

DOCUMENTATION

USSR and Indonesia Issue Joint Communiqué on Shevardnadze's Visit

"Full text", as transmitted by Tass News Agency, in Russian, 1214 GMT, 8 March 1987, of Joint Soviet-Indonesian Communiqué

E.A. Shevardnadze, member of the Politburo of the CPSU Central Committee and USSR Minister of Foreign Affairs, was in Indonesia on an official visit from 5th to 8th March 1987 at the invitation of the government of the Republic of Indonesia.

E.A. Shevardnadze was received by Suharto, President of the Republic. In the course of the meeting, it was noted with satisfaction that friendly relations between the USSR and Indonesia, founded on the principles of peaceful co-existence among states, equality and mutual respect, self-determination and non-interference in internal affairs, were taking on a more and more stable and varied character. Mutual interest in strengthening and broadening them further was confirmed. It was stressed that the official visit by President Suharto to the Soviet Union would be a weighty contribution to the development of relations between the two countries.

Talks were held between E.A. Shevardnadze and Mochtar Kusumaatmadja, Indonesian Minister of Foreign Affairs, in the course of which there was discussion in a frank and friendly atmosphere of the state of and prospects for development of Soviet-Indonesian ties, and a review was made of a wide circle of international problems of mutual interest. The ministers expressed themselves in favour of stepping up exchange of opinions at various levels on issues of bilateral relations and the international situation.

Attention was drawn to the contribution which contacts between the USSR Supreme Soviet and the Indonesian House of People's Representatives were making towards strengthening mutual understanding between the peoples of the two countries . . . The sides declared their intention of making fuller use of the available opportunities for expanding trade exchange, with the aim of deepening mutually-beneficial economic co-operation. Giving a positive appraisal of the creation of a joint Soviet-Indonesian trade and economic co-operation commission, they consider it necessary to bring its mechanism into play, and also to set out the specific directions, objects and conditions of co-operation. Readiness to develop scientific and technical ties and cultural and sports exchanges was confirmed.

Having expressed deep concern about the maintenance of tension in the world, the building up of the nuclear and conventional arms race and the increase in the danger of its spreading to outer space, the sides stressed that safeguarding peace and international security was currently the most pressing issue. They expressed their conviction that all states, first and foremost those possessing nuclear weapons, must play their part in removing the threat of a nuclear catastrophe, and stated their readiness to co-operate as regards these

goals with all other countries irrespective of their size and differences in socio-political systems.

Attention was drawn by the Soviet side to the programme, put forward in the statement of M.S. Gorbachev, General Secretary of the CPSU Central Committee, on 15th January 1986, of totally eliminating nuclear and other types of mass destruction weapons by the end of the present century, to the proposal of the Soviet Union and the other socialist countries regarding the setting up of an all-embracing system of international security, and to the principles drawn up in Delhi of building a non-violent world free of nuclear weapons. The content of the new major initiative of the USSR on medium-range missile matters was elucidated.

The Soviet Union and Indonesia advocate the immediate halting of all nuclear weapons tests and the earliest conclusion of a multilateral treaty completely banning them. The ministers spoke out in favour of the prevention of the extension of the arms race into space and of the development of international co-operation in utilising space exclusively for peaceful purposes. They also stressed the necessity of intensifying efforts at the disarmament conference to conclude a convention on banning chemical weapons.

Discussing questions related to the situation in different regions of the globe, the sides expressed serious anxiety over the exacerbation of tension there, something which carries a threat to universal peace and security. They reaffirmed their principled position concerning the need for a political solution to conflicts and disputes in accordance with generally recognised rules of international law.

The parties to the talks noted the urgent necessity of arriving at a just and comprehensive settlement in the Near East in accordance with U.N. resolutions. In this context, they backed the calling of an international conference with the participation of all the interested parties, including the Palestine Liberation Organisation — the sole legitimate representative of the Palestinian people. They advocate the earliest halt to the war between Iran and Iraq and the settlement of the conflict by peaceful means, at the negotiating table. Having set out their respective positions on the Afghanistan question, the sides regard the talks being conducted in Geneva through the intermediary of a representative of the U.N. General Secretary to be useful and express the hope that they will end with concrete results.

