Regional activism and the end of the Cold War (1983–1996)

The Australian election of 5 March 1983 ushered in a new phase in Australian relations with Southeast Asia and with the Association of Southeast Asian Nations (ASEAN). Australia’s domestic priorities shifted towards economic reform, which produced liberalisation of major sectors of the financial system, and ultimately more open trade policies. The Labor Government maintained a strong commitment to the US alliance while seeking deeper engagement with both Southeast and Northeast Asia. The context for ASEAN and for Australian policies was affected by profound changes in the international system at the end of the 1980s, when Cold War tensions and relationships were replaced by a more fluid environment. New challenges arose but avenues opened up for greater regional multilateral cooperation. All these developments had substantial implications for Australia’s relations with ASEAN. To explore these issues, this chapter discusses in turn the Bob Hawke and Paul Keating governments’ approaches to Asia, Australia’s policies and diplomatic initiatives in relation to the Cambodian conflict, the decline in Cold War confrontation and the development of the Asia-Pacific Economic Cooperation (APEC) group and the ASEAN Regional Forum (ARF), and the state of Australia’s ASEAN relations in the early 1990s.
The Hawke and Keating governments and Asian relations

When the Hawke Government assumed office, it maintained considerable continuity with the preceding Malcolm Fraser Government in foreign relations. The Labor Government reaffirmed the primacy of the US alliance as a central pillar of foreign policy. There was substantial continuity in key areas of Australia’s Asia relations. The Labor Government maintained a strong emphasis on the relationship with Indonesia although there was substantial disquiet within the Australian Labor Party (ALP), and more widely in the Australian community, about East Timor. In Northeast Asia, the Labor governments maintained close relations with Japan and worked to advance linkages with China.¹ By the late 1980s, the increasing significance of the growth of the Chinese and other Northeast Asian economies was emphasised by a report commissioned by the government that called for major changes in Australia’s own economic practices to enable a closer and prosperous economic relationship to flourish.²

Important areas of policy difference and development that emerged after 1983 were driven by Labor’s concerns about the impact of international economic developments and about Australia’s economic competitiveness. The Hawke Government (with Keating as Treasurer) inaugurated a series of changes that included the floating of the dollar and the liberalisation of financial markets. Through the 1980s, the government was highly aware of the problems posed for Australia’s primary commodity exports in agriculture by protectionist policies in the United States and the European Union (EU). The pursuit of multilateral cooperation was very important to the government, both internationally and regionally. One manifestation of this was the creation of a multilateral grouping to combat protectionist practices,

¹ For an overview of this period in Australian foreign policy, see Stewart Firth, Australia in International Politics: An Introduction to Australian Foreign Policy, 3rd edn, Crows Nest, NSW: Allen & Unwin, 2011, pp. 30–51.
the Cairns Group of Agricultural Fair Traders, which campaigned for more favourable treatment for agricultural producers in international trade negotiations.\(^3\) A second major area of attention became the cooperation efforts that led to the APEC grouping (discussed below). In the latter period of the Labor Government, economic reforms were extended to encompass major reductions in tariffs. International challenges drove domestic changes, and that shifting domestic agenda encouraged international activism.

In defence and security, the Hawke Government sponsored a reassessment of Australia’s defence priorities to reorient policy towards self-reliance while remaining within the US alliance. From the late 1980s, the government placed special emphasis on the desirability of deeper networks of defence cooperation with neighbouring countries, notably in Southeast Asia.\(^4\)

**Australia, ASEAN and the Cambodian conflict**

In this overall context, the Labor Government from 1983 sought to emphasise relations with Southeast Asia. Hawke has written that when he came to office, he and Minister for Foreign Affairs Bill Hayden ‘agreed that under our Government our involvement with the South-East Asian region should be enhanced. Australia was particularly close to the ASEAN … countries. And thanks to the intelligent approach of my two immediate predecessors, Whitlam and Fraser, we enjoyed good relations with China.’\(^5\) The government had also come to office with an interest in the conflict over Cambodia and this issue rapidly came to dominate Australia’s ASEAN diplomacy and relationships.


\(^4\) Ibid., pp. 104–19.

Indochina policies 1983–88: Seeking an independent role

The ALP in Opposition had disagreed with the Fraser Government’s policy approach to both Vietnam and Cambodia after 1979.6 While the ALP leaders criticised Vietnam’s invasion of Cambodia and did not advocate recognition of the new regime in Phnom Penh, the People’s Republic of Kampuchea (PRK), they had opposed the cancellation of aid to Vietnam by the Fraser Government. In January 1979, Opposition leader Hayden argued that the suspension of aid to Vietnam was neither wise nor constructive and would weaken Australia’s influence with the Vietnamese Government.7

The ALP welcomed the Fraser Government’s withdrawal of diplomatic recognition of the Khmer Rouge Democratic Kampuchea opposition movement in 1981, but continued to advocate revised Australian policies towards Indochina. Labor policy advocated that the Australian Government should support independent and democratic Indochinese regimes, that Australia’s aid to Vietnam should be reinstated, and that Australia should discourage all support to the ‘Pol Pot forces’ and no recognition should be given, bilaterally or multilaterally, to any coalition involving the Pol Pot forces. Australia should provide cultural and developmental assistance to Cambodia and a Labor Government should encourage regional solutions to Indochina’s problems with reduced great power involvement.8

When the ALP came to office after the elections in March 1983, the new government moved to revise Australia’s policies towards Southeast Asia and Indochina. However, the high levels of regional and international sensitivities involved were soon apparent. When the new government suggested that it might fulfil its commitment to restore bilateral aid to Vietnam, ASEAN officials expressed strong

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6 This section draws in part from Frank Frost, ‘Labor and Cambodia’, in David Lee and Christopher Waters, eds, Evatt to Evans: The Labor Tradition in Australian Foreign Policy, St Leonards, NSW: Allen & Unwin, in association with the Department of International Relations, The Australian National University, 1997.
concern. China’s Premier Zhao Ziyang made it clear that China opposed any provision of aid. After consultations with a number of governments including the members of ASEAN, the government indicated in June 1983 that Australia would not make any early move to restore bilateral aid to Vietnam.

However, the Hawke Government decided to try to pursue an initiative in relation to Indochina by exploring dialogue on Cambodia. In his memoirs, Hawke wrote:

[O]ne of the most important initiatives of my entire prime ministership was our diplomatic effort to help bring about a lasting peace in the tragic, conflict-ridden country of Cambodia … Both Hayden and I were acutely aware of the obstacles ahead. ASEAN had arisen from the instability in Indo-China and the intrusion of the Soviet Union and China into the affairs of the region; its members remained suspicious of Vietnam and the two communist giants. The antagonism between China and Vietnam stretched back a thousand years. Cambodia itself remained sunk in conflict, with an uneasy alliance of forces arranged against the puppet Hun Sen regime. Our knowledge of and closeness to the regional players had its advantages, but understanding the range of their conflicting interests meant that Australia’s diplomacy would have to be deft in the extreme.

Hayden (Minister for Foreign Affairs March 1983 – August 1988) subsequently wrote that he had initial reservations about the proposal:

The aim was to facilitate a process of dialogue leading to a peaceful settlement of the warring inside and near the borders of Kampuchea. I regarded the proposal with some caution. There were a great number of differences between many of these parties and some had large political interests at stake. Australia strolling into this particular pastry shop and upsetting the wares so carefully if unsteadily arranged, could well be disastrous.

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13 ‘Kampuchea’ is the name of the country in the Khmer language. This name was used officially by the Khmer Rouge (who named their regime Democratic Kampuchea) and by the regime which replaced it after Vietnam’s invasion in December 1978 (the People’s Republic of Kampuchea). That regime renamed the country the State of Cambodia in 1989 and Cambodia has since continued to be used as the country’s official name.
ENGAGING THE NEIGHBOURS

Hayden also thought that Hawke was interested in pursuing the Cambodian initiative at least in part because it was a way of deflecting attention within the ALP over the sensitive issue of the status of and situation in East Timor.¹⁵

Whatever Hayden’s reservations, he pursued the government’s policies towards Indochina and Southeast Asia. He cautiously developed bilateral relations with Vietnam (which came to include aid donated through multilateral agencies).¹⁶ Hayden also laid the basis for an effort towards dialogue over Cambodia. In a policy statement on Indochina to Parliament on 7 December 1983, Hayden set out a rationale for the government’s interests in relation to Cambodia. He argued that there existed a ‘new form of stalemate in Indo-China which offers further risks of instability and of great power involvement in the region’.¹⁷ ASEAN had the strength and unity to stand behind Thailand and the Cambodian coalition in their resistance to Vietnam; while on the other hand, Vietnam could take comfort from the fact that the situation on the ground in Cambodia was largely in its favour despite resistance to its occupation, especially in the border areas. The ongoing conflict over Cambodia, Hayden argued, imposed a continuing refugee problem, prevented recovery within Cambodia and involved the ongoing dilemma of growing Soviet influence, particularly because of Vietnam’s reliance on Soviet assistance to sustain its military effort.

