



Background

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CHALLENGES TO THE U.S.-ASEAN QUASI-ALLIANCE

INTRODUCTION

They stretch along the rim of the Asian landmass and have become some of the world's most successful and prosperous developing countries. They are among the world's most anti-communist states and among America's most reliable friends, creating, in fact, a quasi-alliance. These are the six nations comprising the Association of Southeast Asian Nations, or ASEAN: Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

Last year ASEAN was the fifth largest trading partner of the U.S., and ASEAN contributes significantly to peace and prosperity in Southeast Asia. For good reason did Ronald Reagan declare last May, when visiting Bali, Indonesia: "Support for and cooperation with ASEAN is a linchpin of American Pacific Policy."¹ Indeed, one of the main reasons that the U.S. fought the Vietnam War was to prevent the ASEAN states from falling under communist rule.

Model for Third World. ASEAN was formed in 1967 to help create a stable political, social and economic environment in Southeast Asia. The organization was needed to counter the regionwide threat of communist-led insurgencies and to defuse the tension in the wake of Indonesia's confrontation with Malaysia over the latter's legitimacy as a newly independent nation. Since those troubled times, ASEAN has overcome tremendous cultural and economic diversity between its member states to become one of the world's most successful regional organizations. ASEAN states cooperate on such matters as counterinsurgency and maintaining free passage through the region's vital sea lanes. Equally important, ASEAN is a model for the Third World by supporting democracy, the free enterprise system, and free trade.

The United States has maintained close relations with ASEAN since September 1977. U.S. exports to ASEAN have increased 800 percent since 1970, from \$1 billion to over \$8 billion in 1985. Last year the U.S. was ASEAN's second largest trading partner after

1. Department of State Bulletin, May 1, 1986, p. 15.

Japan. Meanwhile, ASEAN exports to the U.S. in 1985 topped \$15 billion, making it the fifth largest U.S. trading partner. ASEAN is one reason why U.S. trade carried over the Pacific has exceeded trade over the Atlantic for the past six years.

Fighting Cambodia Communists. U.S. political support of ASEAN involves help in suppressing communist subversion in the region. Typifying this was U.S. aid to Thailand during the 1960s and 1970s. Most critical, perhaps, has been Washington's backing of ASEAN's position on the Cambodian issue. Since 1985 the U.S. has joined ASEAN in supplying the noncommunist forces that oppose the Heng Samrin regime in Cambodia.

There are, however, issues on which the U.S. and ASEAN disagree. The most important are trade-related. ASEAN members have been hurt seriously by U.S. protectionist measures. Example: Thailand has been hit hard by U.S. rice subsidies, losing \$123 million in export income in 1986. Example: The Philippines has been hit sharply by the large cut in its sugar quota to the U.S. ASEAN, meanwhile, is resisting U.S. efforts to crack down on Southeast Asian counterfeiting of trademarked U.S. goods. And the U.S. is upset by continued ASEAN barriers to American imports.

Nervous About China. On foreign policy matters, ASEAN is nervous about the warming U.S. relations with the People's Republic of China because of Beijing's support of Southeast Asian communist movements and continued efforts to court the loyalty of Chinese communities living in ASEAN countries. For its part, the U.S. is concerned about recent proposals for a Southeast Asian Nuclear Free Zone.

ASEAN is important to the U.S. because the organization enhances regional stability and encourages more free markets and free trade in Asia. In view of the wide range of U.S. interests served by close ties with ASEAN, Washington should smooth current friction and promote increased cooperation. This would mean:

- 1) **exempting ASEAN** from protectionist legislation aimed at Japan;
- 2) **promoting regional military cooperation**, including more combined exercises--now confined to Thailand and the Philippines--and advanced arms sales to all member states.
- 3) **reaffirming U.S. resolve** to preserve the balance of power in Southeast Asia;
- 4) **continuing to support ASEAN's Cambodian policy**; and
- 5) **reaffirming ASEAN's key role** as a linchpin of U.S. Pacific policy by increasing the number of high-level U.S. delegations to the region.