Both sides condemned the shameful apartheid system in South Africa and the continuing occupation of Namibia by the racist Pretoria regime. They called on the international community to take urgent measures for the elimination of the apartheid system in the RSA and the immediate granting of independence to Namibia in strict accordance with decisions of the OAU and the U.N. and stressed the need for the speediest possible introduction of comprehensive mandatory sanctions against the racist Pretoria regime.

Special attention was paid during the talks to the situation in the Asian-Pacific region.

The Ministers noted the insistent need to step up the search with the involvement of all Asian states for ways to ensure peace and security in the area and to create an atmosphere facilitating the development of relations of friendship and co-operation at bilateral and regional levels.

In connection with this, the Soviet side gave a detailed explanation of the package of initiatives aimed at guaranteeing security in Asia and the Pacific and Indian oceans, and at establishing peaceful co-operation and interaction in the Asian and Pacific region, which were expounded in M.S. Gorbachev's speech in Vladivostok.

Having affirmed their position in favour of turning the Indian ocean into a zone of peace, the USSR and Indonesia called for an international conference to be convened on this

issue urgently, which should begin work no later than 1988. They gave backing [to] the idea of creating nuclear-free zones in various parts of the world, regarding these as an important step in the interests of international peace and security. They welcomed and expressed their support for establishing a zone free of nuclear weapons in the southern part of the Pacific ocean.

Having put forward their respective assessments of the situation in South East Asia and the reasons for the problems existing in this region, the sides were in agreement on the fact that it was of key importance to the region's peace and stability to continue and intensify constructive efforts aimed at working out a mutually-acceptable political solution to issues relating to Cambodia. They were also in agreement that interested countries outside the region might make a useful contribution towards seeking such a political solution.

The Soviet side reaffirmed the consistent position of the Soviet Union in favour of a political settlement in South East Asia and its interest in ensuring peace and stability in this region. The firm intention of continuing to pursue a course aimed at strengthening and developing friendly relations with the ASEAN member countries was expressed.

The ministers noted the growing role of the Non-Aligned Movement as an influential force actively supporting the adoption of measures designed to ensure universal peace and security and the creation of a new international economic order. The importance of the decisions adopted by the 8th conference of heads of state and governments of the non-aligned countries in Harare was emphasised.

The Soviet Union and Indonesia supported the reconstruction of international economic relations on a just and democratic basis and the establishment of a new international economic order. In their view the tasks of normalising international economic relations and of affirming trade-economic and scientific-technical co-operation between countries devoid of all discrimination were becoming increasingly important and pressing in the present-day international situation.

Having underlined the close interconnection between disarmament and development, they considered it necessary to switch the resources now being spent on military needs to socio-economic development purposes, including granting aid to developing countries.

Having noted the usefulness of holding consultations between the two countries on issues relating to bilateral relations and international problems of mutual interest, and also within the framework of international organisations and multi-lateral forums, the sides agreed to continue such consultations.

Both sides expressed their satisfaction with the results of the visit which had taken place, which would serve to strengthen mutual understanding between the two countries and peoples and promote further development of friendly Soviet-Indonesian relations.

E.A.Shevardnadze expressed gratitude for the warm and hearty welcome given to him on Indonesian soil. An invitation on behalf of the Soviet government was conveyed to M.Kusumaatmadja, Indonesian Minister of Foreign Affairs, to pay an official visit to the USSR. The invitation was accepted with thanks.

SOURCE: *BBC Summary of World Broadcasts*, FE/8512/A2/1-3, 10 March 1987.

Australian Defence White Paper

Excerpts from statement by Kim Beazley, Australian Minister for Defence, tabling the Defence Policy Information Paper, 19 March 1987.

The problem confronted by all Australian defence planners is that while we are firmly part of the Western community of nations, our defence situation is unique and requires unique solutions.

The Australian people expect that Australia should be able to defend itself. The Australian Government accepts its duty to provide Australia with defence forces able to meet that expectation.

This paper sets the course for a decade or more of development of self-reliance in the defence and security of Australia.

For Australia, defence self-reliance is set firmly within the framework of our alliances and regional associations. The support they give us makes self-reliance achievable. They, in turn, will draw added support from a self-reliant Australia which will be better able to discharge its responsibilities in the vast strategic region to which we belong . . .

The five-power defence arrangements (FPDA) remain relevant to our defence policy objectives of promoting strategic stability and security in our region.

The FPDA were established in 1971 at the time of Britain's withdrawal from east of Suez to provide a framework to support the external defence of Malaysia and Singapore and for the development of their defence capabilities.