To address this array of problems, Hayden set out the principles that Australia regarded as necessary in seeking détente and ultimate settlement. Australia would seek to pursue a comprehensive Cambodian solution based on the acceptance by Vietnam of an appropriate accommodation with its neighbours; phased withdrawal of Vietnamese troops from Cambodia matched by an effective arrangement to prevent Khmer Rouge forces going back into Cambodia; an act of self-determination for Cambodia; the creation of conditions for the peaceful return of displaced Cambodians to Cambodia; the acceptance

¹⁵  Ibid., p. 382.
by all parties that Cambodia should be neutral, independent and non-aligned; and the restoration of normal relations on the part of Vietnam with China, ASEAN and the West.\(^\text{18}\)

Hayden explored the concepts he had outlined in a series of discussions with the principal parties involved in the Cambodian conflict, including the ASEAN members, Vietnam, Laos and China. Hayden and the Australian Government encountered considerable resistance from both ASEAN and China in attempting to assert a more independent Australian approach: Hayden acknowledged later that ‘at the beginning it was all rather rough going’.\(^\text{19}\)

When Australia withdrew its co-sponsorship of the annual ASEAN resolution on Cambodia in the United Nations (UN) General Assembly in October 1983 (because the government disagreed with some of the wording and did not wish to be seen to be automatically endorsing all ASEAN positions), this was regarded as a breach of solidarity by the ASEAN members.\(^\text{20}\)

Hayden met with a negative ASEAN response when in July 1984 at the annual ASEAN ministerial meetings he proposed informal talks between ASEAN, Vietnam and Laos and offered Australia as a venue.\(^\text{21}\)

By 1985, it was clear that it was difficult for Australia to make much headway in seeking dialogue on Cambodia in the prevailing climate of regional and international confrontation. Hayden found considerable variation in individual attitudes towards the feasibility of negotiations, with Malaysia and Indonesia relatively more sympathetic to Australia’s efforts than Thailand or Singapore, but ASEAN as a group had a major stake in Cambodia and was committed to retaining solidarity,

\(^{18}\) Ibid., pp. 3404–9.

\(^{19}\) Hayden, Hayden, p. 382.

\(^{20}\) Malaysia’s Foreign Minister Tan Sri Ghazali Shafie walked out of the UN General Assembly chamber while Hayden was speaking. See Nicholas Rothwell, ‘Malaysia Walks Out as Hayden Speaks’, The Australian, 4 October 1983.


resisting dilution of their stand. Hayden continued to try to insert new ideas into the debate. A series of three seminars on Cambodia were held at Griffith University (Queensland) that brought together representatives of all major contending parties (except the Khmer Rouge). In 1986, Hayden proposed that a tribunal be instituted to try Khmer Rouge figures on charges of genocide as a way of improving the climate for reconciliation. The idea aroused interest but was not adopted.

By 1988, after five years of diplomatic activity, the efforts to promote dialogue over Cambodia had raised Australia’s profile as a concerned regional participant but had produced little result. Ken Berry later commented:

The policies pursued by Bill Hayden did not, at the end of the day, achieve any breakthrough or substantive shift in the position of the major participants in a Cambodian settlement. But they did manage to impart a sense of urgency to the effort to find a solution. Indeed, it was ironic in some ways that Australia’s virtual isolation on the question of non-recognition stood it in good stead when putting forward its peace initiative in 1989, since the country was clearly not aligned to any of the major powers or their client Cambodian factions.

Australia’s Cambodia initiatives: 1988–91

Towards the end of Hayden’s tenure as foreign minister, major changes in the pattern of major power relationships began to exercise strong influences at the regional level in Southeast Asia. A key catalyst internationally was the impact of President Mikhail Gorbachev’s policies in the Soviet Union. Gorbachev’s speech in Vladivostok in July 1986 introduced a new era of flexibility in foreign relations as the Soviet Union sought to curtail costly foreign involvements. Moves intensified for Sino-Soviet détente. Vietnam was stimulated by internal

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24 Berry, Cambodia from Red to Blue, p. 7.
economic problems, and by the example of the Soviet Union, to pursue extensive domestic economic reforms from 1986; this process began to create new incentives for ending the drain of the Cambodian conflict and enabling wider foreign relations to be developed.25

Perspectives also began to be revised within ASEAN. A series of negotiations among the Cambodian parties was initiated with ASEAN’s support at the end of 1987, when Prince Norodom Sihanouk and PRK Premier Hun Sen held discussions. In July 1988, further negotiations occurred when ASEAN’s largest member, Indonesia, hosted informal multilateral talks among the Cambodian parties, along with the other ASEAN members and Vietnam and Laos.26 From 1988, the Thai Government, led by Prime Minister Chatichai Choonhaven, feeling more confident about Thailand’s security position after more than a decade of high economic growth and with the Thai Communist Party neutralised, began to pursue more conciliatory policies towards Vietnam and the Cambodian conflict.27 In this more flexible atmosphere, new opportunities opened for cooperation between Australia and ASEAN over Cambodia.

The pace of negotiations increased from the end of July 1989, with the convening of the Paris International Conference on Cambodia. The conference met for one month and was attended by the four Cambodian factions, the six ASEAN members, the ‘Permanent Five’ members of the UN Security Council (China, France, the Soviet Union, the United Kingdom and the United States), Vietnam, Laos, Australia, Canada, India, Zimbabwe (representing the Non-Aligned Movement) and a representative of the UN Secretary-General. Indonesia continued its active role in the negotiation effort as co-chair of the conference. The conference developed a general blueprint for peace that involved, essentially, the monitored withdrawal of all Vietnamese forces, a ceasefire, the cessation of external support, the creation of a transitional administration, and the holding of free elections, all under the supervision of an international control mechanism. It also involved measures to guarantee the neutrality of Cambodia and

26 Berry, Cambodia from Red to Blue, p. 7.
non-interference in its internal affairs, to deal with the repatriation of refugees and displaced persons, and to provide for reconstruction in Cambodia.\(^\text{28}\)

The Paris conference confronted the continuing deep suspicion and hostilities among the Cambodian parties and their main external backers. As a result, at the end of August 1989, the Paris conference was forced to suspend its proceedings without having achieved a comprehensive settlement. Vietnam, facing a decline in economic and military assistance from the Soviet Union and anxious to extricate itself from Cambodia, announced its withdrawal of combat forces from Cambodia, and in September 1989 declared this process completed. However, since the Paris conference had been suspended without agreement, there was no internationally recognised procedure for the monitoring of Vietnam’s withdrawal or for confirmation that it had occurred. The stage was thus set for ongoing conflict in Cambodia.\(^\text{29}\)

It was at this point, in late 1989, that Australia intensified its efforts to facilitate negotiations. As former Minister for Foreign Affairs Gareth Evans later recalled, he sought to continue and expand the efforts that had been made by Hayden:

> Bill was very actively involved with … trying to create a relationship with Vietnam and to work on Vietnam–ASEAN issues and … that was when Cambodia first started featuring in our policy landscape because Bill took it very seriously as an issue and I really just built on the initial work that he'd done.\(^\text{30}\)

Australian policymakers, led by Evans, focused on what they saw as the key stumbling block: the issue of the composition of the transitional administration in Cambodia. The resistance forces of Prince Sihanouk, Son Sann and the Khmer Rouge, together with their international backers, were continuing to demand a place for

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29 Ibid.
30 Gareth Evans, interview with the author, Canberra, 2 July 2014.
each of the four internal parties, including the Khmer Rouge, in the transitional administration. This was a demand rejected by the PRK Government of Hun Sen and its international backers.31

Building on initial suggestions by Prince Sihanouk and US Congressman Stephen Solarz, Australia suggested an enhanced role for the UN in the transitional process (a proposal first announced on 24 November 1989). To sidestep the power-sharing issue that had confounded the Paris conference, and to constrain the role of the Khmer Rouge, Australia proposed that the UN be directly involved in the civil administration of Cambodia during the transitional period. A UN military presence to monitor the ceasefire, cessation of external military assistance, a UN role in organising and conducting elections, and UN involvement in the transitional administrative arrangements would, it was hoped, ensure a neutral political environment conducive to free and fair general elections.32

Evans recognised that the Australian proposals involved a more ambitious and complicated role for the UN than any it had attempted before. Nonetheless, the concept of an enhanced UN role in the transitional period of a peace settlement for Cambodia rapidly gained support. Australia devoted extensive diplomatic efforts to advance it. From December 1989, Senator Evans’s envoy, Michael Costello, engaged in a major series of consultations. A departmental task force, under the direction of Evans, drew up a detailed set of scenarios and plans for a UN role in Cambodia, and these papers were presented to a meeting of the ASEAN members, the Cambodian parties, Vietnam and Laos in February 1990 (the Jakarta Informal Meeting). These were then published and became known – because of the colour of the cover – as the ‘Red Book’.33

32 Ibid.
The decline of Cold War confrontation had created a greatly improved climate for detailed discussions on Cambodia. Australia was now able to play the kind of facilitation role that Hawke and Hayden had hoped for from 1983. An important factor in the new climate was that Australia was able to cooperate actively with the ASEAN members in pursuing a settlement. Indonesia, in particular, had taken the initiative in sponsoring the informal talks on Cambodia from 1988, and was co-chairman of the Paris conference. The Australian Government placed special emphasis on operating in close cooperation with Indonesia and with Foreign Minister Ali Alatas. Senator Evans’s envoy kept in close contact with Alatas, informing him of every step in Australia’s diplomatic efforts. Evans has emphasised the crucial role played by Indonesia and by Alatas in particular:

Alatas felt that he had to carry ASEAN with him and there was a lot of consultation … others were significant voices but none were as remotely significant or as consistently engaged as Indonesia and without Indonesia … and Alatas’ personal role I don’t think ASEAN would have been anything like a coherent player delivering effective results.