The U.S. also needs to voice early opposition to the proposed Southeast Asian Nuclear Free Zone before it is adopted by ASEAN.

THE BIRTH OF ASEAN

The first attempt to form a Southeast Asian group was in 1961 with the creation of the Association of Southeast Asian States. This foundered two years later after Malaysia received its independence from Great Britain and immediately found itself challenged by the Philippines and Indonesia, who claimed parts of Malaysian territory.

Though these challenges had calmed greatly by August 1967, they were viewed as an obstacle to success when ASEAN was established that month. Another obstacle seemed the extreme diversity among the union's five member states. Malaysians and Indonesians have a common Malay ancestry and are predominantly Muslim; Thailand is racially Thai and Buddhist; Singapore is largely Chinese and Buddhist; the Philippines has a large Catholic population with a combination of Spanish, American, Chinese and Malay influence. Brunei, which became the sixth member in 1985, is both Malay and Muslim.

Quelling Insurgents. Despite the challenges, the member states saw ASEAN as a necessary means to undercut the strife that was tearing apart their region. The treaty establishing ASEAN called for the acceleration of "economic growth, social progress, and cultural development of the region...[and] to ensure the stability and security of the area from external interference...."²

With both Malaysia and Indonesia as founding members, their territorial dispute was quickly handled diplomatically. The Philippines also dealt with its claim to Malaysia's Sabah state across the negotiating table. As intra-ASEAN strains decreased, member states were able to concentrate on quelling domestic insurgencies. Malaysia continued with proven British tactics to isolate and contain roving communist bands. Thailand crushed its insurgency by combining counter guerrilla sweeps with widespread rural development programs. Nonetheless, ASEAN remains wary of a resurgence in communist activity. The Communist Party of Malaysia still maintain a residual armed presence, and the Thais still are harassed by small communist bands.³ Much more serious is the threat from the New People's Army in the Philippines, which grew from the ashes of the communist Huk Rebellion in the 1950s.

Fundamentalist Islamic Threat. Several ASEAN nations also face the threat of Fundamentalist Islamic extremism. In the Philippines, with a Muslim minority that numbers only 5 percent of the total population, the Moro National Liberation Front has waged a low-intensity guerrilla war for a Muslim separatist state in the south. Nearby, the Indonesian government presides over a 90 percent Muslim population, but has reduced the threat of religious extremism by successfully pushing for acceptance of its non-religious state ideology, Pancasila. This doctrine calls for belief in one God, national unity, democracy by consensus, and social justice.⁴

Malaysia, a member of the Organization of Islamic Countries, appears to have reduced the Fundamentalist threat only recently. In the 1986 elections, the Islamic Party (Pas) was soundly beaten by Prime Minister Datuk Seri Mahathir Mohamad's United Malays National Organisation.⁵ Nonetheless, a new policy of enforcing Islamic law against Muslim offenders has raised some worries among the Malaysian minority population.

2. Peter Lyon, War and Peace in Southeast Asia (London: Oxford University Press, 1969), p. 155.

3. FBIS, January 6, 1987, p. J4.

4. The Washington Times, January 8, 1987, p. 6A.

5. Asiaweek, December 7, 1986, p. 26.

6. The Washington Times, January 29, 1987, p. 6A.

As internal threats have been reduced, ASEAN has been able to transform the region into a peaceful and increasingly prosperous bulwark against communist encroachment. Elections and representative-style governments now have a firm foundation: both Thailand and Malaysia held elections in 1986, extending the terms of Prime Ministers Prem Tinsulanond and Datuk Seri Mahathir Mohamad; the Philippines have just voted on a new constitution; Indonesia has scheduled an election next year; and Singapore is likely to see a change in leadership also next year.

