The period after 1975 was marked by considerable uncertainty in Southeast Asia and in the Association of Southeast Asian Nations (ASEAN). The regimes in Indochina were estranged from the ASEAN members and ASEAN’s concerns about regional security prompted it to undertake a major upgrade in its cooperation efforts at its conference in Bali in February 1976. In Australia, a new Coalition Government led by Prime Minister Malcolm Fraser (elected on 13 December 1975) expressed strong concerns about the potential expansion of Soviet influence, both internationally and in Southeast Asia. The Fraser Government was committed to continuing and advancing Australia’s relations with ASEAN, but it soon encountered significant tensions in economic and trade relations. Later in the decade, major additional security problems arose as Southeast Asia experienced the traumatic impact of the outflows of refugees from the Indochina states. Southeast Asia then faced renewed conflict and major power involvements after Vietnam’s invasion of Cambodia in December 1978 and China’s subsequent invasion of northern Vietnam in February–March 1979, in the period of conflict known as the Third Indochina War.1 Australia’s interactions with ASEAN on regional security in this period were marked by both substantial cooperation and some discord, notably over the role of the ousted Khmer Rouge movement in ASEAN’s

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strategies in opposing Vietnam’s presence in Cambodia. This chapter discusses these issues by focusing in turn on ASEAN’s Bali summit in 1976, the Fraser Government’s approach towards Southeast Asia, the advent of disputes between Australia and ASEAN over trade and civil aviation policies, the impact of the Indochina refugee crisis, and ASEAN and Australian approaches to the conflict over Cambodia.

ASEAN’s 1976 Bali summit

A key factor for Australia in its approaches towards Southeast Asia was ASEAN’s efforts to upgrade its cooperation and raise its own profile. As noted in Chapter 1, there were widespread concerns amongst the ASEAN members in the aftermath of the communist victories in Indochina in 1975. The ASEAN members saw a need for greater foreign policy coordination and an increased emphasis on ASEAN as an institution. ASEAN’s first summit meeting of heads of government in Bali in February 1976 was a watershed for the Association, as has been widely observed. The members adopted two key documents – the Treaty of Amity and Cooperation and the Declaration of ASEAN Concord. The treaty set out basic norms of inter-state behaviour that ASEAN sought to advance for the conduct of relationships in the region, including the concept of sovereign equality, freedom from external coercion, the peaceful resolution of disputes and the renunciation of the use of force against one another. The treaty provided for a dispute resolution mechanism, a ‘High Council’ of ministers that could consider conflicts and, with the agreement of all participants, make recommendations on appropriate means of settlement; the Council has not so far been convened. While the treaty was developed explicitly for ASEAN and for other states who might in the future be eligible to join ASEAN, it later became a key means by which ASEAN could seek recognition and endorsement from countries from outside Southeast Asia.


Asia who wanted to increase their interaction with ASEAN. In 2005, accession to this treaty was a key step by which Australia was able to join the ASEAN-initiated East Asia Summit (see Chapter 5).

The Bali summit reaffirmed ASEAN’s distinctive approach to and ‘norms’ of cooperation, which have been referred to widely as the ‘ASEAN way’. This approach emphasised regular communication among the members’ ministers and (after 1976) heads of government, often conducted in an informal manner and with the aim of building up familiarity and confidence. The values of respect for national sovereignty, non-interference in internal affairs, opposition to external interference, support for the peaceful resolution of disputes and renunciation of the threat or use of force continued to be emphasised. ASEAN’s style was based on frequent meetings and the avoidance of ‘top heavy’ institutions. It maintained a Secretariat in Jakarta but its size and budget were modest. ASEAN also emphasised the value of dialogue with the major powers with interests in Southeast Asia. It sought to express its cooperative norms in several ways, including its declaration in 1971 that Southeast Asia should be a Zone of Peace, Freedom and Neutrality (ZOPFAN, discussed in Chapter 1) and its sponsorship of wider forums such as the ASEAN Regional Forum and the East Asia Summit (discussed in Chapters 3 and 4). In 1997, ASEAN added to its norms of cooperation by adopting the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone by which members reassured each other that they would not acquire, store, transport or test nuclear weapons.

The ‘ASEAN way’ has continued to be emphasised by the Association in the years since 1976 as a focus for developing cooperation among highly diverse states with little previous bases for communication or accord. ASEAN’s emphasis on consensus-based decision-making,

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Informality and voluntary compliance in relation to agreements has been criticised for producing a cautious and slow pace of development. The Association has, for example, been described as ‘making process not progress’.\(^8\) ASEAN’s style of cooperation has continued to be debated within and outside the Association since the 1970s, particularly in relation to approaches to the issues of national sovereignty and the principle of non-interference in internal affairs.\(^9\)

The directions set through the Bali summit have nonetheless continued to be highly influential, as subsequent chapters will suggest.

In addition to reaffirming ASEAN’s identity and style of operation, the Bali summit sought to upgrade economic cooperation among the members. One avenue was to promote joint industrial projects by which a designated enterprise located in one of the member countries could gain preferential access to the whole five-country ASEAN market.\(^10\) A second avenue was the endorsement of the desirability of joint cooperation to try to secure more favourable market access for ASEAN countries’ exports to their major trading partners. In a significant comment, one section of the Declaration of ASEAN Concord stated that ASEAN members ‘shall accelerate joint efforts to improve access to markets outside ASEAN for their raw materials and finished products by seeking the elimination of all trade barriers in those markets’.\(^11\)

This area of ASEAN cooperation was to figure prominently in the first phase of Australia’s relationship with the Association from 1976 onwards.