Australia was able to turn its status as a middle-ranking power into an advantage in seeking a settlement. As Berry observed:

Our coalition-building in this case meant working from the outset with Indonesia and the other ASEANs, all five Permanent Members of the UN Security Council (the P5), Vietnam and the four Cambodia factions themselves. The fact that Australia came to the process without the political and other baggage normally associated with superpower or major power status meant that the various central parties were more prepared to listen and be less suspicious of our proposals.

From early 1990, the concept of a UN transitional authority as part of a comprehensive settlement gained widespread acceptance. The P5 adopted the concept in August 1990, as did the Cambodian parties in November. After further torturous negotiations, the way was cleared for the development of the Paris Agreements, which were signed on 23 October 1991, and for the deployment of the United Nations Transitional Authority in Cambodia (UNTAC) in February 1992.

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35 Evans, interview with the author, July 2014.
While UNTAC faced formidable difficulties in many areas, it was able to implement key aspects of the Paris Agreements and organised and conducted elections in May 1993, which led to the inauguration of a new Royal Government of Cambodia.37

Australia made a substantial contribution to UNTAC and to supporting the peace process. Australia provided 495 military personnel to support UNTAC’s communications capacity and Australian police and civil officials served with UNTAC. In May 1993, when there were concerns about the potential for disruption of the forthcoming elections, Australia contributed an additional 100 military personnel and six Blackhawk helicopters to boost UNTAC’s transport capacities.38 Australians also served in some key roles in UNTAC, including Lieutenant-General John Sanderson in the crucial position of military commander. Lieutenant-General Sanderson’s position as head of the diverse multinational UNTAC military component was one of the most prominent roles ever assumed by an Australian in Southeast Asia. Berry has observed that ‘the overall successful conclusion of the Cambodia operation can in large measure be attributed to the counsels and calming assessments of the UNTAC military component leadership in Phnom Penh’.39

The achievements of the Paris Agreements and of the UN involvement in Cambodia were clearly mixed. Within Cambodia, poverty and dislocation continued and the uneasy governing coalition broke down after the parties and forces led by Hun Sen and by Prince Norodom Ranariddh came into violent conflict in 1997, and Hun Sen and his party emerged as dominant in the country.40 However, at the regional and international levels, the peace process advocated by Australia and ASEAN produced results. The Paris Agreements enabled both Vietnam and China to decisively withdraw from their active support for the contending Cambodian warring parties. The period after 1991 saw Vietnam and China pursue a substantial (although not trouble-free) redevelopment of relations, Vietnam and the United States normalised relations in July 1995, Vietnam and the ASEAN members transcended

37 Ibid.; Brown and Zasloff, Cambodia Confounds the Peacemakers, pp. 269–300.
39 Berry, Cambodia from Red to Blue, p. 328.
40 Brown and Zasloff, Cambodia Confounds the Peacemakers, pp. 239–68.
their former animosity to become partners in ASEAN itself (on 28 July 1995), and Cambodia gained a government able to attract international recognition and to pursue a gradually increasing involvement in regional affairs, including ASEAN membership in 1999.41

All of these regional and international developments were striking and productive, and it is likely that none could have been achieved without the Paris Agreements. The Cambodian negotiations involved a number of key participants, but ASEAN and Australia played major parts in the process. Australia was able to provide ideas and policymaking resources, and Australian diplomatic communications, including the consultations conducted by Evans and by Costello, were significant contributions. Without the dialogue and communication between Australia and ASEAN, and with Indonesia in particular, the peace process might well not have been developed. The issue of Cambodia was a substantial instance where Australia and ASEAN cooperated on a major issue of security and regional concern and achieved a significant outcome.

Australia, ASEAN and APEC

The decline of Cold War confrontation, which had facilitated efforts towards a Cambodia settlement, also encouraged interest in the formation of new regional groupings to enhance economic and security cooperation. Australia and ASEAN played important roles in the advent of both the APEC process and the ARF. In each case, the establishment of the new groupings in this period involved extensive dialogue and cooperation between Australia and ASEAN. They also involved elements of tension as Australia’s interests in pursuing cooperation with a focus encompassing countries both in East Asia and more widely (including the United States) produced some sensitivities with ASEAN over its desire to protect its corporate identity.

As noted in Chapter 2, Australia and ASEAN had clashed over trade and economic relations in the 1970s and early 1980s, but they had by the late 1980s increased bases for common interests in these areas. Both Australia and a number of ASEAN members had moved

to liberalise their economies to maximise prospects for growth. They shared concerns about market access for exports to their major trading partners. These concerns fed interest in new avenues to promote trade cooperation. One reflection of this, as has been noted, was Australia’s initiative to establish a grouping of agricultural exporters to seek more favourable treatment for these commodities in international trade negotiations. The Cairns Group of Agricultural Fair Traders was established in 1986, and since its membership included four ASEAN member countries (Indonesia, Malaysia, the Philippines and Thailand), it helped to broaden the bases for common interests between Australia and Southeast Asian countries.42

Ideas for economic cooperation in the Asia-Pacific region had been promoted by non-governmental groups and by elements in some major economies from the 1960s, including in Japan and Australia. Interest was advanced by the Pacific Basin Economic Council (formed in 1967) and by the Pacific Economic Cooperation Council (PECC) (inaugurated in 1980 in Canberra), which brought together both non-government and official representatives (in a private capacity).43

Support for new efforts in cooperation was bolstered in the late 1980s by heightened concern about the emergence of trading blocs that seemed to threaten the interests of regional economies. In Europe, the already protectionist EU was moving towards its Final Unification Act and was developing new connections with Eastern Europe. In North America, the US, Canada and Mexico were pursuing negotiations for a North American Free Trade Agreement. In Australia, there were concerns that the US and Japan might arrive at arrangements to handle their economic relations problems that excluded other Asia-Pacific economies. In Southeast Asia there were added concerns that capital from Western Europe might flow heavily towards the Eastern European states, to the detriment of investment in ASEAN. Singapore’s Prime Minister Lee Kuan Yew expressed widespread views

in the region when he said in July 1989 that ‘major trading nations were moving away from the multilateral trading system’ towards more restrictive blocs.\textsuperscript{44}

There was strong interest in Japan in pursuing regional economic cooperation that could bolster trade in the face of discriminatory regionalism in Europe and North America. In August 1988, a report was issued by a study group sponsored by the Ministry for International Trade and Industry advocating ‘new forms of economic cooperation’ in the Asia-Pacific region.\textsuperscript{45} However, in both Japan and Australia it was considered that it would not be feasible for Japan itself to attempt to take the lead in advocating a new form of cooperation, given ongoing sensitivities in East and Southeast Asia about Japan’s regional role. Takashi Terada wrote that ‘it would be better for a small non-threatening country like Australia to launch a new regional initiative, without too many specifics about the nature of proposed cooperation’.\textsuperscript{46}

Australia under the Hawke Government had developed strong interests in contributing towards economic cooperation in a ‘region’ that could encompass the economies of Southeast and Northeast Asia and potentially the US. Australia had been frustrated at the slow progress of the Uruguay Round multilateral trade negotiations, particularly in agriculture. With concerns rising in the late 1980s about a possible trade war between the US and the EU, the Hawke Government hoped that an outward-looking Asia-Pacific grouping might counter this trend. The government considered that Australia’s financial and manufacturing sectors would benefit from additional international competition and would be better placed to gain advantages from interaction with the East Asian economies.\textsuperscript{47} Hawke took the initiative by introducing a proposal for a form of Asia-Pacific economic cooperation in a speech in Seoul on 30 January 1989, calling for ‘a more formal intergovernmental vehicle for regional cooperation’.\textsuperscript{48} Reviewing earlier initiatives, Hawke said that although

\textsuperscript{44} Crone, ‘The Politics of Emerging Pacific Cooperation’, p. 73.
\textsuperscript{46} Quoted in ibid.
\textsuperscript{47} Hawke, \textit{The Hawke Memoirs}, pp. 232–3.
PECC ‘had illuminated large areas of common interest within the region’, its informality meant that it could not readily ‘address policy issues which are properly the responsibility of Governments’.\footnote{Robert Hawke, ‘Speech by the Prime Minister, State Banquet, Seoul – 30 January 1989’.
52  Acharya, The Making of Southeast Asia, p. 227.}

The attitudes of ASEAN members would be crucial to the prospects for any new regional forum. Before 1989, ASEAN members had opposed any new cooperative grouping. In July 1984 for example, Indonesia’s Foreign Minister Dr Mochtar Kusmaatmaja stated that ASEAN had ‘no intention’ of considering any new forum, which was ‘too difficult’ and ‘not practical’\footnote{Quoted in Crone, ‘The Politics of Emerging Pacific Cooperation’, p. 74.} Australia therefore needed to place special emphasis on gaining acceptance and support from ASEAN.

