

# **US POLICY TOWARDS ASEAN, 1975-85**

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20th July 1989

CERTIFICATE

This is to certify that the dissertation entitled "US POLICY TOWARDS ASEAN, 1975 - 85", submitted by Sanjay Kumar in fulfilment of nine credits and of total requirement of twenty four credits for the award of the Degree of Master of Philosophy (M.Phil.) of the University, is his original work according to the best of my knowledge and may be placed before the examiners for evaluation. This dissertation has not been submitted for the award of any other degree of this university or of any other university.

  
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## PREFACE

The Second Indo-China War came to an end in April 1975 resulting in defeat and withdrawal of American forces from Vietnam. This politico-military development also resulted in division of Southeast Asia into two blocs: a pro-Soviet Indo-Chinese bloc led by united and potentially strong Vietnam and a pro-American bloc, Association of Southeast Asian Nations (ASEAN). In this scenario ASEAN occupied an important place in the strategic calculations of the Americans. The US has treaty relations with two members (the Philippines and Thailand) of ASEAN. Three ASEAN nations (Malaysia, Indonesia and Singapore) are nonaligned <sup>countries.</sup> Within the nonaligned movement these countries generally take a moderate stand which serves American interest. There is also a determined effort by the United States to bolster ASEAN countries militarily through military assistance and arms transfer to counter the growing power of Vietnam and the Soviet influence. Nevertheless, a cautious policy is pursued by the US to avoid any direct involvement in ASEAN to prevent a repetition of Vietnam type defeat.

Economically too, ASEAN is significant to the United States. The ASEAN countries supply to the United States tin, natural rubber, oil, palm oil and other raw materials and serve as important market for its exports. Currently ASEAN is the fifth largest trading partner of the US. Close trade relation ~~does~~ not, however, exclude stresses and strains which very often undermine the ASEAN economic stability.

## II

This dissertation is a humble attempt to assess, examine and analyse the US policy towards ASEAN during the period, 1975-85. The first chapter provides an overview of US policy towards Southeast Asia since Second World War till 1975 with emphasis on the US policy towards ASEAN. The political, strategic, economic and military aspects have been dealt at length. The second chapter tries to assess US strategic interests in Southeast Asia especially in ASEAN countries during the period under review. The third chapter deals with US-ASEAN trade relations. Protectionism, one of the commonest trade issues between US and ASEAN during the period of study has been examined extensively. The fourth chapter is an attempt to give details of Arms transfer to ASEAN countries. Arms transfer policies under different US Administrations of the period 1975-85 have been examined. Lastly, some concluding observations have been made in the fifth chapter. In writing this work, I have tried my best to be objective, but how far have I succeeded in my efforts, is left to the fair judgement of the readers.

I wish to express my sincere gratitude to my guide, Dr. Christopher Sam Raj, Associate Professor, Centre for American and West European Studies (CAWES), who not only inspired me to undertake the present study, but also gave constant encouragement for the completion of the same. I will be failing in my duty if I do not mention the help and encouragement received from Prof. R.P.Kaushik, Chairman, CAWES. I am also indebted to Prof. B.K. Shrivastava, CAWES, for his

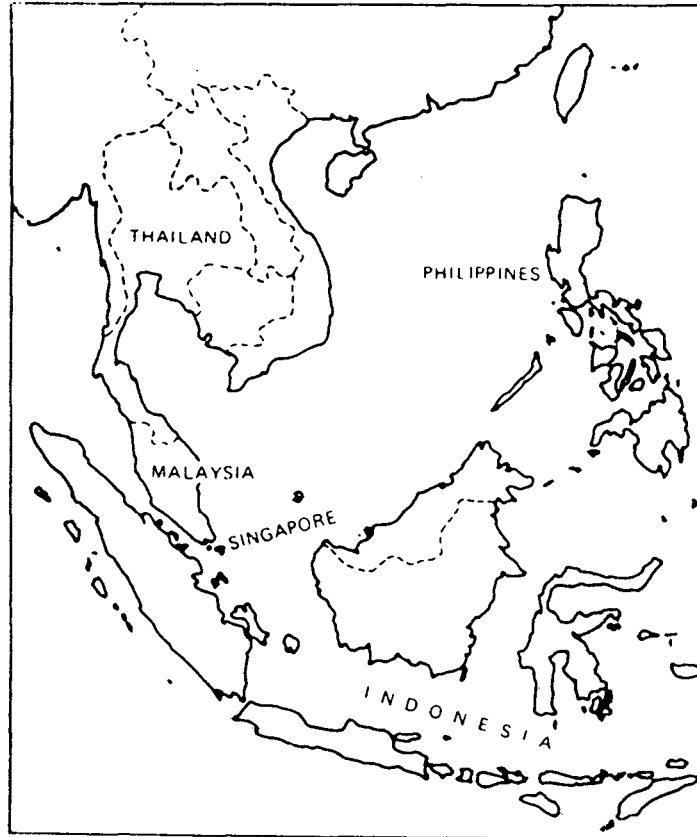
III

lecture which facilitated, to a large extent, in sophistication of my ideas. I would like to thank the library staff of the American Studies Research Centre, Hyderabad, Jawaharlal Nehru University Library, American Centre, New Delhi, Institute for Defence Studies and Analyses, Indian Council of World Affairs Library and Nehru Memorial Library, New Delhi for their kind cooperation. My thanks are due to my friends, Nehal Ahmed Farooquee, Prabal Pratap Singh, Deba Prasad Nanda, V. Anjaiah, and Vinay Choudhary for giving their valuable suggestions. Finally, I would like to put in a word of appreciation for my brother Sunil who stood by my side at times of stress and strain. The errors and lack of judgement are my own responsibility.

New Delhi

*Sanjay Kumar*  
(SANJAY KUMAR)

20 July 1989



The Association of Southeast Asian Nations (ASEAN)

Source: John Wong, ASEAN Economies in Perspectives : A Comparative Study of Indonesia, Malaysia, the Philippines, Singapore and Thailand (London: Macmillan Press, 1979), p.1



C H A P T E R     I

## INTRODUCTION

The whole of Southeast Asia was virtually insignificant for the U.S.A. till the beginning of the Second World War. It was only on the eve of US entry into the Second World War that Southeast Asia acquired importance in the US strategic calculation. With the end of Second World War, the world was divided into two blocs; one led by the United States and the other, by the Soviet Union. Therefore, the spread of Communism suddenly looked larger with the emergence of a powerful Soviet Union after the war. Under the strategy of "Containment" of Communism the US supported French effort to combat Ho Chi Minh's challenge in Indo-China. The Truman Administration thus accorded diplomatic recognition to the Indo-Chinese states in 1950 as independent states within the French Union. However, Indo-China war ended in French defeat and a ceasefire agreement was signed at Geneva in 1954. Disregarding the ceasefire agreement of 1954, the United States began supplying military assistance to the government of South Vietnam and got involved in the Indo-Chinese tangle which later left an indelible scar on the post-war American history. Also China and Korea were lost to the Communists.

### US Containment Policy in Asia

Ever since the emergence of communist China in 1949, the principal policy of the United States towards

Asia was characterized as "Containment" of the communist expansion. The American policy makers were anxious that every effort should be made to prevent the emergence of "Moscow-Oriented" regime in Southeast Asia.<sup>1</sup>

A statement of policy by the National Security Council in early 1952 on United States objectives and course of action with respect of Southeast Asia is as follows :

To prevent the countries of Southeast Asia from passing into the communist orbit, and to assist them to develop will and abilities to resist communism from within and without and to contribute to the strengthening of the world.<sup>2</sup>

However, before the direct American involvement in the Indo-China war the Southeast Asian region was not regarded strategically as important to obligate the United States to commit forces to ensure its survival.<sup>3</sup> A National Security Council staff study entitled "United States Objectives, Policies and Courses of Action in Asia"

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1. M.S. Venkataramani, "The United States and Thailand: The Anatomy of Super Power Policy Making, 1948 - 1963", International Studies (New Delhi), vol.12, no.1, January - March 1973, p.28.
  2. The Pentagon Papers, as published by The New York Times (London, Routledge and Kegan Paul Ltd., 1971), p.28.
  3. Ralph N. Clough, East Asia and US Security (Washington, D.C., 1975), p.183.

stated:

Chinese Communist conquest of Indo-China, Thailand, and Burma by military force and internal subversion would seriously threaten the critical security interests of the United States. However, in the event of over Chinese aggression, it is not now in the overall security interests of the United States to commit any United States armed forces to the defence of the mainland states of Southeast Asia.....4

The aim of the United States was, however, not only to oppose the Communist control of the Asian States but also to create pro-western regimes in Southeast Asian countries in tune with the United States foreign policy.

Washington justified its policy of Containment because in its opinion the communist victory in any single country would lead to relatively swift submission to communists by the rest of the countries of the region. Gradually the alignment might spread through India to the Middle East and thus endanger the stability and security of Europe.<sup>5</sup>

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4. Quoted in Venkataramani, n.1, p.68.

5. The Pentagon Papers, n.2, p.28.

American policy-makers perceived that communist domination of Southeast Asia would seriously endanger in the short term, and critically danger in the long term, the United States security interests. It would render the American position in the Pacific offshore islands chain unsafe and would jeopardize fundamental US security interests in the Far East.<sup>6</sup> The communist occupation of Southeast Asia would markedly reduce the American ability in limited war by denying it air, land and sea bases.<sup>7</sup>

Another important goal of the Containment policy was to restrict the power and influence of the adversary and to rapidly strengthen the allies. The purpose of this policy was to confine and weaken the overall communist political influence. American leaders believed that increases in Peking's prestige and political and economic influence would facilitate its support of communist insurgencies in Southeast Asia.<sup>8</sup>

It is thus evident that protecting and enhancing strategic interests was the core purpose of the American foreign policy in Southeast Asia. Psychological fear of

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6. *ibid.*

7. *ibid.*, p.158.

8. Clough, n.3, p.9.

growing communist insurgencies in the minds of ruling elites of the Southeast Asian countries also made it easier for Washington to extract from them overall acceptance of and support to the US policies towards the region.

The most significant war against the communist forces was launched by the United States in Indo-China. Washington waged its war against communism in Southeast Asia by propagating the "domino theory" and by forming a South-East Asia Treaty Organisation in 1954 including even countries outside the region.

#### ASEAN Birth and After

A happy development for Washington was the growing rift between the Soviet Union and the People's Republic of China since 1956. The US approach in dealing with this situation was two-pronged. First, to take advantage of the Sino-Soviet rift, work for bringing about further rift and ultimately to bring the People's Republic of China around to its fold. Secondly, to encourage the non communist Southeast Asian countries to set some kind of regional organisation which would improve their national economies thus making communist ideology

less attractive to their poor masses. As a byproduct of the American encouragement, the birth of Association of Southeast Asian Nations or ASEAN took place in 1967.<sup>9</sup> The ASEAN came into existence through a Declaration made in Bangkok by the Foreign Ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The ASEAN took birth during a period of intensive Cold War between the two Super Powers. Southeast Asia was going through a terrible war between the North Vietnam and South Vietnam backed by the Communist powers and the United States respectively. Unlike the Soviet Union and China, US involvement in the area included heavy commitment of man-power of the army, navy and airforce.

ASEAN is largely regarded as an Asian creation because of a low profile American role in the efforts that led to the birth of ASEAN. However, the United States encouraged the formation of ASEAN.

ASEAN came into existence on 8 August 1967. Vice-President Hubert H Humphrey of the United States visited South Vietnam, Malaysia and Indonesia in November

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9. Chintamani Mahapatra, "Reflections on America's Southeast Asia Policy", Strategic Analysis (New Delhi), vol.13, n.1, April 1989, pp.55-56.

of that year. The joint communique issued in Djakarta expressed full agreement on "the importance of the regional co-operation undertaken by the countries of Southeast Asia in fields of economic and social development ...."<sup>10</sup>.

Perhaps, the reference was made to the newly established ASEAN without naming it. So, it would be appropriate to attribute Washington policies as one of the encouragement rather than initiative.

American policy makers appear to have believed that despite the growth of Asian nationalism emanated from the newly independent countries which had <sup>undergone</sup> centuries of foreign rule, the desire to develop an Asian way of thinking and growing reservations over the American intentions, ASEAN was not conceived to work as a bulwark against the American and Western influences. Notwithstanding the legitimate longing for an indigenous development model, "all five member nations of ASEAN had opted, ideologically and structurally, for the capitalist or free market model of development".<sup>11</sup>

American policy makers also understood that any high-profile American role in the efforts of Asian leaders to set up a regional association in the 1960s would be bad

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10. The Department of State Bulletin, vol. 57, 11 December 1967, p.792.

11. Jose V. Abueva, "Alternative Perspectives in Development in ASEAN countries", Contemporary Southeast Asia (Singapore), vol.1, n.2, September 1979, p.144.



politics in the wake of growing membership of the Non-Aligned Movement. Thus, the US government during the administration of President Lyndon B. Johnson attempted to influence the Asian efforts towards forming a regional association through promise of financial support and by offering discreet guidance. The US policy was indeed a success which is clearly brought out by the policies and orientations of the ASEAN countries in the coming years.

It can be maintained that the US military presence and strategic objectives in the region as well as economic involvement there had a considerable, if not decisive, impact in bringing about an atmosphere where local initiatives for the formation of a regional institutions like ASEAN was possible. Washington's perception of the existing and potential political ideological stance of the ruling groups of these countries in terms of its own objectives would be the determining factor in US policy.<sup>12</sup>

The first approach of the United States towards Sino-Soviet rift was to take shape only a few years after the establishment of ASEAN. It all began with the

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12. Arfinn Jorgensen Dahl, "Extra-regional Influences on Regional Cooperation in Southeast Asia", Pacific Community (Tokyo), vol.8, n.3, April 1977, p.427.

beginning of the Nixon Administration in 1969. Since the American policy makers had already realized the futility of continuing the war in Vietnam, President Richard Nixon's policy was to lay the foundation of a policy that would lead to a rapprochement with the People's Republic of China and which would subsequently facilitate the American withdrawal from the Indo-China imbroglio. Again Washington could see advantages in China pushing an anti-Soviet line among its new ASEAN friends. China would be even more vociferous than the United States in warning against the spread of Soviet influence in Southeast Asia.