EXTERNAL THREATS TO ASEAN

ASEAN faces significant external security threats from the Soviet Union, Vietnam, and People's Republic of China (PRC). The entire region is strategically important because of its location along the busy sea lanes used to transport oil, liquid natural gas, and other vital raw materials to Northeast Asia and the United States. The Strait of Malacca, in particular, is a vital chokepoint kept open by the friendly governments of Indonesia and Singapore. Other key straits include the Sunda and Makassar Straits through Indonesia, and the Luzon Strait north of the Philippines.

The region itself is rich in natural resources, including oil and natural gas deposits that remain largely untapped. Other important natural resources include rubber, of which 1.61 million tons--over half of the world's output--was produced by Malaysia and Indonesia in 1986; timber, which earned over \$3 billion in 1985 for Thailand, Malaysia and Indonesia; and tin, a major product of Malaysia despite the depressed world tin market.

Soviet Bases in Vietnam. Of special concern to the U.S. should be the threat to ASEAN from Soviet air and naval bases in Vietnam. Cam Ranh Bay, which has quadrupled in size since the fall of Saigon in 1975, is now Moscow's largest military base outside the Soviet Union. Vietnam's Tan Son Nhut airbase refuels Soviet bombers on long-range missions. In neighboring Laos, meanwhile, Vietnamese military engineers are expanding the airfield on the strategic Plain of Jars to handle over a squadron of MiG-21 jet fighters. And in Cambodia, the Soviets themselves are rebuilding the ports of Kompong Som and Ream overlooking the Gulf of Thailand to service submarines and large warships. From these bases, the Soviets are poised near the strategic choke points running through Southeast Asia, over which they will have total domination if the U.S. were to leave its bases at Clark Airfield and Subic Bay in the Philippines.

Soviet diplomatic efforts in the region, meanwhile, are cause for concern. There is evidence that Moscow may be seeking to exploit Indonesia's fear of China as a way of justifying Soviet encroachment into Southeast Asia, arguing that this would deter PRC expansion southward. This January, moreover, Moscow proposed a bilateral "dialogue" to "improve currently inadequate trade and economic as well as political ties." This led to Soviet Foreign Minister Eduard Shevardnadze's March 1987 visit to Thailand and Indonesia.

Moscow's Main Proxy. A more immediate threat to ASEAN is the Socialist Republic of Vietnam. As Moscow's main proxy in Southeast Asia, Vietnam already occupies Cambodia and Laos and masses 160,000 troops across the border from Thailand. In response to Thai concerns, ASEAN since 1979 unanimously opposed Vietnam's occupation of Cambodia. Despite reservations by Malaysia and Indonesia over communist Chinese support for the Cambodian resistance, ASEAN has maintained a united front that has focused international attention on the issue and successfully led to the rise of the anti-Vietnamese

7. The Washington Post, January 15, 1987, p. A33.

Cambodian coalition in the United Nations. This coalition, supported by a record 115 U.N. members in 1986, has stymied Vietnamese efforts to have their puppet government in Phnom Penh recognized as the legal representative of the Cambodian people.

Another threat to ASEAN is the People's Republic of China. For centuries, China has regarded Southeast Asia as part of Beijing's sphere of influence and a rightful area for expansion. This can still be seen in Beijing's claim to Malaysian, Philippine, and Vietnamese islands in the South China Sea, as well as official PRC maps that infer mainland Southeast Asia falls within Chinese influence.⁸ Until the late 1970s, moreover, the PRC supported the communist parties of Thailand and Malaysia. Beijing claims to have severed material support to both groups, although some ideological support continues.

Allaying Fears. Malaysia and Indonesia also suspect Beijing of attempting to court the loyalty of Chinese communities throughout Southeast Asia. This is seen as a serious threat by Malaysia, where the Chinese comprise more than 35 percent of the country's population. Indonesia, which correctly sees the PRC as the catalyst for the bloody communist coup attempt in 1965, understandably still distrusts Beijing.⁹ Some one million Chinese reside in Indonesia.