After Hawke’s Seoul speech, the Australian Government set out to mobilise support from potential participants. Hawke appointed the head of the Department of Foreign Affairs and Trade (DFAT), Richard Woolcott, as his special envoy, and in early 1989 Woolcott visited all the (then) six ASEAN members, New Zealand, Japan and South Korea to canvass support for an inaugural regional meeting. Within the Australian Government there was initial debate about whether the US and Canada should be included, but by May 1989 the government considered that US participation would be highly desirable.\footnote{Roderic Pitty, ‘Regional Economic Co-operation’, in Peter Edwards and David Goldsworthy, eds, Facing North: A Century of Australian Engagement with Asia, Volume 2: 1970s to 2000, Carlton, Vic.: Melbourne University Press, 2003, pp. 25–6.}

ASEAN’s views were critical to the feasibility of the proposal for APEC and, as Amitav Acharya has observed, there were considerable reservations in ASEAN about a possible new grouping:

ASEAN governments were initially lukewarm to APEC, fearing that it would be dominated by non-Southeast Asian countries such as Japan, Australia and the United States. ASEAN wished to be the model for APEC and was keen to ensure that the new grouping should not on any account reduce the activities or status of ASEAN. ASEAN wished to remain as the core of multilateral processes in the region; other regional institutions should assess the ASEAN experience and proceed from there.\footnote{Acharya, The Making of Southeast Asia, p. 227.}
The appointment and role of Woolcott was an important factor in Australia’s diplomacy on this issue. Graeme Dobell commented that:

For Australia, ASEAN held the crucial cards in the creation of APEC. The initial omission of the US from the core membership reflected this concentration on Southeast Asia. A masterstroke in this diplomatic dance was the dispatch in April 1989 of Richard Woolcott, as the prime minister’s emissary, to each ASEAN capital.53

Woolcott, who had extensive experience in Southeast Asia, went first to Indonesia where in discussions with President Suharto he said that Australia was coming to him for advice on how a new regional body might proceed. President Suharto responded that the APEC concept was an interesting proposal worth discussing. Woolcott then went to Singapore, which was strongly supportive of the idea on condition that it must not harm ASEAN, that it must not take the form of a trade bloc and that its operations should be consistent with the General Agreement on Tariffs and Trade (GATT).54 The proposal also received support from Thailand and the Philippines. Malaysia’s response was cool but the concept had gained momentum. Dobell has written that:

Malaysian officials later complained at the skilful way Woolcott had played his ASEAN cards, claiming that Suharto’s simple expression of willingness to listen had been used to leverage stronger endorsements from the rest of ASEAN. Certainly Woolcott had made full use of the guidance he had received from Suharto and the fact that there was no Indonesian veto. It was shuttle diplomacy of the highest order.55

Woolcott reported to the Australian Government that the major concern expressed by the ASEAN members was whether any new regional organisation was in fact required. Some ASEAN members, especially Malaysia, considered that expanding ASEAN’s Post-Ministerial Conference (PMC) dialogue process and boosting ASEAN’s secretariat could provide a sufficient strengthening of regional arrangements. However, Woolcott felt that ASEAN would not oppose the creation of a new regional group if the agenda were to be confined to economic matters. In a speech in May 1989, Minister for Foreign

54 GATT was a multilateral trade agreement inaugurated in 1948; GATT was replaced by the World Trade Organization in 1995.
Affairs Evans affirmed that ASEAN ‘was likely to remain the pre-eminent body in the region’ and argued that a broader group would ‘enhance the capacity of ASEAN, and of the other participants, to project their economic interests regionally and globally’. 56 ASEAN at its ministerial meeting in July 1989 did not support the Australian proposal directly, but a tentative agreement was made at the PMC to hold an initial exploratory ministerial meeting in Canberra in November. 57 ASEAN economic ministers then expressed support for this proposal in September. 58

The inaugural APEC ministerial meeting was duly held in Canberra on 6–7 November 1989, chaired by Evans and attended by ministers from all six ASEAN members, Canada, Japan, New Zealand, South Korea and the US. The secretaries-general of ASEAN and of the South Pacific Forum, and the chair of PECC attended as observers. At the meeting it was evident that the ASEAN members continued to have concerns about the implications of a new grouping for the identity and role of ASEAN. 59 The Canberra meeting recognised the central role of ASEAN in regional cooperation, and it was agreed that every second meeting of APEC would be in an ASEAN country. However, ASEAN members were concerned at what they perceived to be the excessive speed of the development of APEC and at its potential to be dominated by wealthier members. They also were not satisfied at the statement of principles for economic cooperation in the Asia-Pacific adopted at the Canberra meeting. 60

ASEAN accordingly asserted its own position on APEC and how it should evolve. ASEAN held its first joint meeting of foreign and economics ministers in Kuching, Malaysia, in February 1990, and adopted a further list of principles for ASEAN participation in the APEC process. These principles included that ASEAN’s identity and cohesion should be preserved and its cooperative relations with

dialogue partners and third partners should not be diluted in any enhanced APEC; an enhanced APEC should be based on equality, equity and mutual benefit taking full account of the differences in stages of development and in socio-political systems of members; APEC should not be directed towards the formation of any inward-looking trading bloc; it should provide a consultative forum on economic issues and should not lead to the adoption of any mandatory directives for participants to pursue; and it should proceed gradually and pragmatically, especially in relation to institutionalisation.61

In the early phases of APEC’s existence and activities, ASEAN members were able to maintain an effective united front and gave ASEAN a central decision-making role in APEC.62 However, differences in emphasis among major ASEAN members in relation to APEC soon emerged, which were significant both for APEC itself and for Australian policies towards ASEAN and regional cooperation.

APEC made significant progress in its first years of activity. Meetings of senior officials initiated work on areas of economic and technical cooperation, including human resources development. APEC quickly made an important expansion in its coverage of major regional economies. China had not taken part in the initial APEC meeting in Canberra. That meeting had taken place just five months after the crackdown on dissenters in Tiananmen Square in June 1989, which had killed hundreds and was condemned by a number of Western governments, including the US and Australia. In 1991, however, moves were made to involve China in APEC, and at the meeting in November 1991 in Seoul, China joined the grouping, along with Hong Kong and Taiwan (as ‘Chinese Taipei’). APEC thus became the one major regional group in which the People’s Republic of China participated alongside Taiwan.63

APEC began to consider the question of cooperation for trade liberalisation. Australia supported the promotion of discussion on avenues towards liberalisation, and in 1991, Australia also floated the idea of an Eminent Persons’ Group (EPG). This ultimately led to the agreement at APEC’s ministerial meeting in Bangkok in September

61 Ibid.
62 Ibid.
1992 of an EPG of 12 representatives (led by Fred Bergsten of the US and including former New South Wales Premier Neville Wran from Australia).64

The priority given by Australia to APEC was heightened after Keating replaced Hawke as Australian prime minister in December 1991. Keating proposed that APEC should establish a meeting at leaders’ level and raised this with US President George H. W. Bush on New Year’s Day 1992. Keating’s broader purpose was to turn APEC from a body talking about economic cooperation, to one that could potentially have political authority. Keating later wrote that ‘I wanted to use the heads of government meetings to give it more political and institutional weight’.65 While the formal agenda would be economic, there was value in bringing together key leaders from the major powers including China, Japan and the US, and Keating also considered that there were benefits in having the leaders of China and ASEAN in a multilateral forum. Such a leaders’ gathering could help maintain US involvement in the region and would give Australia a place in a potentially significant dialogue.66

The first APEC leaders’ meeting was held in Seattle in November 1993, hosted by President Bill Clinton. Five out of the then six ASEAN members were represented, but not Malaysia. Prime Minister Mahathir Mohamad continued to be concerned at APEC’s potential to challenge ASEAN’s identity and role (see below). Mahathir’s refusal to attend became the focus of a diplomatic spat between Australia and Malaysia. Keating in discussions with journalists after the gathering said, when the subject of Dr Mahathir was raised ‘[p]lease don’t ask me any more questions about Dr Mahathir. I couldn’t care less, frankly, whether he comes here or not’. Keating said that he would be meeting with his Malaysian counterpart in the following year but added that ‘APEC is bigger than all of us – Australia, the US and Malaysia and Dr Mahathir and any other recalcitrants.’67 Mahathir took offence

66 Ibid., pp. 76–97.
at the comments and the dispute added to a sense of discord in the bilateral relationship, which had implications for Australia’s overall relationship with ASEAN as a group.68

The Seattle meeting received a report from the APEC EPG, which called for enhanced efforts towards trade liberalisation. The leaders called for further action towards liberalisation in the global multilateral trade negotiations process. A significant development at the Seattle meeting was that President Suharto was asked to host the second such leaders’ meeting and agreed to do so. In the lead-up to the initial Canberra meeting, Indonesia had been cautious about the prospects for APEC and had been an advocate for the view that ASEAN’s Secretariat should be the core around which economic cooperation efforts should be developed. Indonesia at this time had echoed Malaysia’s reservations about institutionalising APEC.69 As John Ravenhill has argued, the invitation to Suharto was significant both for APEC and for ASEAN:

The decision to invite Suharto to host a follow-up meeting was particularly astute. It appeared to pay tribute to Suharto’s role as the elder statesman of ASEAN, and to Indonesia’s long-standing claim to be the most important of the ASEAN countries. Moreover, a leaders meeting in Jakarta would pose a vexatious dilemma for Malaysian Prime Minister Mahathir, who had boycotted the Seattle meeting. To fail to participate in a meeting hosted by a fellow ASEAN member would be regarded in the region as a grave insult.70

Suharto took up the task of hosting the 1994 APEC meeting. He was encouraged to support efforts towards free trade and investment by Australian and US diplomatic efforts. Suharto may also have considered that advocacy of free trade by APEC would help bolster moves within Indonesia towards domestic liberalisation that would help make Indonesia’s economy more competitive. Suharto took an active leadership role within ASEAN on these issues: he forestalled potential objections from other ASEAN members by rejecting efforts by Thailand and the Philippines to hold an informal ASEAN summit before the forthcoming Bogor meeting.71

69 Ravenhill, APEC, pp. 106–7.
70 Ibid.
71 Ibid.
The second APEC leaders’ meeting, in Bogor in November 1994, was a high point for APEC. The leaders agreed on a timetable to achieve free and open trade and investment by 2010 for developed economies and 2020 for developing economies. President Suharto had played a significant role in securing this agreement by withstanding pressures from some ASEAN members for more qualified commitments on the key issues of trade and investment. The existence of differing views within ASEAN, however, continued to be evident.72

Malaysia and the East Asian Economic Group proposal

Malaysia’s position was particularly significant. Malaysia, as has been noted, had strong reservations about the development of APEC. Dr Mahathir set out his views in comments in 1994:

> When the Asia Pacific Economic Cooperation Forum (APEC) was proposed by Australia, all the ASEAN countries, with the exception of Malaysia, welcomed it. Malaysia’s fear was that the inclusion of economic giants like the United States, Canada and Japan would result in the domination of the grouping by these countries … Fear prevails that ASEAN will disappear within the very much enlarged and more powerful APEC grouping. There may be conflict between ASEAN interest and the broader Pacific interest. APEC is likely to dominate ASEAN and hinder its progress towards greater intra-ASEAN cooperation.73

Mahathir’s fears about APEC’s potential to dominate ASEAN were not realised, primarily because APEC lost cohesion and focus as a vehicle for trade liberalisation in the years after the Asian financial crisis (see Chapter 4). However, Mahathir’s reactions to the challenges posed by APEC had some significant impact on debates on regional cooperation in East Asia and the Asia-Pacific. In the period after the initial Canberra meeting, Mahathir had underscored his antipathy towards APEC by proposing an alternative model for cooperation. In December 1990, he advocated the development of an East Asian Economic Group (EAEG) whose participants would be restricted to the ASEAN members and China, Japan and South Korea. Japan was understood to be sceptical about the concept and several ASEAN

72 Ibid., pp. 110–11.
73 Quoted in ibid., pp. 109–10.
members (including Indonesia, the Philippines and Thailand) were also understood to be unenthusiastic. At a meeting of ASEAN economics ministers in September 1991, Indonesia, the Philippines and Thailand persuaded Malaysia to reformulate the proposal as an informal arrangement, now termed the East Asia Economic Caucus, that could operate under the aegis of APEC. As countries explicitly excluded from the coverage of the notional grouping, the US and Australia were both opposed to the concept. US Secretary of State James Baker commented frankly that in private he did all he could to ‘kill’ the proposal. However, while the East Asia Economic Caucus concept did not initially gain substantial support, the idea of a grouping with an explicitly ‘East Asian’ identity was a significant development with long-term implications.

The diplomatic interaction, including that between Australia and ASEAN, surrounding the emergence of APEC, was thus a complex process. APEC was established successfully and it had participation from all of the six members then in ASEAN. APEC by 1993 involved both economic dialogue and a meeting at leadership level, the first to be established in the Asia-Pacific region. The formation of APEC, however, was also accompanied by the promotion of another model for Asian cooperation, based on a regional conception of East Asia rather than the Asia-Pacific, and with a proposed membership that was exclusively from East Asia. The contest and competition between Asia-Pacific and East Asian modes of cooperation would be an important ongoing issue for Australia in its regional diplomacy.

Regional security and the ARF

The changing international environment in the late 1980s had substantial implications for security policies, both nationally and regionally. New questions arose about the character of security after the demise of the Soviet Union and the end of Cold War confrontation in Europe, and about the role that multilateral cooperation could play.
in enhancing security. Discussions about these issues led to a further major stage in ASEAN–Australia interaction and to the advent of a second new grouping, the ARF.

The decline of Cold War confrontation between the US and the Soviet Union, which had a substantial impact on the character of the Cambodian conflict, also stimulated revised thinking on the requirements for regional security in Southeast Asia and East Asia overall. The changes of policy in the Soviet Union under the Gorbachev regime led to a reduction in tensions with the US, a development that was consolidated in July 1990 by an agreement between the two parties in Irkutsk in which they stated that they no longer regarded each other as adversaries in the Asia-Pacific. The decline in US–Soviet confrontation coincided with the loosening or outright disintegration of a number of alliances, including those between the Soviet Union and Vietnam, the Soviet Union and North Korea, the US and the Philippines, the US and New Zealand, and the US and South Korea.76

The regional environment was also influenced by a number of other factors, including the comparative decline in the military presence of the US (with the impending closure of its air and naval bases at Clark Field and Subic Bay in the Philippines) and the economic rise of Japan.77 China’s progress towards market-oriented economic reforms and its greater involvement in the regional and international economy was a further significant development. China from the late 1980s moved to extend its linkages in Southeast Asia through normalising relations with Indonesia and Singapore in 1990 and by expressing interest in establishing formal relations with ASEAN, a move that ASEAN welcomed.78

The decline of Cold War antagonisms still left Southeast and East Asia with major security challenges. Some conflicts clearly were outgrowths of Cold War tensions, such as relations between China and Taiwan, and the confrontation on the Korean peninsula. However, a number of conflicts in East Asia could not be attributed solely or even primarily

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76 Camilleri, Regionalism, p. 113.
to Cold War geopolitical bipolarity. There were also ongoing pressures from economic competition and arms acquisitions by regional states. Overall, as Joseph A. Camilleri observed:

By the late 1980s the idea that new forms of regional as much as global cooperation were needed to contain the structural instabilities generated by the end of the Cold War and economic globalisation was rapidly gaining ground. Relaxation of tensions on the one hand and new uncertainties on the other were combining to create a multilateral window of opportunity.79

Australia was keenly interested in the changing regional security environment and in how regional relationships might be affected by it. Canberra’s perspectives on regional security had been influenced by its own defence policy reassessment in the second half of the 1980s. Australian policymakers and analysts had sought to reassess the basis for thinking about national security so Australia could seek self-reliance within the context of the US alliance and reduce traditional concerns about vulnerability in relation to its neighbours in Southeast and East Asia. This process was stimulated particularly by the government-commissioned Dibb Report and then the 1987 Defence White Paper.80 Although the White Paper did little to promote further Australian activities in Southeast Asia, it did have significant implications for Australian regional policies overall. Desmond Ball and Pauline Kerr have argued that:

[T]he effective implementation of the strategic policy of greater self-reliance/defence of Australia outlined in the White Paper, the greater maturity of Australian policy-makers and the population at large that it reflected, and the national self-confidence that it generated, had effects that went well beyond the defence establishment and laid the ground for greater regional cooperation.81

79 Camilleri, Regionalism, p. 120.
81 Desmond Ball and Pauline Kerr, Presumptive Engagement: Australia’s Asia-Pacific Security Policy in the 1990s, St Leonards, NSW: Allen & Unwin, in association with the Department of International Relations, The Australian National University, 1996, p. 15.
On 6 December 1989, Evans presented a major statement for the Australian Government on regional security. The statement came just weeks after the fall of the Berlin Wall and one week after the inaugural APEC ministerial conference. The statement provided a ‘policy framework’ for Australia’s relations with Asia and the South Pacific and it was presented as a redefinition of diplomatic means:

[T]he policy responses or instruments available to protect Australia’s security are multidimensional. They go well beyond strictly military capabilities, essential though these are. They also embrace traditional diplomacy, politico-military capabilities (in the border-zone between defence and diplomacy), economic and trade relations, and development assistance. And they extend to immigration, education and training, cultural relations, information activities, and a number of other less obvious areas of government activity. The relative importance of this large variety of policy instruments will vary from situation to situation, but none exists in isolation, and all should be regarded as mutually reinforcing contributions to our security.82

The statement argued that while Australia had previously seen the relevance of Southeast Asia and the South Pacific to Australian security in largely military terms, there was now an ‘opportunity to reinforce our national security by utilising the many dimensions of our external policies in an informed, coordinated and vigorous way to participate in the shaping of the regional environment’.83 An important element of the statement was its thinking on the importance to Australia of Southeast Asia and of the ASEAN countries. The statement emphasised that ‘for reasons of fundamental national security, Australia needs to develop more substantial linkages with its neighbours’ in order to become ‘an accepted and natural participant in regional affairs … [I]f we can manage to develop a substantial and mutually beneficial range of linkages with the Southeast Asia region, then the motivation and intention to threaten us will be minimal’.84 Australia would therefore seek to extend its relations with the ASEAN members and (in a further reflection of a major theme in Australia’s regional policies since the 1970s) to encourage the participation of Vietnam, Cambodia, Laos and Myanmar in regional affairs. Australia

83  Ibid., p. 46.
84  Ibid., p. 44.
would also aim to participate ‘actively in the gradual development of a regional security community based on a sense of shared security interests’.  

