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FILE DESIGNATION

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A-021

HANDLING INDICATOR

NO.

TO : Department of State  
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AmEmbassy Surabaya  
AmEmbassy Jakarta  
DATE: February 4, 1972

FROM : AmEmbassy DJAKARTA

SUBJECT : Petroleum: Indonesia, Malaysia and Thailand Sign Agreements on Offshore Boundaries

REF : A. Djakarta 11108 B. Djakarta A-283

ANALYSIS  
RS  
FRANCH

*Pol 33-4 sub*

- On December 17, 1971 Indonesia and Thailand signed an offshore boundary agreement and on December 21, 1971 Indonesia, Thailand and Malaysia signed the first Southeast Asian tripartite agreement delimiting the continental shelf boundary in the northern part of the Straits of Malacca and the Andaman Sea. Copies of the agreements and a Memorandum of Conversation with the chief Indonesian negotiator, Mr. Soembarjono of the Directorate General of Oil and Gas, are enclosed. According to Hasjim Djalal of the Legal Directorate, Department of Foreign Affairs, the agreements will not be submitted to the United Nations or made public until after the agreements have been ratified by the governments involved. Soembarjono indicated that Indonesian and Malaysian ratification would probably take place soon; however, Thai intentions are less clear.
- The documents relating to the bilateral and tripartite agreements (enclosure 2) are classified Confidential. Texts of the two agreements may be declassified at such time as the three signatories release them for publication.
- Posts not receiving copies of the agreements may wish to request copies from the Department.

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- Enclosures:
- Memorandum of Conversation (To All Posts)
  - Bilateral and Tripartite Agreement Documents (To Department of State, AmEmbassy Kuala Lumpur and AmEmbassy Bangkok Only)

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In  Out

FORM 10-64 DS-323

Date: \_\_\_\_\_  
Initials: \_\_\_\_\_  
Drafted by: **ECON: James R. Matz, JJ**  
Clearances: **POL: RFS Lutz, Jr.**

Drafting Date: **1/31/72**  
Phone No.: **283**

Contents and Classification Approved by: **ECON: Erland H. Heginbotham**

**CONFIDENTIAL****MEMORANDUM OF CONVERSATION**

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Djakarta  
Encl 1

**PARTICIPANTS:** Mr. Soembarjono, Directorate General of Oil and Gas  
Mr. Robert F. Slutz, Jr., First Secretary of Embassy  
James R. Matz, Economic Officer

**DATE:** January 26, 1972

**PLACE & TIME:** Luncheon, German Club, Djakarta

**SUBJECT:** Offshore Boundary Agreements Between Indonesia, Thailand  
and Malaysia; Pending Bilateral and Tripartite Agreements;  
Survey of Malacca Straits

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1. Bilateral Agreement Between Indonesia and Thailand; Tripartite Agreement Between Indonesia, Malaysia and Thailand

Although not particularly optimistic because of the change of government in Thailand, Soembarjono went to Bangkok in early December to talk to two old and close friends, Vija Sethaput, Under-Secretary of State for National Development, and Suphot Phiansunthorn, Director-General of the Treaty and Legal Department, Ministry of Foreign Affairs, about the prospects for reaching agreement on offshore boundaries. After about a week (during which he visited Chiangmai), he was unexpectedly informed by Suphot that the Thai Revolutionary Council was prepared to sign both a bilateral and a tripartite agreement, including Malaysia. Soembarjono explained that the Thai decision to move ahead with the signing of the two agreements was principally due to oil exploration activity offshore Burma. The Thai apparently concluded that if they did not settle their offshore boundaries with a minimum of delay, it was possible that they might lose out to the Burmese in attracting oil companies to their offshore areas. Elated, Soembarjono started making arrangements for the ceremony to be held about two weeks later in Kuala Lumpur. Because the Thai cabinet had been dissolved, the RTG had to designate some other official below cabinet rank to conclude the agreements. This problem was resolved by selecting Vija Sethaput to

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sign with the title of "Under-Secretary of State for National Development in charge of the Ministry of National Development," (emphasis added). With this ingenious formula, the signing of a bilateral agreement took place in Bangkok between Indonesia and Thailand on December 17, 1971<sup>a</sup> and the tripartite agreement between Indonesia, Thailand and Malaysia on December 21, 1971 in Kuala Lumpur on the delimitation of the continental shelf boundary in the northern part of the Straits of Malacca and the Andaman Sea. Soembarjono said that the Indonesian parliament should ratify the agreement in the very near future. Malaysia would probably follow suit some time this year. He did not speculate on what the Thai might do, but indicated as far as Indonesia was concerned, early Thai ratification was relatively unimportant.