The PRC has attempted to allay such fears by working with ASEAN against Vietnam, giving favored economic treatment to Thailand, and selling Bangkok military equipment at "friendship prices."¹⁰ These efforts have had some success, notably with the Thai government which hosted PRC Vice Premier Tian Jiyun in last October, Vice Foreign Minister Liu Shuquig in last December, and Armed Forces chief-of-staff General Yang Dezhi in this January. PRC Foreign Minister Wu Xequian is due to arrive in Bangkok in April 1987. Chinese economic ties remain relatively small but are growing.

ASEAN MILITARY COOPERATION

In the face of these potential threats, the ASEAN states have built up their individual military forces and increasingly cooperate with regional and friendly outside powers. Thailand and Indonesia each have regular forces of over 200,000 men, while Malaysia and the Philippines maintain armed forces in excess of 100,000 men. Singapore is increasingly willing to become militarily self-sufficient, maintaining a defense budget of nearly \$1 billion.¹¹

All ASEAN nations have some defense ties with an outside power. Malaysia and Singapore, for example, retain security links with Britain, New Zealand, and Australia that provide for arms procurement, channels of consultation in the event of a military emergency, and the presence of residual support units. Indonesia maintains a similar arrangement with the U.S. to purchase weapons. U.S.-Thai agreements provide for military aid, as well as a joint stockpile to be used in the event of a military emergency.¹²

8. Dennis Duncanson, "Strategic Tensions in Southeast Asia," Conflict Studies, No. 176 (1985), p. 23.

9. The Indonesian Quarterly, Vol. XIV, No. 1 (1986), p. 38.

10. FBIS, January 29, 1987, p. J6.

11. Far Eastern Economic Review, January 8, 1987, p. 52.

12. The Washington Times, January 6, 1987, p. 8B.

And the Washington-Manila Pact contains provisions for armed U.S. assistance if Manila requests it.¹³

Testing U.S.-ASEAN Cooperation. The U.S. military involvement in the region is slowly growing, after more than a decade of decline. The U.S. conducts annual military exercises with Thailand and with the Philippines. Key U.S. naval and air bases are, of course, maintained in the Philippines at Subic Bay and Clark Air Force Base. ASEAN has signalled quiet approval for U.S. retention of the Philippine bases in order for the U.S. to balance the Soviet Union and China in the region. To some extent, ASEAN can be expected to support gradual increases in joint exercises with the U.S., purchase advanced weapons, and join U.S.-sponsored military training programs.

Such U.S.-ASEAN security cooperation may be severely tested in the near future, however, by the emerging proposals for a Southeast Asian Nuclear-Free Zone. Malaysia and Indonesia want a draft treaty ready for the ASEAN summit at the end this year. This draft, it is suggested, should echo the Zone of Peace, Freedom and Neutrality concept first endorsed by ASEAN in 1971. The Soviet Union claims to be supportive of the idea, and China has said that it will raise no objection. Such a zone, however, would hamper U.S. Seventh Fleet movements through the Strait of Malacca and the Luzon Strait, and both Thailand and Singapore have quietly stated that they would not favor a plan curtailing a U.S. naval presence while benefiting the Soviet Union.¹⁴

ASEAN ECONOMIC COOPERATION

As internal and external threats have been brought under control, economic issues have emerged as the focus of all ASEAN governments. Collectively, ASEAN's six nations, with a population of about 290 million, boast a per capita gross national product of \$1,944,¹⁵ compared to \$220 for mainland China, \$177 for Burma, \$1,850 for Mexico, and \$16,710 for the United States.

Singapore has emerged as the strongest industrialized power of Southeast Asia, with a GNP in 1986 of \$18.03 billion and a per capita income of \$5,847. Malaysia has a GNP of \$25 billion, with a \$1,574 per capita income. Thailand, with a GNP in 1985 of over \$37 billion, has a per capita income of almost \$600. Indonesia, the most populous ASEAN nation, has a GNP of \$80.7 billion and a \$540 per capita income. The Philippines has a GNP of \$32 billion and a \$535 per capita income. Oil-rich Brunei has a GNP of \$7.5 billion and a staggering per capita income of \$33,931. (Unless noted, all figures are for 1985.)

