 15 Feb. 1995)

Australia’s initial attempts to develop a regional security approach with countries of Southeast Asia did not receive much success in the region. But over time the opposition diminished and, with the establishment of the ASEAN Regional Forum in 1994, the pursuit of multilateral security dialogue became acceptable as an appropriate means of enhancing regional security. (McDougall 2001: 83)

Paul Keating set about his task of engaging the Southeast Asia - through overseas visits and the building of close personal links with regional leaders - developing and
articulating a vision of an economically integrated region of which Australia was unequivocally a part. Particular emphasis was given to the relationship with Indonesia, which not only represented Canberra’s logical link to Southeast Asia (given its geographical proximity) but also acted as bedrock that was vital to the maintenance of the region’s cohesiveness.

Paul Keating visited Indonesia many times during his term thus emphasised the importance of the relationship to Australia. However, he did not hesitate in raising the issues of Irian Jaya (now West Papua) and East Timor with President Suharto. These two provinces attracted great sympathy in Australia. Prime Minister noted that the continuing problems in East Timor had detracted from the enormous achievements of the Indonesian Republic since independence. He stated his view that it was important that the province of East Timor should be a harmonious part of Indonesia and that respect for the rights of the Timorese people was essential ingredient for this. (Roggero 1995: 8)

Security and economic concerns were the primary drivers of the engagement process. As the Defence White Paper of 1994 notes, ‘Australia’s future security – like our economic prosperity – is linked inextricably to the security and prosperity of Asia and the Pacific (Defending Australia: Defence White Paper 1994: 3) and to becoming ‘a partner in determining the strategic affairs of the region. (Defending Australia: Defence White Paper 1994: 85)

There were positive results in the field of defence cooperation with Southeast Asia to the point where ASEAN states, conducted more defence cooperation activities with Australia than they did with each other. Moreover, the nature of the cooperation was in many respects much closer than it had been in the past. For example, Indonesian Air
Force (TNI-AU) officers flew on RAAF P-3 C Orion maritime surveillance operations in the Timer Gap and RAAF maritime personnel flew on Indonesian Navy Search master (Nomad) flights. (Ball 1994: 227-46) The ASEAN countries joined Australia’s major military exercise, Kangaroo’95, Singapore, based its air force flying centre at RAAF base, Pearce in Western Australia. Canberra was also trying to strengthen regional security through the ASEAN Regional Forum (ARF), which held its first Ministerial meeting in 1994. (Far Eastern Economic Review (FEER) 17 August 1995: 26)

Australia’s economic links with the region defined another foreign policy objective that demanded special attention especially at the time when global economic interdependence had become an accepted fact. Australia’s share of export to Asia had increased by around one third. Since the early 1980s, Japan & Korea were its largest export market and ASEAN countries ranked second if counted together. Presently, Australia supplies almost half of East Asia’s coal, iron ore and beef and half of its wool and aluminum ore. (Keating 1995: 26) With the countries of Southeast Asia Australia had good economic links like with two way trends between Australia and Malaysia in 1993 was up by 23 percent over the previous year at $2.6 billion and there were unprecedented levels of interest in two-way investment. Indonesia had an important and growing commercial relationship with Australia. In 1993, two-way merchandise trade was valued at $3 billion, made Indonesia Australia’s 11th largest trading partner, the second largest in ASEAN and the ninth largest in APEC. (INSIGHT 14 August 1994: 3) Singapore’s dealing in terms of trade with Australia’s largest ASEAN trading partner and sixth largest in the world. Bilateral trade with Australia was valued at $4.5 billion in
1993. In accordance with Philippines trade and investment relationship was also expanding in Keating period.

Thailand, with its rapidly expanding industrial base, was one of Australia's fastest growing partners. Bilateral trade had increased by nearly 60 percent on the 1991 figure to just over $2 billion in 1993. (INSIGHT 14 August 1994: 4)

Australia's engagement with Asia led to the announcement of the "Look West Policy." The Defence White Paper of 1994 stated,

"...a new strategic architecture will evolve as the structures of recent decade fade. Much will depend on the policies of major Asia powers-Japan, China and Singapore-and on their relationships with one another and with other countries in the region". (Defending Australia: Defence White Paper 1994: 8)

As a result, Australia's security perceptions and trade patterns started changing. While in the past it had mainly exported to the U.S. and Europe, now Southeast Asia with its booming economy became one of its main trading partners.

Australia's interests in Asia are broad and the objectives of Australia's regional engagement policies are manifold. There are domestic constituencies and foreign policy interests. In February 1995, Prime Minister Keating stated:

"Our economic links with Asia are vital...but it is a profound error to see that as the whole story... Our interest in Asia has a much broader focus and a much wider purpose. Success in the efforts we make in Asia will affect not just Australia's prosperity but also our security......... And more than that, closer engagement with Asia in already helping to transform Australian society... Asian culture and Asian values will, in very short time..."
I believe, begin to work their impact on mainstream Australian culture”. (Keating 1995: 3)

Some dimensions of this ‘wider purpose’ were articulated by promoting economic liberalism, domestic deregulation, structural adjustment and free trade abroad, as well as closer regional economic cooperation. These were argued at highest national levels and its importance to Australia’s regional security policies were publicly explained. (Defending Australia: Defence White Paper 1994: 4-11)

The Government explained: “We have been seen by countries, not only in the region but around the world as being able to do something that probably no other country could do; because of the special characteristics we have; because we occupy that special place – we are a European Western civilization with the strong links with North America, but here we are in Asia.” (The Bulletin, Sydney 28 Sept. 1999: 24) This statement also implied that even though Australia was pursuing a self-proclaimed self-reliant defence policy, in no way did this imply the end of its dependence on the USA.

Recent studies on Australia’s security clearly reflected that the Australian Government and security analysts were not at ease with the events unfolding after the end of the Cold War, and emphasized now Australia would come to terms with this. (Malik 1997: 237-38)

One of the studies generated a heated debate in Australia’s security community. It analysed Australia’s military build-up and criticized Australia for projecting itself as a military power in an attempt “to maximize Australia’s influence in the region and to secure Australia’s interests and those of the western Alliance in general”. (Malik 1997:
However, some did support Australian Government's Policy towards Asia. According to David Lague:

"Australia's effort to enmesh itself in the region are an important aspect of its approach to security and the statement by Prime Minister, both past and present, that Australia seeks security with Asia, "not form Asia", offers a cogent summary of a central tenant of Canberra's current and future security relations with Asia." (Sydney Morning Herald 1 August 1995)

Perhaps the most significant achievement was the signing of a Mutual Security Treaty with Indonesia in 1995, the first such agreement that Australia had concluded with an Asian state and the first negotiated by Jakarta with any country. This agreement, which was an Australian initiative, was hailed as an historic pact. Prime Minister Paul Keating stated, it 'sets out in formal terms for the first time our common interests in the peace and security of the region around us, and our intention to cooperate together in support of those interests. (Sydney Morning Herald 19 December 1995) He further stated that the Treaty was, 'a declaration of trust.'(Ball & Kerr 1996: 99-100) Many analysts then described it as 'a lynchpin for security.'(Evans & Grant 1995: 162-69) This was essentially a useful confidence building measure between the two countries which Mr Howard and Mr Downer had strongly endorsed when in Opposition and later when in Government. With Australia's intervention in East Timor in 1999, the Treaty was abrogated by Indonesia. The defence cooperation program with Indonesia received a setback as a result of Australia's East Timor policy during Howard's administration.

The consequences of comprehensive engagement towards Southeast Asia by and large it accorded with the change in international relations in the Post-Cold War world,
and more particularly with the economic and strategic developments in the Asia Pacific region. Australia proclaimed a multidimensional approach to regional security, involving careful development and composition of foreign policy and diplomacy, defence capabilities, and activities, trade and investment, development assistance immigration policy, and educational and cultural activities. This approach reflects a realistic appraisal of the broadening but increasingly complex nature of national and regional security. (Bolt, 1990: 26) Paul Keating, stated on 15 February 1995 that, 'unless we succeed in Asia, we succeed nowhere. (Keating 1995: 3) This approach substantiated that national security involves more than military power.

The Government of Paul Keating took a leading role in advocating the need to focus attention on the near region. An assiduous effort was made to both strengthen and consolidate meaningful person-to-person links through the promotion of education exchanges and tourism and by facilitating increased Asia in to the country. By the end of 1995, Keating Government could, and did, claim success as the country shifted its policy towards Asia, despite lobbying by pro Europe and U.S. supporters and anti-Asian migration lobby of the One Nation Party led by Pauline Henson. This was a substantial achievement given the history of the long entrenched fear of Asians, and the cultural ties to the West.

**Howard Era (1996-2007)**

In 1996, a new Liberal Nationalist Coalition led by John Howard, was sworn in as Australia’s Prime Minister in March of that year replacing Keating’s Labor government. Although Asian engagement was a main issue of the 1996 campaign, and despite Howard’s own commitment to bring the United States alliance back to the center stage of
Australian foreign policy, the overall direction of Canberra's external orientation did not change substantially since 1996.

Southeast Asia was still being viewed very much as a political priority as is the general need to enhance regional security cooperation and stability. In endorsing this stance, the then foreign minister, Alexander Downer, stated, “there is a national consensus on the importance of Australia’s engagement with Asia and...a strong (understanding) that no side of Australian politics 'owns' the Asian Vision.” (Jones and Smith 1999: 452-53)

In line with this recognition of the need for regional engagement, Australia continued to play a constructive role in both track-one and track-two multilateral diplomacy as well as moved to foster stable and mutually supportive bilateral government-government links. In 1997, several significant accords on information sharing were signed with Thailand, the Philippines, Vietnam, and China, doubling the number of Southeast Asian countries that regularly engage in security dialogues with Australia. That same year, an important maritime agreement was signed with Indonesia, which finally settled the frontiers between two countries in the Arafura and Timor seas and eastern Indian Ocean. Arguably of greater note was Canberra’s response to the financial crisis, which first broke with forced devaluation of the Thai baht in 1997. Between 1997 and 1998, several significant economic assistance and bailout packages were prepared, both unilaterally and in conjunction with the International Monetary Fund (IMF). (Smith 1999: 19496) The purpose of these actions was, in the words of Alexander Downer, to emphasize the notion of "regional mate ship" and to convey the message that
Australia was not just a “fair-weather friend” but also “a genuinely close regional ally, in good times and in bad.” (Downer 1998)

If a difference did exist, it was in the conduct, rather than the substance of foreign policy. In particular, the Liberal-Nationalist Coalition sought to pursue its objectives in a more pragmatic and less personal fashion than the former Labour administration. Although, initially it seemed that East Timor crisis damaged Australia’s relations with Southeast Asia. There was a degree of surprise at Australia’s change of position vis-à-vis Indonesia’s claim over East Timor. Australia’s approach was seen as ”too assertive”, and unsuited to a regional neighbour. With the unfolding of events and condemnation of abuse inflicted by Indonesian army on East Timorese and Indonesia’s return to democracy, the question regarding Australia’s cooperation with its regional partners faded away. In addition, Howard sought to position Australia as a natural bridge for raising and facilitating socio-economic and political issues among Asia, Europe, and North America, a stance that became particularly evident during the IMF negotiations that followed Southeast Asia’s 1997-1998 financial meltdowns.