However, it should be noted here that until 1971, there was a conflict between the United States efforts to contain Chinese expansionism and the Chinese efforts to lead across any American-built barricades. As far back as in 1965 Mao Tse-tung had said:

We must have Southeast Asia, including South Vietnam, Thailand, Burma, Malaysia and Singapore. This region is very rich, there are a great many natural resources there, and it is well worth the effort to gain possession of it. In the future it will be of great use for the development of Chinese industry. All losses can be made good in that way. After we get that region, the wind from the East will prevail over the wind from the West.<sup>13</sup>

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13. Quoted in Xuan Thuy, "Chinese Expansionism in Southeast Asia", World Marxist Review (Prague), vol. 24, n.3, March 1981, p.13.

Guam Doctrine

About the same time when efforts were being made to establish some sort of detente with the People's Republic of China, President Nixon enunciated his Guam Doctrine signalling the substantial diminution of American role in Southeast Asia. The Guam Doctrine was the product of a realization that the Soviets and the Chinese were clever enough to financially and militarily back up the communist forces in Indo-China without the need to shed a drop of their own blood, whereas the Americans were shedding American blood at a place thousands of mile away from the US coast without any sign of victory. The Doctrine was a call to those countries to make their own appropriate initiatives and assume a greater share of security burden. The Doctrine can thus be seen as giving encouragement to local initiatives as those represented by ASEAN. It was coupled with assurances given by President Nixon that the United States would continue to have its treaty commitments to Thailand and the Philippines and would respond to developments affecting the security of the region. Military bases in the Philippines continued unhindered ;however, the United States ended all operations at its military bases in Thailand on 21 March 1976 and later closed its last two important military establishments, the U Taphao Air Base on the Gulf of Thailand and the Rumasan electronic monitoring station

north-east. The closing of military bases was mostly due to anti-American demonstration in Bangkok. But the overall security cooperation and broad strategic consensus between Washington and Bangkok did not suffer any major damage.

The Guam Doctrine or the Nixon Doctrine, however, did not imply a real reduction of American power and influence in the region. It was in a way meant for defence burden sharing by the regional countries and continuation of American financial and military support minus American personnel. Towards that objective, Washington, through skilful diplomacy, encouraged the formation of a Five Power Defence Arrangement by the United Kingdom, Australia, New Zealand, Malaysia and Singapore. The self exclusion of the United States from the Five Power Defence Arrangement was intended to serve the following two purposes. Firstly, it would not look like yet another Cold War power bloc and thus would help Malaysia and Singapore to continue their declared policy of nonalignment. Secondly, it would provide security assurances to Malaysia and Singapore, as Thailand and the Philippines already had bilateral defence treaty with the United States.<sup>14</sup>

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14. Mahapatra, n.9, p.57-58.

With the withdrawal of American troops from Indo-China there emerged three communist countries in Southeast Asia in 1975. A communist Indo-China comprising Vietnam, Laos and Kampuchea altered the geopolitical realities of the Asia-Pacific region. Having been aware of this eventuality, the United States had already started taking steps to deal with the post-Vietnam war realities. Amidst disillusionment and doubts among the non-communist American allies in Southeast Asia about the nature and credibility of the American security commitments, President Gerald Ford of the United States proclaimed in December 1975, a new Pacific Doctrine of "peace with all and hostility towards none". He told that "America, a nation of the Pacific basin, has vital stake in Asia, and a responsibility to take a leading part in lessening tensions, preventing hostilities and preserving peace. World stability and our own security depend upon our Asia commitments".<sup>15</sup> He also emphasized that the United States had a "continuing stake in the stability and security of Southeast Asia". The enunciation of such a doctrine was meant to assure the pro-Western countries that the end of Vietnam war did not end, but only altered the American commitment and that the United States still perceived the region as very important, though not vital, to its interests.

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15. Editorials on File (New York), 1975, p.1486.

The effect of the US pull-out from Indo-China was the formal demise of the Southeast Asia Treaty Organisation (SEATO) on June 30, 1976. On that day the flags of its members were lowered at the Pact's headquarters in Bangkok. However, a concerned development at that time was renewed emphasis on intra-regional cooperation to improve regional resilience. In February 1976, the ASEAN Foreign Ministers agreed, at a meeting in Pattaya, Thailand, on a broad outline of a treaty of friendship and cooperation. Just after a fortnight, Indonesia hosted the first-ever summit meeting of ASEAN countries at Bali. A communique said that the five Presidents and Prime Ministers "re-affirmed the determination of their respective governments to continue to work for the promotion of peace, stability and progress in Southeast Asia".<sup>16</sup>

With the signing of the ASEAN Declaration and a Treaty of Amity and Cooperation, the Association of Southeast Asian Nations, hitherto an economic and social grouping,<sup>17</sup>

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16. The New York Times, 25 February 1976.

17. The stated aim and purpose of the Association is acceleration of economic growth, social progress and cultural development through joint endeavours, promotion of active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields; and promotion of regional peace and stability through abiding respect for justice and the rule of law. For details see the ASEAN Declaration (Bangkok Declaration, 1967), in Alison Broinowski, ed., Undertaking ASEAN (London, 1982).

formally transferred itself into a political organisation. It was the first treaty which provided a legal foundation to the ASEAN countries ever since it came into existence.

The most important fact of American policy in the aftermath of the Vietnam tragedy was that the United States began to deal with the ASEAN countries as a group and formally recognised the existence of ASEAN which took birth almost a decade earlier. For the first time a formal ASEAN-American dialogue occurred in Manila from 8 to 10 September 1977 and subjects of regional interests rather than bilateral concerns were discussed.

#### American Economic Involvement in Southeast Asia

Prior to Second World War, the United States had little economic involvement in Southeast Asia, except for the special case of the Philippines. The trade was mainly controlled by European colonial powers. The post-war period witnessed the breaking up of the colonial system and the economic weakness of the European metropolises. There occurred a power vacuum in Southeast Asia. However, United States did not come forward to fill up the vacuum.<sup>18</sup>

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18. Alvin Roseman, "US Economic Commitment in Southeast Asia", Current History (Philadelphia), vol.51, n.317, January 1968, p.7.

The first governmental interest in the economic progress of this region was, however, demonstrated through modest technical assistance activities inaugurated under the "Point IV" programme in 1950.<sup>19</sup>

American policy makers laid stress on the economic consequences of the spread of Communism in Southeast Asia. Statement of policy by the National Security Council in early 1952 on "United States objectives and courses of action with respect to Southeast Asia" mentioned that:

"Southeast Asia, especially Malaya and Indo-China, is the principal world source of natural rubber and tin, and a producer of petroleum and other strategically important commodities. The rice exports of Burma and Thailand are critically important to Malaya, Ceylone and Hongkong and are of considerable significance to Japan and India, all important areas of free Asia".<sup>20</sup>

But recognition of this economic importance did not mean that Southeast Asia was important for the health of the US economy. The US commitment in Southeast Asia was not based on concern about important economic interest.<sup>21</sup>

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19. *ibid.*, p.8.

20. The Pentagon Papers, n.2, pp.27-28.

21. Roseman, n.18, p.8.



In the late sixties the Philippines alone accounted for one-half of the region's exports to the United States and about one-third of the imports from the United States. Southeast Asian nations, no doubt, supplied commodities, lime, rubber, tin and copper, yet United States did have adequate alternative sources for these commodities and minerals.

Washington was much more concerned about the strategic requirements, than the economic one. The economic commitment of the United States was primarily based on programmes of economic and technical assistance designed to strengthen the indigenous non-Communist governments of the area.<sup>22</sup> Thus struggle and political interests were the infra-structure and economic commitment was the super-structure of America's Southeast Asian policy.

The United States economic policy and commitment towards Southeast Asia was furthered through many ways like support for regional economic cooperation i.e. ASEAN, establishment of Asian Development Bank and Economic Assistance Programme. These means for economic progress of ASEAN are not within the scope of present research. Only trade relations between the US and ASEAN has been attempted.

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22. Venkataramani, n.1, p.66.

US Bases Agreements in Asia

Since the Second World War the United States had maintained naval and air bases in Japan, Guam, the Philippines and in Thailand. In 1946 the United States and the Philippines signed the base agreement. The Clark Air Base in the Pacific is the largest overseas military base of America. The Subic Naval Base, a major station in the Pacific for servicing the Seventh Fleet, is the most important American Naval base west of Hawaii. The United States military strategists considered these bases indispensable to a continued military presence in the Western Pacific.<sup>23</sup> Apart from setting up military bases, the United States also concluded a number of bilateral military agreements with the Philippines and Thailand.

Apart from maintaining military bases in Clark Airfield and Subic Bay of the Philippines the United States and the Philippines were bound together by a set of obligations under the Military Assistance Agreement of 1947, the mutual Defence Treaty of 1951, and the

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23. See the Report by Senator Mike Mansfield to the Committee on Foreign Relations of United States Senate, entitled "Charting A New Course : Southeast Asia in a Time of Change" (US Government Printing Office, Washington, 1976), p.6.

Southeast Asian Collective Defence Treaty of 1954.

The commitment to the Philippines security and independence has been reaffirmed by every American Administration since the signing of the treaties. Secretary of State Dean Rusk announced on October 9, 1964, that "our own defense arrangements with the Philippines are very far reaching... if there is an attack on the Philippines from any quarter, that is an attack on the United States.....<sup>24</sup> On November 2, 1964, President Johnson assured the Filipino President on the occasion of latter's visit : "I pledge again the full and continuing support of the United States to the Philippines Republic...<sup>25</sup>

A wide range of military equipment was supplied to the Philippines during 1963-68.) These included F-5A, F-5B Fighter Aircrafts, helicopters, naval vessels including Destroyers, Escorts, Patrol Crafts and ground force equipment including Rifles, Recoillers and Armoured Personnel Carriers.<sup>26</sup>

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24. George E. Taylor, "The Challenge of Mutual Security" in Frank H. Golty, ed., Philippines - American Relations (Manila, 1966), p.69.

25. ibid.

26. Statement by Leonard Unger, in US Senate, Congress 91, session 2, Subcommittee on United States Security Agreements and Commitments Abroad of the Committee on Foreign Relations, Hearings, United States Security Agreements and Commitments Abroad (Washington, D.C., 1971), vol.1, p.77.

(In September 1950, the Economic and Technical Cooperation Agreement was concluded between the Thailand and the Americans. In the following month a Military Assistance Agreement was also signed. In the meeting of Foreign Ministers of SEATO countries in Manila in 1950, Thai Foreign Minister, Prince Wan Waithayakan said; "The Government and people of Thailand are anxious to have as strong a pact as possible.... My Delegation would desire to see a commitment which in substance is as near as possible to that of NATO".<sup>27</sup>

On 6 March 1962 in a meeting with Foreign Minister of Thailand, Thanat Khoman, US President Kennedy assured Thailand of full support for its political independence and territorial integrity. He pledged American determination to meet any communist attack on Thailand without requiring the prior agreement of other SEATO members. In a joint statement issued on the same day by the Secretary of State Dean Rusk and Foreign Minister Khoman, the Secretary of State reaffirmed that the preservation of the independence and integrity of Thailand was vital to the national interest of the United States.<sup>28</sup>

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27. Donald E. Nuechterlein, Thailand and the Struggle for Southeast Asia (New York, 1965), p.115.

28. *ibid.*, p.230.

United States had concluded a "Mutual Security Assistance Agreement" with Indonesia on 5 January 1952. The overthrow of Sukarno in a military takeover in September-October 1965 also facilitated America to improve relations with Indonesia. It also ended the strong tilt towards China that Sukarno had brought about. Thus the new regime collaborated itself with Washington's security objectives of anti-communist and anti-Chinese in Southeast Asia. In 1970, following President Nixon's visit to Indonesia and Indonesian support of the American policy in Cambodia, the US military assistance multiplied.<sup>29</sup>

In sum, it can be said that Southeast Asia till the end of Second Indo-China War had been a region of substantial strategic interests to the United States. The region was never central to the survival or prosperity of the American national economy. Therefore, Washington was more concerned with its security and strategic interests rather than its economic ones. ASEAN was, thus, expected to assume a security role in due course in consonance with US security objectives in the region.

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29. The Report, n.23, p.98.

C H A P T E R      I I

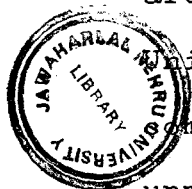


US STRATEGIC INTEREST IN SOUTHEAST ASIA

There are two central United States strategic concerns in Southeast Asia:

- 1) the unhampered use of United States air and naval bases in the Philippines
- 2) unimpeded transit through the Straits and Sealandes in Southeast Asian Seas.

These strategic interests highlight the importance the United States places on relations with the Philippines, Malaysia and Indonesia in its global anti-Soviet strategy. The United States has long viewed its relationship with the Philippines as a "special relationship" - a term that suggests not only shared experiences and values, but also security interests that are considered vital to the United States.<sup>1</sup> The "special" United States interests in the Philippines consist of a complex of naval, air and communication bases that are unmatched in scope and sophistications anywhere else in the world. The facilities at Subic Bay and Clark Air Force



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1. The term "special relationship" was used twice by Deputy Assistant Secretary of Defense Richard L Armitage in his statement to US Senate, Congress 97, Session 2, Subcommittee on East Asian and Pacific Affairs of the Senate Committee on Foreign Relations, Hearings, US Policies and Programmes in Southeast Asia (Washington D.C., 1982), pp.31-32.

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Base have been given a new role with the appearance of the "rapid deployment force" strategy in the Gulf region.

### US Air and Naval Bases in the Philippines

The strategic location of the islands was recognised by the commander of the American colonial forces in the Philippines, General Arthur MacArthur.<sup>2</sup> More than half a century later, a similar appreciation was given to the Congress by the retiring Commander-in-Chief of the US forces in the Pacific (CINCPAC), Admiral Robert L. Long when he said :

The strategic importance of the Philippines... is readily apparent.... The Philippines sits astride the vital sea and air lanes of the western Pacific and gateways to the Indian Ocean. It is in close proximity to Soviet installations in Vietnam.<sup>3</sup>

The security relationship between the United States and the Philippines rests on a number of formal agreements, most of which were negotiated shortly after Philippines independence. The most important agreements are the Military Bases Agreement (MBA), the Military Assistance Agreement, and the Mutual Defence Treaty.

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2. William Manchester, American Caesar : Douglas MacArthur 1880-1964 (Boston, 1978), p.35.
  3. Statement by Admiral Robert L. Long, Commander-in-Chief, Pacific Navy, in US House, Congress 98, session 1, Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, Hearings, US-Philippines Relations and the New Base and Aid Agreement (Washington D.C., 1983), p.46.