Commodity Woes. ASEAN was hit hard by the world recession in the early 1980s which resulted in a sharp decline in commodity prices, as well as increased protectionism among their top trading partners. Indonesia, a member of the Organization of Petroleum Exporting Countries (OPEC), saw its petroleum export revenue fall 18 percent and suffered a substantial drop in foreign investment. Malaysia saw a 22 percent drop in rubber revenue and a 15 percent decline in palm oil export sales. The Philippines experienced a 46 percent slump in sugar sales. Singapore was hit by rising manufacturing costs while trade with its important ASEAN partners dropped sharply.¹⁶

13. Duncanson, *op. cit.*, p. 15.

14. *Far Eastern Economic Review*, March 12, 1987, p. 16.

15. This figure does not include Brunei. With Brunei, ASEAN's per capita GNP soars to \$7,356.

16. *The Japan Times*, October 30, 1986, p. 18.

While several ASEAN states have recorded outstanding individual economic performances, intra-ASEAN cooperation has fallen consistently short of expectations. The reasons include the fact that their commodity-based economies produce many of the same goods, thus reducing opportunities for trade. Also, mutual tariff reductions are not dropping at a fast enough rate. In addition, the wide diversity of economic policies within ASEAN, ranging from the import-substitution strategy of Indonesia to the free market economy of Singapore tends to hamper economic cooperation. Despite this, talks continue on improving intra-ASEAN trade. An ASEAN summit is scheduled for late this year to discuss economic cooperation, including establishment of a Common Market by the year 2000.¹⁷

TRADE ISSUES

Although most countries of the world tend to recognize ASEAN as a regional group, ASEAN states prefer to trade with the outside as individual nations. In this, they have been relatively successful. Singapore is one of Asia's major trading hubs, with manufacturing, mineral fuels, and manufactured goods ranking as both top imports and exports. Singapore is the largest ASEAN importer of American products, buying over \$3 billion in U.S. goods in 1985. Indonesia, on the other hand, is the greatest ASEAN exporter to the U.S., with petroleum products comprising most of their 1985 sales of nearly \$5 billion. Two-way trade with the U.S. topped \$23 billion in 1985, making ASEAN collectively the fifth largest trading partner of the United States.

While U.S.-ASEAN trade relations have been close, there are growing problems. Protectionist sentiment in Washington is extremely distressing to ASEAN. For a developing region dependent on external trade, member states cannot afford to have their relatively small share of the U.S. market cut back. ASEAN rightly feels that it has been treated unfairly because it has been lumped together in trade matters with the far more industrialized countries of Japan, the Republic of China on Taiwan, and the Republic of Korea. Whatever problems the U.S. may have with those nations, argues ASEAN, the U.S. does not have with ASEAN.

Protectionist Victims. ASEAN already has been hard hit by U.S. protectionism. Example: Thailand, with 70 percent of its population involved in rice production, last year was seriously affected when America's 11,000 rice producers received \$1 billion in subsidies, depressing the world and Thai domestic price for rice. Example: Thailand and the Philippines saw their sugar sales plummet when the U.S., which has kept the price of sugar artificially high to encourage relatively small domestic sugar production, sold 146,000 metric tons of U.S. sugar in 1985 to China at below market prices. This situation was aggravated when Washington then cut U.S. sugar quotas, resulting in depressed export income for the traditional ASEAN sugar producers.

In addition, ASEAN textile and footwear output would be cut sharply by proposed legislation to restrict Asian sales of these products to the U.S. Though ASEAN textiles occupy only a small part of the American market, they are significant industries in their own countries. Thailand, in particular, employs 20 percent of its labor force in the textile industry. ASEAN feels that its strategic location and political alignment with the U.S. warrant better treatment on the economic front.

17. *Ibid.*, p. 15.