Under Howard Administration, Australia continued its engagement with the region, even though there were some embarrassments in the form of the “Hanson phenomenon’, the ‘royalist’ referendum result, and the “deputy sheriff” tag. Engagement with Asia, and more specifically Southeast Asia, continued to form the basis of Australia’s security policy continued to remain inseparable from policy of constructive engagement in regional affairs. As with Keating, Howard too recognized Indonesia as essential to this aim of regional engagement, not the least because of its size, geographic proximity, strategic influence, and preeminent position with ASEAN. Although the Liberal-
Nationalist Coalition has been prepared to adopt somewhat of a more forceful and less placatory line with Jakarta – a stance that became particularly clear in late 1998 to 1999 when the crisis in East Timor erupted – managing a stable bilateral partnership has always remained the key objective of the government. Australia had been directly involved in providing emergency aid to Indonesia in 1998, and argued for a more humanitarian application of the rigorous IMF aid package. In 1999, Similarly Indonesia had supported Australia’s initiatives on the peace settlement in Cambodia, the formation of APEC, and the regional security dialogue to mention a few. In wider policy terms as a consequence of Australia’s East Timor approach, there was a major setback in relationship. (Maley 2000: 151-62) For Australia, the pressure generated by economic and political upheaval in Indonesia and the future of East Timor posed the most significant security crisis since the Vietnam War. Its political elite and the public at large was of the opinion that Australia must play a leading role in resolving the crisis, but its motives and methods were criticised in some quarters. Australian forces were the main contingent in the UN ‘peace-makers’ sent to East Timor. Although Australia’s military involvement in East Timor declined over the last year, Australia remains one of the main financial and diplomatic supporter of the new country. (Chalk 2001: 9)

All these trends indicate, however, that the Australian governments, both Labour and Liberal-Nationalist Coalition, had viewed their economic and diplomatic interests being closely tied to the Asia-Pacific region. This engagement led to some ‘Asianisation’ of Australian affairs, but not in the sense of Australia becoming Asian culturally, nor on the basis of Asian ethnic immigration (less than 5% of Australians have emigrated from Asia). Rather, the Australian government, and Australia’s education, business and
administration elites have accepted that Australia’s future rides with Asia. There has also been a relatively wide acceptance of this in the public arena, supported by some growing interest in Asian affairs and Asian cultures. This remains true in spite of occasional outbursts of xenophobia and calls for a stop to Asian immigration, sparked off by small radical groups. These views came under strong attack by foreign minister Downer. (Millet & Skehan 1997)

Australia’s policy of encouraging stability and trade in the Asian region will continue to depend much less on pursuing or maintaining friendly regional relations (or even concluding agreements) than on the continued retention by the US of its very strong military presence in the western pacific, the further development liberal international and domestic economic arrangements and decisions by individual Asian countries to expose themselves to free trade. Fortunately, the US’s continued strategic engagement in the region – it is sometimes overlooked that the US is part of the Asia-Pacific region – is virtually assured by its substantial and growing regional economic interests (including 50 percent greater trade across the Pacific than across the Atlantic) and China’s forthcoming admission to the World Trade Organization is an encouraging acknowledgement that it is giving increasing recognition to the potential mutual advantages from a more liberal economic system.²

There has been criticism that Australian Governments should have been doing more to develop closer trading and investment relations with regional Asian partners. The decline of APEC was apparent since the second half of the 1990’s (Jomo 2006). Also after the financial crisis, China, Japan and Korea’s participation, economic integration in East Asia and within ASEAN has become more dynamic. While weaker than many other

² More than a quarter of the total stock of foreign direct investment in East Asia is American.
players, ASEAN is a focal point for regional efforts at integration and is so regarded by ASEAN itself. Australia, China, India and Japan have undertaken vigorous efforts to link with ASEAN, Keeping this in focus Howard Administration accelerated the bilateral process of engagement through bilateral investment and trade agreements. According to critics the presence of outside partners in ASEAN’S integration formulas (ASEAN+1, ASEAN+2{PLUS Australia and New Zealand], ASEAN+5) have strengthened the centrifugal effect in ASEAN. (Kiem 2007)

Financial Crisis

The tension between East and West were reinvoked during the 1997-98 financial and economic crises. In particular, strong tensions between Asian and the U.S. emerged in debates over the causes and the remedy for the crisis. Some in the U.S. argued that cronyism, lack of transparency, and a false model of corporate government cooperation were at the heart of the crisis, i.e. the so called ‘Asian Miracle’ was a mirage. (Harding 1998: 32) On the other hand, some Asians argued that U.S. financial institutions had eagerly pumped vast amounts of short-term hot money into the ‘immature Asians banking systems and securities markets’, followed by the activities of American speculators and that the U.S has also been reluctant to top-up the IMF to help deal with the crisis. (Harding 1998: 33-35) The risk of a second round of crisis, and the potential long term effect on American trade, clearly indicate that a strongly cooperative approach in needed to stabilize regional and global financial systems.

A Coalition government will be committed to the proactive development of these fundamentally important areas of political, economic, and social interaction with Asia-
Pacific countries. This commitment to develop and strengthen Australia’s relations in the Asia-Pacific region will be their highest foreign policy priority. While in the Post-Cold War world the mix of military and economic factors in the concept of national securing have changed. But defence preparedness remains a fundamental national priority.

By virtue of geography, Australia self evidently needs to pursue a security strategy with draw a closely links with the countries of Southeast Asia.

Externally the most visible and disturbing event of the period in 1997-98 was the Asian political and economic crisis. Over a twelve-month period in 1997-98 the currencies of South Korea, Thailand, Malaysia, the Philippines and Indonesia plunged massively in value under sustained attack from speculators, this caused bankruptcies, a dramatic flight of foreign investment and tremendous falls in economic activity. By mid – 1998 every Asian economy was in recession and some, such as Indonesia were in deep depression. (World Economic Outlook April 2000: 23) This crisis was accompanied and exacerbated by the increasing protest and instability around the Soeharto regime – there was destructive rioting, violence and repression before he was finally forced to resign in May 1998. In its aftermath the army’s war of counter insurgency in Aceh intensified, religious programs flared up in Ambon and Kalimantan and humanitarian crisis since the Indonesian invasion of December 1975. (Burke 2001: 183)

The coalition government has been responsible for Australia’s foreign and trade policy during a period of historic change in the region. The Asian economic crisis, Indonesia’s democratic transformation, East Timor Crisis etc, and the continuing challenges and opportunities presented by globalisation are just some of the key themes of the part five years.
It has been a demanding yet invigorating period in Australian foreign policy. In a portfolio area that is rich with commentators and analysts, the Coalition government has stayed focused on policies, priorities and strategies to advance the interests of Australia and its people. As was outlined in the 1997 White Paper on Australia’s foreign and trade policy, the security of the Australian nation and the jobs and standard of living of Australian people were the interest which lie at the core of foreign and trade policy, and everything the government did in the field of foreign policy must be applied against the basic test of national interests. (Downer 2001: 337)

Nothing illustrates better that the response of Australia to the financial crisis. Australia was only one of two countries (Japan was the other) that committed funds to all three regional IMF second-tier support arrangements in the crisis. Australia’s total commitment in economic terms amounted to around A$ 3 billion. Also they had provided substantial bilateral aid targeted specifically at better governance and economic management in the region. Australia pushed successfully for APEC to have stronger focus on technical assistance – and has backed this up with a program of support for capacity building projects in APEC developing countries.

Howard’s concern was not entirely cynical, he shared with other Australians a deep-seated anxiety about the transformations in identity which figures like Whitlam, Keating and journalist Paul Kelly had been arguing would inevitably come with accepting an ‘Asian’ future for Australia. As the government’s 1997 Foreign Policy White Paper announced: ‘closer engagement with Asia (does not) require reinventing Australia’s identity or abandoning the traditions which define Australian society... Australia does not need to choose between its history and its geography’. (In the National
Interest: Australia's Foreign and Trade Policy White Paper 1997: 1) These views were presaged during Howard's 1996 visit to Indonesia, when he said that Australia 'does not claim to be Asian' and brings its own distinct culture attitudes and history to the region. (Gordon & Walters 1996: 1) Indeed at a geopolitical level Howard sought to preserve the same breath that he distanced Australia from Asia he also reaffirmed Australia’s closeness to the Suharto regime and the need to develop even closer defence and economic ties with Indonesia. (Gordon & Walters 1996: 2)

In August 1997, at the onset of the Asian crisis and only eight months before the fall of Suharto, the Foreign Policy White Paper of 1997 declared that 'Australians should have confidence in Australia’s capacity to shape its future' and that economic growth in industrializing East Asia will continue at relatively high levels over the next fifteen years. (In the National Interest: Australia’s Foreign and Trade Policy White Paper 1997: 4-5)

The Paper failed utterly to identify either the economic or political seeds of the Asian crisis – while it cited ‘potentially serious factors’ such as ‘worsening current account deficits combined with high debt levels (and) institutional weaknesses; it did not see how the flight of massive amounts of short term portfolio investment would combine with corruption and poor prudential supervision to precipitate, within eighteen months, the widespread collapse of regional economies. (In the National Interest: Australia’s Foreign and Trade Policy White Paper 1997: 25) Beginning with the massive devaluations of the Thai baht in July 1997, by the end of that year the contagion had spread to South Korea, Malaysia, the Philippines and Indonesia, forcing a hemorrhage of foreign capital and massive fall in employment and economic activity. In the first four months of the crisis regional currencies lost between 30 and 50 percent of their values,
and companies and banks went to liquidation as fantastic rate of growth (between 5 and 10 percent through the 1990s) came to a shuddering halt. By the beginning of 1998 most Asian economies had fallen into recession, and political crisis had enveloped Thailand and Malaysia. The four ASEAN economies contracted by an average of 9.5 percent in 1998 and under the influence of the crisis world growth stowed to 2.5 percent. (World Economic Outlook April 2000: 2)

Alexander Downer called the crisis the ‘largest challenge to economic prosperity in our region since the Second World War’ and said it had ‘the potential to affect the security of the region’. It ‘accentuated the uncertainty and complexity of the regional strategic environment’; he said...in many countries in our region internal stability and order have been underpinned by economic growth. And as the economies of the region had grown and become more integrated, this has helped reduce the risk of conflict. Now this virtuous cycle has been challenged. A region in stress is less predictably and less stable. Manageable internal problems can become unmanageable and spill over borders. (Downer 1998)

Suharto’s last-ditch attempt to step down - only brought violent upheaval, further pressure on the Rupiah and a continued hemorrhage of capital. (Robison & Rosser 1999: 179-84)

As the crisis unfolded the Australian government sought to cling to older structures of security and certitude, while also limiting potentially more radical transformations that might undermine their neo-liberal vision of international economic order. The Government's initial responses were painfully orthodox – even eleven months into the crisis in May 1998. Alexander Downer was arguing that for a sustained regional

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recovery to occur, affected nations must adhere to the conditions of IMF assistance packages and maintain ‘the momentum for economic reform and liberalisation’. (Downer 1998: 1)

The Australian government’s overseas aid program was quick to respond in the urgent social needs in the countries affected by the crisis. Australia had increased assistance to the Southeast Asian region in response to the crisis. Total Australian aid to East Asia in 1999-2000 is expected to be around $421 million. This is over $43 million more than aid to the in 1997-98, when the crisis first struck. Overall assistance to the region has increased by more than 11 percent. In Indonesia alone, social assistance totals more than $60 million. The Australian overseas aid program has also put in place specific activities to respond to social and economic impacts of the crisis in a practical way. Most of the assistance has been directed to the developing countries initially affected by the crisis – Indonesia, the Philippines and Thailand. An important part of this aid assistance had been in the form of food to help families who have lower incomes and face higher food prices. Australia had also provided emergency medical supplies and had funded activities aimed at creating employment. (Australian Agency for International Development (AusAID), Canberra March 2000: 8)

In 1999, Australia helped to put into practice an APEC leaders’ decision to increase attention to the social impacts of the crisis and to strengthen safety nets.

In July 1999, the minister for foreign affairs, Alexander Downer, announced Australia’s support for two projects under the ASEAN action plan on social safety nets. This is an important initiative that will build the long-term capacity of crisis-hit countries to monitor and analyse the social impacts of the crisis, develop appropriate policy
responses and evaluate their effectiveness. (Australian Agency for International Development, Canberra, March 2000: 9)

The 1997 and 1988 APEC meetings were test cases to see if the organisation could provide regional leadership in dealing with economic crisis. The APEC leaders agreed to endorse the idea of a new regional framework for enhanced Asia-Pacific regional cooperation, to promote financial stability and to establish what is know as the ‘APEC fund’, as well as setting up an early warning system to avoid currency crisis. (Wanandi, Straits Times Interactive 4 Dec., 1997) However, the 1997 initiatives were still much too weak to really alter negative economic trends in the region, and left serious financial aid to the IMF.