2. Agreements Pending

Soembarjono said that he would now turn his attention to the following ten unsettled offshore boundary areas:

- a) Indonesia-Australia (Timor and Arafura Seas)
- b) ~~Indonesia-Portugal~~ (Timor Sea) *Timor now incorporated*
- c) Indonesia-Australia-Portugal (Timor Sea)
- d) Indonesia-Philippines (Celebes Sea)
- e) Indonesia-Sabah or Malaysia (Celebes Sea)
- f) Indonesia-South Vietnam (South China Sea)
- g) Indonesia-South Vietnam-Malaysia (South China Sea)
- h) Indonesia-Singapore (Straits of Singapore Continental Shelf)
- i) Indonesia-Singapore-Malaysia (Straits of Malacca/Singapore - South China Sea - Common points)
- j) Indonesia-Thailand-India (Andaman Sea)

(Comment: Soembarjono talked in terms of ten more agreements, but there seems to be more than ten, i.e., a bilateral with India and a tripartite with Malaysia and the Philippines.)

Over a period of years he has developed close contacts in most of the neighboring countries whom he visits periodically "to test the water" for possible agreement. He said that his next trips will probably be to the Philippines and Australia. Agreement with India is probably the lowest on his list of priorities pending resolution of the Bangla Desh recognition question while Singapore may be one of the most difficult. (He did not go into detail concerning the problem with Singapore but indicated that the

<sup>a</sup>The English version of the bilateral agreement with the date "October 17" is in error.

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climate for agreement was less than ideal.) He asked for our assistance in making contact with the local representative of the South Vietnam Chamber of Commerce. He also asked if we knew which oil companies had offered bids on the offshore South Vietnam concession areas and which companies had been awarded offshore areas.

3. Survey of the Straits of Malacca

Various Indonesian newspapers reported in early January that the joint (Indonesia, Malaysia, Singapore and Japan) hydrographic survey of the Straits of Malacca had been completed in December and that "the result of the survey, after being processed by a joint team, has been jointly and simultaneously released." The joint survey conducted between October 1, 1971 and December 19, 1971 was composed of a team of 16 Indonesians, 16 Japanese, three Malaysians and three Singaporeans using the Indonesian ships R.I. Burudjulasad, R.I. Jalanidhi and R.I. Aries. A few days later (January 11) the press reported that the announcement of the results of the survey scheduled to be released January 6 "has been postponed indefinitely." Then, on January 18, the press reported that representatives of the four countries, after a three-day meeting, "finalized technical arrangements for the second phase of the joint hydrographic survey of the Malacca-Singapore Straits." The second phase is to begin February 7 and is to take four months. Indonesian and Malaysian survey ships will be utilized with crews composed of technicians from the four countries involved.

In commenting on the report of the first phase, Soembarjono said that Indonesia, Malaysia and Singapore were very disturbed by the draft Japanese report discussed at the IMCO meeting last December in London because it included a proposal to place the Straits under the control of an international committee. Consequently, the report, which may be made public as early as next month, is being rewritten by the Japanese to reflect the controlling interests of the three riparian countries.

4. KRA Canal or Pipeline

Soembarjono said the Thai have virtually lost all interest in constructing either a pipeline or a sea level Kra Canal to link the Andaman Sea and the Gulf of Siam. He cited insecurity in the area, problems with the Muslim minority and the threat of pollution as the major roadblocks.

COMMENT

Soembarjono was understandably proud of the role he played in the signing of the first tripartite offshore boundary agreement in Southeast Asian history. Anxious to solve problems that could develop into possible sources of conflict in the future, to establish practical bilateral and multilateral

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working relationships on regional problems, and to open up offshore areas for exploration and development without fear of competing claims by different countries, Indonesia has now established a precedent for tri-partite agreements that should serve them well in the future.

GP 3 - Downgraded at 12-year intervals, not automatically declassified.

ECON:JRMatz;JJ:1/31/72

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