Under the MBA of March 1947, the United States acquired the right to retain the use of 23 bases (including Clark Field and Subic Bay). Access to these bases were provided rent free for 99 years.<sup>4</sup> The Military Assistance Agreement was signed a week after the MBA and formalized the post-war transfer of US war surplus stock to the Philippines. The United States-Philippines Mutual Defence Treaty was signed on 30 August 1951 in which each party accepted that an attack in the Pacific on either party would be a threat to peace and security in the Pacific Basin.<sup>5</sup>

In 1959, for the first time MBA had been revised and the lease period of the bases was curtailed from 99 years to 25 years.<sup>6</sup> The Marcos-Mondale Communique of 1978 established the framework for regular reviews of the MBA. On January 7, 1979 review was made and several amendments were made to the MBA. In addition, the US also agreed to pay the Philippines \$ 100 million a year or \$ 500 million over a period of five years for

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4. Jose M. Aruego, International Documents for the Philippines (Manila, 1948), p.119.
  5. Alwin J. Cottrell, "Key US-Bases in the Philippines", National Defence (Arlington, VA), p.34.
  6. Asiaweek (Hongkong), 2 July 1976, p.15.

the use of military bases.<sup>7</sup> Under the second base review of 1983 the Reagan administration undertook to provide US \$ 900 million over the following five years. The term of the MBA expires on September 16, 1991.

Since the US military withdrawal from mainland Southeast Asia in the mid-1970s, the only facilities that remain under American control in the region are the major naval and air installations in the Philippines. These now serve as principal forward bases for the United States Pacific Command (PACOM).

The Philippine bases support the US military posture in three operational regions. These are the Indian Ocean, Southeast Asia and, to a lesser extent, Northeast Asia. In addition, the facilities are geared to support operations in East Africa and are regarded as the "back door" to the Middle East.

In the Southeast Asian context, the bases have become more important for two reasons for US :

(a) In the wake of the Guam Doctrine the military presence in the Philippines became the single most important

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7. Chintamani Mahapatra, "American Military Bases in the Philippines : Some Reflections", Strategic Analysis (New Delhi), vol.XII, n.3, June 1988, p.310.

illustration of US interest in regional security.

Without these bases the post-Vietnam role of the United States in this region would have been further eroded.

(b) The bases have come to represent the counter-vailing American posture to the growing Soviet access to naval and air facilities in Vietnam.

As elements of the Pacific basing system, the air and naval facilities in the Philippines have been justified in the wider context of the missions of PACOM. These missions are :

1. The protection of US territories in the Pacific;
2. The maintenance of a regional deterrent posture vis-a-vis the USSR;
3. The security of air and sea lines of communication.

At present, the US maintains six military bases in the Philippines. They are : (i) Subic Bay Naval Base and its component naval airfield; Cubi Point, (ii) Clark Air Base, (iii) John Hay Air Station, Baguio City, (iv) the US Naval Radio Station, Capay, Tarlac (part of Clark Reservation), (v) the US Naval Communication Station, San Miguei and (vi) Wallace Air Station.<sup>8</sup>

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8. Cottrell, n.5, p.31.

The Subic Bay naval base is considered as one of the best naval bases among US' 374 overseas bases. Its natural asset is a well-protected harbour in a warm tropical climate with a depth of over 45 feet.<sup>9</sup> It is considered as a strategic base because of its geographic location and the vast distances involved in projecting military force into both the Pacific and Indian Ocean regions. Basically, it is situated near the demarcation line between the Indian and Pacific Oceans and it enables rapid projection of naval power and logistical support of ships already operating in Indian Ocean, Persian Gulf region or South China Sea.<sup>10</sup>

Subic Bay base has been considered as heart of the US Seventh Fleet. It not only provides deep waters logistic support but also command, control, communication, training facilities and medical support for Seventh Fleet. Its supply depot is the largest in the US navy, holding 3.8 million cubic feet of ammunition.<sup>11</sup> It also has Naval Ship repair facility, Naval supply depot public works centre, Naval magazine, Naval hospital and Fleet intelligence facility.<sup>12</sup> Besides these facilities,

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9. Robert Pringle, Indonesia and the Philippines American Interests in Island Southeast Asia (New York, 1980), p.66

10. Cottrell, n.5, p.34.

11. David Aikman, Pacific Rim (Boston, 1986), p.3.

12. Mahapatra, n.7, p.309.

its adjacent area is said to be a convenient place for keeping nuclear weapons. There are already rumours that nuclear armed submarines berthed in tunnels under the adjacent Zambels mountains.<sup>13</sup> Retired Admiral Gene La Roque of the Centre for Defence Information in Washington has argued in Congressional testimony that Subic "is probably the major naval storage point for tactical nuclear weapons in the Western Pacific".<sup>14</sup> On the other hand, a recent study by William Arkin and Richard Fieldhouse claims that "nuclear weapons are no longer permanently stored in the Philippines".<sup>15</sup> Also, the US had never admitted nor denied about the presence of nuclear arms in the military bases. Thus, it represents "the farthest forward major land out post of US military power".<sup>16</sup>

Another important aspect of the above base is that it is getting cheap Filipino labour. For example, the US is paying only \$ 70 a man-day for ship repairing activity in the Philippines, whereas it has to pay \$ 420

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13. James Putzel, "The Philippines President Aquino's Four Challenges", The World Today (London), <sup>Vol. 44, nos. 8-9,</sup> August/September 1988, p.157.
  14. Statement by Retired Admiral Gene La Roque, in US House, Congress no.98, session 1, Subcommittee on Asian and Pacific Affairs of the Committee on Foreign Affairs, Hearings, US-Philippines Relations and the New Base and aid agreement (Washington DC, 1983), p.185. See also the analysis of William Simons, "Command and Control in the Pacific", Journal of Defense and Diplomacy (McLean) vol.3, n.1, January 1985, p.21-22.
  15. William Arkin and Richard Fieldhouse, Nuclear Battlefields (Cambridge Massachusetts, 1985), p.228.
  16. Cottrell, n.5, p.34.

per day in the US for the similar work.<sup>17</sup> Because of this reason, the US had changed its policy and began to train thousands of Filipinos in ship repair activity and other technical establishments in order to minimise financial burden.

Cubi Point, naval airfield of Subic Bay, can accommodate upto 200 aircraft of US Seventh Fleet at a time. It serves as a source of industrial material and hotel support to several major aviation squadrons and numerous navy aviation units. It is also handling huge American transport aircraft like C-5 Galaxies.<sup>18</sup>

Another major military base in the Philippines is Clark Airfield. Its primary responsibility is to provide air defence to the whole western pacific and as far west in the Indian Ocean.<sup>19</sup> It serves as a base of support for Diego Garcia and stock piles of war reserve munitions. It is also a major military communication centre with satellite as well as high and low frequency radio facilities.<sup>20</sup> It occupies nearly 131,000 acreage of land out of which 46,000 acres are being used as bombing range area. It operates two F-4 Phantom squadrons and a squadron of F-5E

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17. Aikman, n.11, p.14.

18. Pringle, n.9, p.66.

19. Mahapatra, n.7, p.309.

20. Far Eastern Economic Review (Hongkong), May 13, 1977, p.30.

Both these squadrons are known as "aggressor squadrons,"<sup>21</sup> fighters. It has a big military hospital and almost infinitely expandable air lift facilities for both personnel and cargo.<sup>22</sup> It may be noted here that it is the headquarters for several army wings and agencies including Thirteenth Air Force and its key component, the Third Tactical Fighter wing and the Defence Commission Agency, Southeast Asian region.

John Hay Air Base has a radio station to provide high frequency circuits in support of the aircraft operation and air traffic control. It is also an important base because of its weather research facility and the Voice of America transmitter. Earlier this was a "leave and recreation centre".<sup>23</sup>

San Mignel Naval Communication Station provides the US with radio, microwave, radar, telephone, satellite, voice and data communication services from all over the world.<sup>24</sup> The other bases are less important as they are just like ordinary military communication stations.

Basically, these bases are part of US global force structure, an essential link in a chain of facilities which enables the United States to project its

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21. Aikman, n.11, p.142.

22. Pringle, n.9, p.62.

23. Mahapatra, n.7, pp.309-10.

24. *ibid.*, p.310.

conventional forces world wide. They are essential to maintain great power equilibrium in Southeast Asia. They keep the US forces over-ready throughout the Far East. They symbolize the American determination to remain a Pacific power.<sup>25</sup> Indeed these bases have become increasingly important after Vietnam war and withdrawal of US military bases from Thailand.<sup>26</sup> US military planners expect these bases to project US military power as far away as the Persian Gulf and oversee the Pacific Ocean choke points through which 80 per cent of the West's raw material pass.<sup>27</sup>

Another important aspect of the bases is that they protect the economic interest of Japan, an important ally of the US. The region Southeast Asia, especially ASEAN, is a major source of Japan's raw materials and an important market for Japanese goods. In addition, ASEAN straddles two sea lanes that are essential to Japan's economic survival. One is the "petroleum road" which originates in the Middle East and weaves its way through the straits of Malacca. The other is the "iron ore road" which starts in Western

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25. Pringle, n.9, pp.68-70.

26 Far Eastern Economic Review, May 13, 1977, p.29.

27 Aikman, n.11, p.141.



Australia and proceeds northward to Japan.<sup>28</sup> Thus, without these bases, it will be difficult for the Japanese industries to survive. The military bases in the Philippines have been playing the role of "watch dogs" for the above sea lanes. They are serving the interest of US and its proxies.

#### Alternatives of the Bases

So far as the Philippines is concerned, the US's stand is very clear, it has no intention to give up the bases. Yet, some pentagon officers have been considering a few places like Guam, Yokusuka or Micronesia as alternatives for the philippine's bases. It is fact that there is no location in the whole pacific that matches the benefits of the Philippine bases. Nevertheless, proposal for laternative sites were considered by US defence decision makers but were eventually rejected.

According to Alwin J Cottrell, a defence expert, "Guam would add three days steaming time to meeting the US' Indian Ocean commitment." Some American cruisers cannot even anchor in Guam's Apra Harbour, which has only a depth of 37 feet, and the turning radius of an attack carriers does not permit it to turn in there. It has very modest harbour

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28. Robert M. Orr, Jr. "The Rising Sun : Japan's Foreign Aid to ASEAN, the Pacific Basin and the Republic of Korea", Journal of International Affairs (New York), vol.41, n.1, Summer/Fall 1987, p.47.

facilities. Being a US territory, it does offer the bases without any major restrictions. In case of Yokusuka base, Japan, the labour cost is very high in comparison to the Filipino labour. In addition, Subic has a much larger waterfront capacity. The depth and range of services performed at Subic Bay is no comparison to any other base elsewhere in the South Western Pacific. Moreover, naval bases are very expensive to develop; and they involve complicated construction work which is available in Philippines.<sup>29</sup> Keeping in view of various merits, US defence decision-makers always found it difficult to consider seriously any possibility of US withdrawing from Philippines bases.

ASEAN nations have not supported the US bases in Southeast Asia publicly (except Singapore), as they have been seeking a zone of peace, freedom and neutrality (ZOPFAN). But unconfirmed reports say, they expressed their concerns over the "continued uncertainty" of American presence in the region and have made a "political decision that the bases are important to the region".<sup>30</sup>

With the changing scenario in the Super Power relations, Gorbachev made a statement in September 1988 in the Siberian city of Krasnoyarsk that if the US closed

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29. Cottrell, n.5, pp.35-36.

30 Mahapatra, n.7, p.315.

its bases in the Philippines the Soviet Union would pull out of its bases viz. Cam Ranh Bay and Danang in Vietnam. This proposal appears to be reasonable quid pro quo to an Asian, but not so to American security planners and American security community. According to Hans H. Indorf, "the two bases do not enjoy equivalent importance for overall military planning. A departure would leave the Russians in Vladivostok about eighteen hundred miles away, while the Americans would find themselves fifty three hundred miles away from the region in Hawaii. Since the Soviet arrival in 1979 was designed to raise the ante in possible confrontations with China and ASEAN, a unilateral Soviet withdrawal at the present time would even score for artificially raising tensions....."<sup>31</sup> Therefore, the US will not withdraw its bases at any cost from the Philippines.

Strategic Importance of Straits and Se lanes in Southeast Asian Seas

Free navigation through, under and over the straits and se lanes of Southeast Asia is critical to naval presence missions and affects the nuclear strategies and tactics of the Super Powers. Such passage is thus of national security interest to the US and the USSR. Nuclear armed and powered submarines, aircraft carrying nuclear bombs, and nuclear missiles comprise the triad of US nuclear

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31. Hans H. Indorf, "The 1988 Philippine Base Review", Asian Affairs : An American Review (New York), vol.15, Spring 1988, p.23.

strike capability. In order to attack or defend against a nuclear submarine, its location must of course be known. Indeed, the United States maintains that the vulnerability of SSBNs (the Polaris/Poseidon/Trident Fleet) and hence their indispensable role in a second-strike depends on their ability to pass through straits and sealanes submerged, unannounced and undetected. Four of 16 strategic straits in the world which are important to the mobility of the US fleet to reach target areas are in Southeast Asia -- Malacca, Lombok, Sunda and Ombai-Wetar. Only the Indonesia straits of Ombai-Wetar and Lombok are physically and politically unseable by submerged US submarines. Without secure submerged passage, the submarines would have to circumnavigate Australia and double back in the Timor Sea. The United States has an advantage because the important strait states are friendly to the United States.<sup>32</sup>

Listening and communication devices on the seabed are used to detect nuclear submarines. US policy-makers regard this knowledge to be critical for avoiding or countering surprise attacks, thus maintaining the balance of power as well as deterrence. It is extremely difficult

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32. Mark J. Valencia and James Barney Marsh, "Access to Straits and Sealanes in Southeast Asian Seas : Legal, Economic and Strategic Considerations", Journal of Maritime Law and Commerce (Cincinnati), vol.16, n.4, October 1985, pp.542-43.

to track submarines that have passed through straits submerged. It is virtually impossible to track all SSBNs on patrol (that is, in position to fire). Open-area surveillance (from aircraft, surface ships, and satellites) will remain of limited effectiveness unless and until, perhaps, large parts of the ocean floor are covered with a network of bottom detection systems in communication with surface ships and aircraft.<sup>33</sup>

US defence planners have constantly affirmed that the most effective and practicable electronic detection and surveillance of submarines of the Soviet Union is by means of a series of hydrophones (or sonars) connected by undersea cables anchored to the continental shelf, particularly in strategic straits of Southeast Asia. Simultaneously, this device has to be worked up to a listening station on shore of its Allies. Also, active sonar detection systems for deep water may require a power source and communication link with land. Thus over the years US has developed strategic interest in land areas adjacent to strategic straits of Southeast Asia.