The 1998 meeting of APEC was a major opportunity to begin to tackle Asian economic problems in a concerted way, with one of the most constructive plans, the Concerted Asian Recovery Program (CARP), designed to reduce interest rates and stimulate economies throughout Asia, (Kelly 1998: 1) being presented at that time. The key aim of this approach was to coordinate these reforms simultaneously throughout the region, thereby avoiding capital and investment flight from one economy to another.

**Role in East Timor**

Australia’s role in East Timor was honorable and crucial in assisting the resolution of a protracted regional problem. It demonstrated the effectiveness of the peace keeping and diplomatic efforts. Australia led a regional coalition to restore peace and security after the devastation that followed the UN’s ballot in August 1999. Australia had been unstinting in the support of the process of transition to independence, both in
participation in UNTAET (United Nation Transitional Administration in East Timor) and the targeted aid program. And they will continue to be a good friend and supporter of the new independent state of East Timor. (Downer 1998: 338)

For Australia, the pressures generated by economic and political upheaval in Indonesia and the future of East Timor posed the most significant security crisis since the Vietnam War. (Cottrill 2000: 80)

The East Timor crisis of 1999 was always going to be a hard act to follow for the formulators of Australian foreign policy. On the one hand, Australia’s response to the crisis provided John Howard’s coalition government with a unique opportunity to claim a foreign policy triumph. They were able to cast themselves as defenders of the human rights of an oppressed people whose needs had been ignored by Australia and the world for 25 years. At the same time, it delivered them with a domestic political triumph, by outsmarting the Labor opposition in what former Labor leaders had appropriated as their own territory – Asia-Pacific diplomacy. (Gurry 2000: 7) The Howard government dismissed the criticisms and talked up Australia’s leadership role its capacity to do so undoubtedly enhance by the impressive leadership of Major General Peter Cosgrove, who had led the (International Force in East Timor) INTERFET forces with undeniable distinction. The Prime Minister organised welcome home parades in April 2000 for returning soldiers, drew on Australia’s ‘great military tradition’ in his thanks and claimed it had been ‘the most moving… privilege’ to farewell the troops as they left. It was all good television and good politics. (Gurry 2000: 8)

Within a month of INTERFET’s deployment in East Timor, which finally brought the killings to an end, the editor of the ‘Australian’, believed it was time for Canberra “to
withdraw from the military leadership role” in East Timor because “an ongoing military presence by Australia could hinder the peace process by continue to antagonise militia groups”, clearly something beyond the pale.

According to ANU Indonesian specialist Harold Crouch, Mr. Howard’s response to the terror in East Timor; rather than the slaughter itself, “was offensive to many Indonesians.” Former diplomat Tony Kevin also worries about Australia’s “provocative” behaviour last year. “Indonesian military and strategic elites will not quickly forgive or forget how Australian foreign policy cynically exploited their weak interim president in order to manoeuvre Indonesia into a no-win situation,” said Kevin. (Burchill 2000)

Australia played a key role in achieving independence to East Timor and will continue to play a key role in the post-independence led UN peacekeeping force; just they did in INTERFET and in the United Nations Transition Administration in East Timor (UNTAET). (Chalk 2001: 156)

Even as it was concerned at the growing violence, the Australian government also sought to preserve its relationships with the new order and its older structure of security. There would be a UN mission (called UNAMET) to monitor the situation and run the ballot in East Timor, with a contingent of unarmed police and military observes drawn from a number of countries including Australia.³

On April 1999 Howard pressed the Indonesians on peace keepers, at a meeting in Bali attended by himself and Habibie, Foreign Minister Alexander Downer and Ali Alatas, and Defence Minister John Moore and General Wiranto. (Lees The Australian, 28

April 1999) While many nations, including Australia, were now trying to assemble a multinational force because Indonesia refused to give its consent and the violence by them in East Timor get worsened the situation. So that UN Security Council wasted valuable days sending a delegation to Dili and Jakarta. Australia’s great friend Ali Alatas OAM told the international community, via the media, that ‘you will have to shoot your way in’. Only the threat of sanctions and the cancellation of IMF funds made by President Clinton and underlined by phone calls from the Chairman of the Joint Chiefs of Staff General Shelton to Wiranto brought Indonesian consent to the force. (Becker 1999: 1)

Once this consent came on 14 September 1999, after ten days of carnage—the United Nations Security Council voted to authorize a 7000 strong force led by Australian Major General Peter Cosgrove, under UN Charter chapter 7 mandated with powers to use all necessary measures to ensure peace and security. Thailand’s Major General Songkitti was Deputy Commander of the force (INTERFET), which included troops from Australia, Thailand, New Zealand, the UK, Canada and the Philippines, with logistic support from the US and Singapore. (Lewis and Pearson 1999: 7)

The deployment saw five fights with militias and Indonesian forces and hundred of arrests. In a year over 50,000 of the people in West Timor, prey to food shortages and harassment by militias, only one of many signs of the lasting trauma which saw the new East Timorese nation born into ashes.

The disaster provoked a furious debate in Australia over the perceived failures of the Howard government and many previous governments in their approach to Indonesia and East Timor. (Sheridan *The Australian* 16 Sept. 1999) This was accompanied by a
violent cooling in the previously intimate relationship between Australia and Indonesia; the agreement on maintaining security was torn up by Indonesia, Australia's embassy in Jakarta was fired upon and bitter attacks on Australians were made in the Indonesia media having hoped it could avoid in a break with Indonesia by down playing the threat of widespread violence, the Howard government had been force by public pressure and its own revulsion into overturning the strategic doctrine of the past twenty years – that the irreducible control by the armed forces of the Indonesian archipelago was the ultimate guarantee of Australia's security.

Since 1999, much of attention for nations interested in East Timor had been on rehabilitation and reconstruction. More remains to be done in those areas but it was clear that East Timor faces great economic challenges and these must increasingly became the focus of attention to Australia. The future of East Timor will largely be determined by the extent to which the private sector takes up opportunities to advance the new nation's development and economic progress.

Australia welcomed East Timor's independence on 20 May 2002 for the immediate future; the United Nations will remain in East Timor. The mandate for the new UN mission of support in East Timor was adopted by the UN Security Council on 17 May 2002.

Australia had worked actively with the UN, including through the Australian Federal Police contribution to UN Civilian Police, to ensure East Timor reached its potential as a stable, peaceful nation. And the Australian defence force is also helping to establish and train the East Timor defence force. Australia's commitment to the new nation was underlined by multi-layer pledge of assistance worth A$ 150 million over four
years from 2000-01. Key sectors for Australian assistance are health, water supply, sanitation, agriculture and rural development, education and governance. (Downer 2002) Australia will continue to work closely with East Timor towards sustainable economic development.

The Timor Sea Treaty

Australia’s relationship with the former Portuguese colony East Timor has often been a troubled one. In 1989 Australia signed the Timor Gap Treaty that provided Australia with extremely favourable maritime boundaries and sizable share of Timor sea oil and gas. (Chomsky 1994) The Santa Cruz Massacres in 1991 proved to be another testing time for Australian Diplomacy. On the day of independence on 20 May 2002, the East Timorese PM, Mari Alkatiri, signed the Timor Sea Treaty to replace previous Timor Gap Treaty.

While the name changed, there was no substantial difference. This document determined the revenue sharing in the joint development zone that is located in the Bayer-Undan oil and gas field. Australia then delayed its signing for almost a year until East Timor signed a further agreement that would allocate Australia 80% of the vastly richer greater sunrise field. At the heart of the problem for East Timor lies the issue of maritime boundaries. However, the East Timorese had in mind a resolution more in line with accepted international practice, which in the case of disputed maritime boundaries less than 400 Nautical miles apart, meant a median line would be drawn may be half way between the two. Under such agreement, almost all the oil and gas fields would belong to East Timor and they would receive matching revenues.
The "Haze" over Southeast Asia and Australia

The cause of the Haze had increasingly become a matter of dispute among governments, forestry interests, and conservationists. There is general agreement that an occurrence of the El Nino Seasonal Oscillation (ENSO) event produces the dry conditions, which make fires in normally moist rainforest and former rainforest terrain possible. (Cotton 1999: 333) Trans-boundary haze pollution remains of serious concern in the region due to its detrimental impact on the health of millions of people. Australia has provided over Australian $2 million of assistance to the region in direct response to the fire and haze problems. This included support for the ASEAN regional Haze plan in addition to a targeted package of activities totaling over $50000. At a bilateral with Indonesia, Australia is developing a program of targeted training activities in haze-related areas such as forest management, land clearance and fire management. In the longer term, prevention is clearly the most appropriate strategy for dealing with the problem and Australia stands ready to assist in coordinated efforts that lessen the occurrence of large-scale bush fire. (Annual Report, Department of Foreign Affairs and Trade 1997-98)

In the media release by Australian government, the minister for foreign affairs Alexander Downer announced that Australian government would provide a $660,000 package of assistance to further address the problem of smoke haze, which has already affected large areas of Southeast Asia. (Media Release, Alexander Downer, Minister for Foreign Affairs, Australia Helps Address Haze Problem in South East Asia, 28 July 1998)

Unusually dry weather conditions as a result of El Nino combined with poor land management practices resulted in massive bush fires across the Indonesian archipelago in late 1997, blanketing parts of Brunei, Malaysia, Singapore, the Philippines, Thailand and
Indonesia in dense haze. (Downer 1998) The fires again up in the province of East Kalimantan, Brunei and East Malaysia in March 1998 and there are concerns that similar haze problems may re-emerge as the regions enters its annual dry season.

Australia has already provided $2.1 million in assistance including through water-bombing, public education, training and fire fighting equipment in Indonesia, and population-monitoring equipment in Malaysia. The Australian government will now provide an additional $660,000 in support of national and regional policies aimed at longer-term solutions. Specifically, the new Australian package of assistance will comprise: assistance through the Asian Development Bank in support of the ASEAN Regional Haze Action Plan which aims to strengthen ASEAN members’ capacity to prevent and mitigate atmospheric pollution ($160,000); support for the World Meteorological Organisation in enhancing the capacities of ASEAN countries to monitor and model pollution ($40800); a program of cooperative training with Indonesia in areas such as forest management, land clearance and fire management ($100,000). Funding will be provided through the Australian governments and agency, AUS AID. (AusAID 28 July 1998)

**Australia – ASEAN relations**

Australia has a long and honorable record of engagement with ASEAN. Australia was ASEAN’s first dialogue partner in 1974 and cooperation continues in work together in Asia Pacific Economic Cooperation (APEC), ASEAN Regional Forum, the development of the Mekong Basin and many other regional issues. It is this beneficial
cooperation that demonstrates the value of effort that has been put in to relations between Australia and the countries of ASEAN. (Frank 2008)

Despite the difficulties confronting the region over the year in 1997, Australia's commitment and engagement in Asia, including nearest neighbours in ASEAN, remains resolute. A clear demonstration of this commitment is the contribution of all the IMF packages in the region. The bilateral meeting between Australia and ASEAN in 29 July 1998 was very important to Australia. Regional security and stability had been the ASEAN’s key achievements in the previous thirty years history.

An important contribution to regional security and the global non-proliferation regime was the signature of SEANWFZ (Southeast Asian Nuclear Weapon Free Zone) Treaty in Dec.1996 by the ten countries of Southeast Asia. HIV/Aids are a serious notional, regional and international issue, as the disease does not respect boundary. Action taken on one side of a border will not be fully effective unless it takes into account the situation on the other side of the border. The Australian government places a high priority on AIDS prevention and care activities. They also announce a new $5 million initiative over the three years for HIV/AIDS activities in the Mekong sub-region, as part of Australia's aid program. (AusAID 28 July 1998)

Australia’s long-standing relationship with ASEAN had developed in many diverse but important directions. The AFTA/CER linkage, which aimed to reduce barriers to trade and investment, is continuing importance in enhancing Australia and New Zealand economic relations with ASEAN countries. Australia welcomes the launch of the ASEAN Foundation, which took place in Jakarta on 14 July 1998. Its aim of bringing the ASEAN people closer together through scholarships and fellowships are particularly
welcome in difficult time. Australian experts had been working very closely with the ASEAN Committee on Culture and Information (ASEAN COCI) over recent years and successfully completed several collaborative projects.