For its part, the U.S. is concerned over the high tariffs in many ASEAN nations. Indonesia is the highest, with tariffs averaging around 45 percent on U.S. imports. Thailand averages about 30 percent, with lower tariffs being imposed on raw material imports; similar duties are imposed by Malaysia and the Philippines. Furthermore, there are still widespread violations of U.S. copyrights and trademarks in ASEAN countries. For example, 120 million pirated cassette tapes were recorded in Singapore in 1982. It is estimated that the overall situation in ASEAN remains the same, with Indonesia being the largest violator.

Free Trade Areas. The U.S. has been pushing ASEAN to tighten its copyright enforcement and lower barriers to imports. Singapore has responded by announcing this February that it will enforce new copyright legislation which hands heavy penalties to trademark pirates, while Thailand has new, tougher legislation being reviewed in parliament. The failure of others to respond could damage their links to the U.S. Further gains could be made by establishing a free trading area within ASEAN. A free trading area would include a customs union and a free trade zone--similar to the current U.S.-Israeli arrangement--in Singapore.¹⁸ Singapore, already a free-trading nation, strongly supports a free trade area as part of ASEAN or as a separate bilateral arrangement with the U.S. An ASEAN customs union might include the Philippines and Indonesia and could resemble the unilateral Caribbean Basin Initiative. The other ASEAN members could fall somewhere in between.¹⁹

Removing Barriers to U.S. Goods. To increase foreign investment and trade, ASEAN needs to remove barriers limiting U.S. goods' access to the local ASEAN market. Such barriers include import bans, importer licensing requirements, agency restrictions, and localization policies.²⁰ ASEAN should also reduce and simplify foreign investment regulations.²¹

Above all, ASEAN states must differentiate themselves from the other East Asian targets of protectionism. A step in this direction has been the The Group of Fourteen, an international formation of non-subsidizing agricultural nations created in 1986 that includes all of ASEAN except the non-agricultural nations of Brunei and Singapore. It is dedicated to presenting an image distinct from protectionist targets that subsidize, and through its common interests is trying to create bargaining leverage in current Multilateral Trade Negotiations.

U.S. POLICY TOWARD ASEAN

ASEAN is unquestionably important to the U.S. ASEAN straddles vital air and sea links through Southeast Asia, plays a key role in regional stability, trades heavily with the West, and provides a model for the developing Third World. In recognition of this importance, the U.S. has consistently maintained military and economic relations with the

18. Dr. Ow Chin Hock, "ASEAN-U.S. Economic Relations: Problems and Prospects," Conference on U.S.-ASEAN Relations, Malaysia, April 1986, p. 4.

19. Stephen Lande, "Implications for ASEAN Economic Growth," Conference on U.S.-ASEAN Relations, Malaysia, April 1986.

20. Melvin Searles, "The U.S. Role in ASEAN's Future Economic Growth," Conference on U.S.-ASEAN Relations, Malaysia, April 1986, p. 2.

21. The Indonesian Quarterly, Vol. XIII, No. 4 (1985), p. 508.

region. The U.S. provides weapons sales, military sales credits, training programs, regional stockpiles in Thailand, and major military bases in the Philippines. The U.S. also maintains modest economic assistance programs to some of the ASEAN nations.

These happy U.S.-ASEAN relations could be bruised seriously by the current protectionist sentiment in Washington. The Thais, for example, argue that the U.S. is hypocritical for giving the 11,000 American rice producers \$1 billion in subsidies when, at the same time, Washington criticized Thailand as an unfair competitor because Bangkok subsidized the Thai rice industry. Because of the U.S. subsidies, moreover, an estimated \$123 million in Thai export revenue was lost in 1986. More dramatic, \$500 million in income was lost during the first eight months of that year by the Thai rice farmers when domestic prices fell, in great part as a result of the U.S. subsidies which forced down the world price of rice. With 70 percent of the Thai population adversely effected, Thai public views of the U.S. have plummeted.