During the post-Vietnam era, the United States withdrew from the Asian land mass and consolidated its defense positions offshore and the Pacific rim. The US forward deployment network now stretches from Japan to Clark Air Force Base and Subic Naval Station in the Philippines, to Diego Garcia and thence to East Africa and the Middle East. The US had deployed a new generation

<sup>33</sup> ibid., p.543.

of nuclear weapons on naval vessels in the western pacific -- the Tomahawk cruise missile, with a 200-kiloton warhead more than nine times as powerful as the bomb that devastated Nagasaki. The US Pacific fleets (the 3rd and 7th) have 87 warships, 6 carriers, 44 attack submarines and 10 strategic missile submarines.<sup>34</sup>

There has been a corresponding build up of Soviet military power in the Pacific and Indian oceans. The Soviet Pacific fleet has 87 warships, one carrier, 80 attack submarines and 30 strategic missile submarines. The United States claims that the Soviet Union already has cruise missiles on its ships and submarines in the Western Pacific. The most significant development has been increased Soviet access to military facilities in Vietnam's Cam Ranh Bay Danang airfield. About four "Bear" long-range patrol aircraft conduct maritime surveillance of submarine and surface shipping in the sealanes from Bashi channel to the Natuna islands and can probe radar and air defence of ASEAN countries. There is also a constant presence in Vietnam of nine "Badger" medium range bombers, capable of attacking surface shipping and submarines in the South China Sea, and 20 to 26 surface ships and four to six submarines in Cam Ranh Bay. In early April 1984, 400 Soviet marines joined Vietnamese troops in an amphibious-landing exercise near

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34    ibid., pp. 545-46.

Haiphong, the first publicized joint exercise between the two countries.<sup>35</sup> Vietnam thus support Soviet naval operations in the Indian Ocean while enhancing Soviet capabilities to monitor and interdict Southeast Asian sealanes.

The United States is pressurising Japan to shoulder responsibility for defending shipping lanes. ASEAN countries have increased their defence allocations, but they have weak and limited local patrolling. They are dependent on the US to provide security to any threat from sea. For the United States the priorities are different. It needs to boost its anti-submarine capabilities, as it perceives that greatest Soviet naval threat comes from submarines. Therefore, United States has military cooperation with the ASEAN nations situated along the coasts of the pacific which to a great extent meet the strategic requirement of the US.

Meanwhile, a major ASEAN initiative for peace, freedom and neutrality being worked out which could affect the use of the strategic straits and sealanes for nuclear-armed submarines and aircraft. In 1976, ASEAN declared its

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35. Jenkins, "A country Adriff", Far Eastern Economic Review, November 8, 1984, p.25.

intention to make the region a zone of peace, freedom and neutrality (ZOPFAN). In 1985, Malaysian Prime Minister Mahathir said on a visit to New Zealand that Malaysia was opposed to nuclear weapons testing and to the permanent stationing of nuclear weapons in the Pacific.<sup>36</sup> As a start for ZOPFAN, the ASEAN standing committee endorsed a nuclear weapons free zone in the area, controlled by ASEAN's six members.<sup>37</sup> Malaysia and Indonesia even wanted to begin drafting an ASEAN treaty to that effect but this was not supported by other members. Although Malaysia views implementation as years away the procedure will be to include other Southeast Asian nations such as Vietnam in the consultation process before approaching the nuclear powers.<sup>38</sup>

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36. Far Eastern Economic Review, September 20, 1984, p.10.
37. Far Eastern Economic Review, September 27, 1984, p.13.
38. Clad, "No Nukes, May be", Far Eastern Economic Review, March 28, 1985, p.42.



CHAPTER III

## US-ASEAN TRADE RELATIONS

Although the US had maintained bilateral relations with members of the ASEAN for decades, it was only in September 1977 in Manila, that the first formal economic consultation took place between the ASEAN and the US. This meeting laid the basis for their future relationship. The Manila meeting paved the way for future ASEAN-US ministerial meetings, established an ambassadorial ASEAN Washington Committee and outlined areas for specific ASEAN-US interactions.

### US-ASEAN Complementarity

Considerable economic gains accrue to the ASEAN countries and the United States from their trade relations. This is apparent from examining basic economic indicators of the complementarity of resources between the ASEAN countries and the United States. Selected economic indicators for the year 1976, 1981, and 1985 have been given in Table 3.1. These include measures of natural resources (land area), manpower (population), and physical and human capital (per capita gross domestic product). The table also includes contributions to total

output of the agriculture, manufacturing, and service sectors. Because manufacturing is generally the most dynamic part of the industrial sector, its share of GDP is shown separately.

The Table 3.1 indicates that the United States is relatively better endowed with both natural resources and capital than the ASEAN countries, while the ASEAN countries are relatively better endowed with basic labour (manpower) than the United States. The data also indicate that the US economy is primarily devoted to the production of services, while the ASEAN economies combined are devoted more evenly to the production of agricultural goods, manufactures, and services.

The data for the individual ASEAN countries show the diversity of natural, physical and human resources within the group. Indonesia accounts for the largest shares of ASEAN land area (about 62 per cent) and population (about 50 per cent), but has the lowest per capita output level among the ASEAN countries. Singapore lies at the other end of the natural resources and population spectra. However, it has the highest per capita income among the ASEAN countries, reflecting the city-state's wealth of physical capital and labour skills. The Philippines and Thailand appear virtually identical in terms of population and per capita output;

moreover, they have per capita output levels very near to the mean level of the ASEAN countries. Finally, Malaysia has about the same land area as the Philippines, but is significantly smaller in population and enjoys a much higher per capita output level.

Theories of international trade, which mainly emphasize differences in relative endowments of primary factors of production between countries as a fundamental basis for trade, would predict that the apparent complementarity of natural, physical, and human resources between the ASEAN countries and the United States might be expected to promote considerable trade. Specifically, they would predict that the United States would tend to export physical and human capital-intensive goods (and services) and resource-intensive goods to the ASEAN countries, while ASEAN would tend to export goods that are relatively intensive in basic labour services and perhaps in certain natural resources.<sup>1</sup> These predictions should not be expected to hold perfectly; in particular,

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1. For details see G.C. Hufbauer, "The Impact of National Characteristics and Technology on the Commodity Composition of Trade in Manufactured Goods", in Raymond Vernon, ed., The Technology Factor in International Trade (New York, 1970).

the basic indicators in Table 3.1 would suggest that there exists a great deal of variation in factor endowments among the individual ASEAN countries. Indonesia and Singapore, for instance, might be expected to be less reliant on imports of US resource and capital-intensive goods than the other ASEAN countries because of their relative abundance among the ASEAN countries of natural resources and skilled labour, respectively.

Finally, it should be understood that factors other than the complementarity of resources also influence trade between the ASEAN countries and the United States. These include chiefly the trade policies and practices of the ASEAN countries and the United States. Therefore, in addition to the trends of ASEAN-US trade, attempt has been made to give an account of principal trade policies shaping the ASEAN-US trade relations.

#### US Economic Interests in ASEAN Countries

The ASEAN countries have a combined population of over 250 million peoples (more than all of South America) representing a variety of potential consumers

for US products. ASEAN countries' overall economic growth rate of more than 7 per cent is among the highest in the world and their export sectors are expanding at an annual rate of 25 per cent.<sup>2</sup>

The interest of the US in ASEAN is partly explained by the region's position as a major supplier of some of the world's critical raw materials. The ASEAN countries account for 70 per cent of world production of copra, 81 per cent of natural rubber, 56 per cent of palm oil, 14 per cent of rice and bananas and 6 per cent of coffee. Seventy per cent of world tin production originates in ASEAN countries, principally Malaysia, Thailand and Indonesia. Copper and Nickel are important Philippine exports. Thailand is the world's second largest producer of tungsten. Indonesia and Malaysia account for about three per cent of world crude oil production.<sup>3</sup> ASEAN is the fourth largest US trading partner, behind Canada, the EEC and Japan and in 1979, US-ASEAN trade ran at 11 billion dollars more than that of Mexico.<sup>4</sup> The United States is dependent on the ASEAN

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2. Richard C. Schroeder, "ASEAN :A Community of Nations", Horizons (USA), n.31, (n.d.), pp.28-30.

3. ibid., p.29.

4. Martin H Sours, "ASEAN and US Foreign Policy", in James C. Hsuing and Winberg Chai, ed., Asia and the US Foreign Policy (New York, 1981) p.184.

countries for supply of a number of important raw materials. For example, "ASEAN supplies about 90 percent of US imports of natural rubber, 72 percent of tin, 17 percent of tea, 14 percent of sugar and 10 percent of crude petroleum".<sup>5</sup>

#### ASEAN-US Dialogues and Business Councils

It can be observed in general that bilateral ASEAN-US relations in the period 1975-85, especially since the establishment of the ASEAN-US Dialogue in September 1977, have been promoted by ASEAN. Bilateral US relations with individual ASEAN countries remain important, but ASEAN countries have increasingly formulated common approaches on many economic issues affecting ASEAN and have resorted to the ASEAN-US Dialogue as the forum for expressing their joint proposals and demands for greater economic cooperation in the area of trade.<sup>6</sup>

In the dialogues international trade issues were discussed in great length. Two major ASEAN requests were favourably acted upon by the US. They were : (i) The inclusion of Indonesia in the US-GSP (generalised system of preferences) and (ii) the re-instalment of Philippine

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5. Schroeder, n.2, p.30.

6. Hadi Soesastro, "ASEAN-US Economic Relations: An Update", Indonesian Quarterly(Jakarta), vol.13, n.3, July 1985, p.380.

rattan furniture in US-GSP.<sup>7</sup>

In July 1979, an ASEAN-US Business Council was set up following a conference in Manila. It is to be administered jointly by the US Chamber of Commerce and the ASEAN Chamber of Commerce and Industry. (The ASEAN-US Business Council's goals included, among many other things, the formation of joint study groups for the promotion of two-way trade and establishing contacts between related sectors of the various economies.<sup>8</sup> ↑

The ASEAN-US Business Council has become an important vehicle for US foreign policy in this region. And the US Commerce Department has become very active, sponsoring trade missions from the US to ASEAN and helping ASEAN sponsoring trade representatives tour to the US. American interest in increasing trade with the ASEAN seemed to signal the onset of a new US policy in the region : a shift away from the use of repression of the use of military force in Southeast Asia and at the same time, maintaining a continuing involvement by US representatives in the region. In other words, no retreat was perceived as necessary in the face of military

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7. ibid., pp.381- 82.

8. Sours, n.4, p.184.



defeat, for the US soldiers were simply symbolically replaced within the context of the overall symbolism of US foreign policy by the Yankee traders.<sup>9</sup>

ASEAN-US trade relations has to be seen from the many values and interests which both parties share in common. One such common interest is the security and stability of Southeast Asia. Both sides seem to understand well that economic development in ASEAN countries is an important determinant of regional stability. A US policy which encourages trade with ASEAN countries will be seen as a reaffirming of a strong, general political and security commitment to the region.<sup>10</sup> Economic stagnation and decline may lead to political instability which will then help the growth of communist insurgencies in these countries. And if these insurgencies succeed even in a single country it can weaken the stability of the entire Asia-Pacific region. The US, therefore, extends all possible cooperation to them. It has a good share of trade with the ASEAN countries. But only in the case of the Philippines can it be said to have created a "dependency".

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9. Sours, n.4, p.185.

10. Soesastro, n.6, p.378.

The size of the US economy is large. Its GDP in 1981 and 1985 was \$ 2,893,300 millions and \$ 3,946,600 millions, <sup>respectively</sup> (for details see table 3.1). Its bilateral trade with ASEAN collectively constitutes a very small percentage of its global trade and even a drastic fall in its volume is unlikely to hurt the US very much. It has thus tremendous capacity to bargain from a position of strength.

Table 3.2 and Table 3.3 would give the amount of trade conducted between the US and the ASEAN states between 1976 and 1980 and between 1981 and 1985. The tables show clearly that Indonesia had trade balance in her favour throughout the period of study. Malaysia and Philippines (except in 1979 and 1980) for the period 1976-1980 had trade balance in their favour. But for the period 1981-1985, Malaysia (except 1985) and Philippines (except 1984 and 1985) had trade deficit with the US. ASEAN's other two members Thailand (except in 1985) and Singapore (except in 1984 and 1985) were not so lucky. They had trade deficit with US.

The Carter administration initially promoted ASEAN as an economic organisation that could stimulate the area's development. Therefore, he gave attention towards increasing trade between the two

countries.<sup>11</sup> Later, the Reagan Administration placed too much reliance on the use of force and employed strong rhetoric of confrontation. This distracted attention from more urgent economic problems.

### Trade Issues

However, American trade policies evoked a good deal of concern and even hostility from ASEAN nations. Dissatisfaction with American economic policies has, in fact, been expressed constantly since the establishment of ASEAN in 1967. ASEAN has complained of United States failure to support international commodity agreements, price stabilization schemes and other proposals associated with the New International Economic Order promoted by the Third World countries. ASEAN has also long found fault with United States tin disposal policies,<sup>12</sup> which contributed to a collapse in the price of metal; withholding of support for an international rubber price maintenance programme; and insistence on an international textile agreement on terms tougher for the ASEAN countries.<sup>13</sup> In the succession of economic dialogues

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11. Leszek Buszynski, "The United States and Southeast Asia: A Case of Strategic Surrender", Journal of Southeast Asian Studies (Singapore), vol.14, n.2, September 1983, p.225.
  12. Evelyn Colbert, "United States Policy in Southeast Asia", Current History (Philadelphia), vol.86, n.519, April 1987, p.147.
  13. International Herald Tribune (Nevilly, France), 3 April, 1986.

between United States and ASEAN officials since 1977, ASEAN proposals for changes in the economic relationship and its request for special treatment have usually proved to be contrary to United States global economic policy, or United States legislation, or required greater influence over Congress than the executive branch possessed.<sup>14</sup>

The dissatisfaction with the United States, however, has been outweighed by appreciation of the American role in supporting the open global trading system on which ASEAN's phenomenal economic growth has depended and, perhaps even more, by relatively good trade relations between the United States and ASEAN countries. Between 1977 and 1986 United States import from ASEAN increased by almost 200 per cent. Moreover, the United States is a major customer for the products of ASEAN's increasing important manufacturing sector. By 1983, the manufactures share of ASEAN exports to the United States had increased to 40 per cent from 31 per cent in 1970; manufactures constitute 70 per cent of Philippine exports to the United States; while the percentage is lower for oil-rich Indonesia, Americans nonetheless are Indonesia's best customers for manufactures.<sup>15</sup>

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14. Colbert, n.12, p.147.