Evans advocated new thinking on regional security issues, but this did not initially find favour with the ASEAN members, or with Japan and the US. Evans, speaking in Australia in March 1990, referred to the process of institutionalised security dialogue in Europe, and said that ‘the time may be approaching for a similar process to commence in the Asia region’.  

He also began to discuss the relevance of the Conference on Security and Cooperation in Europe, a security dialogue that had been established through the Helsinki agreements in 1975 to manage and ameliorate regional tensions in Europe. In July 1990, Evans in a newspaper article wrote that there was a need:

> to be looking ahead to the kind of wholly new or institutional processes that might be capable of evolving in Asia just as in Europe, as a framework for addressing and resolving security problems … Why should there not be developed a similar institutional framework – a ‘CSCA’ [Conference on Security and Cooperation in Asia] – for addressing the apparently intractable security issues which exist in Asia?  

Evans said ‘negative responses’ that emphasised the complexity of regional issues in Asia and the diversity of Asian states, should not obstruct ‘a process of dialogue, both bilaterally and regionally’, in which he said ‘Australia is now amply equipped to participate’.  

Evans advanced the need for wider security dialogue at the ASEAN PMC held in Jakarta on 27 July 1990. He said that while the region was ‘short of institutions for a broad working dialogue about security’, Australia’s interest was not in establishing a new structure but rather to seek ways of adding further substance to the present framework.

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85 Ibid., p. 44.
86 Gareth Evans, ‘Australia and Northeast Asia’, Address by the Minister for Foreign Affairs and Trade, Senator Gareth Evans, to the Committee for the Economic Development of Australia (CEDA), Melbourne, 22 March 1990.
87 Quoted in Ball and Kerr, Presumptive Engagement, p. 18.
of sub-regional relationships. The response within ASEAN was cautious. As was the case with the proposals for APEC, there were concerns about the institutional identity of ASEAN. Roderic Pitty has written:

While there was general agreement at the Jakarta meeting on the need for increased regional consultation and dialogue, there was also concern to avoid creating a proliferation of unnecessary forums in the region. The Philippines and Thailand later asked Australia to sponsor seminars on regional security, and the Philippines Foreign Secretary, Raul Manglapus, commended the Australian sensitivity to ASEAN concerns. Australian officials nevertheless remained aware that other ASEAN states, particularly Malaysia and Indonesia, remained reluctant to support any proposal that might lead to a new institution in which ASEAN might be ‘merged into a larger Asia Pacific framework’. In the next few months, Australia’s ideas attracted criticism from both outside and inside Southeast Asia. The US was concerned that further multilateral security dialogue would give legitimacy to Soviet involvement and inhibit long-standing US relationships and interests. The US Deputy Assistant Secretary of State for East Asian and Pacific Affairs, Richard Solomon, said in October 1990 that it ‘was difficult to see how a Helsinki type institution would be an appropriate forum for enhancing security or promoting conflict-resolution’. The US position, he said, was based on ‘forward deployed forces, overseas bases, and bilateral security arrangements’. US views were reinforced in November 1990 in a private letter by Secretary of State Baker to Evans in which Baker argued that there was no need for change and that traditional bilateral arrangements and agreements were more than adequate to meet regional security needs.

Several ASEAN leaders criticised the relevance of a European-style CSCA. Singapore’s Foreign Minister Wong Kan Seng was quoted in an article in October 1990 as saying that ‘there has to be common ground before security issues can be discussed’ and this was not the case

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90 Pitty, ‘Strategic Engagement’, p. 63.
92 Quoted in Ball and Kerr, Presumptive Engagement, p. 20.
in Asia where ‘countries are so culturally, ethnically, and politically diverse, that perceptions have to be harmonised’. Indonesia’s Foreign Minister Alatas stated that ‘we have to be careful not to think that certain things that work in one region ought to be transferred to another’.  

The strength of the reactions from ASEAN and the US caused Australia to pull back from some of its advocacy on the regional security issue. In relation to ASEAN perceptions at the time, Dobell observed:

Evans’s effort to promote a new security structure in Asia came at the same time that Australia was throwing itself into an intense round of diplomatic activity to help create a United Nations solution for the Cambodia conflict, and only six months after the first meeting of APEC in Canberra. There were sarcastic remarks from ASEAN bureaucrats about a sense of ‘initiative fatigue’ over Australia’s activism; if there was to be a new regional mechanism, it would be run by ASEAN. Australia and Japan had led the way on economic institution-building with APEC; Australia would not repeat the formula on security.

During an informal meeting with ASEAN representatives in Canberra in April 1991, Australian officials discussed the Australian Government’s security policies. Costello (a deputy secretary of DFAT) said that it was ‘tremendously useful’ that the 1990 ASEAN PMC had ‘begun the process of addressing’ regional security issues; he hoped that this would continue at the next PMC in 1991 but noted that Australia ‘would not be putting new proposals on the table’. The representatives from Singapore and Indonesia both said that the ASEAN PMC was ‘the right forum to explore ‘ways of taking Australia’s ideas on future regional security arrangements further’.

More positive signs were evident at a regional security seminar held in Manila in June 1991. Woolcott noted at the time that ‘it appeared to demonstrate that a consensus is emerging among countries in the region – including Japan and the United States – that there is a need for the development of dialogues, multilateral and otherwise, on regional security issues’ based on the ASEAN PMC.

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96  Pitty, ‘Strategic Engagement’, p. 66.
97  Ibid.
At the next ASEAN PMC (in July 1991) it was in fact a proposal from Japan that was the focus for debate. Japan’s Foreign Minister Nakayama Taro proposed the establishment of a mutual reassurance dialogue, in a move that was seen as stemming particularly from Japan’s need to try to ameliorate regional sentiments about a plan for Japan to participate in UN peacekeeping operations. The Japanese proposal had been introduced quickly and it was not accepted by either ASEAN or the US.98

However, as Acharya has observed, ASEAN had strong motivations to be pro-active on security issues:

ASEAN could not ignore the growing calls for multilateralism. Lest the outside powers seize the initiative, ASEAN had to come up with an ‘indigenous’ framework that would enable it to play a central role in developing any multilateral framework for regional security. In this sense, ASEAN was given an opportunity to project its subregional experience in security cooperation onto a larger regional arena and thereby enhance its relevance and role as a regional institution in the post-Cold War era.99

At the next major ASEAN meeting, the leaders’ summit in January 1992, the ASEAN countries decided formally to add security issues to the PMC. A DFAT ministerial submission at the time described this step as having ‘vindicated the efforts Australia has made since December 1989’ to encourage formal regional security dialogues. There was a change in the position of the US. Prime Minister Keating had discussed the issue of security dialogue with President Bush on 1 January 1992, when Keating had asked Bush to ‘take a more relaxed view of the emerging dialogue’ on regional security. By April 1992, it was evident that the US was now fully prepared to accept that security issues would be discussed at the next ASEAN PMC.100

A consensus developed on the character of a new forum for security discussions, based on the ASEAN PMC but with a wider membership. This led to the decision by the ASEAN ministerial meeting in Singapore in July 1993 that the first ARF would be convened the next year with the participation of the ASEAN six and the seven ASEAN dialogue

100 Pitty, ‘Strategic Engagement’, p. 67.
partners – Australia, Canada, the EU, Japan, New Zealand, South Korea and the US – along with China, Russia, Vietnam, Laos and Papua New Guinea.\textsuperscript{101}

Australia was keen to promote and advance the new forum. In preparing for the first ARF meeting in Bangkok in July 1994, Australia’s main objective was to see the ARF ‘firmly established as a regular, inclusive, Asia-Pacific wide security dialogue’ that would be a venue for ‘substantive discussion of specific security issues’ such as tensions on the Korean peninsula.\textsuperscript{102} Australia presented a discussion paper in early 1994 on the agenda for the ARF, prepared at the request of Thailand. Indonesia, however, responded that the paper ‘provided too comprehensive a range of areas for discussion’ in the time available. Australian officials considered that Indonesia was concerned that the ARF might become too institutionalised and that the Indonesian military feared the ARF might act as a watchdog over their activities.\textsuperscript{103}