The Fraser Government (December 1975 – March 1983) pursued Australian foreign policy with some different emphases from the preceding Gough Whitlam administration. Fraser was suspicious of and apprehensive about the role of the Soviet Union and re-emphasised Australia’s commitment to the US alliance, while maintaining

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a willingness to differentiate Australian policies from its ally, as was the case in approaches towards Vietnam after 1975 (see below). Stewart Firth has provided a concise summary of Fraser’s policy approaches:

Fraser dominated the making of Australian foreign policy in his time almost as much as Whitlam dominated it in his. The two men differed in outlook. Where Whitlam was an optimist in international affairs and inclined to a tolerant view of Soviet intentions, Fraser was a pessimist who saw Soviet expansion as a serious threat to world peace. Where Whitlam sought greater independence from the United States, Fraser reasserted the central importance to Australia’s security of the American alliance. And where Whitlam welcomed détente between the two superpowers, Fraser believed the Soviets were exploiting it to build themselves a military advantage over the West.12

A further element in Fraser’s approach to foreign policy was an interest in the challenges of relationships between the developed countries and the developing states (referred to widely as ‘North–South relations’). The Fraser Government commissioned a report on ‘Australia and the Third World’ and expressed some interest in efforts by developing states to seek more equitable international economic relationships, although it was not always easy for the government to reconcile this overall attitude with specific policies, for example, in trade relations with ASEAN.13

Fraser’s overall foreign policy emphasis was reflected in his government’s approach towards Southeast Asia. In the period immediately after the defeat of the non-communist regimes in Indochina, the United States moved to reduce its military presence in Southeast Asia: it withdrew from its bases in Thailand although it retained a security relationship with that country and maintained its bases in the Philippines. The Fraser Government, from 1976, was concerned about a perceived decline of US interest in the region and sought to persuade the US Government of the region’s continuing importance.14

12 Stewart Firth, Australia in International Politics: An Introduction to Australian Foreign Policy, 3rd edn, Crows Nest, NSW: Allen & Unwin, 2011, p. 22.
13 The government’s report was written by Professor Owen Harries; see Owen Harries, Australia and the Third World: Report of the Committee on Australia’s Relations with the Third World, Canberra: Australian Government Publishing Service, 1979.
The new Australian Government was also keen to pursue relations with the Southeast Asian region and its states. On 18 January 1976, shortly after his election to office and just before a visit to Malaysia to attend the funeral of Prime Minister Tun Abdul Razak, Fraser said that ‘[i]t is the intention of my government to concentrate its activities more in our own region. I think that in recent times, Australia’s diplomatic effort have [sic] been scattered too far and wide around the world’. Fraser said that efforts should be made at two levels, country to country, and between Australia and ASEAN as a group. He noted, ‘[j]ust as Australia recognises the importance of ASEAN to Australia, the ASEAN countries for their part recognise the importance of Australia’. 15

Fraser accordingly sought to maintain and extend the emphasis that had been given to ASEAN by the Whitlam Government. Soon after coming to office, he pursued his government’s interest in ASEAN by seeking talks with the ASEAN leaders at their inaugural summit in Bali in February 1976.16 Minister for Foreign Affairs Andrew Peacock told the Indonesian ambassador in Canberra in January 1976 that ‘the Prime Minister was most anxious to receive an invitation’ to visit Bali for discussions after the ASEAN summit the next month, but the response from Jakarta was that ‘the timing is not correct’ (a position that also applied to Japan and New Zealand).17 A media report in February 1976 suggested that the timing of the Australian request had been an issue for some ASEAN members. A Malaysian official was quoted as saying that ‘[t]he proposal was too sudden. It came out of the blue without consultation. If we had been given three months’ notice and time to prepare, there might have been no problem.’18

While Australia was not able to gain representation at the Bali summit, ASEAN’s approaches to cooperation soon became significant issues in Australia’s regional relations.

17  Goldsworthy et al., ‘Reorientation’, p. 347.
The politics of trade

As noted in Chapter 1, when Australia established its formal link with ASEAN after talks in Canberra in April 1974, the discussions had aroused no controversy; the major item agreed upon was a modest A$5 million multilateral aid program. At this time, however, developments were already taking place in both the Australian economy and some ASEAN members’ economies, which were soon to lead to significant problems in trade relations. After the events of early 1975 in Indochina, and the drive by the ASEAN members to find meaningful avenues for economic cooperation, a multilateral political framework was now established that enabled ASEAN members’ complaints about Australian policies to be given sharp focus.

By the early 1970s, Australia had developed a trading relationship with the ASEAN members that was a relatively small part of Australia’s overall trade (6.6 per cent of its exports in 1976–77 and 4.1 per cent of imports in the same period), but that was heavily in Australia’s favour. ASEAN members were a useful market for Australian manufactures, minerals and primary products. For ASEAN, Australia was also a minor trading partner, supplying 4.6 per cent of imports and taking 2.4 per cent of exports in 1975.

In the early 1970s, several ASEAN members (Malaysia, the Philippines and Thailand) had begun to follow the Singaporean example by developing export-oriented manufacturing sectors, and producing labour-intensive goods such as textiles, clothing and footwear. In this period the Australian economy was buoyant. In response to a strong balance of payments position and gathering inflationary pressure, the Whitlam Government revalued the Australian dollar several times in 1973, cut tariffs abruptly by 25 per cent and adopted a more extensive system of tariff preferences for developing countries. Exporters in Northeast and Southeast Asia were the immediate beneficiaries of these changes. In 1974, the Australian economy began to weaken, but imports were rapidly rising, putting pressure on manufacturing

in Australia. In response, the Australian Government devalued the dollar and placed import restrictions on ‘sensitive goods’ including textiles, clothing and footwear. Most of these restrictions hit Northeast Asian exporters: China, Hong Kong, South Korea and Taiwan. When Australian importers, in response, turned to alternative suppliers from ASEAN members, the government imposed restraints on goods coming from Malaysia, the Philippines and Thailand.21

Not surprisingly, the Australian restrictions had an unfavourable psychological and political impact on states whose economic expectations in foreign trade were rapidly changing. Clive Edwards wrote of the ASEAN states:

History had cast them in the role of raw material suppliers. The experience of the fifties and sixties seemed to indicate that, in the field of manufacturing, they could not be internationally competitive. The exhilarating experience of 1973–74 permanently changed this depressing scenario. The ASEAN countries realised that there were manufactures that they could export at highly competitive prices. Unfortunately, it was at this moment of euphoria that Australia struck.22

In this context, the ASEAN members took a significant new step in dealing with Australia. In line with their Declaration of ASEAN Concord, ASEAN formulated a ‘joint approach’, which was transmitted formally to Australia in November 1976, but quoted extensively in the Australian Financial Review on 27 July 1976, effectively beginning substantive debate in Australia on ASEAN relations.23 The ASEAN ‘aide-memoire’ heavily criticised Australia’s protection policies and indicated disappointment with Australia’s system of tariff preferences for developing countries. The document stated that:

For a developed country, Australia has one of the highest tariff rates, especially on labour-intensive light industrial goods exported by developing countries … Although Australia was the first developed country to grant tariff preferences to the developing countries, the benefits derived therefrom have been far below the expectations of the ASEAN member countries.24
The main reasons for ASEAN dissatisfaction with Australia’s policy on tariff preferences were the scheme’s limited product coverage, the low level of tariff reductions, the existence of a quota system and stringent definitions of handicrafts. Malaysia and the Philippines followed up this move with informal delays to Australian exports.