Hurting ASEAN Sales. The U.S. imposes several other trade barriers on ASEAN this list are tariffs, including those on the key ASEAN textile industries. In Thailand alone, this industry comprises 20 percent of the industrial workforce. Quotas also take a great toll on ASEAN, especially those on textiles, sugar, canned tuna, and electronic components. Non-tariff barriers are also imposed, such as unduly stringent health inspection codes for ASEAN products. Coupled with these barriers, the U.S. continues subsidies for the domestic production of important ASEAN commodities like sugar and rice. Besides causing artificially high prices for the American consumer, these acts greatly affect the ASEAN market by hindering access to their second largest trading partner. They also hurt ASEAN when cheap U.S. commodity sales abroad--permitted when subsidies keep production cost deceptively low--take foreign markets away from the ASEAN producers.

Thailand and the other ASEAN states, moreover, feel they are receiving unjust treatment because their \$7 billion trading surplus with the U.S. does not take into account their considerable arms purchases from the U.S., as well as the over 50,000 ASEAN students in the U.S. who spend more than half a billion dollars annually in America, most of which comes from ASEAN itself.²²

CONCLUSION

The Reagan Administration should aim at enhancing U.S. relations with ASEAN. To achieve this, Washington should:

◆◆ Deal with ASEAN on trade matters as a sub-entity that differs from the rest of East Asia. In this way, Southeast Asia can be shielded from the sharp protectionist sentiment aimed at Japan.

◆◆ Help ASEAN solve its problem of violated copyright, patent, trademark, and other intellectual property rights. The U.S., for instance, should sign the 1886 Berne Convention on Copyrights, which has been continuously amended over the past one hundred years, as President Reagan has proposed. The U.S. originally balked at this at the beginning of the century to protect its infant printing industry from foreign competition. By signing the Convention, the U.S. would gain copyright protection in several ASEAN nations where it does not currently have such protection. It also would bolster the U.S. position if violations continued in those countries.

22. Statement by Chairman of ASEAN-Washington Committee at the Asia Foundation Seminar "Trade-Offs on Trade," Washington, D.C., December 16, 1986, p. 17.

◆◆ Encourage U.S. private sector involvement in such organizations as the ASEAN-U.S. Business Council and the ASEAN-U.S. Initiative. These groups have the potential for promoting trade through export promotion programs, setting up data bases, and pinpointing possible joint investment ventures.²³

◆◆ Increase U.S. assistance to the noncommunist Cambodian resistance. There should be more humanitarian support for the civilian border camps, whose teeming populations have been constantly threatened by bandits and Vietnamese artillery barrages. Additional aid should also be provided in the form of more non-lethal equipment and training for the Khmer People's National Liberation Front, the democratic resistance group that stands as an alternative to continued Vietnamese occupation and a second Khmer Rouge reign of terror. Most important, increased assistance must be allocated for oversight to insure that U.S. aid is used more efficiently and effectively than it has been. By working with the noncommunist resistance, the U.S. would join ASEAN in maintaining military pressure on the Soviet-backed Vietnamese occupation forces and in supporting an anti-communist force that could play a role in a negotiated settlement of the Cambodian problem.

◆◆ Preserve the strategic balance in Southeast Asia. This is very important to ASEAN, which wants the balance maintained with the Soviet Union and China. While ASEAN would oppose a direct military alliance with the U.S., member states do encourage such low-profile cooperative ventures as joint military exercises, counterinsurgency training programs, and advanced arms sales. U.S. military aid is vital to the besieged Philippines and to Thailand, on the frontline facing Cambodia. An American military presence also gives a strong psychological reassurance to ASEAN, which is still wary of the U.S. as a dependable ally after its withdrawal from Vietnam.

◆◆ Voice early opposition to a Southeast Asian Nuclear-Free Zone. While such a zone only has been discussed in two regional meetings to date, early U.S. opposition is needed to prevent the proposal from gaining additional momentum.

By taking these steps now, dangerous friction between ASEAN and the U.S. can be averted. U.S.-ASEAN relations have been mutually beneficial and should grow. In doing so, the U.S. will be able to expand its economic, political, and military ties with important trading partners and regional allies that provide dynamic models for the Third World.

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23. Ow Chin Hock, *op. cit.*, p. 12.