

CIA CI/SNEA 76-022C

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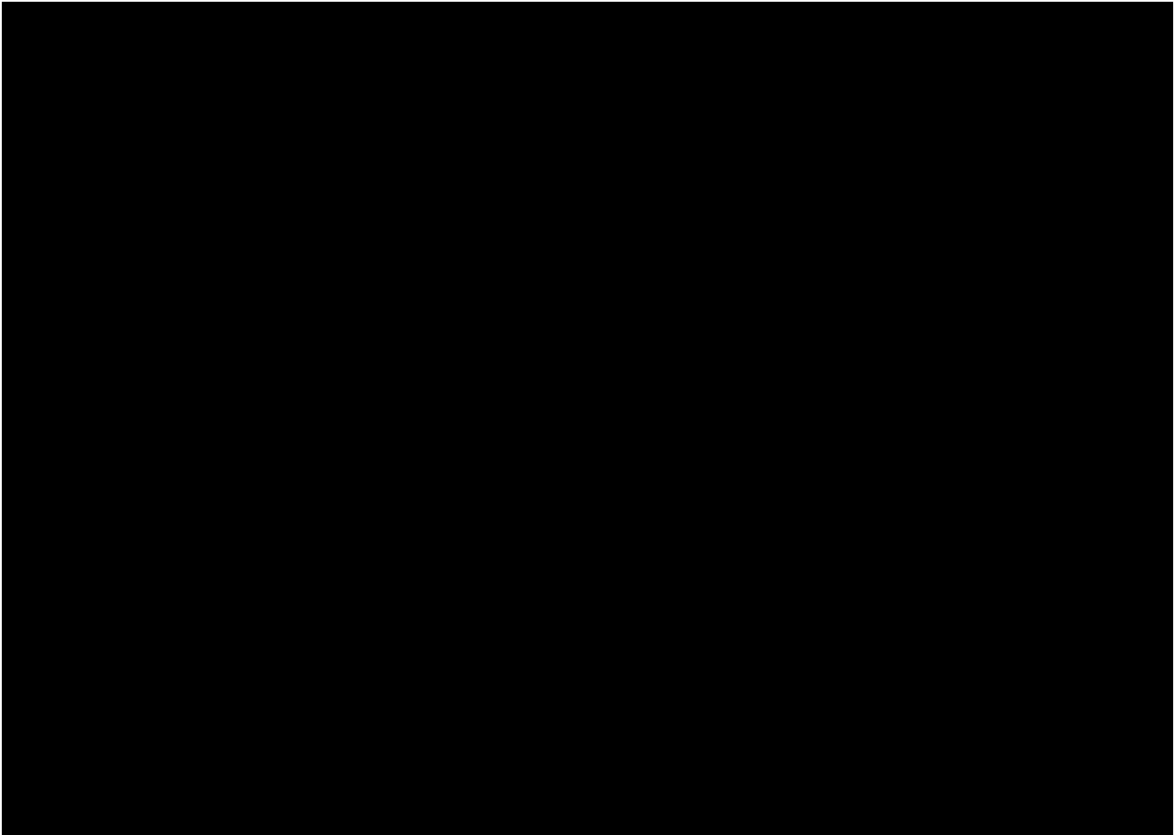
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Indonesia-Australia: Relations Improve

Australian Prime Minister Fraser's visit to Indonesia from October 7-11 appears to have helped ease the strains that have developed in the past year or so over Indonesia's incorporation of Portuguese Timor. Fraser arrived in Jakarta still saddled with an Australian proposal, last enunciated before the Australian Parliament on July 20 by Foreign Minister Peacock, that calls for a ceasefire, troop withdrawal, some bow to self-determination--such as an internationally supervised referendum--and relief aid distributed through international agencies.

Jakarta maintains that the majority of these conditions already have been met as of July 17 when a "popular referendum" among Timorese made Timor the 27th province of Indonesia. The Indonesians were especially upset at the timing of Peacock's remarks following their referendum and his additional observations that Indonesia had not fulfilled Australian conditions.

Although Prime Minister Fraser did not explicitly recognize Indonesia's incorporation of Timor, neither did he focus on the four Australian conditions. Instead, in an address to the Indonesian Parliament, he emphasized that the important thing is to "look to the future" and, by implication, for both countries to put the issue behind them. The Indonesians are interpreting Fraser's remarks as de facto recognition of Indonesia's incorporation of Timor. President Suharto apparently believes that, given Fraser's endorsement last July of Peacock's statement, his new comments represent an important concession. Suharto appears to recognize that internal political considerations prevent the Prime Minister from accepting Jakarta's action outright.

Once Timor was out of the way, the two leaders turned to other troublesome topics. The Indonesians balked at Fraser's suggestion that Jakarta take a more forward position publicly on the US military

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presence in the Indian Ocean. Suharto argued that while his government is privately sympathetic, Indonesia's position among third world countries would be jeopardized by a public endorsement of such a position. Nonetheless, the final communique states that both countries recognize the need to maintain "a balance in the Indian Ocean at as low a level as possible." This is not only the first time Indonesia has implicitly accepted the US presence there; it is the first time Jakarta has publicly endorsed views that cut across the ASEAN concept of a zone of "peace, freedom and neutrality" for the area.

The new communique caused considerable nervousness among some elements in the Indonesian government; many of Suharto's advisers feel he let the Australians talk him into a position that will hurt Indonesia in third world forums. Secretary of State Sudharmono, during a press conference after the release of the communique, said that Indonesia remained "firmly opposed" to big power rivalry in the Indian Ocean "despite Australia's stand."

Suharto apparently encouraged the Australians to establish a dialogue with the Association of Southeast Asian Nations (ASEAN), and he also indicated that ASEAN would be willing to open such a dialogue with the US. Canberra would like closer ties with ASEAN, but the five member states (Thailand, Malaysia, Indonesia, Singapore and the Philippines) have been reluctant to move too rapidly for fear other states in the area, especially communist Indochina, would view the action as an attempt to establish a new military alliance.

Fraser's trip changed the substance of Indonesian-Australian relations very little, but the two leaders unquestionably have a broader appreciation of the problems of the other. Suharto seems pleased with the results and has instructed his missions overseas to play up the positive aspects of the visit. He apparently was quite impressed with Fraser personally, and according to one intercept, feels that his rapport with the Australian Prime Minister now is very good.

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