The ARF proceeded to develop in a cautious manner. At the second meeting of the ARF in Brunei in August 1995, it was stated that ‘ARF meetings shall be based on prevailing ASEAN norms and practices’, with no voting and all decisions ‘made by consensus after careful and extensive consultations’. The agenda adopted suggested that the ARF would first focus on confidence-building and then on preventative diplomacy. The task of resolving specific conflicts was postponed, and was regarded as an ‘eventual goal’ to be addressed only when the reluctance of ASEAN members to consider ‘intrusive’ mechanisms was overcome.\textsuperscript{104}

As with APEC, a significant feature of the development of the ARF was the role of non-governmental and semi-official groups. Research institutes in the ASEAN members were one of the sources of ideas for the process of inauguration and early development of the ARF. These institutes supported some of the activities of the ARF, for example, the meetings of senior officials between the annual formal sessions. In November 1992, the role of non-governmental ‘second track’ activities was extended with a proposal for the development of the

\textsuperscript{102} Pitty, ‘Strategic Engagement’, p. 69.
\textsuperscript{103} Ibid.
\textsuperscript{104} Ibid., p. 70.
Council for Security Cooperation in the Asia Pacific (CSCAP). CSCAP was duly established in Kuala Lumpur in June 1993. It was designed to link-up and focus the research activities of non-governmental bodies devoted to work on security issues in the Asia-Pacific and to be a bridge between the second track and the official dialogues. Australian academic institutions and individuals from the outset played a major role in the CSCAP processes. Ball and Kerr have suggested that CSCAP represented ‘a major achievement in the development of multilateralism in the region’.105

By 1994, the regional and international discussions about security had resulted in the inauguration of a new dialogue and Australia’s interactions with ASEAN had played a substantial role in this process. The new dialogue would be convened by ASEAN and was based on ASEAN’s style of consensus decision-making and informality. It included all the major powers with interests in the Asia-Pacific region and it was, in fact, the first regional security dialogue to include all of the major powers, including not only the US and Japan, but also China, India and Russia.106

These were important achievements but it would prove difficult to try to advance the ARF beyond the first stage of discussion and promotion of confidence-building. A key issue with the ARF was that while ASEAN’s style of consensus-based cooperation was congenial to its major power participants, this style simultaneously limited its potential for activity and influence. Evelyn Goh has observed that:

The ASEAN style of multilateral institutionalism brought the United States, China, and other major powers to the table because they were reassured that membership in the ARF would be a relatively non-demanding, low-cost, and low-stakes undertaking … In spite of their rhetorical ascriptions to TAC [Treaty of Amity and Cooperation], the informal character of the ARF assured the United States and China especially that they would not have to be bound by formal agreements; consensual decision-making procedures meant that they could prevent discussion or action on issues against their interest; and the lack of any enforcement mechanism essentially left them with a free hand to pursue unilateral policies when necessary. For instance, Beijing has not felt itself constrained by ARF norms in maritime

105 Ball and Kerr, Presumptive Engagement, p. 31.
confrontations with the Philippines, Vietnam, and the United States in the South China Sea; and neither China nor the United States adhered to the noncoercive spirit of TAC during the 1996 Taiwan strait crisis.107

The limitations of the ARF were to contribute to ongoing interest in avenues for developing further dialogue about regional security, interest that was reflected in the later development of the East Asia Summit after 2005 and Australia’s discussion of proposals for an Asia Pacific Community from 2008.

Towards an ‘Asia Pacific Community’?

By 1995, Evans considered the advent of both APEC and the ARF could be seen in parallel as dialogues that could provide the basis for longer-term cooperation in the Asia-Pacific. In October 1994, Evans said that the APEC leaders’ summit in Bogor and the first meeting of the ARF had put in place ‘the key elements of a new regional architecture: two institutional structures, dealing with economic relations and security issues, within the overarching concept of an Asia-Pacific community’.108 In the previous year, Evans had suggested that there was a sense of ‘community’ emerging in the Asia-Pacific in which:

nations that increasingly see and do things the same way – economically, politically and socially – are nations which should find it easier to talk together, to build processes and institutions together and advance common interests or resolve common problems. I believe that the gradual emergence of a sense of community in our own region … is a striking and exciting development, and one we should nourish.109

It was also evident, however, that there continued to be contending notions of what was the most appropriate definition of ‘region’ for the pursuit of cooperation and community-building.110 In his comments, Evans had referred to the Asia-Pacific as ‘our own region’, but there was ongoing interest in East Asia in developing cooperation that could be based on a different and more specifically ‘Asian’ conception of

109 Quoted in ibid., p. 288.
‘region’. In the case of the ARF, ASEAN had accepted and assumed leadership of a group that involved both East Asian states and a wider participation including Australia, India and the US as founding members. However, in the realm of economic cooperation, as previously noted, while Australia’s favoured vehicle for cooperation was APEC, Dr Mahathir had proposed in 1990 an alternative cooperation model, the EAEG, based on an East Asian identity that would by design restrict its participants to those in East Asia. While the EAEG had not received strong acceptance and had been pursued in a more mild form as a caucus under the aegis of APEC, the idea of ‘East Asia-focused’ cooperation had strong attractions for many in East Asia. The basis for such a group was reasserted when a number of countries in East Asia moved to establish a dialogue with Europe, as the Asia–Europe Meeting (ASEM), which met for the first time in March 1996. A significant feature of the development of ASEM was that the ‘Asian’ side comprised countries that Dr Mahathir had envisaged as being the basis for an EAEG; that is, the ASEAN members along with China, Japan and South Korea. In the lead-up to the first ASEM (held in March 1996), Malaysia had made it clear that Australia would not be invited to participate on the Asian side.111

Australia’s exclusion from the emerging ASEM was discussed widely at the time. One senior Australian analyst, Stephen Fitzgerald, described the exclusion as a matter of the ‘utmost gravity’, not necessarily because the meeting itself was highly important, but because ASEM was shorthand ‘for a closed coalition of East Asian states which began in 1996 and which excluded Australia’.112 ASEM did not evolve into a gathering of high regional or international importance.113 Nonetheless, the advent of ASEM had emphasised that the concept of Asia-Pacific as a basis for cooperation and possible community building would be challenged by countries and leaders who considered the conception of East Asia as a more relevant and desirable cooperation focus. The East Asia cooperation model was to be reasserted more strongly after 1997 with the advent of the ‘ASEAN Plus Three’ grouping of ASEAN along

112 Quoted in Scott, Gareth Evans, p. 294.
with China, Japan and South Korea. It was evident that Australia would need to continue to contend with multiple and competing models of wider cooperation and that this would be an important context for Australia’s relations with ASEAN.

‘Partnership’ with Southeast Asia and ASEAN

The early 1990s was an important period in ASEAN’s evolution. ASEAN had played a substantial role in shaping the development of APEC and it had assumed responsibility for convening a new security dialogue in the ARF. ASEAN at the same time was moving to widen and deepen its own cooperation. As has been noted, the end of the conflict over Cambodia opened the way for ASEAN to embrace the whole of Southeast Asia. A crucial step was taken when Vietnam joined as a full member in July 1995, which both ended the divide between ASEAN and the region’s second largest country, and paved the way for the expansion of the Association to include Laos, Myanmar and Cambodia.

The ASEAN members also felt the need to deepen economic cooperation among their own members. It was noted earlier that one of the factors that had led regional states to develop interest in economic cooperation in the Asia-Pacific was progress being made towards greater integration in other regions. The EU was in the process of being established through development of the Maastricht Treaty; the North American Free Trade Agreement was being negotiated (leading to its inauguration in December 1992); and South American states had joined together in MERCOSUR (Southern Common Market). China and India were developing massive domestic markets. In this environment, ASEAN’s members saw a need to promote their own integration; as Rodolfo Severino has written, ASEAN members considered that their ‘ability to compete for markets and investments would be severely hampered unless they achieved the efficiencies of a large, integrated market’.\footnote{Rodolfo C. Severino, Southeast Asia in Search of an ASEAN Community: Insights from the Former ASEAN Secretary-General, Singapore: Institute of Southeast Asian Studies, 2006, p. 223.} ASEAN therefore introduced a new phase of economic cooperation by agreeing to develop an ASEAN Free Trade Area,
announced in 1992, with the aspiration of reducing trade barriers within the Association in parallel with the wider efforts being sought through APEC.\footnote{Ibid., pp. 222–31.}