Debate about Australian trade policies with ASEAN was continued by contributions from Singapore’s Prime Minister Lee Kuan Yew. In a notable statement in June 1977, Lee argued that trade liberalisation by Australia would:

remove a source of considerable frustration and bitterness on the part of countries like the Philippines, Indonesia and Malaysia, which feel this is a one-sided business – of a very wealthy continent, sparsely populated, with enormous natural resources, not yet fully developed with an industrial capacity commensurate with those resources, yet wanting to make all the little things. It wants labour-intensive products like shirts and garments, knitwear, shoes and socks, all for itself, behind high tariff walls. Buying little and selling more. Of course, let me add that successive Australian governments have been conscious of this and have made up with dollops of aid – it’s like giving toffees and chocolates away. That’s not the kind of relationship which generates mutual esteem, respect and an adult mutual continuing inter-dependence which in the long term is the only sound relationship we can develop … And if that’s the way the world is going to be – if the relationship between the countries of ASEAN and Australia is the relationship between the developed and underdeveloped world – then I see strife.

ASEAN continued its approach on a joint basis. A further detailed critique of Australian policies was presented in an ASEAN paper in November 1978, which stated that ‘Australia seems to regard developing countries only as a source of supply of certain materials for her industrial outputs’. The document called on Australia to liberalise tariffs, assist ASEAN export promotion efforts in the Australian market and promote ASEAN–Australia cooperation in industrial development in the region.

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25 Ibid.
The ASEAN challenge to Australian trade and economic policies had a significant impact in Australian Government, business and academic circles. There had been a long-standing debate in Australia about the structure of its economy and the question of protection for secondary industry. While the challenge from ASEAN on this issue after 1976 was unexpected, it came from a region in which Australia had in recent years been closely interested, and the ASEAN criticism was thus given a credence that similar criticism from Europe or even Northeast Asia would probably not have received. Many Australian observers, including some businesspeople, academics and journalists, readily accepted the ASEAN claims and argued for Australian trade liberalisation.

The Fraser Government in this period adopted a more reserved approach. It emphasised Australia’s continuing interest in maximising political and economic relations with the ASEAN region and it initiated a series of joint projects and regular consultations. However, the government simultaneously continued to maintain policies of protection for endangered Australian labour-intensive industries, and it attempted to put the best possible face on the existing ASEAN–Australia economic relationship.

Australian Government responses to the ASEAN criticism began in earnest in 1977. A Standing Interdepartmental Committee on Relations with ASEAN was established in January to bring together the many departments involved in ASEAN relations. The government initiated efforts to secure an invitation for Fraser to attend ASEAN’s planned second Heads of Government Meeting, to be held in Kuala Lumpur in August 1977, and this effort was successful. Several Australian missions visited the region in the months leading up to the Kuala Lumpur meeting to prepare the ground for Fraser’s visit.

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31 ‘Fraser “No” to ASEAN Plea on Imports’, *Sydney Morning Herald*, 18 January 1978.
33 ‘Fraser May Get ASEAN Invite’, *Canberra Times*, 28 February 1977.
At the ASEAN Kuala Lumpur summit in August 1977, Fraser held discussions on 7 August on a variety of issues, including global economic problems such as the need for stability in commodity prices and improved marketing facilities, Australian aid and consultative projects and trade problems.\(^35\) Australia did not offer immediate concessions on trade issues, but did agree to increase its overall foreign aid commitment to the ASEAN members, and it offered to provide assistance to the ASEAN joint industrial projects. The discussions also resulted in an agreement on a series of meetings (including a trade fair and an industrial cooperation conference), a joint research project into the ASEAN–Australia economic relationship and an arrangement for regular consultation on trade matters.\(^36\)

Considerable progress was subsequently made in establishing the pattern of relations agreed upon at Kuala Lumpur. Building on the original multilateral aid projects initiated in 1974, the ASEAN–Australian Economic Co-operation Program by 1980 involved a series of projects at a cost of A$34.5 million in areas including the development of low-cost, protein-rich foods from locally available sources, studies on post-harvest handling, transportation and storing of grain, meat and cereals, and assistance to education and population programs and regional animal quarantine. The joint research project into economic relations was initiated in 1980. An Industrial Co-operation Conference was held in Melbourne in June 1978 and ASEAN Trade Fairs were mounted in Sydney (October 1978) and Melbourne (August 1980). Private business links were also developed on a multilateral basis; an ASEAN–Australia Business Conference was inaugurated in Kuala Lumpur in June 1980.\(^37\) In November 1978, agreement was reached on the ASEAN–Australia Consultative Meeting (AACM) between the ASEAN Canberra Committee (comprising the head of ASEAN diplomatic missions in Canberra) and the Australian Interdepartmental Committee on Relations with ASEAN. Under the AACM, a working group on trade matters was set up to provide ASEAN members with ‘early warning’ of Australian policy changes.\(^38\)


\(^{38}\) Minister for Foreign Affairs, news release, M129, 13 November 1978.
The consultation and discussions provided by these forums were undoubtedly of some value to ASEAN. Since sudden and seemingly arbitrary changes in Australian tariff policy had been a major problem for some ASEAN producers in 1974 and 1975, the AACM was potentially useful. But while Australia was prepared to consult extensively, the Fraser Government made it clear in a number of statements and actions that in the domestic economic environment of the late 1970s in Australia, major liberalisation in areas of trade relevant to ASEAN would not occur.\(^{39}\) On the same day as Prime Minister Fraser’s report to the Australian Parliament on his successful talks with ASEAN leaders (17 August 1977), the Ministers of Industry and Commerce, and Business and Consumer Affairs announced that the government would attempt to maintain existing levels of employment in the textiles, clothing and footwear industries for the following three years. Further guarantees were given during the 1977 election campaign and, in August 1978, an additional tariff surcharge of 12.5 per cent was imposed for revenue purposes on a number of products of concern to ASEAN members. A commitment to attempt to maximise employment in the textiles, clothing and footwear industries was announced in August 1980.\(^{40}\)