Since that time, the two countries' defence forces have expanded considerably and the formation and consolidation of ASEAN (Association of South-East Asian Nations) has reinforced the ability of each member to withstand external pressure and has fostered the development of a broad political and strategic consensus.

With changing circumstances, including New Zealand's announcement of its planned withdrawal from Singapore in 1989, Australia is particularly important in maintaining the FPDA framework.

Australia does this through our Mirage deployments, our P3C maritime surveillance operations, our naval deployments, participation in bilateral exercises and other defence co-operation activities.

As the Government has previously announced, an RAAF presence at Butterworth will be maintained after the withdrawal of the Mirage aircraft in 1988 by rotational deployments of F/A-18 aircraft, supplemented on some occasions by F-111 aircraft.

The Army Rifle Company will continue to be deployed to Butterworth, as will RAAF P3C aircraft.

It is important to understand that this activity is not seen as a left-over from an era long gone. This Government has had several opportunities to view the situation afresh and has concluded that there is substantial political value in our co-operation.

The Soviet Union's naval and naval air presence at Cam Ranh Bay is a significant concern for Australian defence policy. The Soviet Union does not enjoy naval and air dominance in the region and in the event of global conflict its military assets in Vietnam would be very vulnerable to U.S. forces in the region. None the less its presence is an adverse element in regional security.

Its primary significance lies in the political influence it provides the Soviet Union. It gives added importance to our defence co-operative activities in the region, particularly our

maritime surveillance of the South China Sea and the north-east Indian Ocean and our naval deployments to the region.

SOURCE: *The Australian*, 20 March 1987.

U.S. Military Assistance to Asia Facing Cuts

Excerpts from statement by Karl D. Jackson, Deputy Assistant Secretary of Defense for East Asian and Pacific Affairs before a U.S. House of Representatives Appropriations Subcommittee, 26 March 1987.

I appreciate the opportunity to discuss with the Subcommittee today the Administration's FY 88 security assistance program for East Asia and the Pacific.

Last year, Congress reduced the military component of our security assistance program worldwide by 14 percent below FY 88 levels and 26 percent below the President's FY 87 request. Moreover, the Congress earmarked 86 percent of our military aid funds for only five countries. The result was a 40 per cent reduction in funds available for our other commitments, including all of East Asia and Pacific. This action has had a detrimental effect on our security assistance program in this region, forcing the reduction or elimination of assistance to several key nations and casting doubt on our credibility as an ally and friend.

Security assistance is an indispensable tool of American foreign policy throughout the region and an essential element in strengthening our defense posture. Before describing the details of the FY 88 security assistance program, I would like to review with you the important relationship between security assistance and defense policy.

SECURITY ASSISTANCE AND DEFENCE POLICY

Our interests in East Asia and the Pacific — political, economic, and security — are extensive. This economically vital region is the United States' largest trading partner. Reflecting our mutual concern for the security of the region in the midst of continuing military threats from the Soviet Union, North Korea, and Vietnam, we have entered into mutual security agreements with five countries in the region, and have other security relationships with several more. In March 1981, Secretary Weinberger spelled out the roles the U.S. is willing to assume in Asia: continuation of U.S. presence and strengthening of our military capability in the Pacific, provision of defense against nuclear blackmail; continuity of our deterrent forces in the Republic of Korea; provision of offensive capability to strengthen deterrence of threats against Japan; and protection of critical sea lanes in the Southwest Pacific and Indian oceans.

Because our interests, values, and concerns are shared by many East Asian and Pacific nations, and because of our own insular geographic location, we cannot adequately defend those interests with U.S.-based forces only. The proximity of Soviet forces, and those of Soviet surrogates, to our Pacific allies and interests imposes severe demands on the timeliness of our response. Thus, our strategy requires forward deployed forces for several purposes: first, to deter aggression and coercion; second, to increase our ability to respond

effectively and quickly in the event of a conflict; third, to reassure our allies of our commitment to our common security; fourth, to discourage regional instabilities; and, finally, to provide a more stable international environment for constructive diplomacy. For these reasons, we maintain ground and air forces in Japan, Korea, and the Philippines, plus naval carrier battle groups and marine amphibious forces in the Western Pacific.