These including a valuable initiative form Aus-heritage to strategy. ASEAN COCI had agreed in principle to advance the proposal to the feasibility stage, subject to funding being secured. Australia had a long expert and productive involvement in the development of the Mekong region. They had extensive bilateral development programs in the basin contributing nearly Australian $2 billion over the last twenty years. Australia continued its constructive involvement in Mekong basing development through participation in the ASEAN Mekong Basin development Cooperative initiative. (AusAID 28 July 1998) Australia also plays a very active role in regional forums such as APEC, the ASEAN PMC, the ASEAN Regional Forum, the Forum for East Asian – Latin-American Cooperation, the Asian Development Bank, the Executives Meeting of East Asia, Pacific Central Banks (EMEAP), the Manila framework, and a host of specialist and second track linkages and very much interested observer of the ASEAN+3 grouping. (Speech by the Hon Alexander Downer, Minister for Foreign Affairs, Australia - Meeting our International Challenges, National Press Club, Canberra 1 March 2001)

Defence White Paper 2000

decisions’ was made and Australia was at last provided with a concerted future plan of action. (Department of Defence, *Defence 2000: our future defence force*, 2000: 4) The White Paper was subsequently described by the ministry of defence as the most comprehensive reappraisal of Australian defence capabilities for decades, and one that set ‘new standards’ in both the ‘clarity with which the fundamentals of our strategic policy are explained, and in a way the people of Australia have been drawn in to the policy process. (Reith 2001) These assessments were supported by a number of academic and other commentators who variously described defence 2000 as a ‘benchmark’ and ‘well-reasoned’ document and, even, the ‘best Australian defence White Paper yet’. (Babbage 2001) The events of 1998 further complicated the government’s efforts to implement its new ‘forward response’ posture. The Asian economic crisis and the subsequent events in Indonesia & East Timor undermined the analysis contained in ASP97 and Australia’s defence and security policies.

The debate intensified in September 1999 with the release of the so called ‘Howard Doctrine’ that blew the cover on real purpose of ‘forward response’ and led Australia to be painted as the United States ‘deputy sheriff’ in the region. (Brenchley 1999: 24-24) The governments’ best chance of re-establishing order continued to be its forthcoming Defence White Paper. Defence White Paper explained that Australia’s armed forces was set out in the defence capability plan, the government estimates that defence spending will need to grow by an average of about three percent per annum in real terms over the next 10 years. The government in tends that funding for 2001-02 and 2002-03 will increase by $500 million and $1000 million respectively, to provide substantial initial funding for a number of key initiatives. (Garran 2000: 5)
The 2000 Defence White Paper outlines several main objectives: - Primary defence of Australia and its air-sea approaches; supporting security of immediate environment (in a wide sense, including not just direct threats to neighbours but also ‘lower’ security threats including evacuations, natural disasters and peace keeping); cooperative to security in Asia-Pacific Region; contributing to international coalitions operating beyond Australia’s immediate environment, where these support Australia’s wider interests and objectives.

The strategic priorities for these reconfigured and expanded defence assets are clearly spelled out in a hierarchical manner. First, the military is to ensure the defence of Australia and its direct approaches; second, foster the security of the country’s immediate neighbourhood in the Southeast Asia & Pacific; third, work with the ASEAN member states to promote stability and cooperation in Southeast Asia; fourth, contribute in appropriate ways to the support the efforts of the international community, especially the United Nations, to uphold global security.(Department of Defence, Defence White Paper 2000 Dec. 2000: 29-31)

The key elements that envisaged in the new phase of defence policy are as follows: sustainability, counter terrorism, free structure deficiencies, new capabilities, homeland security, and intelligence. (Dibb 2002)

9/11 incident’s Implication & War on Terror

The attacks on the United States in Sept. 2001, the subsequent wars in Afghanistan and Iraq and further terrorist attacks around the world since have had a significant effect upon the way the West views Southeast Asia politically and

Unfortunately for Southeast Asia, it is becoming once again a center of international security interest and competition. The literal explosion of terrorism throughout the region since 2001 both reflects and is a cause of this process. Southeast Asia clearly figures prominently in al-Qaeda targets of opportunity, and as a result it had received much greater attention from Australia in the field of defence cooperation. (Blank 2003, www.atimes.com/southeast_asia.htm.)

It seems a lifetime ago that Le Monde editorialized shortly after 9/11 that 'we are all Americans now'. There sentiments were echoed through the (primarily) Western world, and those third world countries hoping to receive financial/military assistance or an IMF aid package. Australia was so closely aligned with US and actively supporting the 'war on terror', it is reasonable to question its effectiveness in making the world, and especially Australia, safer from terrorist attack. Howard is pragmatist, if nothing else, and since 9/11 a worldview had developed which he thought had forced Australia to make a strong stand in favour of US unilateralism. One of the most disturbing aspects of the 'war on terror' was the US led concentration camp at Guantanamo Bay. The justification for the camp's continued existence made a mockery of the democratic principles of Australia. Australian citizens David Hicks and Mamdouh Habib had been incarcerated in Cuba incommunicado, for around 18 months. Their legal status was in limbo, while the US government made noises about trying the two for unspecified crimes. (Lowenstein 2003, www.zmag.org/content/showarticle.htm.)
It is quite clear that a number of governments throughout the world had made significant arrests against al-Qaeda and Jemmah Islamiyah. For dependent allies of the United States like Australia had belief that “everything has changed” after 9/11 led to steady departure from strategic self-reliance, diplomatic independence and regional engagement. Instead, the closet possible partnership with Washington had been sought by Canberra in belief that only trans-Pacific ties can provide a modicum of security in volatile and uncertain times.

Prime Minister argued that Australia’s participation in the war against Iraq was, in part, out of a duty to their alliance partner. Australian diplomacy was now firmly tied to a stridently unilateralist US Administration which, despite multilateral pretences, did not believe in an alliance system that involves genuine consultation. (Burchill 30 June2003, www.smh.com.au/articles/2003/06/1056825317g55.html.)

Bali Bombing

The attack on the Kuta Beach resort killed over 200 people nearly half of them Australian nationals. The Bali bombing initially raised concerns that Australia’s relations with Indonesia would be damaged by Australians blaming Indonesia for the atrocity. In fact, it had been the Australian government that had been the target of most opprobrium, with accusations that it failed to pass on warnings about terrorists’ threats in Bali. The Bali bombings on 12 Oct. 2002 were not just a ‘wake up call’. They were also an opportunity to renew old acquaintances. According to the U.S. Deputy Defence Secretary, “the reason the terrorist are successful in Indonesia is because the Soeharto regime fell and the methods that were used to suppress them are gone. (Burchill 2003
For the Indonesian government, efforts to boost the anti-terrorist capacity of the Indonesian government contained similar risks to those confronting the Indonesian government. The rapid formation of the joint investigation and intelligence team to investigate the Bali bombings, involving law enforcement officials from Australia and Indonesia, was a signal that there could be good cooperation between the two governments on the issue. (Lindsey, ABC Radio 15 Oct. 2002)

In the immediate aftermath of the bombing, the Howard government had to fend off criticism that it had seriously underestimated the importance of available intelligence, both its own and detailed warning from the American sources which suggested that Indonesia generally and Bali in particular could be terrorist targets. Howard’s instinctive response to 9/11 was to offer immediate, open-ended support for America, yet Bali served as a powerful reminder that Australians are easy targets in a wider international conflict, and that Australia must make difficult decisions about how to utilize its limited resources. Similarly, relations with neighbours like Indonesia may have improved in the short-term, but unless tangible progress can be made in improving regional security, such relations will inevitably become strained and a source of continuing tension. (Beeson 2002, www.eprint.uq.edu.au/archive/00000227/htm.)

The surprise decision by the Indonesian government to propose a memorandum of understanding (MOU) with Australia for combating international terrorism was one of the cleverest diplomatic initiatives ever made in Southeast Asia. Although it was only raised at the beginning of John Howard’s trip to Indonesia in Feb.2002, the less than successful nature of the Prime Minister’s visit ensured Canberra’s swift agreement. The MOU is Jakarta’s response to pressure from the US to clamp down harder on militant
developments since 1997. The 1997 White Paper was issued just as the onset of what became the Asian financial crisis, which involved significant setbacks for some countries and which ushered in the process of change in Indonesia, which saw the demise of the Suharto regime in May 1998. The context for the 2003 White Paper had clearly been affected by these major developments. In Asia, while China had continued to maintain high growth rates and south Korea in recovering from the financial crisis well, Japan had continued in a period of economic stagnation, the economies of Southeast Asia had not recovered their pre-1997 patterns of growth, Indonesia was undergoing a challenging process of democratization and recovery and ASEAN had backed the leadership previously provided by Indonesia. (National Interest, Global Concerns: The 2003 Foreign Affairs and Trade White Paper 2003)

Australia, the Paper declared, occupied a unique intersection of history, geography and culture: "Australia is a western country located in the Asia Pacific region with close ties and affinities with North America and Europe and a history of active engagement throughout Asia. Close engagement with the countries of Asia is an abiding priority in Australia's external policy. Asian countries accounted for seven of our ten largest export markets and are simultaneously important sources of investment, major security partners and a growing source of skilled migrants. Asia's weaknesses, as well as its strengths, matter to Australia. Southeast Asia is our front line in the war against terrorism. Close cooperation with ASEAN member states, in particular Indonesia, will be fundamental to the policy of active engagement. Strong ties with ASEAN members will be essential in dealing with shared security problems such as terrorism and people smuggling". Southeast Asia's abiding importance to Australia, the Paper argued, made
the emergence of regional architecture (such as the ASEAN+3 dialogue grouping) a significant case. The government will continued to seek opportunities for Australia to participate in the broader dynamic of regional cooperation in Southeast Asia in whatever practical ways become available, and will encourage the countries of Southeast Asia to develop regionalism on an open and inclusive basis. (National Interest, Global Concerns: The 2003 Foreign Affairs and Trade White Paper 2003) The White Paper gave a prominent place to Australia’s relations and engagement with the countries of Asia. These countries, it observed, ‘have always mattered to Australia’ and close engagement is an abiding priority. ‘The issue for Australian government is not what priority to accord Asia, but rather how, as circumstances change, Australia can best advance its national interests in its relationships with Southeast Asian countries’. (National Interest, Global Concerns: The 2003 Foreign Affairs and Trade White Paper 2003)

In the wake of September 11 and the Bali bombing in October 2002, the White Paper understandably placed substantial emphasis on the challenges of fighting international terrorism. The Paper emphasised the need for international cooperation to combat terrorism and the significance of Southeast Asia as a ‘vital front’ in that struggle. The Paper noted that Australia is engaged in a number of valuable counter terrorism cooperation effort in Southeast Asia. (Foreign Affairs & Trade White Paper 2000, Advancing the National Interests 2003) In seeking to enhance the depth and scope of the relationships within Asian, the government will pursued active engagement through: political exchange and cooperation; security and military cooperation; cooperation on combating terrorism; economic opening (such as through the Singapore free trade agreement and participation in regional economic policy forums); educational
cooperation; development assistance; cultural exchange; people to people links through
tourism and academic interaction. There are other key regional imperatives cultural
exchanges, sport activities etc which are critical to Australia’s future.