Although the substance of Australian external economic policy conceded little to ASEAN claims, Australian statements asserted consistently that ASEAN’s market access in Australia was expanding rapidly, that Australia in fact imported considerably larger amounts of sensitive goods (such as textiles and footwear) per capita than ASEAN’s other major markets, that ASEAN members should look at their problem of adverse balances of trade with Australia in a global context, and that as the Australian economy recovered and expanded, ASEAN exporters’ opportunities would also further expand.\(^{41}\)

By 1980, in a regional climate now dominated by concern over Sino-Vietnam relations and the ongoing problem of Cambodia (see below), ASEAN’s criticism of Australian trade policies was no longer advanced with the stridency of 1976 and 1977. ASEAN’s concern continued,

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\(^{41}\) See Malcolm Fraser, ‘Address to the Second ASEAN Trade Fair’, Melbourne, 4 August 1980.
however, and it was illustrated in a speech delivered by Malaysia’s Finance Minister Tengku Razaleigh Hamzah to the first ASEAN–Australia Business Conference in June 1980. Tengku Razaleigh reminded his audience of the link that ASEAN leaders saw between economic growth and political stability and said:

Unfortunately there are many countries in the north which ironically are concerned with global security but which at the same time, adopt international economic and trade policies and practices, that in the longer-term erode the very foundation of security that they try to promote.

Razaleigh praised the steps that had been taken to develop and institutionalise ASEAN–Australia cooperation, but noted that protectionism was still a problem. He added:

While ASEAN and other developing countries have strongly supported Australia’s efforts in combating protectionist policies emanating from the United States, the EEC [European Economic Community] and OECD [Organisation for Economic Co-operation and Development] countries, it is understandably difficult for us simultaneously to experience the adverse effects of Australia’s own protectionist policies.42

The tensions over trade relations were not resolved during the tenure of the Fraser Government. While that government supported close economic relations with the ASEAN members, it was not prepared to alter the basic pattern of protection for Australian industries.43 Significant change in this area would have to wait for Bob Hawke’s Labor Government, which did pursue major macroeconomic and trade policy reform.

Trade was not the only issue of contention to gain prominence in ASEAN–Australia relations in the late 1970s. The framework for discussion and negotiations set up by 1978 provided a ready avenue for consideration of additional ASEAN claims. Australia’s civil aviation policies provided another source of ASEAN concern from 1978.

The civil aviation dispute

The dispute that emerged over civil aviation in 1978 and 1979 did not necessarily fit easily into the context and framework of the ASEAN–Australia relationship.\(^{44}\) The issue impinged directly on the interests of only one ASEAN member in a major way: Singapore. It was not automatically to be expected that Singapore would receive backing from its ASEAN partners. For a variety of interacting economic and political reasons, the civil aviation issue nonetheless became for a time a *cause célèbre* in the relationship.

The genesis of the problem lay in an emerging conflict of interest between Australia and Singapore in the 1970s. Australia’s national airline Qantas had steadily come under increasing competition on its most important air routes (Australia to Europe) from a number of other carriers, including Singapore Airlines (SIA). The financial position of Qantas came under pressure at a time when there was also a rising demand for cheaper fares from sections of the Australian public and travel industry. In order to secure cheaper fares and to ensure that a new arrangement to achieve these fares would safeguard Qantas’s position, the Australian Government and Qantas devised a new approach – the International Civil Aviation Policy (ICAP) – which would limit foreign airlines’ capacity on the Australia–Europe route, and guarantee high ‘load factors’ (that is, proportion of seats filled on flights) for the entire flight between Australian and European ports by discouraging (through a high-cost surcharge) ‘stopovers’ by passengers en route. This policy was justified on the grounds that it was in accord with the norms of international airline negotiating procedures, and that it was an assertion of legitimate Australian economic interests.\(^{45}\) Singapore, however, was able to place the issue squarely in the ASEAN–Australia context.\(^{46}\)


\(^{46}\)  Michael Richardson, ‘ASEAN’s Air Fare Threat’, *Australian Financial Review*, 19 May 1978.
Singapore had a great deal to lose through the Australian policy. Its national airline had been operating under the SIA name only since 1972 (when Malaysia–Singapore Airlines was dissolved), but it had achieved by 1977 the highest passenger and freight load factors of any international airline. Singapore was understandably proud of its airline, which in 1978 accounted for over 3 per cent of the country’s gross national product. Part of its successful growth had been based on the Australia–Europe route in which the airline had gained as much as 30 per cent of the traffic by 1978. ICAP threatened to reduce significantly SIA’s participation in this traffic and the discouragement of stopovers threatened to damage Singapore’s tourist industry, which was heavily dependent on this type of short-stay tourism. No other airline from an ASEAN member was as dependent on the Australia to Europe traffic to the same degree as SIA. Singapore’s ASEAN partners were not automatically sympathetic towards its economic problems, and it had been involved in an acrimonious dispute with Malaysia over civil aviation. Australian officials seem to have assumed that SIA could be isolated effectively through the initiation of favourable bilateral negotiations with other ASEAN members. Singapore, however, was able to successfully mobilise ASEAN support to challenge the Australian policy.

Singapore depicted the dispute as one between Australia and ASEAN that was relevant to the wider issue of North–South economic relations. It was relatively easy for Singapore to attack the Australian policy as an act of discrimination against a successful airline from a rapidly developing Third World state, which was being penalised for its success in competing in the Western-dominated, technically sophisticated airline business.