15. Economic Changes in the Asian Pacific Rim(Washington, D.C., Congressional Research Service, 1986), pp.11-14.

The recession which continued through 1983-84, the falling prices of primary commodities, collapse of oil prices, shrinking world export market for foodgrains as a result of increased food production throughout the world and slow rate of development in the developed world have combined to create distressing economic condition in the ASEAN countries.<sup>16</sup> Slowing growth rates in industrial countries have reduced demand for manufactured imports. Also, competition from other developing countries has increased.<sup>17</sup> The difficulties of the ASEAN countries have been compounded by the rising tide of protectionism in developed countries. If these conditions continue for a few more years, the ASEAN countries would return to more turbulent economic days. As Lee Kuan Yew, Prime Minister of Singapore stated in his interview on April 2, 1986, after having enjoyed six to eight per cent growth, it is not easy to live with a one or two per cent growth rate.<sup>18</sup> ASEAN reliance on the United States both as a customer and as an influence of international trade policies, has intensified the ASEAN nation's sense of threat and has evoked new expressions of doubt about the rhetorical links American spokesmen make between United States

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16. International Herald Tribune, 3 April 1986.

17. Colbert, n.12, p.147.

18. International Herald Tribune, 3 April 1986.

interests and ASEAN wellbeing.<sup>19</sup> It is doubtful that the US would change its economic policy to relieve the pressure on the ASEAN countries. Even if it has the will, it is doubtful that it has the capacity. The US has been running a trade deficit which has been growing larger every year. In 1985, it peaked at \$ 148,500 million. This has led to a demand that the United States cut down its deficit by increasing its exports and reducing its imports. Such a policy is not going to serve the interest of ASEAN countries.

ASEAN concern with American protectionist trends affecting manufactures -- in particular, wearing apparel, electronic components and processed foods -- remains high. Thailand had earlier disputes with the US over textiles and canned tuna and steel pipe.<sup>20</sup> Moreover, the economic interest of the two partners are not proving to be mutually compatible is illustrated by the enactment of the Food security Act of 1985. Agricultural commodities have an important place in the structure of American exports. The value of agricultural exports has been falling rapidly. It fell from

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19. Colbert, n.12, p. 147.

20. ibid.

\$ 43,200 million in 1981 to projected \$ 29,000 million in 1985.<sup>21</sup> According to figures made available by the Department of Commerce on January 30, 1986, the US deficit on merchandise trade was \$ 148,500 million compared with previous record of \$ 123,300 million in 1980. US import in 1985 totalled \$ 361,600 million; 6% more than in 1984; while exports were \$ 213,000 million or 2.2 per cent less than in 1984.<sup>22</sup>

The decline of exports was causing acute distress to American farmers, particularly in the farming states. These conditions led the US Congress to enact this act. The act contains a programme to subsidize farm products upto \$ 325 millions. It has been pointed out that the act will adversely affect the rice exporting countries of ASEAN, especially Thailand. As a result of the subsidy, cheap and quality American rice would be available in world market with which the rice exporting countries of ASEAN would not be able to compete. The rice issue is sensitive because of the central role of rice in Thailand's culture as well as in its economy. Thus criticism of the United States has been unusually widespread, direct and bitter.<sup>23</sup>

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21. Kessings Contemporary Archives(London),vol.32,n.1, 34096, 1986.
22. For more details see, Kessings contemporary Archives vol.32, n.4, 34285, (1986).
23. Colbert, n.12, p.178.

The Thai attacked American rice policy as revealing the hypocrisy of United States condemnation of other nations' agricultural subsidies, charging that American policies sacrifice the interests of the 35 million Thai. About 70 per cent of the population are dependent in one way or another on the rice trade in Thailand. Thus a very large population's livelihood bartered away for a mere 11,000 American rice farmers. According to Thailand these policies represent unfair harassment of a small ally and a failure of American leadership, ultimately damaging to United States interest in the strength and stability of Thailand and its ASEAN partners.<sup>24</sup>

Responding to ASEAN complaints, the Reagan Administration has cited its own opposition to Congressional protectionist fever; administration spokesmen emphasize the continued health of the United States-ASEAN trading relationship, and call on the ASEAN countries to reform some of their own practices. In his meeting with the ASEAN foreign ministers in June 1986, Secretary Shultz devoted most of his public statements to these themes. Defending the American trade record, he pointed out that in the past three years, ASEAN exports to the United States have increased from \$ 14 billion to a little over \$ 16 billion

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24. *ibid.*



while ASEAN exports to the rest of the world have decreased by \$ 3.3 billion. Affirming Ronald Reagan's deep opposition to protectionism, he described the President as applauding "the wonderful speech, outstanding speech" in which, in 1985, Singapore's Prime Minister Lee Kuan Yew warned a Congressional joint Session of the economic and strategic dangers of protectionism. And, citing the importance of an equal commitment on the part of American trading partners, Shultz pointed in particular to the importance of efforts in ASEAN to improve the protection afforded to intellectual property and the climate for foreign investment and joint ventures.<sup>25</sup> Simultaneously Reagan has also made promise to the ASEAN countries that in administering the Food Security Act of 1985 he would keep their interests in mind.

Meanwhile, Thailand's private sector has begun to take more of the initiative in fighting western protectionism, rather than leaving it to the government. In the first industry-initiated action in 1984, Thai Tuna exporters-backed by the government and their industry counterparts in Japan, Taiwan and the Philippines - defeated attempts to raise tuna-import

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25. Department of State Bulletin (Washington, D.C.), September 1986, pp.25-26.

tariffs in the United States.<sup>26</sup>

However, the US protectionist sanction was not felt in Singapore as sharply as they had in other parts of the ASEAN region. Part of the reason was that the items most vulnerable to protectionism figured hardly at all in Singapore's exports to the US.<sup>27</sup>

Steel output was virtually nil and heavy manufactures were negligible. The most promising items in Singapore's burgeoning US trade seemed to be component parts of consumer electronic products and computer-goods against which the US had not erected barriers. Even in the textiles trade, Singapore garment makers had been pitching their product line upmarket in the US, avoiding the harsh effect of volume quotas.<sup>28</sup>

Almost 23% of the Philippine's 1983 export revenues of US \$ 5.01 billion came from more than 40 products that had to face some of protectionist measures in 18 countries including the US. The measures ranged

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26. Paisal Sricharatchanya, "The Exporters Fight back" Far Eastern Economic Review (Hongkong), 1 November 1984, p.79.
27. Lincoln Kaye, "Feb Taboos, Few Problems", Far Eastern Economic Review, 1 November 1984, p.80.
28. *ibid.*

from volume quotas and "seasonal" ad valorem tariffs to health-certification requirements.<sup>29</sup>

Agricultural products account for 44% of the amount generated by exports facing such barriers in the country's major markets. With the economy in dire need of funds to recover from its current deep recession and service its \$ 25.6 billion of foreign debt, Philippine trade officials are understandably worried about the new wane of protectionist attitudes-especially in the United States, the country's top trading partner, which buys 37% of its exports. The US had non-tariff measures that affected 21 Philippine export items which earned \$ 125 million in 1983. The Philippine is pinning its hopes on several agreement under the aegis of the General Agreement on Tariffs and Trade to hurdle these trade barriers. The country has secured direct and indirect concessions from the US. These include 97 tariff lines.<sup>30</sup>

But these concessions will not be enough, according to one Philippine official. He said local products almost always run into some kind of protectionist wall as soon as they enter a country in substantial volume.

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29. Jose Galang, "Rising Barriers to a Recovery", Far Eastern Economic Review, 1 November 1984, p.74.

30. *ibid.*

Manila currently is reviewing its stand on five GATT agreements on which it has delayed making a firm decision since 1980. It is now considering signing codes on technical barriers to trade, import licence procedures, government procurement, custom valuation and subsidies and countervailing duties. By signing up, it hopes to get favourable terms for its exports from other countries that have done the same. While seeking tariff concessions from its markets, the Philippines also has undertaken a tariff-reform programme that would lower the effective protection rates it gives to its own industries. Under this programme, its import-tariff rates should average 25% by 1985.<sup>31</sup>

With its highly trade-dependent economy, Malaysia normally keeps close watch on protectionist trends in its major markets, especially the United States. The Americans received public criticism for their textiles or commodity import policies. Malaysia, however, has been quietly implementing a few protectionist measures of its own, most notably affecting cement imports. In his September 1984 address to the commonwealth finance ministers' meeting in Toronto, newly appointed Finance Minister Daim Zainuddin used strong language. Criticising

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31. *ibid.*

the basic trade policies of developed nations, he said, "Basic economic principles have been disturbed, and rules have been changed or modified to enable (western countries including USA) to perpetuate their dominance of the world economy".<sup>32</sup>

As diversification of export products and markets continues, Kuala Lumpur's trade negotiations have come up against a wider range of what the International Monetary Fund in July 1984 described as "the trend towards increased reliance on quantitative controls and quotas in industrial countries." These included US textiles quotas hitting Asian producers.

Many Malaysian exports face few barriers, especially such big earners as electronic components, petroleum and natural gas. But protectionist pressures are hindering Malaysia's comparative advantage in other products. Many exports to the US (electronic components, rubber, vegetable oils) also enter without duty but, like other Asian countries, Malaysia is affected by US textile quotas.<sup>33</sup> Significantly since August 1984, textiles have been the hottest issue in Indonesia-US trade relations too.<sup>34</sup>

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32. ibid.

33. ibid.

34. Soesastro, n.6, pp.383- 84.

TABLE 3.1

US AND ASEAN BASIC ECONOMIC INDICATORS, 1976, 1981 AND 1985

- 59 -

Country	Land Area ('000 sq.km)	Population (millions)			Gross Domestic Product(GDP) Total (millions of dollars)						Sectoral Composition of GDP (Percent)											
		1985	Mid 1976	mid 1981	Mid 1985	Per Capita (\$)			Agriculture			Industry			Manufacturing			Services				
						1976	1981	1985	1976	1981	1985	1976	1981	1985	1976	1981	1985	1976	1981	1985		
United States	9,363	215.1	229.8	239.3	..	2,893,300	5,946,600	..	12,590	16,492	3	3	2	32	34	31	..	23	20	65	63	67
ASEAN	3,064	236.5	263.7	286.8	..	1,98,350	2,06,040	..	752	718	24	19	18	32	37	33	..	21	20	44	44	49
Indonesia	1,919	135.2	149.5	162.2	..	84,960	86,470	..	568	533	29	24	24	34	42	36	..	12	14	37	34	41
Malaysia	330	12.7	14.2	15.6	..	24,770	31,270	..	1,744	2,004	29	23	21*	30	36	35*	..	18	20*	41	41	44*
Philippines	300	43.3	49.6	54.7	..	38,900	32,590	..	784	595	29	23	27	34	37	32	..	25	25	37	40	41
Singapore	1	2.3	2.4	2.6	..	12,910	17,470	..	5,879	6,719	2	1	1	35	41	37	..	30	24	63	58	62
Thailand	514	43.0	48.0	51.7	..	36,810	38,240	..	766	739	30	24	17	25	28	30	..	20	20	45	48	53

Sources: World Development Report, 1978 (Washington: World Bank), pp. 76, 77, 80, 81, World Development Report, 1983, pp. 148, 149, 151, 153, World Development Report, 1985, p. 179 and World Development Report, 1987, pp. 202, 203, 206, 207.

Conventions: .. data not available  
\* data for 1983

TABLE 3.2

ASEAN - US TRADE 1976-80

Country/year	Total Trade	Exports	Imports	Trade Balance
<b>Indonesia</b> (US \$ million)				
1976	2,745.2	2,452.0	293.2	+2,158.8
1977	3,954.0	3,011.4	942.6	+2,068.8
1978	4,381.1	2,962.2	1,418.9	+1,543.3
1979	4,533.3	3,170.7	1,362.6	+1,808.1
1980	5,712.5	4,303.3	1,409.2	+2,894.1
<b>Malaysia</b> (M \$ million)				
1976	3,330.9	2,094.3	1,236.6	+ 857.7
1977	4,092.5	2,717.6	1,374.9	+1,342.7
1978	5,085.4	3,182.9	1,902.5	+1,280.4
1979	6,747.8	4,182.5	2,565.3	+1,617.2
1980	8,167.6	4,609.1	3,553.5	+1,050.6
<b>Philippines</b> (US \$ million)				
1976	1,426.2	924.4	801.8	+ 126.6
1977	1,911.2	1,112.1	799.2	+ 312.9
1978	2,151.8	1,165.2	995.6	+ 160.7
1979	2,786.6	1,384.2	1,402.5	- 18.2
1980*	3,374.1	1,588.4	1,785.7	- 197.3
<b>Singapore</b> (S \$ million)				
1976	5,354.0	2,393.5	2,960.5	- 567.0
1977	6,348.0	3,120.8	3,227.2	- 106.0
1978	7,456.3	3,684.5	3,771.8	- 87.3
1979	9,755.4	4,265.9	5,489.5	-1,223.6
1980	12,509.2	5,272.0	7,237.2	-1,965.2
<b>Thailand</b> (Baht million)				
1976	15,837.0	6,098.0	9,739.0	-3,641.0
1977	18,509.0	6,939.0	11,570.0	-4,631.0
1978	23,984.0	9,153.0	14,831.0	-5,678.0
1979	34,860.0	12,106.0	22,754.0	-10,648.0
1980	n.a.	n.a.	n.a.	n.a.

Conventions: \* Preliminary  
n.a. Not available

Source : Review (Dhaka: Dhaka Chamber of Commerce and Industry),  
30 October 1981, p.7.