The Paper emphasised the high importance to Australia of economic relation with
Asia, which took about 56 percent of Australia’s merchandise exports in 2002; seven out
ten top export markets are in Asia. The paper highlighted Australia’s many bases for
interaction in Asia including the important role of expatriate communities in key business
centres. The Paper stated that: ‘Australia would be pleased to be involved in the
ASEAN+3 processes. We have registered our interest in joining the grouping if invited at
some later stage, and emphasized the desirability of process having the character of an
open and inclusive form of regionalism’. (Foreign Affairs & Trade White Paper 2000,
Advancing the National Interests 2003)

Australia also had shown its rising interest in bilateral military relations with
Vietnam and had greatly expanded its commercial relationships with Southeast Asia.
ASEAN members also had welcomed it as a trading partner because of its own growth
and to counter balance China. China’s explosive growth is forcing Southeast Asia to see
it as the new power on the block and the economy that must be accommodated and
included, as it is going to be increasingly the flywheel that derived regional if not overall
Asian growth and stability. Japan’s anemic economic performance, insensitivity to its
neighbours, and failure to reform precluded it from playing the role that many expected
15-20 years ago, i.e., the leader of an expected Yen and trading bloc. But there was ample
evidence that the external impact of China’s growth in economics was and will be sent
most in Southeast Asia. Certainly the crisis of 1997 occurred in past because China’s

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labor costs are and were so much lower than those of Southeast Asia and thus China cut heavily into their foreign export markets. This is one major consequence of the failure of the administration of US President George W Bush to craft a coherent economic strategy for Asia and its single-minded interest in defence and security. (Foreign Affairs & Trade White Paper 2000, *Advancing the National Interests 2003*)

For a government enjoying a third term, and preparing to seek a fourth term as Prime Minister, at elections likely to be held late in the year 2004.

During 2003-04 the Howard government was criticised for its alleged politicisation of the military and the public service and for allegedly misleading parliament over the war in Iraq. These criticisms came from the conservative figures such as Malcolm Fraser and Robert Manne as well as the more usual critics on the left.

The prospects for Australia’s external relations in the period following release of the 2003 white paper will depend on a variety of factors, some stemming from the manner in which Australia implemented its foreign and trade policy goals but others which may be neither readily predictable nor under Australia’s control. (Foreign Affairs & Trade White Paper 2000, *Advancing the National Interests 2003*)

**Australia’s Foreign Relations with Indonesia**

This examines the nature, scope, and dimension of evolving Australian Foreign policy toward Indonesia. In many ways, the history of bilateral ties between the two countries over the past half-century has been akin to a roller coaster ride—one that has been conditioned by the dynamics of the Cold War and its aftermath as well as internal developments that have taken place in each of the two countries.
On a global scale, one would be hard pressed to find two nations as fundamentally distinct as Indonesia and Australia. Aside from the fact that both countries lie in the Asia-Pacific region and share a Melanesian contiguity, they share few things in common.

Indonesia, with a population of almost 220 million, is the world’s fourth most populous country and its largest Muslim nation, occupying a 5,000-kilometer-long archipelago that consists of more than 17,000 islands and roughly 300 ethnic groups and languages. Australia, by contrast, is an overwhelmingly Western island-continent of 18 million people, whose federal commonwealth and democratic tradition and accompanying emphasis on individual rights contrast sharply with the unitary and (until at least recently) strongly authoritarian political culture of Indonesia. (Evans & Grant 1995: 198)

This is being said that Indonesia represents Australia’s largest and, as a result, most important regional neighbor. More critically, its size and physical location have endowed it as one of the key players in organizations such as ASEAN and APEC. As such, it is a state that Canberra has little option but to deal with, all the more so as Australia tries to play a more active and meaningful role in the region. It was in this context that former Prime Minister Paul Keating declared in 1994: “No relationship offers greater potential, on the social, cultural or economic fronts, than this one with Indonesia. If we fail to get [it] right and nurture and develop it, the whole web of [Australian regional] relations is incomplete” (East Timor: Report of the Senate Foreign Affairs, Defence and Trade References Committee 1999: 871)

The period between 1945 and 1949 was cordial as Australia supported the Indonesian struggle for independence. The years between 1950 and 1965 were somewhat
more strained and dominated both by the attitudes and predilections of the Sukarno
government and the perceived imperatives of Cold War ideological politics. Relations
began to improve with the emergence of Suharto's "New Order" government and the
election of Australian Prime Minister Gough Whitlam, which saw Indonesia realign with
the West and adopt a "regional good neighbor policy" and Australia (for the first time)
explicitly emphasize an Asia-Pacific-oriented foreign policy.

In the late 1970s, Prime Minister Malcolm Fraser's return to the politics and
rhetoric of the ideological predilections of the Cold War stymied further consolidation of
bilateral relations, something that held true until the election of Keating who, with
Foreign Minister Gareth Evans (1988 to 1996), orchestrated an external agenda that was
heavily oriented toward Jakarta. A directed focus on Indonesia continued to underscore
the John Howard administration and remained in place until the tumultuous events that

Australia's relationship with Indonesia began in earnest between 1945 and 1950
when Canberra played a significant role in supporting Jakarta's struggle for in-
dependence from the Netherlands. Australia was a natural advocate of the Indonesian
cause due to its own history of British colonial rule and the bond that had been formed
between the two countries as a result of the many troops that had served in Indonesia
during World War II.

The government of Australian Prime Minister Benedict Chifley (1945–1949)
ideologically supported the Indonesian nationalist revolutionary struggle against the
Dutch and in 1947 represented the nation's interests in the United Nation's (UN) Good
Offices Committee, arguing for international recognition of an independent Indonesian
state. In 1950, Canberra co-sponsored Jakarta’s official admission to the UN, appointing its first Ambassador to the Republic that same year. (Walters 1997: 160-61)

According to Margaret George, a well-respected historian of the period, by 1950 Australia had emerged as the “most prominent diplomatic protagonist of the Indonesian government,” a factor that helped to engender considerable good will between the two countries. (George 1980: 167)

During the 1950s and 1960s, however, bilateral relations underwent a substantial cooling off as a result of three main factors, all of which brought their own agendas and sets of problems: Cold War ideological politics, decolonization in West Irian, and national reconstruction in Malaysia. The onset of the global bilateral struggle between the United States and the former Soviet Union undoubtedly had a major impact on Australian-Indonesian relations. The key political figure in Jakarta at this time was President Sukarno, an outspoken leader of nonalignment and anti colonialism who adopted an increasingly explicitly pro-China stance as part of a wider rhetorical campaign against great power domination. Coming at a time when the Indonesian Communist Party (PKI) was rapidly growing in influence and set against the seemingly inexorable rise of revolutionary left-wing activism and insurgency in the Asia-Pacific, concerns emerged in Canberra that a threatening quasi-Communist state was being established to its immediate north. These developments served to gradually freeze the warmth of the postwar relationship to such an extent that by 1963 the government of Robert Menzies was specifically identifying Indonesia as posing the main strategic threat to Australia and its territories. (McDougall 1998: 202) Against this general background arose the decolonization of West Irian and national reconstruction in Malaysia, two issues that
came to dominate the Australian-Indonesian relationship during the 1950s and early 1960s. The issue of West Irian, formerly known as West or Dutch New Guinea (and today as Irian Jaya or West Papua), was left unresolved at the time of Indonesian independence, with the territory left out of the 1949 Charter of Transfer of Sovereignty that conferred statehood to Jakarta. (McDougall 1998: 203) The main justification for the exclusion was that, as Melanesians, the indigenous peoples of West Irian were ethnically distinct from Indonesians and should therefore be governed separately. Sukarno had always been vigorously opposed to this decision and as his anti-imperialist rhetoric gathered pace during the 1950s; his determination to oust the Dutch from one of their last colonial outposts also grew. (Walters 1997: 162)

Menzies came out strongly against the transfer of West Irian to Indonesian sovereignty, largely because it was feared that any moves in that direction would prompt Jakarta to make claims on the Australian-administered eastern half of the island, threatening a key link in Canberra's northern line of defense. The fact that Sukarno was adopting an increasingly radical, pro-Communist stance certainly did nothing to alleviate these concerns. (Millar 1978: 227) The Australian attitude instilled a significant degree of resentment in Indonesia, polluting the bilateral relationship for more than a decade.

Ultimately, however, Canberra was forced to back down over the West Irian issue, with neither the United States nor the United Kingdom prepared to support its position and risk antagonizing Jakarta further over what was regarded as a "worthless piece of land and a dubious application of principle". (Mackie 1963: 273) In 1963, a settlement was finally reached in which the Dutch, under strong pressure from Washington, agreed to transfer West Irian to Indonesian sovereignty after a short period
of UN administration. (McDougall 1998: 203) As Patrick Walters notes, “Australia had no choice but to meekly acquiesce”. Buoyed by its victory in West Irian, Jakarta was eager to campaign against the newly formed Malaysian Federation (Walters 1997:162), which Sukarno viewed as a neocolonial edifice that was designed to perpetrate British influence in Southeast Asia and extend the power of the conservative Malayan state. In January 1963, the Indonesian President declared the initiation of a policy of “confrontation” (konfrontasi) against Malaysia, which combined diplomatic overtures to garner support (or at least neutrality) from the Afro-Asian community with low-level armed incursions into different parts of the Federation (particularly Borneo) (McDougall 1998: 204) Konfrontasi marked the nadir of Australian-Indonesian relations in addition to severely straining Jakarta’s diplomatic standing with both the United States and the United Kingdom. Not only did the campaign coincide with the resolution of the West Irian dispute (which had been settled counter to Australia’s interests), it also came hot on the heels of the Cuban Missile Crisis (October 16–28, 1962), which had brought the world to the brink of nuclear disaster. The Menzies government, already suspicious about the emergence of a Jakarta-Beijing axis, grew progressively more anxious as Sukarno’s erratic and increasingly authoritarian stewardship fostered instability in the heart of Southeast Asia—a concern shared by both London and Washington. (Walters 1997: 163)

Although a concerted attempt was made to stabilize the situation—even as Australian, British, and Indonesian troops faced one another in the jungles of Borneo—Canberra was determined to prevent Jakarta from assuming the upper hand. Indeed, the Australian government made it clear that it was prepared to use force in Malaysia if necessary: “It may, of course, emerge that seeking friendship on the one hand and
pursuing an inflexible determination to defend what and whom we believe to be right may on occasions prove incompatible. If they do, the latter must prevail and we shall find ourselves set on a collision course”. (Barwick 1997) Unlike the situation in Irian Jaya, Canberra had the support of the United States and United Kingdom, something that gave the threat added credence.