After preliminary complaints in early and mid-1978, ASEAN jointly criticised ICAP at the end of October, and in December the ASEAN economic ministers agreed that negotiations with Australia on ICAP would be broached on a group basis. Joint negotiations were held with Australia in January 1979, but the results were inconclusive. In February 1979, the economic ministers met again: their joint

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communiqué included the statement that ‘ICAP would not be confined to ASEAN and Australia alone … ICAP is a manifestation of the tendency of developed countries to change the rules as soon as the developing countries have mastered the … rules and overcome the obstruction posed by them’. 50 ASEAN’s major demands were that its airlines should be able to participate in the Australia–Europe low-fare scheme with or without stopovers, that stopovers should not be prohibitively costly for low-fare passengers, and that for ASEAN–Australia cheap fares, the cost per kilometre should be roughly equivalent to that charged between Australia and Europe. 51

ASEAN pursued its case actively in early 1979, partly through negotiations with Australia and partly through a variety of comments and statements by Singaporean and other ASEAN spokespeople that gained extensive coverage in the Australian media. In May 1979, a preliminary agreement on the issue was reached and this agreement was subsequently accepted by the ASEAN economic ministers in September. The agreement did not meet all ASEAN demands, but it seemed to effectively defuse the issue as an ASEAN problem and much of the controversy on the question had subsided by the end of 1979. 52

The ICAP dispute was significant in a variety of ways. The ASEAN members showed an impressive ability to coalesce on an issue that for them was potentially far more a divisive than a cohesive influence. They linked the dispute with Australia to the wider context of North–South relations. The framework for public and governmental discussions of ASEAN–Australia issues that had been developed initially to discuss trade relations could be used to consider other issues as they arose and used to exert pressure on Australia for concessions. While the ASEAN approach did not achieve all its aims, it did force significant Australian policy changes, and the ICAP challenge probably constituted ASEAN’s single most influential external joint approach in economic relations up to 1979. The dispute showed that the ASEAN members had a considerable capacity both to advance their interests through

51 Ibid.
the Australian domestic media, and to cause Australia considerable embarrassment by placing ASEAN–Australia issues in the context of the North–South dialogue.

The Indochina refugee crisis

While trade and economic issues had been sources of discord, Australia and ASEAN continued to have important interests in common, particularly in relation to security in the Southeast Asian region and the problem of great power interference. Towards the end of the 1970s, areas of long-term mutual interest for Australia and ASEAN were reaffirmed as the crisis stemming from the outflows of people from the three Indochina states and then the conflict that developed over Cambodia posed significant challenges to security and stability in Southeast Asia. These common concerns were a stimulus towards further important developments in the relationship that included both some extensive cooperation but also some discord, notably over the role of the radical Khmer Rouge movement in relation to the Cambodian conflict.

The refugee exodus from Vietnam and the other Indochina states from early 1975 had a profound impact on the ASEAN members, especially Thailand, Malaysia and Indonesia. Large numbers of people began to depart from Vietnam and Cambodia after the collapse of the non-communist regimes in April 1975 and substantial numbers also left Laos, where communist forces attained full control by the end of the year. There was a steady and large flow of people from 1975 to 1977, but from early 1977 several factors led to an increase in the pace of departures, particularly from Vietnam. While the departing people from Vietnam after 1975 had been principally ethnic Vietnamese, the government’s decision to severely restrict the operations of private businesses in southern Vietnam in March 1978 led to a further exodus that included many Sino-Vietnamese. The deterioration of relations between Vietnam and China was heightened after Vietnam’s invasion of Cambodia from 25 December 1978. China responded with a limited but highly damaging invasion of northern Vietnam in February–March 1979. From 1978, the Vietnamese Government pursued active policies of discrimination against the ethnic Chinese, which encouraged large
numbers to try to flee by boat to both Hong Kong and Southeast Asia. Overall, between 1975 and 1982, about two million people left the three countries of Indochina and over 800,000 sought resettlement.\(^{53}\)

The departures of people both by land and by sea posed major problems for the ASEAN member countries where they sought refuge. By 1977, Thailand had received over 200,000 people arriving by both land and sea. Up to the end of 1977, about 20,000 people had arrived by boat in ASEAN member countries, but the numbers escalated in 1978. By the end of 1978, 68,000 had arrived in Malaysia and only 31,000 had gained resettlement in third countries.\(^{54}\) The people seeking asylum faced difficult and often dangerous journeys: many people perished at sea through accident or attacks from pirates operating from nearby countries, particularly Thailand. The refugees posed economic and administrative problems in the countries that gave them temporary entry, and were at times a source of some social and political tension.\(^{55}\) In Malaysia, for example, there were social and political concerns about the impact of the arrival of large numbers of ethnic Chinese people on the east coast of the peninsula.\(^{56}\)

The flows of asylum seekers, particularly the boat arrivals from Vietnam, were also of very real concern to Australia. In 1976, some refugee boats began arriving in northern Australia, having travelled onwards from Malaysia and Indonesia, and in November 1977 a number of boats arrived in Darwin. The boat arrivals provoked a hostile public reaction in Australia since they raised the spectre of an uncontrolled influx of Asian immigrants. The prospect of continued boat arrivals threatened to undermine support for the Australian Government’s policy of accepting Indochinese refugees through organised channels.

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and it also threatened to reawaken controversy about the general question of Asian immigration. These issues provided a strong impetus for cooperation between Australia and ASEAN.57

The Australian Government adopted an active policy of gaining the cooperation of the ASEAN members, and it sought the assistance of Malaysia and Indonesia in preventing the onward passage of boats from their points of first asylum to Australia. The government moved actively to support the ASEAN members’ efforts to ‘internationalise’ the refugee problem by gaining increased financial assistance and particularly increased resettlement commitments from Western states. Australia initiated the proposal that led to the first Geneva conference on Indochina refugees in December 1978. Australia played a major role in supporting the diplomacy of the ASEAN members in 1979, leading up to the ASEAN foreign ministers’ meeting in Bali in early July, which Australia’s Minister for Foreign Affairs attended, along with the foreign ministers of Japan and the US.58 Australia also supported and took part in the second Geneva conference in July, which saw additional commitments of aid and offers of resettlement for refugees. By 1980, Australia was accepting 14,000 Indochinese refugees per year and by 1982 had accepted over 60,000 people from Indochinese countries since April 1975. Australia had now accepted more refugees per capita than any other country of asylum (only the British colony of Hong Kong accepted more) and the policy had maintained a high degree of public acceptance.59