Security assistance directly supports our defense policy in the region by helping us gain access to foreign bases and training areas for our forward deployed forces, obtain critical overflight privileges, and standardize military equipment. In addition, security assistance programs enhance our strategy for developing strong, self-sufficient, and reliable allies. Our alliance strategy, which includes forward deployed forces and security assistance programs, enables us to husband our limited resources, meld them with those of our allies, and employ them effectively to deter aggression or, should deterrence fail, to defend our interests and restore peace on terms acceptable to us and our allies.

THE FY 88 SECURITY ASSISTANCE PROGRAM

East Asia and Pacific was the region hardest hit in percentage terms by the FY 87 reductions. We terminated the security assistance program in the Republic of Korea, suspended assistance to Malaysia, and reduced sharply our assistance to Thailand and Indonesia. The decision to allocate only \$50 million to the Philippines was particularly difficult. We wanted to allocate more, but the resources were not there. To have provided an additional \$50 million to the Philippines would have required us to terminate virtually every program in Africa or make very major reductions in Central America. President Aquino, Minister of Defense Ileteo, General Ramos, and the Philippine Armed Forces were greatly disappointed and have questioned our commitment to the security of that country. We have assured them that we would seek the support of the Congress for the FY 87 supplemental that includes \$50 million for the Philippines.

The administration's FY 88 security assistance request for East Asia and the Pacific is for \$34 million in foreign military sales (FMS) credits and \$160.3 million in military assistance program (MAP) grants. We do not propose to fund Korea in FY 88. We propose to restore only \$10 million to the amount cut from Thailand in FY 87, to bring Indonesia to \$20 million in FMS credit, and to restore a small FMS credit program in Malaysia. We are seeking \$110 million for the Philippines, less than the need, but a realistic request for a close and beleaguered ally. Finally, we are seeking a small MAP grant for an important friend in the South Pacific, Fiji.

PHILIPPINES

The past year has seen truly remarkable developments in the Philippines. Americans are deeply impressed with the achievements of the Philippines in the short time since the February revolution. President Aquino and her government inherited social, economic, and security problems on a scale rarely encountered by contemporary political leaders. Her wisdom, grace under pressure, and affection for her people have won the admiration of Filipinos and all freedom loving peoples.

Likewise, Secretary of Defense Ileteo, General Ramos, and the senior leadership of the Armed Forces of the Philippines (AFP), faced on one hand with internal divisions and on the other by a virulent communist insurgency, have preserved the AFP as a national institution and begun the long-term task of renewing its identity as a professional military

organization. Their achievements have been remarkable, even under the most difficult circumstances, and they deserve the praise of a grateful Philippine nation.

I would be remiss, too, were I not to mention the officers and men of the AFP who carry out the perilous and often thankless task of securing the nation. This has been a difficult, sometimes confusing year for the Filipino soldier, but he has responded to rapidly changing circumstances with increasing professionalism and he has earned the growing respect of his nation.

Yet, the Philippines' journey to democracy has only just begun and much remains to be done if President Aquino is to succeed in her efforts to lead the Philippines to a stable and prosperous future. Despite the gains of the past year, the communist insurgency has not dissipated, the insurgents have not rejoined Philippine society, and many of the social and economic problems which beget the insurgency remain. Thus, we want to focus the attention of the Congress, as well as the attention of other Americans, on the need to continue our strong support for President Aquino.

COMMUNIST INSURGENCY IN THE PHILIPPINES

At first glance, the intensity of the insurgency may seem to be lessening. Indeed, violence and casualties did decline in 1986. According to official Philippine statistics, violent incidents decreased by 24 per cent, casualties to government forces declined by 22 per cent, and civilian casualties were down by 29 per cent. At the same time, casualties to the communist armed forces declined 42 per cent. By another measure, the rate of growth in the size of the communist New People's Army — which was growing at almost 100 per cent per year by the end of the Marcos regime — has declined markedly over the past year. But, insurgent strength still increased 9 per cent last year and the area of communist insurgent control expanded to 20 per cent of rural areas, about a fifth more than the previous year.