TABLE 3.3

ASEAN - US TRADE 1981-85

Million US dollars

Country/year	Total Trade	Exports	Imports	Trade Balance
<b>Indonesia</b>				
1981	6,155.2	4,360.4	1,794.8	+ 2,565.6
1982	5,963.2	3,546.0	2,417.2	+ 1,128.8
1983	6,800.4	4,266.7	2,533.7	+ 1,733.0
1984	7,064.6	4,504.7	2,559.9	+ 1,944.8
1985	5,756.8	4,033.3	1,723.5	+ 2,309.8
<b>Malaysia</b>				
1981	3,226.1	1,537.9	1,688.2	- 150.3
1982	3,580.8	1,399.4	2,181.4	- 782.0
1983	3,991.1	1,863.8	2,127.3	- 263.5
1984	4,526.0	2,231.0	2,295.0	- 64.0
1985	3,889.7	2,006.8	1,882.9	+ 123.9
<b>Philippines</b>				
1981	3,701.4	1,770.8	1,930.6	- 159.8
1982	3,449.4	1,588.5	1,860.9	- 272.4
1983	3,623.8	1,792.6	1,831.2	- 38.6
1984	3,804.8	2,031.5	1,773.3	+ 258.2
1985	3,007.4	1,657.1	1,350.3	+ 306.8
<b>Singapore</b>				
1981	6,254.2	2,770.4	3,483.8	- 713.4
1982	6,243.8	2,611.7	3,632.1	-1,020.4
1983	8,215.8	3,954.5	4,261.3	- 306.8
1984	9,002.3	4,822.9	4,179.4	+ 643.5
1985	8,864.8	4,791.4	4,073.4	+ 718.0
<b>Thailand</b>				
1981	2,202.0	905.5	1,296.5	- 391.0
1982	2,024.9	880.8	1,144.1	- 263.3
1983	2,252.2	953.2	1,299.0	- 345.8
1984	2,674.3	1,275.7	1,398.6	- 122.9
1985	2,293.1	1,268.6	1,024.5	+ 244.1

Sources: Key Indicators of Developing Member Countries of ADB, Supplement, October 1985, pp.48,67,93,99 and 115,  
The Economist Intelligence Unit (EIU), 1986-87, Country Profile, Indonesia, November 1986, p.63, EIU, n.1, Country Report, Malaysia, March 12, 1987, p.2, EIU, n.1, Country Report, Philippines 1987, p.2, EIU, n.4, Country Report, Singapore, December 1986, p.2, EIU, n.1, Thailand, February 1987, p.2



CHAPTER IV

## US ARMS TRANSFER TO ASEAN

Arms procurement in Southeast Asia has been highly influenced by the political antagonism fuelled by the USA and the USSR. The Indo-China wars comprise one such set of political conflicts. Vietnam's recurring conflicts with the People's Republic of China and the Vietnamese involvement in Kampuchea spurred rearmament programmes in Southeast Asian countries - these countries fear Vietnamese or Chinese regional dominance. In addition, domestic problems and guerrilla movements led to the acquisition of large number of counter-insurgency weapons in several countries in the region.<sup>1</sup>

In general, ASEAN countries did not acquire nor were granted the most sophisticated weapon systems available. Because of the nature of the many conflicts, emphasis has been on weapons incorporating middle-level technology with a high military-use value. The level of sophistication was, however, significantly raised by the mid-1980s, with the introduction into the organisation of F-16 fighter aircraft. (For details see table 4.1).

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1. Michael Brzoska and Ohlson Thomas, Arms Transfers to the Third World, 1971-1985 (Oxford, 1987), pp.27-28.

The British troops withdrawal from Singapore and Malaysia in the early 1970s and the US retreat from Indo-China in 1975 completely altered the strategic situation in Southeast Asia. It also affected arms procurement patterns. Prior to the mid-1970s arms imports were generally on a low scale in Singapore, Malaysia, Indonesia, Philippines and Thailand (Brunei became the sixth member in 1984). Arms were mainly purchased for counter-insurgency operations against local guerrillas. Qualitywise, the levels were also modest. After 1975, the ASEAN countries perceived greater external threats -- such as Vietnam's predominance in the region -- and, consequently, the levels of arms imports rose dramatically. Indonesia emerged as the third largest arms importer in the Southeast during the period 1981-85. Regional power ambitions are also additional explanation for the increased arms procurement by the ASEAN countries.<sup>2</sup> Nevertheless, the regional politico-strategic considerations of the arms supplier especially the US were also responsible for greater arms transfer to the region during the period under review.

#### Policy Issues

In the USA, arms transfers policies are an integral part of foreign policy. Various elements in the global

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2. *ibid.*, pp.29-30.

situation, especially in relationship with the USSR, and prevailing US perceptions of Soviet intentions shape arms transfer policies.<sup>3</sup> The period 1975-85 divides itself into three phases of arms transfer policies and issues : The Ford-Kissinger policy, the Carter policy and the Reagan policy.

(a) The Ford-Kissinger Policy

Arms transfer policy under President Ford indicates a strong tendency to use arms sales as a diplomatic instrument for immediate gain, rather than laissez faire or insouciant attitude towards the longer-term implications of the transfers for regional stability or the impact upon the recipient nation.<sup>4</sup> The policy postulated -- as a direct effect of the Vietnam war -- that the United States should furnish sufficient amounts of weapons to selected key third world allies so that they could take care of their own defence.

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3. *ibid.*, p.54.

4. A Pierre, The Global Politics of Arms Sales (New Jersey, 1982), p.48. For a completely different assessment of the Ford-Kissinger arms transfer policy, see L. Sorley, Arms Transfer Under Nixon - A Policy Analysis (Lexington, 1983), pp.30-50.

(b) The Carter Policy

In May 1977, President Carter issued a Presidential Directive (PD-13) setting out his policy for arms transfer restraint. The reason for the policy shift cannot be attributed exclusively to any perceived negative results of previous policy. It has to be viewed as an offspring of the general foreign policy approach of the Carter Administration. US foreign policy under Ford was largely conceived by Henry Kissinger. The Kissinger policy was marked by the concepts of Super Power hegemony and "realpolitik". The US-Soviet relationship was paramount; it decisively influenced all other interstate relations. The Carter Administration did not, at the outset, accept the view that global Detente was an exclusive function to be promoted by the US and the Soviet Union. It favoured fruitful cooperation between the USA, Western Europe and Japan as the most important guarantee for global stability. Such cooperations would promote: Third World stability and economic development; and enhance Detente with the USSR. To achieve these objectives it was assumed that the US should restore the political and moral attraction it enjoyed in the late 1940s and the 1950s. This led the Carter administration to conclude that economic and social problems were a greater threat to global stability than military problems. The need for rearmament and global security

alliances were not, it was argued, the main driving force of international politics.<sup>5</sup>

Against this background PD-13 stated that the unrestrained spread of conventional weaponry threatened stability in every region of the world and that as the largest arms supplier, the United States bore a special responsibility to slow down the international arms Trade. A number of specific controls were introduced to implement this policy of restraint. However, a number of key exceptions of a pragmatic nature were made.<sup>6</sup>

Finally, the Directive stated that the USA would initiate negotiations with other suppliers to develop measures for multilateral action. The essence of the policy then was that by setting an example through unilateral restraint, the USA could induce allies and the USSR to follow. The European allies refused to restrain their arms sales efforts until an agreement was reached with the Soviet Union. Conventional arms reduction talks were held under the so called CAT-talks in December 1977. However, these talks broke down about a year later, largely as a result of disagreements within the Carter Administration.<sup>7</sup>

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5. Brzoska and Thomas, n.1, pp.55-56.

6. *ibid.*, p.56.

7. *ibid.*, p.57.

As a general assessment, Carter's policy of restraint was a failure. True, it did establish functional government procedures for handling arms transfer requests and it did turn down numerous requests for arms.<sup>8</sup> But the controls were not implemented in a systematic way. The control mechanisms were compromised by their own inconsistencies and the repeated exceptions. Arms exports proponents found the policy naive and overly restrictive. Those in favour of arms control found it weak and insufficient. The guidelines, undermined almost from the beginning, were effectively abandoned by President Carter in 1980 when he barred further reductions to non-exempt countries in the absence of agreed international restraints.<sup>9</sup>

It is possible to identify specific policy reasons for every exception from the stated policy, but the final conclusion would be that the basis for the entire foreign policy of the Carter Administration was eroded. It became impossible, therefore, for the arms export policy to successfully challenge the strong political, military and economic factors that favour arms transfers as a key US foreign policy instrument.<sup>10</sup>

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8. Pierre, n.4, pp.55-56.

9. Brzoska and Thomas, n.1, p.57.

10. *ibid.*, p.57.

(C) The Reagan Policy

During his electoral campaign, Ronald Reagan criticised the Carter policy for having contributed to the deterioration of US strategic and military positions in the world. The specific foreign policy goals expressed by Reagan included enhancing the state of preparedness of US friends and allies and the revitalization of US alliances in order to contain perceived Soviet expansionism. There was widespread popular support for such a policy :

By the end of 1980, a series of events had shaken us out of our soul-searching and into a new, outward looking state of mind. The public had grown sceptical of detente and distressed by American impotence in countering the December 1979 Soviet invasion of Afghanistan. It felt bullied by OPEC, humiliated by the Ayatollah Khomeini, tricked by Castro, out-traded by Japan and out-gunned by the Russians. By the time of the 1980 presidential elections, fearing that America was losing control over its foreign affairs, voters were more than ever ready to exorcise the ghost of Vietnam and replace it with a new posture of American assertiveness.<sup>11</sup>

The Reagan arms transfer policy, presented in a White House document in July 1981, stemmed from the same philosophy as the US rearmament programme did : basic US interests, it was argued, were challenged by the USSR and this threatened stability in many regions vital to

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11. D. Yankelovich and L. Kagan, "Assertive America", Foreign Affairs (New York, N.Y.), vol.59, n.3, 1981, p.696.



the US. The new guidelines were more in the nature of a general repeal of the Carter policy than the elaboration of a new one. It presented broad aims and principles : arms transfer decision-making should be flexible and based on case-by-case judgements of each transfer's net contribution to US security, rather than on a specific set of rules. Arms transfers were firmly reinstated as a key foreign policy instrument. None of the restraining measures initiated by President Carter were kept. The basic idea was to "see the world as it is, rather than as we would like it to be".<sup>12</sup>

The general permissiveness with respect to arms transfers shown by the Reagan Administration led many US critics to describe the policy as, in effect, a 'non-policy'. There were mounting congressional criticism and clashes between Congress and the President.<sup>13</sup>

During the Reagan Administration the prospect of greater arms transfer to Asian allies became probable in the environment of Super Power conflict and tension.<sup>14</sup> The growth of tension was largely attributed to what the US perceived to be a massive growth of Soviet military

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12. Conventional Arms Transfer Policy (The White House: Washington, D.C., 9 July 1981) in Michael Brzoska and Ohlson Thomas, Arms Transfer to the Third World, 1971-85 (Oxford, 1987), p.58.

13. Brzoska and Thomas, n.1, p.58.

14. Selig M Harrison, "A Political Perspective", Asia (New York, NY), May/June 1981, p.6.

power in the region "either directly as in Moscow's build up along the Sino-Soviet frontier, the garrisoning of northern territories (claimed by Japan) which began in 1978, the expansion of the Soviet Pacific Fleet, the 1980 occupation of Afghanistan, and indirect Moscow's support for Vietnam's 1979 invasion of Kampuchea".<sup>15</sup>

#### Soviet Military Build up

Formerly on National Security Council staff, Richard H Solomon, observes that Soviet military build up in the Asian region has gone through two distinct stages since the mid 1960s. The first stage began shortly after Khrushchev's demise when the new Brezhnev leadership began to increase Soviet ground forces deployed against China. Following armed clashes between China and the Soviet Union on their Ussuri River border in March 1969, the Soviet Union build up its army in the Far East, deployed primarily along the lengthy Chinese border from a little more than a dozen divisions to its present strength ! 46 divisions totalling, 5,00,000 soldiers, 12,000 tanks, 12,500 armoured fighting vehicles, and 5,000 artillery pieces. The Soviet Pacific Fleet was increased to 80 attack submarines, 75 major surface and 300 combat aircraft, Soviet Air Force

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15. Richard H. Solomon, "East Asia and the Great Power Coalitions", Foreign Affairs. (New York, N.Y.), vol.60, n.3, (Special Issue), 1982, p.686.

Units located in the far East received some 1,200 aircraft, including long-range bombers, and many nuclear missiles were also stationed in the area.<sup>16</sup>

The second stage in the Soviet military build up began in March 1978 when Brezhnev and his defence Minister Dimitri Ustinov undertook a tour of industrial and military facilities in the Soviet Far East. Following their visit, new generation of weapons began to be deployed and the strength of Soviet Fleet increased considerably. Mobile SS-20 intermediate-range ballistic missiles and the 'Back-Fire' bombers were deployed in the Siberian and Transbaikal Military Districts.<sup>17</sup> These deployments now enable the Soviet Union to launch missile and air attacks not only on all parts of China but also on US bases in Japan and the Philippines. The deployment of 'Back-Fire' bombers gives extra-strength to the Soviets to attack the US Seventh Fleet. Submarines assigned to the Soviet Pacific Fleet were increased by 15 per cent and in 1979 the new carrier "Minsk" and amphibious assault ship "Ivan Rgov" were added to the Soviet Pacific Fleet.<sup>18</sup>

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16. Guy J. Pauker, "A Strategic Perspective", Asia (New York, NY) May/June 1981, p.44.

17. Solomon, n.15, p.690.

18. *ibid.*

The US military muscle in Western Pacific region includes stationing of Second Army Division in South Korea, and the Third Marine Division in Okinawa, with some 135 tanks, 240 armoured fighting vehicles and 120 artillery pieces. The US Navy presence included 35 major surface ships, approximately 10 attack submarines. The US airforce too has as many as 165 combat aircraft and 300 Air Force combat aircraft, including long-range B-52 bombers.<sup>19</sup>

The objective of the massive build up of Soviet military force in the region is to deter attacks on the Soviet Far East, and to neutralize militarily the coalition of the United States and its treaty partners and friendly Asian countries.<sup>20</sup> The US sought to deter Soviet military and political advances in the region by building and maintaining, since the 1950s, alliance systems with Japan, South Korea, the Philippines, and the ANZUS states of Australia and New Zealand. These ties have been strengthened during the seventies by the normalization of American relations with the People's Republic of China and military cooperation with the ASEAN countries.

However, uncertainty still pervades among the ASEAN countries about the intentions and participation

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19. Pauker, n.16, p.44.

20. *ibid.*

of the US in the region in future. Since 1969, when President Nixon announced on Guam a policy of military disengagement from Asia, later to be known as the Nixon Doctrine, doubts have been growing in the ASEAN States about the willingness of the US to maintain the balance of power. Concern among the Asian nations has mounted as Soviet geopolitical gains have foreshadowed a changing strategic situation.<sup>21</sup> In the late 1970s the Soviet Union started using the former American bases at Cam Ranh Bay and Denang in Vietnam, sailing the carrier "Minsk" into the Gulf of Siam, and flying TU-95 long-range reconnaissance aircraft over the Philippines; from 1975 onwards American strategic countermoves in East Asia have been limited to urging a reluctant Japan to increase its defence capabilities and to the successful renegotiation of base agreements with the Philippines. No serious attempt has been made to help the ASEAN achieve military balance with Vietnam.<sup>22</sup>

#### ASEAN Defence Spending

In the post 1975 years ASEAN countries themselves have been spending at an increasing rate on defence. The Table 4.3 outlines ASEAN defence spending in 1975 and 1980.