The refugee crisis had posed substantial challenges for Australia and for its relations with the ASEAN members. The capacity and willingness of Australia to cooperate with its ASEAN neighbours was particularly important because it came against the backdrop of Australia’s moves since 1966 to end the policies of restriction in immigration in relation to Asia. The significance of the issues raised for Australia in foreign relations from the refugee crisis were identified in a notable joint statement by the Australian Ministers for Foreign Affairs (Andrew Peacock) and Immigration and Multicultural Affairs (Michael MacKellar) on 29 November 1977:

57 Ibid., pp. 82–115.
The comparatively small countries of Southeast Asia have had to bear the brunt of the post-war exodus of refugees from Vietnam. It has presented them with serious problems. With rapidly growing populations, a shortage of employment opportunities, and very limited social services, they are ill-equipped to cope with the influx. The problem is a regional problem and the validity of Australia’s credentials as a good neighbour will depend largely on a willingness to meet our regional obligations by bearing part of the burden. Our immigration policy has been misunderstood and misrepresented abroad in the past. It has taken a sustained effort to remove this misunderstanding. If we were now to respond to the Vietnamese refugee question in a narrow, ungenerous and emotive way, that effort would have gone for nothing.60

In its response to the refugee crisis, Australia had lent valuable support on an issue of major concern to all of the ASEAN members and it had demonstrated a capacity to make a contribution towards participating in the resolution of a serious regional problem. An official history of Australian–Asian relations has observed that ‘[i]t seems fair to say that ASEAN–Australian relations were enhanced by Australia’s refugee policies in this period’.61

**Australia, ASEAN and the Cambodia conflict**

As ASEAN and Australia were responding to the refugee crisis, a further focus for regional disorder and conflict was emerging in Indochina as relations between the regimes in Vietnam and Cambodia deteriorated and a new phase of major power competition developed. The conflict over Cambodia was to be a major issue for the region and in Australian relations with ASEAN for the next 15 years.

A new phase of conflict emerged soon after the communist regimes took power in Vietnam and in Cambodia. The radical Khmer Rouge regime, which renamed the country Democratic Kampuchea (DK), pursued autarkic and nationalist policies that produced large-scale losses of life (of an estimated 1.7 million people) within the country and

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60 Minister for Foreign Affairs, news release, M35/IEA 94/77, 28 November 1977.
also involved substantial hostility towards Vietnam. Armed conflict took place between the Khmer Rouge regime and Vietnamese forces from 1975, and fighting along their disputed border intensified in 1976 and 1977. During 1978, the Vietnamese leadership decided to launch an invasion. On 3 December 1978, a Kampuchean National Salvation Front was established with Vietnamese sponsorship and, three weeks later, a Vietnamese force, along with some dissident Cambodian allies, invaded the country. Phnom Penh was occupied on 7 January 1979 and the remnants of the Khmer Rouge regime fled to sanctuary in Thailand.

Vietnam’s invasion of Cambodia aroused strong concern in Southeast Asia and helped fuel a new phase of major power competition. The reaction in ASEAN members was strongly critical of Vietnam. Some progress had occurred in Vietnam’s relations with ASEAN after 1975, in which a series of discussions had served to reduce the extensive mutual suspicions that had been a carry-over from the period of the Second Indochina War. The invasion of Cambodia, however, was seen as posing a considerable security threat to Thailand, and no Southeast Asian state was willing to accept the violation of the principle of territorial sovereignty that the invasion had represented. The ASEAN reaction was also affected by the traumatic impact of the refugee crisis that was reaching a highpoint in late 1978, when over 200,000 people had already arrived in ASEAN member countries. The impact of the refugee arrivals intensified suspicion of Vietnam and bolstered the tendency within ASEAN to take a hard-line of opposition towards the invasion and Vietnam’s presence in Cambodia. From 1979 and through the next decade, ASEAN’s efforts to influence developments in relation to Cambodia and to secure a Vietnamese withdrawal were the centrepiece of its diplomatic activities and significantly increased the Association’s international profile.

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The conflict fuelled major power competition and involvement. Vietnam had moved closer to the Soviet Union in the 1970s and concluded a treaty of friendship in November 1978. The Soviet Union and its allies supported Vietnam and the new regime it sponsored in Phnom Penh. For its part, China had supported the Khmer Rouge regime since 1975. A bilateral agreement had been concluded in August 1976 and China had provided substantial aid to DK. China denounced Vietnam’s invasion and in February–March 1979 launched a limited invasion of northern Vietnam that failed to dissuade Vietnam from continuing its presence in Cambodia, but which caused substantial economic and social dislocation in Vietnam.66

For over a decade from 1979, the conflict over Cambodia became the dominant political, diplomatic and security problem in Southeast Asia. Within Cambodia, the Vietnamese-sponsored regime, the People’s Republic of Kampuchea (PRK), whose dominant leader was Hun Sen, attempted to promote economic reconstruction and its own political consolidation. Vietnam and the PRK regime faced armed opposition from three Cambodian resistance movements, operating on and near the Thai border: the ousted Khmer Rouge (referred to widely as the ‘Pol Pot regime’ after its leading figure); the royalist FUNCINPEC (the National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia) led by Prince Norodom Sihanouk; and the republican KPNLF (Khmer People’s National Liberation Front) led by Son Sann. Vietnam and the PRK faced opposition from ASEAN, which refused to accept the PRK regime’s legitimacy and worked to deny acceptance of the regime internationally and to mobilise support for Vietnam’s withdrawal. A key avenue for ASEAN’s diplomacy was sponsorship of a resolution in the United Nations (UN) General Assembly calling for an immediate ceasefire and the withdrawal of Vietnam’s forces – the first such resolution was adopted on 14 November 1979 and ASEAN continued to gain large majorities in support of similar resolutions for the next decade.67 Cambodia furthermore became the focus of ongoing rivalry between the Soviet Union and China (which provided material aid to the resistance groups), while other major actors, including the US, Japan and the European Community also pursued an active

66 Simon, ‘Cambodia and Regional Diplomacy’.
although mostly less direct interest in the conflict. This pattern of conflict became a major issue for Australian policymakers and a focus for both cooperation and some tensions in relations with ASEAN.68