Ironically it was a domestic event in Indonesia that helped to prevent a major clash from occurring between Canberra and Jakarta. After three years of confrontation and with and with inflation, foreign debt, unemployment, and poverty all spiraling out of control, a coup was attempted by a group of disaffected leftist army officers in September 1965. (Legge 1984: 398-99)

The attempted seizure of power was quelled within 24 hours by the army’s strategic reserve force (KOSTRAD), which used the incident as a pretext for asserting its own power. This effectively marked the demise of the Sukarno era and paved the way for the establishment of the New Order government under General Suharto, the commander-in-chief of KOSTRAD. (McDougall 1998: 204)

The emergence of the New Order government marked a watershed in Australian-Indonesian relations. Suharto quickly embarked on a “regional good neighbor policy” to correct the poor international image Jakarta had fostered in the twilight years of Sukarno’s rule. The new president also played an instrumental role in the formation of ASEAN, investing considerable diplomatic capital in the new regional body. (Walters 1997: 164) These initiatives helped to offset Australian concerns about a destabilizing Indonesian agenda, providing the basis for a rapprochement between the two countries. Matters were further availed by the severe nature of the Indonesian economic plight,
which by 1965 had reached unprecedented proportions (per capita in-come at this time was only $190 in U.S. dollars). (Hill 1994: 57) Suharto quickly turned to Australia (and the West in general) for economic assistance, which Canberra was keen to grant as a way of promoting recovery and, thereby, boosting political stability. By 1970, overall aid stood at $15 million Australian (compared with an average of only $1 million Australian per annum while Sukarno was in power)—a sum that was superseded only by the financial assistance to Papua New Guinea. Australia also emerged as a leading participant in the Inter-Governmental Group on Indonesia (IGGI), a multilateral assistance consortium composed of Western countries that was instituted to facilitate economic recovery in the archipelagic state. (Millar 1978: 234)

A highly useful facet of these economic ties was that they formed a favorable basis from which to consolidate relations in other areas. Personal contacts between government officials from both countries increased and the beginnings of meaningful defense cooperation, in the form of officer exchanges and the sharing of intelligence, began to occur. (Catley & Visesio 1998: 151) The government of Gough Whitlam that succeeded Menzies in 1972 kept the momentum going, boosting the level of economic and military aid provided to Jakarta as part of the overall objective of further developing Australia’s involvement in, and engagement with, Asia. (Walters 1997: 164)

It was into this political environment that the East Timor issue erupted in 1975. In the weeks preceding Jakarta’s invasion of the territory, Whitlam had (secretly) intimated that Australia would not actively oppose a peaceful Indonesian takeover of the territory providing due regard was paid to the aspirations of the local population (Monk 2000; Indonesian security analysts 2000). The violent nature of the subsequent invasion,
however, generated widespread animosity throughout Australia, where a strong emotional attachment was felt toward the East Timor people. Indeed, the annexation of East Timor by Indonesia proved to be a key factor in undermining initial bilateral relations with the new Liberal coalition of Malcolm Fraser that had replaced Whitlam’s Labor government in the fall of 1975.4

Nonetheless, in what was to become a characteristic feature of central government policy throughout the 1980s and most of the 1990s, Canberra moved to quickly acknowledge the inevitability of Jakarta’s annexation for the sake of ensuring wider economic and political interests. Much of this accommodationist stance was initially oriented toward accessing offshore resources in the Timor Gap; however, the policy progressively came to be defined more in the context of Australia’s wider Southeast Asian engagement efforts.

In 1976, de facto recognition was accorded to Indonesia’s incorporation of East Timor, with full de jure endorsement granted three years later. (Evans & Grant 1995: 200) It should be noted that no other country has accorded a similar act of legal recognition to Jakarta’s annexation of the province.

Although a potentially serious rift was thus avoided over the East Timor issue, Fraser’s Cold War rhetoric directed against the Soviet Union, particularly after Moscow’s invasion of Afghanistan in 1979, and his renewed emphasis on the United States alliance contrasted with Indonesia’s continued reservations about great power influence within Southeast Asia. These differing perspectives, which also largely underscored the

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4 On assuming power, Fraser backed a UN resolution calling for East Timorese self-determination, which particularly provoked the ire of Jakarta. In addition, he introduced a new protectionist trade policy, which targeted a number of manufactured products from Indonesia that, hitherto, had enjoyed steady export growth.
subsequent administration of Australian Prime Minister Bob Hawke, limited the further maturation of the Australian-Indonesian relationship and placed a ceiling on the extent to which Australia was able to play a more constructive role in the affairs of Southeast Asia during most of the 1980s.

In March 1986, a major review of Australia’s defense capabilities was undertaken by Canberra. Known as the Dibb Report (after the document’s author, Paul Dibb, a leading academic and strategic analyst in Australia), this assessment provided for a more independent policy of self-reliance, a posture that was subsequently embodied in the Hawke government’s Defence White Paper of 1987. The Dibb review provided a frank assessment of Australia’s strategic geography, arguing, at least in defense terms, that Indonesia remained Canberra’s most important regional neighbor. It also pointed to Australia’s fundamental security interest in promoting stability in Southeast Asia, free from interference by potentially hostile external powers. (Walters 1997: 166)

Foreign Minister Gareth Evans portrayed the White Paper as a “conceptual watershed” in Australian external relations, arguing that it allowed for the institution of a more independent, liberated, and regionally focused defense posture. (Evans & Grant 1995: 29) Evans set about adapting Canberra’s grand strategy around a new nucleus specifically geared toward the Asia-Pacific, embarking on a set of policies that later came to be known as “comprehensive engagement”. The main foundational structure of this reorientation resided in the Australian-Indonesian relationship, the overall significance of which began to take on added significance in Canberra. Together with Ali Alatas, Jakarta’s newly appointed foreign minister, Evans sought to place official contacts on a new footing.
The first move in this direction was the establishment of Australia-Indonesia Institute (AlI) in 1988, which provided funds to promote person-to-person contacts through a host of academic, cultural, and educational exchanges. In 1989, Evans and Alatas promulgated the *New Framework for the Australia-Indonesia Relationship*, which called for more frequent consulting and monitoring of relations between the two countries. That same year, the landmark Timor Gap Zone of Cooperation Treaty (TGZCT) was successfully negotiated, allowing shared access to potentially rich oil and gas deposits in the Timor Sea as well as joint responsibility for matters such as maritime surveillance, environmental protection, and customs and immigration procedures. (Walters 1997: 169)

Hawke’s continuing emphasis on the U.S. alliance, however, served to artificially constrain the full development of Evans’s regional agenda. Matters were further complicated by the prime minister’s forceful condemnation of the Dili Massacre (November 11, 1991), where Indonesian troops used live ammunition to disperse supporters of Fretilin (an East Timorese pro-independence party) who had marched to the capital’s Santa Cruz cemetery to join mourners who were burying a pro-independence youth killed the previous day. The number of casualties has never been confirmed, but it is known that more than 200 were either killed or wounded. The incident marked the beginning of the inexorable process of international criticism and internal East Timorese opposition that led to the August 1999 popular consultation and the territory’s eventual independence.

Managing the relationship with Indonesia undoubtedly emerged as one of the key facets of Australian foreign policy between 1991 and 1995, with Keating seeing it as
essential to the success of Canberra’s wider Southeast Asian engagement efforts. Shortly after taking over from Hawke, the new prime minister chose to make the Indonesian Republic his first official overseas port of call. During the trip to Jakarta in April 1992, Keating, who was careful not to bring up the issue of the Dili Massacre, established an informal but highly important alliance with Suharto that was to have a decisive bearing on future bilateral ties.

As Walters observes, “The success of Keating’s initial visit and the [rapport] he forged with Soeharto gave new impetus to official relations. In the eyes of many Indonesian observers, the Keating-Soeharto alliance . . . had a vital bearing on how both Indonesian officialdom and business interests [perceived] Australia. From the perspective of Australian business, doors that had been closed before April 1992 were suddenly opening up across the archipelago.” (McDougall 2001; Walters 1997: 172)

Between April 1992 and December 1995, Keating made no less than six additional visits to the Republic, during which time a dedicated Australia-Indonesia Ministerial Forum (AIMF) was established. Meeting every two years, the AIMF was an extremely important initiative, providing an institutional framework for the further development of official bilateral ties across a highly diverse range of issues.5

By the mid-1990s, these agreements were producing an intense level of cooperative activity in sectors as diverse as health, the environment, education and training, and science and technology. (Evans & Grant 1995: 202-03)

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5 It should be noted that this orientation fit well with Suharto, who wanted “ballast to the south” and who was keen to formalize a divergent policy agenda with Australia as part of Indonesia’s regional competition with Malaysia.
The apex of Keating's overtures to Jakarta, however, came with the signing of the unprecedented Australia-Indonesia 'Agreement on Maintaining Security' (AMS) in December 1995. The three main articles of the accord are worth quoting in full:

Article 1: The Parties undertake to consult at ministerial level on a regular basis about matters affecting their common security and to develop such cooperation as would benefit their own security and that of the region.

Article 2: The Parties undertake to consult each other in the case of adverse challenges to either party or to their common security interests and, if appropriate, to consider measures which might be taken either individually or jointly and in accordance with the processes of each Party.

Article 3: The Parties agree to promote—in accordance with the policies and priorities of each—mutually beneficial cooperative activities in the security field to be identified by the two Parties. (Lowry 1996: 31-32)

Although not a full-fledged treaty in the sense of imposing formal defense commitments, the AMS nevertheless represented an extremely significant development. Not only did the accord lend further credibility to Australia's desire to constructively engage with its Southeast Asian neighbors, it was also highly important in a symbolic sense. For Canberra, this stemmed from the fact that the agreement was reached with a country that its own troops had directly faced during the Malaysian "confrontation." Just as important, for Indonesia the AMS was the first security agreement that the country had concluded with any polity, Asian or otherwise. The major implication for Canberra was that the accord gave the country new and powerful credentials as a state of Southeast Asia, something that had long been denied by other influential regional actors such as
Malaysia, which had repeatedly portrayed Australia as a distinctly Western state. (Smith et al 1997: 155)

A directed focus on Jakarta was equally characteristic of John Howard's subsequent approach to regional engagement (at least until late 1998). Perhaps the most visible indication of this was the government's 1997 Foreign Policy White Paper, which specifically identified Indonesia as one of the country's most substantial regional interests. Reflecting these sentiments, Howard quickly secured an important Maritime Delimitation Treaty, which settled all frontiers between the two countries in the Arafura Sea. (The Weekend Australian March 15–16, 1997) This treaty was then followed by a period of intense diplomatic activity aimed at lobbying the IMF to relax the conditions attached to the Indonesian restructuring loans at the height of the East Asian financial crisis. (The Australian April 27, 1998)

Rationalizing the policy during an address to the Australian-American Association in New York, Howard's foreign minister, Alexander Downer, made the point that "being seen through the IMF to bully and cajole [Jakarta] into a particular political paradigm will [merely] . . . invite a negative and lasting backlash from Indonesians [to the complete detriment of our regional engagement effort]." (Downer 1998)

In sum, one of the most important bases of Australia's post-Cold War foreign policy has been to foster links with Indonesia as part of the wider endeavor to comprehensively integrate with Southeast Asia. To this end, vigorous overtures have been made to establish and cement aid, investment, security, and political ties with Jakarta, while moving to avoid any potential pitfalls that could undermine the bilateral partnership.
Nowhere has this been more apparent than with East Timor, which for more than 20 years Canberra assiduously avoided unnecessarily highlighting for the sake of maintaining a wider bilateral relationship with Jakarta. As noted earlier in this chapter, the most visible expression of this policy was the *de jure* recognition of East Timor’s annexation by Indonesia, a legal act of endorsement that was not matched by any other Western state and which was upheld by successive governments throughout the 1980s and most of the 1990s.

In 1999, however, events in East Timor took on an unprecedented dynamic, provoking a crisis that has had an impact not only on the future course of Australian defense and foreign policy, but which has also completely altered the nature and scope of the country’s relations with Indonesia.

Downfall of Suharto in 1998 was followed by Habibie’s election as Indonesia's president. This period was seen as a beginning of transition towards democracy. And Portugal saw an opportunity to find a lasting solution to East Timor crisis. The Habibie window of political opportunity also provided Australia a chance to reassess its relationship with Indonesia, which also meant the East Timor issue. After Suharto removal in May 1998 the economic crisis in Indonesia opened a new chapter in Indonesia-Australia relations. Australia increased economic and humanitarian assistance to Indonesia in response to the economic crisis and joined other countries in endorsing moves by Suharto’s successor, B.J. Habibie, toward political liberalisation and democratic reform. In these circumstances, Australian Prime Minister, John Howard, saw an opportunity to resolve the Timor issue and remove the major irritant in the relationship, in effect reversing long standing Australian policy. (Baker, 1999: 2) In Dec.
1998 Australian Prime Minister John Howard wrote a letter to President Habibie in order to response that Indonesia grant self-determination to East Timor. Habibie decision was unexpected as he expressed his opinion that East Timorese would be given the option of rejecting “special autonomy” within Indonesia. As Ali Alatas, the foreign Minister of Indonesia in Nov. 1999 said, “the decision was possibly taken in haste, from sheer frustration by those unaccustomed to the strain of international acrimony….it made Habibie mad. It made Habibie angry because it came from Australia”. (The Jakarta Post; The Age, Melbourne 3 Nov. 1999)

Habibie’s strong reaction placed Australia in position where it had to make the best possible judgement whether the TNI would accept the decision. Because Indonesia was in an economic crisis and political turmoil, it was in no position at that point of time to withstand the demand for self-determination in East Timor. However, steps were initiated to hold a referendum in East Timor in order to determine the choice of East Timorese: autonomy within Indonesia or independence.