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21. Pauker, n.16, p.45.

22. *ibid.*, p.45.

It appears from the Table 4.3 that in 1980, the ASEAN countries' military expenditures totalled nearly US \$ 5.5 billion, a 46.54% increase over 1979, and nearly double that of 1975, when the American military departed from the region.

US military aid and arms transfer to ASEAN

During 1975-80 US military aid to ASEAN, mainly in the form of concessionary military sales credit, along with some grants increased 2.5 times<sup>as</sup> compared with the first half of the 1970s (from \$ 327 million to \$ 820 million).<sup>23</sup> ASEAN armed forces have purchased \$ 2841.5 million worth of arms from the United States during 1976-80 (See Table 4.2). The total arms purchase including other suppliers during 1976-80 was \$ 5289 million. Thus arms purchase from the US was 54 per cent of the total arms procured by the ASEAN countries. In the second five years period i.e. 1981-85 the total arms purchase including purchase from US was \$ 4552 million. The arms purchase during this period from the US was \$ 2045 million which was 45 per cent of the total arms procured by the ASEAN countries. Thus, the policy changes under President Reagan have not, however, led to significantly higher arms export levels. This reflects, to some extent, the unwillingness of US arms

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23. Far Eastern Economic Review: Asia 1981, Year Book (Hongkong), p.25.

manufacturers to build too high hopes around a volatile international market.<sup>24</sup> However, according to Table 4.2, there is variation in arms purchase among ASEAN countries. In case of Brunei and Indonesia arms purchase has increased slightly in the period 1981-85 in comparison to previous period 1976-80. US share in arms sale to these two countries in the period 1981-85 was also increased while compared with the period 1976-80. In case of Brunei the percentage increased from 9 to 56 while in the case of Indonesia, — from 24 to 36. In all other ASEAN countries there was a decline of US arms sale both in terms of total US supply in \$ million and percentage of the total arms purchase by the ASEAN countries from all other sources including the US source.

Thailand, as a front-line state, has received substantial American military assistance especially since June 1980, when the Vietnamese force made several incursions into Thai territories. From 1978 to 1979, US military sales to Thailand jumped fourfold from \$ 100 million to \$ 400 million. Immediately after the Vietnamese incursions into Thailand, Washington announced the speedy delivery of 35 modernized old tanks, in addition to 15 already delivered in 1979. More importantly, the US airlifted recoillers, rifles and ammunition to Bangkok, in a symbolic gesture

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24. Brzoska and Thomas, n.1, p.59.

much valued by the Thais. Thailand paid \$ 3 million for these weapons while the US provided the transportation without cost. The level of US military credits to Thailand had risen from \$ 40 million in 1979 to \$ 50 million in 1980.<sup>25</sup> By providing these military supplies the US sought to strengthen its security links with Thailand. These actions were taken by the US, as Fred points out, "to impress the other, pro-Western ASEAN states who had previously expressed strong support for a continued US presence in the region".<sup>26</sup>

In terms of quality or sophistication arms transferred to Thailand by the US too was significant. (See Table 4.1). These include 90 M-48-A5 main battle tanks, 71 105mm howitzers, 50 155mm self-propelled howitzers, 150 155mm Towed howitzers, 218 M113 armoured personnel carriers, 6 C-130 transport planes, Tow and Dragon anti-tank missile system, a squadron of F-5E Tiger Jet fighters, 24 M-167 Vulcan Mobile Anti-aircraft system, 24 M-163 Vulcan Anti-aircraft vehicle (gun-armed) and 70 Redye Port Surface-to-air missile. Apart from these weapons, Thailand ordered during the period 1975-85 12 F-16 fighters, 2 AN/TPQ-37 Tracking radar, AN/TPS-70 Air defence radar, 4 RGM-84AL ship to ship missile launcher, 48 Harpoon ship-to-ship missile and 2 Tacoma Type Corvette.

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25. Fred Greene, "The United States and Asia in 1980", Asian Survey (Berkeley, Calif.), vol.21, n.1, Jan 1981, p.12.

26. *ibid.*, p.11-12.



Besides, Thailand, the United States had concluded agreements with other ASEAN countries to supply military hardwares. Important weapons received by Malaysia during 1975-85 were : 2 RF-5E Tiger-eye reconnaissance aircraft, 40 A-4E Skyhawk fighters, 15 F-5E fighters, 2 HU-16B Albatros maritime Patrol aircraft. Compared to Malaysia, Indonesia received much more weapons system during the years 1975-85. These were : 16 A-4E Skyhawk fighters, 13 C-130 Transport planes, 12 F-5E Tiger fighters, 16 OV-10F Bronco COIN aircraft, 100 M-113 armoured personnel Carrier, 173 105mm Towed Howitzer, 144 AIM air-to-air missile and 5 jetfoil Hydrofoil Fast attack craft (missile/Torpedo-armed). Apart from massive American military presence in Philippines, with sophisticated weapon systems, a limited amount of arms were transferred by US to Philippines armed forces during the years 1975-85. These were : 4 C-130 Transport Planes, 18 OV-10A Bronco COIN aircrafts, 85 LVTP amphibion assault vehicle, 65 M-113 armoured personnel carrier, 110 V-150 armoured personnel carrier and 4 Series-3200 3D-radar. Besides these weapons, the Philippines placed order in 1984 for 24 M-167 Vulcan Mobile AA-system. Singapore received much more sophisticated weapons system than Philippines from US during 1975-85. These included: 4 E-2C Howkeye airborne early warning system, 24 F-5E Tiger fighters, 650 M-113 armoured personnel Carrier, 20 155mm Towed Howitzers, 6 I-Hawk surface-to-air missile, 200 AGM-65A air-to-surface missile, 600 AIM-9 air-to-air

missile, and 324 MIM-23B Hawk Landnob surface-to-air-missile. Apart from these Singapore ordered in 1985 for 8 F-16 fighters and 31 AGM-84A Harpoon air-to-ship missiles. Earlier in 1984 it had ordered for 24 M-167 Vulcan mobile anti-aircraft system. Only Brunei, which joined the ASEAN group in 1984, had not received any impressive weapons during the period under study.

The United States has also sought to strengthen and enhance its ties with the Philippines, with which the US has a mutual security Treaty and maintains military bases there. The Philippine military, an important political group after martial law was declared in 1972, is committed to maintaining the American connection. Military assistance from the US to the Philippines averaged US \$ 30 million annually between 1972 and 1976 and grew another 25 per cent in 1977, accounting for between 10 and 20 per cent of the country's total military budget annually from 1972 to 1978.<sup>27</sup> In 1978, the US after more than two years of negotiations concluded an agreement with the Philippines that assured the use of two American bases on the Philippines soil : the Subic Bay Naval Station and Clark Air-field on Luzon.

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27. Sheldon W Simon, The ASEAN States and Regional Security (Stanford, California, 1982), p.14.

In late 1976, Kissinger offered to provide the Philippines with \$ 1 billion aid, half as economic aid and half as military aid. The Carter Administration faced opposition from two quarters when it decided to go ahead with the Kissinger offer. Manila considered the amount as insufficient and Congress, whose approval was required for this aid offer, hardened its attitude by the growing belief that the regime of President Marcos was corrupt and violated basic human rights. However, the agreement announced in December 1978 indicated a promise. In exchange for an agreement that the bases would come under Philippine sovereignty by 1991, Marcos accepted a compromise under which the Carter Administration undertook to seek congressional approval of \$ 500 million in military and economic aid over a five year period. Thus "Marcos agreed to a substantially smaller package than had been offered by the previous Administration, partly because he realized that the earlier proposal would not be approved by the Congress and also because other South East Asian leaders advised him of their desire to see the US bases remain".<sup>28</sup>

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28. Stanley Karnow, "East Asia in 1978 : The Great Transformation", Foreign Affairs, vol.57, n.3, (Special Issue), 1979, p.607.

TABLE - 4.1

TRANSFER OF MAJOR CONVENTIONAL WEAPON FROM  
U.S. TO ASEAN COUNTRIES, 1975 - 85

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
<b>RECIPIENT : <u>BRUNEI</u></b>				
3	Model 212	Helicopter	1979	1979
3	Model 212	Helicopter	1981	1982
3	Model 212	Helicopter	1982	1983
1	S-76 Spirit	Helicopter	1980	1981
<b>RECIPIENT : <u>INDONESIA</u></b>				
16	A-4E Skyhawk	Fighter/bomber	1981	1982
1	B-707-320C	Transport	(1981)	1982
3	B-737-200C	Transport	1981	1982-83
2	C-130B Hercules	Transport	(1975)	1976
2	C-130H Hercules	Transport	1980	1981
5	C-130H-30	Transport	1979	1980-81
4	C-130H-30	Transport	1981	1982
12	F-5E Tiger-2	Fighter	1977	1980
4	F-5F Tiger 2	Jet trainer	1977	1980
2	HU-16B Albatros	Maritime patrol aircraft/Anti-submarine Warfare	(1975)	1977
2	King Air A-100	Transport	1975	1977
1	L-100-30	Transport	1979	1980
16	Model 205 UH-1H	Helicopter	1978	1978
2	Model 206 B	Helicopter	1975	1976

contd.....

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
6	Model 212 UH-1N	Helicopter	1982	1983
9	Model 300C	Helicopter	1982	1983
6	Model 412	Helicopter	1983	1983
3	Model 47G	Helicopter	1975	1976
21	Musketeer Sport	Lightplane	1975	1976-77
16	OV-10F Bronco	Trainer/COIN	1975	1976-77
(6)	PA-38 Tomahawk	Trainer	(1983)	1983
16	T-34C-1	Trainer	1978	1978
9	T-34C-1	Trainer	1983	1984
..	T-41A	Lightplane	(1980)	1981
22	Commando Ranger	Armoured Personnel Carrier	(1983)	1983
28	Commando Scout	Reconnaissance Aircraft	(1983)	1983
133	M-101-A1 105 mm	Towed Howitzer	(1981)	1982
(40)	M-102 105mm	Towed Howitzer	(1971)	1973-76
100	M-113	Armoured Personnel Carrier	(1976)	1978
60	V-150 Commando	Armoured Personnel Carrier	(1977)	1978-79
(96)	AIM-9J	Air-to-air missile	1977	1980
(48)	AIM-9P	Air-to-air missile	(1986)	
1	Jetfoil	Hydrofoil Fast attack craft (missile/torpedo-armed)	1980	1982
4	Jetfoil	Hydrofoil Fast attack craft (missile/torpedoarmed)	1983	1984-86

contd....

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
<b>RECIPIENT : <u>MALAYSIA</u></b>				
40	A-4E Skyhawk	Fighter/bomber	1981	1984-85
6	C-130H Hercules	Transport	1974	1976
3	C-130H-MP	Maritime Patrol aircraft	1979	1980
14	F-5E Tiger-2	Fighter	1972	1975-76
1	F-5E Tiger-2	Fighter	(1980)	1981
4	F-5F Tiger-2	Jet Trainer	(1980)	1981
2	HU-16B Albatros	Maritime patrol aircraft/Anti-submarine warfare	1985	1985
4	Model 205 UH-1H	Helicopter	(1978)	1979
5	Model 206B	Helicopter	1975	1978
12	Model 402 B	Lightplane	1974	1975
2	RF-5E Tiger-eye	Reconnaissance (aircraft/vehicle)	1980	1983
6	S-61A-4 Nuri	Helicopter	1976	1977
16	S-61A-4 Nuri	Helicopter	1977	1978
130	V-150 Commando	Armoured Personnel Carrier	1977	1978-79
..	HADR	Air defence radar	(1982)	1986
(84)	AIM-9J	Air-to-air missile	(1972)	1976
(30)	AIM-9L	Air-to-air missile	(1980)	1981
2	LST 511-1152	Landing ship (>600t displacement) /mine layer	(1975)	1976

contd...

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
<b>RECIPIENT : <u>PHILIPPINES</u></b>				
4	C-130H Hercules	Transport	1976	1977-78
25	F-8H Crusader	Fighter	1977	1978
4	HU-16B Albatros	Maritime Patrol aircraft/Anti-submarine warfare	1975	1976-77
1	L-100-20	Transport	(1974)	1975
17	Model 205 UH-1H	Helicopter	1976	1977
18	Model 205 UH-1H	Helicopter	1980	1980
15	Model 205 UH-1H	Helicopter	1982	1983
12	Model 205 UH-1H	Helicopter	1983	1983
3	Model 210T	Lightplane	(1981)	1982
8	Model 500MD	Helicopter	1979	1981-82
18	OV-10A Bronco	Trainer/COIN	1980	1983
(2)	RT-33A	Fighter/Reconnaissance (aircraft/vehicle)	(1976)	1977
2	S-70c	Helicopter	(1985)	
17	S-76 Spirit	Helicopter	1983	1983
(20)	T-28D Trojan	Trainer/COIN	(1978)	1979-81
2	UH-60A	Helicopter	1983	1985
45	AIFV	Mechanized infantry combat vehicle	(1978)	1979

contd....

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
(30)	LVTP-5	Amphibious/ amphibian Assault vehicle	(1978)	1979
55	LVTP-7A1	Amphibious/ amphibian Assault vehicle	1982	1984-85
20	M-113-A1	Armoured Personnel Carrier	1976	1976
(25)	M-113-A1	Armoured Personnel Carrier	(1977)	1978
20	M-113-A1	Armoured Personnel carrier	(180)	1981
10	V-150 Commando	Armoured Personnel Carrier	1982	1982
100	V-150 Commando	Armoured Personnel Carrier	1983	1984-85
24	M-167 Vulcan	Mobile AA-System	(1984)	
4	Series-3200	3-D radar	(1984)	1984-85
1	Admirable class	Mines Weeper, Ocean	1975	1975
4	Barnegat class	Support ship	1975	1975
3	Cannon class	Frigate	(1977)	1980
1	Edsall class	Frigate	1975	1975
3	LCU 1466 class	Landing Craft ( < 600t displace- ment)	(1975)	1975
4	LSIL Type	Landing Craft ( < 600t displace- ment)	(1975)	1975

contd...