The Fraser Government, ASEAN and Cambodia

After coming to office in December 1975, the Fraser Government continued the orientation of the Whitlam Government towards Indochina, and this was maintained up until late 1978. Australian approaches towards ASEAN and the states of Indochina after 1975 were discussed in late 1976 in an internal Department of Foreign Affairs policy planning paper on Australia and Southeast Asia. The paper stated that ‘in the next few years there will probably not be much scope for an activist Australian policy’ towards Southeast Asia, but argued that Australia still had an interest in carefully seeking ‘accommodations reached across the “fault-lines” separating Indochina from the ASEAN countries’. The paper argued that Australia’s responsibilities under the ANZUS (Australia, New Zealand, United States) alliance ‘do not necessarily entail an obligation to endorse or acquiesce in particular US policies that cut across important Australian interests in the area’, such as the ‘hostile attitude’ of the US towards Vietnam, which the paper saw as obstructing ‘Australia’s important political interest in attempting to minimise the risk of polarisation and confrontation’ in the region. The paper considered peaceful social and economic development in the ASEAN member countries as Australia’s primary political interest, and observed that ‘clearly, Australian political and strategic interests in South-East Asia are of major importance as compared with our economic interests there, which are still relatively minor, although with considerable potential for the future’. With Southeast Asia ‘now likely to enjoy greater autonomy within the international political system’, Australia ‘should finally drop the concept of reliance on a particular major power protecting our interests in South-East Asia, and accept the implications of a self-reliant policy there’.69

The Fraser Government from 1976 pursued policies that were in line with this suggested approach and that differed significantly from those then being pursued by Australia’s ally, the US. The government

emphasised the desirability of trying to prevent the isolation of the Indochinese states through cautious development of diplomatic contacts. Minister for Foreign Affairs Peacock stated in April 1977:

> We believe … that nothing will be gained by either Australia or the region ostracising, ignoring, or setting out to alienate these governments. In the case of Vietnam in particular, it will be dangerous if it is placed in a position where it feels it can only maintain cordial relations with other Communist states. \(^{70}\)

To support engagement, the government initiated a A$6 million aid program to Vietnam to be granted over three years. Facilities made available for Vietnamese students by the Whitlam Government in 1975 were continued, and in March 1978 the Fraser Government pledged to continue its support for the Mekong Committee of the UN Economic and Social Commission for Asia and the Pacific, a project of benefit to Vietnam. The Fraser Government supported Vietnam’s entry into the UN (in contrast to prevailing US policy) and Australia received a visit from Vietnam’s Deputy Foreign Minister Phan Hien in July 1978 at a time when no such visit would have been possible for a Vietnamese representative to Washington. \(^{71}\)

When reports emerged of border clashes between Vietnam and Cambodia from late 1977, the Fraser Government was initially cautious. However, the deterioration of Vietnam–Cambodia relations in 1978, along with an intensification of Sino-Vietnamese tensions and the increased rate of refugee outflows from Vietnam from mid-1978, began to change the context of Australian policy. There was particular concern at the scale of the outflows from Vietnam and at reports of Vietnamese Government involvement. \(^{72}\)

When Vietnam invaded Cambodia from 25 December 1978, the Fraser Government reacted sharply. On 23 January 1979, Cabinet suspended Australia’s aid program to Vietnam and cancelled cultural exchanges. \(^{73}\)

The government denounced Vietnam’s invasion and Australian policies quickly became aligned with those of ASEAN in demanding the withdrawal of all foreign forces from Cambodia and a halt to the

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\(^{71}\) Ibid., pp. 7–8.

\(^{72}\) Ibid.

refugee exodus. When China launched a limited invasion of northern Vietnam on 17 February 1979, Australia’s criticism of China’s actions appeared less severe than its condemnation of Vietnam. At the height of China’s invasion, Australia received Vice Premier Chen Muhua, the most senior Chinese official to visit Australia up to that time. Carlyle Thayer commented:

Australian statements on China’s invasion of Vietnam were always linked with a condemnation of Vietnam’s actions, and, more significantly, with a satisfactory resolution of the Kampuchean situation. In brief, the Fraser Government gave the impression that while Vietnam had provoked the conflict, China had merely reacted to it. 

From early 1979, Australia supported ASEAN’s diplomatic activity in the UN. A key part of ASEAN’s strategy was to utilise its capacity to mobilise support in the General Assembly to maintain UN representation for the ousted Khmer Rouge DK regime and thus to gain explicit international backing for ASEAN’s ongoing opposition to Vietnam’s invasion through denial of recognition for the pro-Vietnam PRK in Phnom Penh. In keeping with ASEAN’s approach, Australia at first maintained its recognition of the ousted Khmer Rouge DK regime, both bilaterally and in the UN, by voting in support of DK credentials in September 1979. This aspect of Australian policy, however, became the subject of domestic controversy and a clash began to emerge between the policies supported by ASEAN and domestic attitudes within Australia.

The Pol Pot regime recognition issue

In Australia, the situation in Cambodia had become a matter of considerable public interest. The devastation during the Khmer Rouge period became even more clear after Vietnam’s invasion and the need for humanitarian aid received considerable media attention. The Australian public contributed over A$10 million to relief programs. Pressure was exerted for the withdrawal of Australian recognition from the ousted Khmer Rouge regime by members of the public, the Australian Labor Party, and from within the government’s

ranks. By July 1980, this pressure on the recognition issue had become significant enough for Peacock to say in an interview that ‘the bestiality of that regime [DK] is such that there is no way I can allow a feeling of revulsion that exists in the Australian community to be simply swept aside’.

The recognition issue fuelled tensions within the Fraser Government. Peacock strongly favoured the withdrawal of recognition from the DK regime, but Fraser and the rest of the Cabinet supported the existing policy, based on Australian support for ASEAN’s stance on recognition as a source of political pressure in its campaign of opposing Vietnam’s presence in Cambodia. Fraser stated to Parliament on 28 August 1980 that “[i]t is not possible to move away from Pol Pot without moving a distance towards that Vietnamese-supported regime [the PRK] … There is no way of avoiding the fact that a move away from Pol Pot is in part an encouragement to the Vietnamese-supported aggression.’