In Dec.1998, because of international pressure and criticism when Indonesia was prepared to accept some kind of autonomy for East Timor there was an understanding between Indonesia and Portugal. These resulted in the signing of a historic agreement on May 5, 1999 that is also known as the “New York Agreement”. As per the agreement, a referendum, on what Indonesia called “popular consultation”, was to be conducted at a convenient date to be announced by the UN secretary General. The voting was to take place under the supervision of UN. For this purpose a special mission, the UN Assistance Mission for East Timor (UNAMET) under Mr. Lan Martin appointed. (Butani 2000: 124) The referendum after being postponed twice was held on August 30, 1999. The result of
the poll announced on Sept. 4, 1999 by the UN secretary General, Mr. Kofi Annan, showed that 78.5 percent of the East Timorese electorate had rejected Indonesia's offer of autonomy. (Walters 1997: 125)

On Oct. 19, Indonesia's top legislative people's consultation assembly (MPR) endorsed East Timor's referendum to split from the world's largest Muslim state after almost 24 years of Jakarta's 'brutal role'. While announcing the endorsement, the assembly speaker, Mr. Amin Rais, said, "all factions have accepted the referendum's results. (Gorjao 2001: 116)

Intense international pressure and criticism over Habibie inability to control the rapidly deteriorating situation eventually force him to consent to an Indonesian withdrawal from East Timor and deployment of an Australian-led UN peace keeping force (INTERFET force) on Sept. 20, 1999, Jakarta's 25 year long attempt to integrate the province effectively cause to an end. The first impact of East Timor crisis on the Australia-Indonesia relation was to trust. According to Nancy Viviani, who remarked that the loss of trust between the leaders of Indonesia and Australia was one of the most damaging aspects to restore of the crisis. (Australia's Strategic policy, Department of Defence, Australia 1997: 22)

Indonesian nationalism was aroused by the East Timor incident and Australia was the prime target. It happened when Australia forced to accept international peacekeeping forces in various ways to Indonesia. And that time Indonesia and Australia came to a new low and popular public sentiment was against Australia. (Baker 1999: 5)

Australian Defence Minister John Moore told in a conference in late Sept. 1999 that "Australia would need to want for the outcome in East Timor before the need to want
for the outcome in East Timor before determining how to rebuild the relationship”. 
(Baker, 1999: 6) East Timor’s vote for independence and the subsequent UN monitored 
three-year transition to independence, reached its culmination on May 20, 2002, when East Timor 
joined the club of independent nations. On the same day the East Timorese PM Mari 
Alkatiri, signed the Timor Sea Treaty to replace the previous Timor Gap Treaty.

Defence Co-operation

After Timor Gap Treaty in April 1990 the two countries restored defence cooperation links Australia’s conception of defence and security is very different from 
Indonesia’s. But defence cooperation between Australia and Indonesia had been 
developing well.

In the past few years a sharp rise in the number of Indonesia officers visiting 
Australia and the participation of Indonesian military personnel in training programs in 
Australia. Joint Naval exercises had been regularly conducted with the Indonesian Navy 
and Air force. So the identification of shared security interest promoted defence co-
operation through training and combined exercises and finally culminated in the 
conclusion between Indonesia and Australia bilateral relationship when they signed 
Australia – Indonesia Agreement on Maintaining Security (AMS) on 18 Dec.1995. The 
Prime Minister Paul Keating described the agreement as being more than simply about 
maintaining security, but rather a ‘declaration of trust’ between Indonesia and Australia. 
(Roggero 1996: 9) This security arrangement was another symbol of strengthening the 
security of the region.
Since September 2001 and the event of 9/11, Southeast Asia had came under considerable pressure due to the presence of radical Islamic groups within the region and the widespread linkages that they may have to the Al-Qaeda Network of Osama bin Laden. The regional groups identified as being most threatening to the stability of the individual countries and regional security are groups like the Jemmah Islamiyah, the Lashkar Jihad, the Lashkar Jundullah and the Abu Sayyaf. The focus on apprehended several suspected cadres of the Jemmah Islamiyah, whose leader Abu Bakr Bash’yir, an Indonesian Muslim cleric, was alleged to have close links with the Al-Qaeda. (The Jakarta post 14 Oct.2002)

It is within this background that the Bali blast of 12 Oct. 2002 took place in which around 200 people were killed and over three hundred injured. Off these killed almost half were of Australian origin on a holiday at Bali. Both the Indonesian president Megawati Sukarnoputri and the minister for political and security affairs, Susilo Bombang Yudhyono stated that the Bali blast was ample proof of the fact that terrorism did exist in Indonesia.

In a speech made by the Australian foreign minister on 26 Nov.2002, there has been an endorsement of the regional initiative taken by the tripartite agreement that had been signed by Malaysia, Indonesia and the Philippines in May 2002 and it stated that Australia would also become a party to that agreement and would cooperate with the regional government that were coming to grip with the reality of the terrorist presence in their states. (Details of the speech see, “The Challenge of International terrorism in the Asia-Pacific” at http://www.foreignminister.gov.au/speeches/2002/021126-fa-ter-ap.htm.)
Improved relations between the two countries were visible after 9/11, reflecting shared concerns over terrorism and people smuggling; generous assistance from Australia to Indonesia in the wake of the December 2004 tsunami, and a genuinely cordial relationship between the president, Susilo Bambang Yudhoyono, and Mr Howard. The Australia-Indonesia Agreement on the Framework for Security Cooperation (known as the Lombok Treaty) was signed by both countries in November 2006. The agreement is more wide-ranging than the 1995 treaty, committing each nation to co-operation and consultation in defence and defence technology; law enforcement; combating transnational crime; counter terrorism; intelligence-sharing and maritime and aviation security. (The Economist Intelligence Unit 2007)

The challenges that lie before Australia in rebuilding the delicate balance it seemed to have lost with Australia are: to assist Indonesia in maintaining the newly found democratic political system; to ensure that the peace and stability along the Southern region of Indonesia remains undisturbed. The recent event in the archipelago, particularly the Bali bombing and the spread of terror linkages to the Southeast Asian region had brought to light the conflicting trends in the vicinity of the Australian state; the test case for Australia’s commitment to liberal democracy and the basic humanitarian standards were challenged during the east Timor crisis. With the growing feeling that war against terrorism is in fact a war against Islam, the Huntington thesis seems to gain some ground in the region. Samuel Huntington had suggested that Australia would found itself saddled between the East and the West along the civilisational divide, which would result in bringing more conflict and tension both to the state and the region. (McDougall 2001: 83)
However a deeper study of the position that Howard government had followed what the Hawke and Keating administration had done in the past. The regional efforts in the war against terrorism will offer Australia a litmus test for its commitment to the security regionalism the ASEAN has suggested that issue of terrorism should be tackled within the framework of the ARF of which Australia is a significant member. The recent statement made by John Howard on the possibility of a preemptive strike in the case of any impending terrorist attack against Australia has had a critical impact within the region. In the efforts that are already being taken at the regional level by ASEAN this statement has not been well received and there has been an outcry, particularly from Malaysia, which has clearly stated that any such intent on Australia’s part would be seen as an act of war. (The Straits Times (Singapore) 3 Dec. 2002) While domestically the rating of the Howard administration had gone up, there is a regional reaction to remarks of this nature. The Australian media however had criticized the remark and had suggested that the situation in the region would bad enough without making it worse. Australia cannot be seen as too close to the US interest in a region where it may remain isolated. There is now an important opportunity for Australia to play the role of a middle power and it can hope to gain the acknowledgement of the region and also repair its image as an unquestioning ally of the United States.

Australian foreign policy has undergone considerable change over the last century that has resulted in a new foreign policy focus. Until the Second World War Australia’s foreign policy rarely deviated from that of Great Britain. If any deviation from the imperial policy took place this was generated from a feeling of vulnerability and security,
particularly in relation to Japan. The basis of Australia’s foreign policy till the end of the Second World War can be understood by the notion of vulnerability.

Australia’s continental size, relatively small population, geographic isolation from the West, proximity to perceived potential Asian threats, and the lessons of World War II had prompted a traditional reliance on collective security. Australian government thus accepted the need for the Western alliance network, and a corollary obligation to contribute to that system, for example, the Joint facilities. However, for some years the more immediate concern has been that of regional threats. The tailoring of Australian forces for such contingencies, and the associated need to cultivate (aside from economic considerations) a relationship with the ASEAN states. This strategy is to assure Australia’s regional policy objectives which parallel those of the United States, including war against terrorism and promotion of political stability that serves security interests.

Earlier Australia perceived several potential threats from the region like Indonesia’s confrontation with Malaysia during the Sukarno era and Australia’s involvement in the crisis, and Indonesia’s forceful seizure of West Papua (Irian Jaya) and Portuguese East Timor had generated in Australia a pervasive uneasiness about the near neighbor. There is concern again about the political stability of Indonesia which is making an effort at becoming a truly democratic nation.

The relevance of many of the policies pursued by Australia in the 1970s was thrown open to questions. For instance, major changes in The United States and British policies towards Southeast Asia effectively made a continuation of Australia’s Forward Defence policy untenable. In 1967, the British Government announced the withdrawal of most of its forces from East of Suez, and especially from Malaysia and Singapore. In July
1969 President Nixon, on his return from a visit to Southeast Asia, announced at Guam that while the US would keep its treaty commitments, it would expect its allies and friends to carry the main burden of their security. They should anticipate substantial American involvement only if they were threatened by a major opponent of the US armed with nuclear weapons. (Babbage 1990: 4)

During the early 1970s, the phased withdrawal of the United States from Vietnam and mainland Southeast Asia further pushed Australia in to rethinking about its Foreign and Defence Policy options. Australia has a long history of diplomatic, political, economic and military relationships with all of the ASEAN countries: Indonesia, Malaysia, Singapore, Thailand, the Philippines and Brunei.

Australian forces fought to defend the Malaysian Peninsula from Japanese attack during the Second World War. From 1950 Australian defence units were again committed to Malaya to help in defeat the Communist insurgency. In September 1954, Australia signed the SEATO, though it lost its relevance by the late 1970s. During 1964 Indonesian confrontation, Australian troops helped defend Peninsular Malaysia, Singapore and Borneo, when this conflict ended, Australia maintained an infantry battalion in Singapore and two fighter squadrons at Butterworth in Malaysia.

Following the British withdrawal of most of its forces from East of Suez in late 1960s and early 1970s, Australia, Malaysia, Singapore, Britain and New Zealand concluded the Five Power Defence Agreement, to take care of Malaysia and Singapore external security.

Though there was no permanent security presence in Australia fighter force in Singapore, there were F/A-185 military exercises operating for 16 weeks each year while
P-3 Orion was stationed on a rotational basis. Besides, Australian Navy made routine use of naval support facilities in Malaysia and Singapore. Also, there were combined land, air and sea exercises with some of the countries of Southeast Asia. This promoted close cooperation with the ASEAN countries on security prospects and policies.

Australia's primary strategic interests in the ASEAN region are to prevent hostile intrusions which may undermine Australia's security and broader economic, social and political well being.

In 1972 with the election of the Whitlam Labor government, foreign policy direction sought to develop new avenues for integration with Australia's close neighbours. Whitlam sought an independent foreign policy direction that would result in the development of a broad range of relationships with other states, particularly those in our immediate region. While Whitlam was not anti-American, he saw the need to develop other alliances while at the same time maintaining Australia's close relations with the US. In a speech by Whitlam at the National Press Club in 1973 reinforces this approach: “My government wants to move away from the narrow view that the ANZUS Treaty is the only significant factor in our relations with the United States and the equally narrow view that our relations with the United States are the only significant factor in Australia’s foreign relations.”