No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
2	LSM Type	Landing Craft ( < 600t displacement/mine layer	1975	1975
6	LST 1-510	Landing ship ( > 600t displacement)	(1971)	1972-78
18	LST 511-1152	Landing ship ( > 600t displacement)/mine layer	1968	1969-76
1	PC-452 Type	Patrol Craft (gun armed/unarmed)	(1975)	1975
3	PCE-827 Class	Corvette	1975	1975-76
1	PGM-71 Class	Patrol Craft (gun armed/unarmed)	1975	1975

RECIPIENT : SINGAPORE

40	A-4S Skyhawk-2	Fighter/bomber	1972	1975-76
2	C-130B Hercules	Transport	(1977)	1978
4	C-130B Hercules	Transport	(1978)	1980
4	E-2C Hawkeye	Airborne early warning system	1983	1986
8	F-16A	Fighter/Strike	1985	
18	F-5 E Tiger-2	Fighter	1976	1979
6	F-5E Tiger-2	Fighter	1980	1981
3	F-5F Tiger-2	Jet trainer	1976	1979

contd...

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
(20)	Model 204 UH-1B	Helicopter	(1980)	1981
17	Model 205A-1	Helicopter	1976	1977
3	Model 212	Helicopter	1977	1977
7	TA-4S Skyhawk-2	Jet trainer	1972	1975-77
8	TA-4S Skyhawk-2	Jet trainer	1983	1984
(250)	M-113-A1	Armoured Personnel Carrier	(1974)	1975-76
(250)	M-113-A1	Armoured Personnel Carrier	(1978)	1978-80
(200)	M-113-A1	Armoured Personnel Carrier	(1981)	1982-83
(20)	M-114 155 mm	Towed howitzer	(1976)	1977
(40)	V-150 Commando	Armoured Personnel Carrier	(1974)	1975-76
3	I-Hawk Surface- to-air missiles	Mobile surface- to-air missile system	1979	1981
(3)	I-Hawk Surface-to- air missiles	Mobile Surface- to-air missile system	(1982)	1985
24	M-167 Vulcan	Mobile Anti- aircraft- system	(1984)	
200	AGM-65A	Air-to-surface missile	1981	1981

contd....

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
31	AGM-84A Harpoon	Air-to-ship missile	1985	
200	AIM-9J	Air-to-air missile	1976	1979
200	AIM-9P	Air-to-air missile	1978	1979-80
(200)	AIM-9P	Air-to-air missile	(1982)	1983
(162)	MIM-23B Hawk	Land to Surface	1979	1981
(162)	MIM-23B Hawk	-to-air missile	(1982)	1985
2	Bluebird class	Minesweeper, Coastal	(1974)	1975
6	LST 511-1152	Landing ship ( >600t displacement)/mine layer	(1970)	1971-75

RECIPIENT : THAILAND

20	A-U-23A	Transport	1974	1975-76
3	C-130H Hercules	Transport	1979	1980
3	C-130H-30	Transport	1981	1982-83
4	CH-47A Chinook	Helicopter	1978	1979
4	EC-47	Electronic Countermeasures	(1974)	1975
8	F-16A	Fighter/Strike	1985	

contd....

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
(4)	F-16B	Fighter/trainer	1985	
17	F-5E Tiger-2	Fighter	1976	1978
15	F-5E Tiger-2	Fighter	1979	1981
3	F-5F Tiger-2	Jet trainer	1976	1978
3	F-5 F Tiger-2	Jet trainer	1979	1981
25	F-8H Crusader	Fighter	(1979)	1979
2	LA - 4 -200	Amphibian	(1982)	1983
2	Merlin-4	Transport	1977	1977-78
3	Merlin -4	Transport	1978	1979
14	Model 205 UH-1A	Helicopter	1977	1981
13	Model 205 UH-1H	Helicopter	(1976)	1977
12	Model 205 UH-1H	Helicopter	1982	1982
7	Model 206B	Helicopter	1985	1985
10	Model 208	Lightplane	1985	1986-87
2	Model 212	Helicopter	1977	1977
(8)	Model 212	Helicopter	(1984)	1985
2	Model 214B	Helicopter	1978	1978
2	Model 214 ST	Helicopter	1984	1984
6	Model 337	Trainer	1980	1981
4	Model 337	Trainer	(1984)	1984
2	Model 412	Helicopter	1981	1982

contd...

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
1	Model 99A	Transport	(1979)	1980
6	OV-10C Bronco	Trainer/ Counter-insur- gency	1977	1981
2	Queen Air A 65	Transport	(1980)	1981
18	S-58	Helicopter	1977	1978
1	Super King Air	Transport	(1983)	1984
6	T-37B	Jet trainer	(1979)	1979
4	T-37B	Jet trainer	(1983)	1983
21	LVTP-7A1	Amphibious Assault Vehicle	1984	1984-85
24	M-101-A1 105 mm	Towed Howitzer	1979	1981
47	M-108 105mm	Self-propelled howitzer	1978	1979
34	M-109-A2 155 mm	Self-propelled howitzer	1978	1980-81
(16)	M-109-A2 155 mm	Self-propelled howitzer	(1983)	1983
30	M-113-A1	Armoured Personnel Carrier	(1979)	1979
40	M-113-A1	Armoured Personnel Carrier	1980	1980
148	M-113-A2	Armoured Personnel Carrier	1982	1984-85
34	M-114 155 mm	Towed howitzer	1979	1980-81

contd.....

No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
34	M-114 155 mm	Towed howitzer	1982	1983-84
24	M - 163 Vulcan	Anti-aircraft vehicle (gun-armed)	1980	1980-81
18	M-198 155 mm	Towed howitzer	1982	1983
44	M-198 155mm	Towed howitzer	(1983)	1984
(20)	M- 198 155mm	Towed howitzer	1984	1985
(50)	M-48-A5	Main battle tank	(1979)	1979-80
40	M-48-A5	Main battle tank	1984	1984-85
(164)	V-150 Commando	Armoured Personnel Carrier	1978	1980-85
..	AN/TPQ-36	Tracking radar	1982	1984-85
2	AN/TPQ-37	Tracking radar	1985	
2	AN/TPS-43	3 -D radar	(1980)	1980
..	AN/TPS-70	Air defence radar	1985	1986-87
24	M-167 Vulcan	Mobile Anti-aircraft system	1982	1982
(4)	RGM-84A L	ship-to-ship missile launcher	1983	
(20)	AIM-9J	Air-to-air missile	1976	1978
206	AIM-9P	Air-to-air missile	(1979)	1980
215	BGM-71A TOW	Anti-tank missile	1978	1980

contd....

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No. Ordered	Weapon designation	Weapon description	Year of Order	Year(s) of delivery
600	FGM-77A Dragon	Anti-tank missile	(1979)	1980
20	FIM-43A Redeye	Port Surface-to-air missile	(1981)	1982
..	FIM-43A Redeye	Port-Surface-to-air missile	1983	1983
(48)	RGM-84A Harpoon	ship-to-ship missile	1983	
4	LST 511 -1152	Landing ship (>600t displacement/minelayer)	(1961)	1962-75
2	Tacoma Type	Corvette	1983	

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Conventions:

.. Data not available or not applicable

( ) uncertain data

Source: Michael Brozoska and Ohlson Thomas, Arms Transfer to the Third World, 1971-85 (Oxford, 1987), pp.154, 186, 187, 217, 218, 237, 238, 245, 246, 260, 261 & 262.

TABLE - 4.2

U.S. - ASEAN TRADE IN MAJOR CONVENTIONAL WEAPONS, 1975 - 85.

Recipient Country	Period	Supplier - U.S.A.		Total in US \$ m.
		in U.S. \$m.	per cent of the total	
Brunei	1976-80	10.5	9	116
	1981-85	23.5	56	42
Indonesia	1976-80	395.0	24	1,645
	1981-85	483.5	36	1,343
Malaysia	1976-80	450.0	49	918
	1981-85	196.0	19	1,031
Philippines	1976-80	543.00	90	603
	1981-85	291.0	82	355
Singapore	1976-80	635.0	76	836
	1981-85	510.0	73	699
Thailand	1976-80	808.0	69	1,171
	1981-85	541.0	50	1,082
ASEAN	1976-80	2,841.5	54	5,289
	1981-85	2,045.0	45	4,552

Note: Imports of major conventional weapons for each five-year period are given in US \$ m., at constant (1985) prices.

Source: Michael Brozoska and Ohlson Thomas, Arms Transfer to the Third World, 1971-85 (Oxford, 1987), pp. 340, 343, 345, 347, 348, 349.



TABLE 4.3

ASEAN DEFENCE SPENDING (US \$ MILLION)

Country	1980	% increase over 1979	1975
Indonesia	2,100	45	1,221
Malaysia	887.8	140	453
Philippines	778.5	3.3	488
Singapore	598.9	27.2	307
Thailand	1,100.0	17.2	380
Total	5,466.1	46.54	2,849

Source : Far Eastern Economic Review : Asia 1981 year book  
(Hongkong), p.45.

CHAPTER V

## CONCLUSION

US policies in Southeast Asia are part of its global strategy and extension of its role in Asia. Basically, since post-Second World War, the US pursued a policy of Containment globally vis-à-vis the Soviet Union producing an era of Cold War relations between the two Super Powers globally and regionally in Southeast Asia too.

The birth of ASEAN during the intense Cold War was byproduct of the US aligning local states to counter Communist expansion. Thus ASEAN threat perception was basically American threat perception.

Since 1967 the ASEAN countries have emerged more cohesively and increased capabilities to resist Communism from within and without by constant US encouragement. After the end of second Indochina war and following American withdrawal from Vietnam ASEAN has been formally recognised by the US as a group in 1977 when first US-ASEAN dialogue was held. However, special relations continued with the Philippines depending upon its high strategic utility.

In the wake of the US withdrawal from Vietnam, the strategic importance of ASEAN rose high in the context of US-Soviet global rivalry. Moreover, US policy-makers perceived greater strategic significance of the naval and air bases in the Philippines during the period under review. Pulling out of the US military bases from Thailand increased strategic need of retaining the Philippines bases for the US military planners. Soon after, USSR access to naval and air facilities in Vietnam, expedited US programme of adding new facilities in Philippines bases. Thus naval and air bases in Philippines acquired unmatched scope of sophistication. The bases became important for the US under its "Rapid deployment strategy in the Gulf region". The bases also served the purpose of a "Watchdog" to provide security to air and sealines of communication. The Philippines bases served US strategic interest so well that it was impossible for the US strategic planners to replace it by other places like Guam, Yokusuka or Micronesia.

Post Vietnam war also increased the strategic importance of straits and sealanes in Southeast Asian seas mainly due to changed war strategy of the two Super Powers. Under this changed strategy the emphasis

was upon Navy build up. Nuclear-armed naval submarines became the strategy of new Cold War. This required submerged passes through the sealanes. Some of the most strategic sealanes surrounds Malaysia and Indonesia. So US strategic relationship with these countries increased during the period under review.

Prior to 1975 economic prosperity of the region was sought to combat Communism. Towards this end the trade did not play major role. In fact, trade was negligible because of the vagaries of the world market prices. After Second Indo-China war the overall trade between the US and the ASEAN countries improved. However, the US trade policy towards ASEAN was not very much guided by the US overall policy of Containment in Southeast Asia. Efforts were made to improve trade between the ASEAN countries and the US through establishing US-ASEAN Business Council and several US-ASEAN dialogues were held. Different economic issues in general and trade issues in particular were dealt in these joint forums but not with much result. The only important achievement was the inclusion of Indonesia in US-GSP (generalised system of preferences). In the first half of the 1980s US-ASEAN trade relations worsened much more compared to the earlier period of 1975-80.

Domestic economic compulsions compelled the US President Reagan to take some hard trade protectionist measures. The result was the decline of ASEAN trade with the US. However, the protectionist measures influenced trade of different ASEAN countries differently. Thailand's export to the US suffered a lot due to Food Security Act of 1985. The US protectionist sanctions was not felt in Singapore. Philippine's export to US also suffered. Protectionism had modest effect on Malaysian trade to the US.

Prior to 1975, the US policy of military assistance and bilateral military agreements in Southeast Asia were guided by the US policy of Containment. A large number of military equipments were supplied especially to Thailand and the Philippines. The purpose of arms procurement in the region was to combat domestic Communist insurgencies. Because of the nature of the many conflicts, US arms transfer policy had been to supply middle-level technology with a high military use value. In general most sophisticated weapons were not supplied to ASEAN.

The US retreat from Indo-China in 1975 completely altered the strategic situation in Southeast

Asia. It also affected arms procurement pattern. There was dramatic rise in arms supplied to ASEAN countries by the US so that they could independently assume their responsibilities to meet any threat and possible aggression of communist Vietnamese dominance in the region. Regional power ambitions were also additional explanation for the increased arms procurement by the ASEAN countries. Liberal Arms-transfer policy of the US President Ford was also responsible for the sudden boom in the US arms sales to ASEAN.

US arms transfer policy during Carter Administration underwent some changes. President Carter tried to put some restraint on arms transfer to the Third World, in general and ASEAN in particular under his "Arms Transfer Restraint" policy, PD-13. As a general assessment Carter's policy of restraint was a failure. Thai-US security links strengthened with four fold jump of US military sales in 1979 than earlier years.

Reagan Administration severely criticized Carter's arms policy. Arms transfer were firmly reinstated as key foreign policy instrument. None of the restraining measures initiated by President Carter were kept. The firm and strong decision of President

Reagan was also partly result of renewed Cold War between the US and USSR in the wake of Soviet intervention in Afghanistan. Moscow's build up along the Sino-Soviet frontier, expansion of Soviet Pacific Fleet, Moscow's support to Vietnam's 1979 invasion of Kampuchea added new dimension to US threat perception in Southeast Asia. Important deployments along Sino-Soviet border were mobile SS-20 intermediate range ballistic missiles and the "Back Fire" bombers. However, policy changes under President Reagan did not lead to significantly higher arms export levels. However in case of Indonesia and Brunei arms purchased from US increased in the period 1981-85 in comparison to previous period of 1976-80. But for this exception there was a decline of US arms sale to other ASEAN countries both in terms of supply in dollars and the percentage of the total arms purchase.

Thailand received substantial American assistance, especially since June 1980. Also sophisticated arms were supplied to Thailand under Reagan Administration period. This was quite evident from US approval to sell F-16 fighter aircraft to Thailand.

In short, it could be stated that US overall policy towards ASEAN during 1975-85 was guided by the



US global policy of Containment of Soviet expansion. Strategic importance of the ASEAN countries increased and decreased in relation to the intensity of Cold War between the two Super Powers. However, trade policy was guided more by US domestic economic compulsions. Arms transfer policy also changed <sup>and</sup> continued in relation to gravity Super Power rivalry in the region.

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