After further debate within the government in September 1980 (particularly between Fraser and Peacock), during which Peacock threatened to resign over the issue, the government reached a decision on 23 September that recognition would be withdrawn from the DK regime in the near future. The issue was a notable case of a clash between the government’s commitment to ASEAN’s position on Cambodia and the pressures of Australian domestic concerns about the human rights issues raised by the record of the Pol Pot regime. As a result, Australia changed its position on the recognition issue by withdrawing recognition in October 1980.

On 14 October 1980, Peacock announced that Australia had decided on a policy of ‘de-recognition’; he stated that ‘Australia cannot prolong its recognition of such a loathsome regime as that of Pol Pot’. Formalisation of de-recognition would be delayed for a limited time period. This announcement did not affect Australia’s vote in the UN in 1980 on the issue of DK credentials; that vote took place just before the announcement and Australia voted in favour of DK’s credentials.

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The formal bilateral ‘de-recognition’ was brought into effect by Australia on 14 February 1981 and, on 28 May 1981, a statement by Minister for Foreign Affairs Tony Street (who had replaced Peacock in this office) made it clear that in voting at international forums, Australia now recognised no Cambodian regime and thus would not support recognition of DK. Street added the proviso that if ‘a coherent and effective regime truly representative of the Khmer people’ emerged, Australia would reconsider its position.

The Australian Government’s change of policy on recognition had responded to domestic opinion but produced some critical reactions from ASEAN, and from China and the US, especially after the May 1981 announcement on recognition policy at international forums. In late May, the policy change was criticised by Singapore’s Deputy Prime Minister Sinnathamby Rajaratnam, as one that ‘will certainly damage the foreign-policy interests of Australia, seriously question its credentials as a reliable ally of those who have taken up the Soviet challenge in South-East Asia and bring comfort to the Vietnamese’. At the time of the ASEAN foreign ministers’ meeting in June 1981 in Manila, the Philippines foreign minister described Australia as being ‘recalcitrant’ on the issue, and reservations were also reported to have been expressed by US and Chinese officials.

While Australia maintained support for ASEAN’s policies of opposition to Vietnam’s presence in Cambodia, some disagreement continued over the ongoing role of the Khmer Rouge. In 1982, ASEAN attempted to ameliorate the issue of the unpopularity of the Khmer Rouge by supporting the development of a coalition government in exile that included the Khmer Rouge along with the two non-communist resistance parties, FUNCINPEC and the KPNLF. This resulted in the inauguration of the Coalition Government of Democratic Kampuchea (CGDK) in June 1982. While the Fraser Government welcomed moves to establish a coalition, it continued to be concerned that such a process should not lead to a situation in which the Khmer Rouge could regain

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81 Minister for Foreign Affairs, news release, M58, 28 May 1981.
82 ‘Our Stand on Kampuchea Criticised’, *The Mercury* (Hobart), 1 June 1981.
power in Cambodia.84 Prime Minister Fraser, after talks with Chinese Premier Zhao Ziyang on 9 August 1982, reaffirmed that Australia would not support the new coalition if it were used merely as a front for a re-emergence of the Khmer Rouge under Pol Pot. Fraser said, ‘I put the view very strongly that if international support is wanted for the coalition, it is going to be much easier to obtain if the figure of Pol Pot is not part of it’. He added, ‘there is fairly general acceptance that an independent, non-aligned government under the leadership of Prince Sihanouk would be the best final outcome’.85

Although this statement by Fraser indicated that Australia was most unlikely to change its policy on recognition in 1982 and would therefore not be willing to support UN recognition for the Cambodian coalition, ASEAN officials renewed efforts to achieve such a policy change in the weeks leading up to the 1982 credentials debate in the UN. In early August 1982, Thailand’s Foreign Minister, Air Chief Marshall Siddhi Savetsila, said in an interview that Australia’s refusal to recognise the CGDK was a ‘strong disappointment’ to ASEAN.86 In early September 1982, Malaysia’s Foreign Minister, Tan Sri Ghazali Shafie, made a visit to Canberra to personally put ASEAN’s case for the extension of recognition to the Cambodian opposition coalition.87 In early October, the ASEAN heads of mission in Canberra presented a letter to Street from the ASEAN Standing Committee reiterating ASEAN’s request for Australian support at the UN on the recognition question.88

On the recognition issue, however, Australia did not accede to the ASEAN request for a change of policy. For the remainder of the period of the Fraser Government, and subsequently under the Hawke Labor Government, Australia abstained in the UN General Assembly vote on the credentials of the CGDK whenever that issue arose.89 Australia in this period had thus needed to manage a substantial difference of

84 Interview with Mr Street on Radio 3LO Melbourne, Government Information Unit Transcript, 5 August 1982.
89 Ken Berry, Cambodia from Red to Blue: Australia’s Initiative for Peace, St Leonards, NSW: Allen & Unwin, in association with the Department of International Relations, The Australian National University, 1997, pp. 5–6.
policy with ASEAN while maintaining support for ASEAN’s overall approach towards Cambodia. Australia’s preparedness to adopt a policy position on Cambodia different to that of ASEAN was notable and can be seen in that sense as a prelude to the approaches that were to be pursued from 1983 by the incoming Labor Government.90

Conclusion

The period of the Fraser Government saw ASEAN assume a higher profile in Australian relations with Southeast Asia and in Australian foreign policy overall. Australia’s links with ASEAN developed further, and substantial cooperation was achieved in dealing with the regional crisis over refugee outflows from Indochina and over ASEAN’s response to the Cambodia conflict. However, greater closeness meant that differences had more significance. In disputes over trade and market access, the Australian Government improved communication with ASEAN but did not substantively alter trade policies. In relation to Cambodia, while the government was supportive of ASEAN’s overall position in opposing Vietnam’s invasion, it disagreed with ASEAN on the role of the Khmer Rouge. Domestic public opinion forced Australia’s withdrawal of recognition from the Khmer Rouge regime, causing discord with ASEAN. The issue of Cambodia continued to be a central element in Australian diplomacy with ASEAN in the next phase of foreign relations under the Labor Government that replaced the Fraser administration from March 1983.