While there was no desire to place Australia’s relationship with the US in jeopardy, Whitlam certainly wanted to make a distinct break with the past and promote wider relationships within the region. To this end he withdrew troops from Vietnam, eliminated conscription, recognised the Peoples Republic of China, established diplomatic relations with North Vietnam and opposed apartheid in the UN. With the
final elimination of the White Australia Policy under Whitlam’s Prime Ministership there was finally a sense within the region that Australia was not only seriously interested in the region but also wanted to become an active partner with its neighbours. What Whitlam recognised was the need for engagement not only because of our proximity to the region but also due to the development of trade with states within the region. Whitlam was determined to make major changes in Australia’s foreign policy and in its relationships within the region in particular with China and Indonesia. He admired and trusted Suharto and wanted to understand the points of view of these countries’ leaders, rather than just viewing them through a Western lens.

In extraordinary circumstances the coalition government of Malcolm Fraser was elected in 1975 during a renewal of cold war tensions between the US and the USSR. Fraser was quite different from previous coalition Prime Ministers in that he believed in the necessity for Australia to set its own foreign policy agenda independently of the superpowers, while at the same time continuing close relationships with Australia’s superpower friends. Fraser however, resorted to a realist notion of foreign policy that was in some ways in sharp contrast to that of Whitlam. As in a speech he said: We must be prepared to face the world as it is, and not as we would like it to be. Only in that way can we hope to perceive accurately possible problems for Australia and seek to overcome them. Only in that way can we effectively advance our objectives of peace and security. To point to possible problems and dangers is not to be gloomy or pessimistic. It is an essential step in the development of realistic and appropriate policies. It is an essential step in enabling us to avoid problems and dangers which may arise. Security became of strategic importance again during this time and Australia supported the US worldview
without question. Fraser, like Evatt, believed in the need for small and medium powers to act together, however he did not really continue Whitlam's notion of regionalism to any great extent. The 1970s saw a new concept in our foreign policy objectives with 'alliance diplomacy' giving away to 'middle power' diplomacy.

The notion of a regional perspective really gained significance in Australia's foreign policy direction following the Bob Hawke Labor government's election in 1983. Hawke saw to it that Australia had a central role to play in the region. As before, a significant shift took place in terms of Australia's foreign policy directions, which had significant ramifications for the move towards regionalism. It saw multi-lateral diplomacy take over from the middle power diplomacy of the past. The Hawke government during his second term realized that Australia's future was in the relationship it had developed with the region. As Meg Gurry stated, "Australia's move from being close to the region to being part of the region began under the Hawke government."

Three major position papers released at the end of the 1980s stated the new security boundaries within the region. They were the "Dibb Report of 1986; the White paper on defence of 1987; and the Minister for Foreign Affairs and Trade's document on security, released in 1989". (Fry 1991)

The establishment of the Asia-Pacific Economic Cooperation (APEC) grouping in 1989 was an Australian initiative in the establishment of which Bob Hawke played a significant role. During Fraser's term, commitment to the US was firm for he was convinced that Australia's interest lay in maintaining the close relationship with the West, particularly during Cold War. So for Hawke it was important to continue the solid relationship with the US while advancing regional relationships. While preserving the
relationship with the US, Prime Minister Hawke prepared Australia for closer contact with Southeast Asia. This was important given the trade opportunities that were to be gained through the economic growth many of the states in the region were experiencing. Even by the time Hawke gained power in 1983, Southeast Asia was one of the major export markets for Australia.

The Keating period (1991-1996) demonstrated the priority given to consolidating Australia’s close trading, security and political links with its ASEAN partners and underlined Australia’s desire to work closely with the range of bilateral, regional and multilateral issues.

Due to Keating’s policy of close engagement with Asia particularly Southeast Asia, a debate took place on “Is Australia an Asian nation?” This became particularly pertinent due to Keating’s support for Australia severing last formal links with Britain and opting for a Republic. The Conservatives felt that Keating was going overboard in his projecting an Asian identity and this desire for an Australian Republic was part of this Asian appeasement. Keating and his government denied these allegations and stated that there was only encouraging the multicultural identity of their diverse society which has a unique blend of European, Asian and Aboriginal influence. It was often pointed out by Keating and his supporters that they knew that Australia was not an Asian country but because of closeness to Asia, both geographically and in terms of outlook and interests they felt close.

Under Keating, there were significant political, cultural, and strategic dimensions to the closer engagement with Southeast Asia. The latter became a major source of immigrants to Australia. Besides Southeast Asian students were attracted by the
multicultural Australia and opted to study in Australian Universities. These trends have continued inspite of the change in governments as the policy initiative towards Southeast Asia are seen as the crucial building blocks in the development of a more sophisticated Australian identity. The developing links between Australia and Asia go much deeper than trade. In 1980, 315000 Australians travelled to Asia. In 1992, that number was 780000. In 1979, 110000 Asians visited Australia. In 1992-93, this had grown to 1.2 million. The teaching of Asian languages had also become a national priority during Keating period. This entire growing links with Asia, the trade links and the people links, were key reasons why Australia had been such an enthusiastic supporter of the ASEAN nations. In 1980s such a question would have been inconceivable – or even after that. Lying behind this changed environment are the commercial relationships that have transformed the linkages between Australia and their immediate region. Sixty percent of Australia’s trade went during the 90’s to North Asia or Southeast Asia. In the 1980s it was 46 percent. This big shift in Australia’s involvement with the region was brought about by quite remarkable export growth in particular markets.

Australia’s pursuit of Comprehensive engagement under Prime Minister Keating was reflected by a regional foreign policy agenda that was both vigorous and proactive. In Indochina, considerable time, energy and resource were devoted to facilitating the process of national reconciliation and democratization in Cambodia. Australia provided economic aid of $ 2 million for demining operations in Cambodia. Above all, it showed how effective Middle Power diplomacy could be over the United Nations Peace initiative. It was more an intellectual than a political or military role. It represented not
only a sharp new turn in the implementation of Australia’s Indo-China Policy but a major
development in Australian diplomacy.

Paul Keating visited Indonesia many times during his term thus emphasising the
importance of the relationship to Australia. However, he did not hesitate in raising with
President Suharto, the situation in Irian Jaya and East Timor. Security and economic
concerns were the primary drivers of the engagement process. As the Defence White
Paper of 1994 notes, ‘Australia’s future security – like our economic prosperity – is
linked inextricably to the security and prosperity of Asia and the Pacific. Defence
cooperation with Southeast Asia was burgeoning to the point where ASEAN states,
conducted more defence cooperation activities with Australia than they did with each
other. The Australian defence policy during the Keating Government aimed at increasing
deeper defence relationship and strategic partnerships with the regional countries.
Positive steps were initiated. The ASEAN countries joined Australia’s major military
exercise.

After Keating defeat in 1996 Conservative Coalition government of John Howard
came to power and his Foreign Policy towards Southeast Asia, situations changed
dramatically. Complexities were becoming more evident and it culminated with the 1997
financial crisis. The crisis utterly changed Australian perspective on Southeast Asia as the
region seemed to have embarked on exclusively Asian initiatives and anti-Western
sentiments. At the same time, rapid domestic changes in Australia had also raised the
concerns of Southeast Asian governments. The East Timor case had further soured the
relations. Other cases like refugees, piracy problems, September 11 tragedy and Bali
bombing were also amongst the apparent obstacles.
Australia's active engagement transpired through trade security cooperation; tourism and educational exchanges with Southeast Asia. And progress occurred in the relation to Australia's White Paper on foreign and trade policies. The White Paper, despite much scepticism, put Southeast Asia as a first priority, not the US.

Australia's involvement in the Iraq war had been the major criticism from Southeast Asian government. Amongst the most critical from the region was Malaysia's Prime Minister Mahathir Mohammad argued that Australia's involvement in Iraq war is indicative of US huge pressure rather than Australia's own willingness to be involved. The brief participation and limited numbers of troops showed Australia's limited identification towards the war, unlike England. In order to build better relations with its partner, Australia had been trying to balance both domestic policies and its relations with US and Southeast Asia, in order to construct better relation with different parties.

Australia's defence and strategic policy had been one of the most rigorously debated issues in Australian domestic politics. The most heated debate involved several issues like coup against democratic governments, counter terrorism measures, extraction of Australian citizens in conflict situation, failed states situation. The other are involvement in peace keeping e.g., case of East Timor.

It is obvious that Australian Foreign Policy has become extremely active since the Post Cold War period and realigned it to new realities in world affairs. Key factors or areas in foreign policy include:- an effort to retain strategic and diplomatic linkages with the US; a major push at deepening trade relations with Southeast Asia; the use of multilateral organisation to further foreign policy goals e.g. involvement in APEC and the ASEAN Regional Forum (ARF); vocal support for human rights and democratic reforms
in Southeast Asia; support for new treaties and conventions including those controlling
the use of land mines, the chemical weapons convention and efforts to continue the
control of nuclear weapons and their testing in the region; more problematic efforts to
retain a diplomatic and trade presence in the middle east, The Indian Ocean region and
with the European Union.

And the beginning of 21st century has revealed the country still needs to deal with
many fundamental questions relating to future. These include: - reconciliation with the
aboriginal, indigenous owner; an examination of the relationship with the US, especially
in the light of Australia’s recent involvement in the invasion of Iraq and Afghanistan; the
shift toward the right side of politics in the last decade, both federally and state; an
examination of the conservative government of John Howard; the so called war on terror
being waged in Australia; the response of the corporate media to global events and local
issues; engagement with the Asia-Pacific region.

Australia’s strategic defence relationships in Southeast Asia are long lasting and
involve wide-ranging defence activities. They provide opportunities for the Australian
defence force to interact, train and operate with the defence force of Singapore, Malaysia,
Thailand and Philippines. They are taking an incremental approach to building defence
relationship with Indonesia. Also defence relationship with East Timor, Vietnam,
Cambodia, Laos and Brunei. Terrorism threatened Southeast Asia’s stability and
prosperity and Australia’s interest in the region. Australia will continue to help regional
countries to take the step necessary to build their counter-terrorism capacities.

Indonesia had always been a significant element in the equation. In the past, there
had always been a cooperative framework between TNI and Australian Defence Force
(ADF). While attempting to rebuild a new cooperative framework after East Timor crisis, the key issue is whatever to have a similar arrangements as the past (in this case, with the special forces Kopassus) or shift the focus of strengthening other security elements and civilian authority in military management and policy making.

On the other hand, the ASEAN Regional Forum (ARF) is the principal forum for security dialogue in Southeast Asia. Australia will continue to support the ARF's work, while remaining open to proposals for new or enhanced dialogue such as regular meetings of regional ministers. Australia's growing security concern over Southeast Asia after the Bali terrorist attacks had thrown into stark relief the need for Southeast Asian countries to act decisively against the regional threat of terrorism. The attacks demonstrate a resolve among regional terrorists which, if not countered, will undermine stability and international confidence in Southeast Asia. Australia concluded counter-terrorism agreements with Indonesia, Malaysia and Thailand.

Nevertheless, the development of ASEAN+3 meetings and suggestion for new regional process and institutions including an Asian Monetary Fund will have profound implications for Australia. A trend toward Asian regional integration may prove to be one of the most important developments for Australia's foreign policy over the next two decades. On the economic side, the Closer Economic Partnership that has been established between Australia and the ASEAN, the bilateral free trade agreement that was concluded with Singapore and is being negotiated with Thailand and the bilateral trade and economic framework agreements that are being discussed with other countries of Southeast Asia are significant enough to imply that Australia has succeeded in being accepted as one of the significant players in the region. At the end of the analysis of
Australia's Foreign Policy towards Southeast Asia one comes to the following conclusion, that: (a) Southeast Asia is far too important for Australia to neglect it; (b) Australia's geographical proximity with Southeast Asian region is an advantage rather than a handicap; (c) Partnership with Southeast Asia is a necessity, not an option.