Australia welcomed ASEAN’s expansion. The rapprochement between ASEAN and Vietnam, which saw Vietnam accede to ASEAN’s TAC in 1992 and then gain full membership in 1995, was in line with the interests expressed by successive Australian governments since Gough Whitlam’s period. Australia also welcomed ASEAN’s acceptance of other Southeast Asian countries into the Association. In the case of Myanmar, Australia hoped that the prospect of ASEAN membership might provide some potential for ASEAN to encourage political liberalisation in the wake of the traumatic period after 1988 when the dominant military had suppressed dissent and refused to accept the results of the 1990 elections, which had been won by the National League for Democracy, led by Aung San Suu Kyi.\footnote{Lindsay Murdoch, ‘Australia’s Hard Line on Burma Softens’, \textit{The Age}, 11 October 1993. On ASEAN’s approaches to Myanmar, see Christopher Roberts, \textit{ASEAN’s Myanmar Crisis: Challenges to the Pursuit of a Security Community}, Singapore: Institute of Southeast Asian Studies, 2010.} Australia pursued efforts to encourage change in Myanmar but without evident impact.\footnote{Ian McPhedran, ‘ASEAN Asked to Press Burma Harder Towards Democracy’, \textit{Canberra Times}, 4 May 1994; Cameron Stewart, ‘Evans to Urge Tougher ASEAN Stand on Burma’, \textit{The Australian}, 25 July 1995.} Evans commented later that:

\begin{quote}
[U]p to 97 my strategy was really for ASEAN to use the leverage of membership to actually get some change to not let … [Myanmar] in without there having been fundamental institutional change or at least the realistic promise of it and when that particular bit of leverage was gone … when they nonetheless decided to let them in that was really the end of the road but that was after the end of my period as foreign minister … So that was my strategy during that period; a failed strategy I have to say but it was I think worth pursuing.\footnote{Evans, interview with the author, July 2014.}
\end{quote}

ASEAN pressed ahead with plans to incorporate Myanmar and it joined the Association in 1997.\footnote{Mark Baker, ‘ASEAN Leaders Resist Push to Isolate Burma’, \textit{The Age}, 16 December 1995.}

In this phase of change and development in ASEAN in the early 1990s, there was considerable optimism in Australia about the ASEAN relationship. Writing about this period, Nancy Viviani observed:
[T]he construction of the ARF, and the Bogor outcome of APEC, showed an expanded ASEAN, now a truly Southeast Asian community, at its most influential. It also showed a special place for Australia – as constructive co-operator with Southeast Asia, and as sometimes in front with the ideas, reaping both the rewards and costs of such policy innovation.120

By 1995, Evans argued that relations with ASEAN had moved into a phase of ‘partnership and integration’ and said that there was greater reciprocity and commitment between the parties. ‘Partnership and integration implies a degree of mutual dependency, a degree of reliance upon each other, and a high degree of trust. I would suggest that we are now moving into that phase.’121

Alongside this optimism, major bilateral relations with ASEAN members continued to exhibit some variation in cooperation and degree of concord. As has been noted, the political relationship with Malaysia in the early 1990s was affected by issues including Dr Mahathir’s reservations about the direction of APEC and his irritation over Keating’s use of the term ‘recalcitrant’ in 1993. Dr Mahathir continued to be unenthusiastic about Australia’s credentials for regional involvement (see Chapter 4).122

Relations with Indonesia during the Hawke and Keating period underwent considerable change and development. The ongoing potential for misunderstanding and distrust was illustrated in 1986 when a dispute developed over a newspaper article in Australia on the wealth of the Suharto family.123 There was also ongoing concern in Australia at the situation in East Timor, which was heightened in December 1991 when Indonesian troops attacked mourners at the Santa Cruz cemetery in Dili and between 200 and 500 people were shot or disappeared. There was a strongly critical reaction within Australia

121 Dobell, Australia Finds Home, pp. 80–1.
and additional bilateral strains resulted.\textsuperscript{124} Alongside these areas of tension, the extensive interactions between Evans and Alatas from the late 1980s on Cambodia, APEC and the ARF, brought an added degree of cooperation and communication to the relationship.

From 1992, Prime Minister Keating gave added emphasis to the importance of Indonesia. A notable point was when the two countries concluded the secretly negotiated Australia–Indonesia Agreement on Maintaining Security in 1995. It committed both parties to consult regularly on matters affecting their common security and ‘to develop such cooperation as would benefit their own security and that of the region’, to consult each other ‘in the case of adverse challenges to either party or to their common security interests and, if appropriate, consider measures which might be taken individually or jointly’, and ‘to promote … mutually beneficial cooperation in the security field’. The agreement was the first bilateral security arrangement between Australia and any Southeast Asian country and Indonesia’s first bilateral security agreement with any country. While the secrecy of the negotiation process was contentious, the agreement itself was endorsed widely in Australia, including by the Opposition.\textsuperscript{125} The utility of the agreement, however, depended on the maintenance of cooperative relations and these came under serious strain in the next four years over East Timor (see Chapter 4).

Other developments in bilateral relations bolstered Australia’s interactions with ASEAN. While multilateral security dialogue through the ARF proceeded at a cautious pace, there was a rapid expansion of bilateral military contacts. By the mid-1990s, the Australian Defence Forces were involved in more joint exercises with ASEAN member forces than they were with the US, while most of the ASEAN states involved (notably Indonesia, Singapore and Malaysia) were ‘more engaged with Australia with respect to cooperative defence activities than with any other country, including their own ASEAN neighbours’.\textsuperscript{126}

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\begin{footnotesize}
\textsuperscript{126} Ball and Kerr, \textit{Presumptive Engagement}, p. 64.
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There were also efforts in the early 1990s to consider and explore further developments in Australia’s multilateral ASEAN linkages. At the beginning of the 1990s, when Australia was interested in enhancing security relations and dialogue with ASEAN on both a multilateral and bilateral basis, some consideration was given in Canberra to whether Australia should sign ASEAN’s TAC. Evans later recalled that ‘I wanted to move in that direction … but we didn’t succeed in pulling it off’. In January 1991, a draft ministerial submission said that ‘accession to the treaty by Australia would have considerable symbolic value’. However, the ASEAN members decided at their January 1992 leaders’ summit in Bangkok that other states would not at that stage be invited to accede to the treaty so for Australia this matter lapsed for the next decade.

A further area of potential cooperation was opened for discussion in 1993. In November 1993, Thailand’s Deputy Prime Minister Supachai Panitchpakdi suggested that Australia could be invited to join the nascent ASEAN Free Trade Area and even the East Asia Economic Caucus. The Australian Government was interested in the idea of closer economic relations with ASEAN and in 1994 suggested that there could be a linkage between the ASEAN Free Trade Area and the Australia–New Zealand Closer Economic Relations agreement. The idea did not progress beyond the discussion stage, partly because Malaysia was opposed. However, the concept continued to be considered and was later taken up in detail by both sides under John Howard’s government after Dr Mahathir’s departure from office in Malaysia (see Chapter 4).

At a time when Australia and ASEAN were moving closer, there was even some discussion about Australia’s possible membership in the Association. In February 1994, President Fidel Ramos of the Philippines, in an interview with an Australian journalist, spoke about the possibility in the long-term of Australia joining ASEAN, and said,

127 Evans, interview with the author, July 2014.
128 Pitty, ‘Strategic Engagement’, p. 75.
‘[t]hat kind of thing could be encouraged’. In January 1996 the issue of Australia’s institutional relationship with ASEAN was raised again, by Singapore’s Prime Minister Goh Chok Tong. At the time of a visit by Keating to Singapore and Malaysia, Goh said in an interview that ‘[w]e see Australia playing an important role [in ASEAN] and certainly we would like to encourage Australia to do so’. Goh continued:

If you asked me now is it possible that Australia and New Zealand may one day join ASEAN, I would say that both countries are small enough to be considered as possible members one of these days … But it depends again on the coinciding of interests, if there is more trade between Australia and New Zealand with ASEAN countries, more investments, more to-ing and fro-ing culturally, people to people, then it is an idea which is thinkable … to be put into the debate.

Goh soon downplayed these comments. At a subsequent press conference he said that the concept of Australian membership was an ‘over the horizon’ idea that had not been raised or discussed formally. Keating’s visit was followed shortly afterwards by the Australian elections on March 1996 in which a new government led by Howard was elected with a large majority. Prime Minister Goh’s comments were, however, an interesting indication that Australia after two decades of cooperation could be considered, albeit in a very speculative manner, as a possible member of ASEAN.

Conclusion

The period of the Hawke and Keating governments from 1983 to 1996 was one of intense interaction between Australia and ASEAN. A key factor in the context for these interactions was the profound changes to the international environment among the major powers from the late 1980s as the patterns of Cold War tensions altered sharply, even if they did not disappear altogether in East Asia. These changes opened the way for a settlement of the Cambodian conflict. In this environment, Australia was able to extend the interest of the Whitlam and Fraser

governments in encouraging détente between ASEAN and the states of Indochina. The diplomatic cooperation between Australia and ASEAN, and especially with Indonesia, was a highpoint in Australia’s post-Second World War foreign relations and contributed both to a Cambodian settlement and to wider cooperation in Southeast Asia.

The decline of Cold War confrontation also stimulated new regional thinking. Australian cooperation with ASEAN played an important role in the creation of APEC and the ARF. In these diplomatic interactions several elements were notable. ASEAN was highly concerned about its identity and institutional distinctiveness and was sensitive about the potential for additional wider groupings to dilute or weaken this. Australia’s interest in contributing ideas had to accommodate ASEAN’s interests. A key factor in Australia’s capacity to pursue cooperation with ASEAN overall continued to be its relations with Indonesia, a relationship that was vital to the Cambodian peace process and to the development of APEC and the ARF. The diplomatic interactions in this period carried cooperation between Australia and ASEAN to a new level and made this multilateral relationship one of the most important in Australia’s foreign relations.