The situation does not call for a military solution to the insurgency problem. It calls for a Filipino solution which recognizes that, as the AFP leadership has pointed out, insurgency is primarily a political problem with roots in economic and social inequities. Nations which have contended successfully with insurgency have taught us that the role of force is secondary to that of co-ordinated political, economic, and social reform. Technological solutions, be they helicopters, trucks, or increased firepower, have never worked except in combination with a willingness on the part of civil and military agencies to remain in rebel areas over time, there to undertake the painstaking process of creating new loyalty bonds among those previously alienated from the national government. In this context, accurate information and effective local government are often as important as weapons in coping with an insurgency. Moreover, agrarian reform, enhanced rural economic opportunity, and a credible system of justice can insure that the salutary effects of the counter-insurgency campaign will be permanent, that the insurgency will not rise again with the next generation.

I would like to review with you and the members of the Subcommittee some of the actions taken by defense during the past year to support President Aquino, the AFP leadership, and the Filipino soldier in their effort to protect Philippine democracy.

DOD [DEPARTMENT OF DEFENSE] HUMANITARIAN ASSISTANCE TO THE PHILIPPINES

The administration is pursuing a broad range of initiatives to help President Aquino's government succeed and to preserve vital U.S. interests in the Philippines. As part of this team effort, the Department of Defense is determined to demonstrate its concern and

support for our colleagues in the AFP and for the people of the Philippines. Last September, in response to the visit of President Aquino, the President approved DOD's request to transfer \$10 million of our own medical supplies and equipment to the AFP. More than half of this aid commitment, a total of \$6.0 million, has been dispatched. This assistance includes \$769k in drugs and medicines, \$2.2 million in medical supplies and equipment, and 54 ambulances. The remaining \$4.0 million will be identified and shipped as soon as possible.

In a second DOD-sponsored program, Philippine civilians received \$13 million worth of drugs donated by the Americare Foundation and transported to Manila by U.S. Air Force aircraft. Finally, as we sit here, the U.S. Navy hospital ship, *Mercy*, is providing medical care for both civilians and military personnel in the Philippines.

She will call at seven ports over the next six weeks. The price tag of this combined DOD and private effort to deliver medical equipment and care to the Philippines will be about \$40 million.

REBUILDING THE ARMED FORCES OF THE PHILIPPINES

The AFP is one of the most important institutions in the Philippines and, with some exceptions, its members have exerted their influence in ways that are highly commendable. U.S. assistance continues to play a constructive role in the restoration of military professionalism and combat effectiveness. Our efforts to accelerate the acquisition and delivery process since the February revolution resulted in the highest volume of security assistance deliveries to the Philippines in the past five years. More than \$64 million in military aid, including 665 trucks, 626 radios and telephone sets, \$2.3 million in individual clothing, and a wide variety of spare parts, were added to the AFP inventories. As a result, operational readiness rates for helicopters, trucks, and communications equipment showed genuine improvement over the past year.

The senior leadership of the AFP has made tough decisions in its effort to improve the efficiency and effectiveness of the current force structure and to focus more acutely on counter-insurgency operations. Obsolete F-8 aircraft are being eliminated; the financial drain from the National Air Defense System has been reduced; and the Philippine Navy is cutting the size of its fleet from 200 to 90 ships and craft. Most of the army's division and brigade headquarters have moved into the countryside where governmental presence is the *sine qua non* of effective counter-insurgency. In spite of tight fiscal constraints, the army initiated a unit training cycle that has retrained four battalions in counter-insurgency operations during the past four months.

AFP reforms are continuing. A national training center has been established to promote professionalism and combat effectiveness. Pay for enlisted personnel was increased by 14 per cent and officers' pay by 9 per cent in 1986. As a result of training and command interest, human rights abuses by AFP soldiers have declined.

We would take comfort in the improvements in the NAFF [*sic*] were it not for the remaining deficiencies which oblige us to intensify further our security assistance effort. Although operating rates have improved, logistic support and maintenance capabilities remain crucial. By one estimate, the AFP's maintenance backlog could consume approximately 1,000 million dollars in spare parts and supplies.

To remedy these deficiencies and improve further the readiness rates, we have developed with the AFP procurement programs that emphasize maintenance and logistic support, and items for the individual soldier. An estimated 65 per cent of military assistance during FY 85-FY 87 has been or will be committed to supply and maintenance items. We

have identified the material that would be procured with our proposed \$50 million supplemental. If approved, this program will enable the AFP to improve its readiness rates, increase the tempo of operations, and begin a modest modernization program.

Earlier, I discussed our unavoidable action in reducing the 1987 security assistance allocation to the Philippines, and our hope that the shortfall in aid could be remedied by a supplemental appropriation. I want to commend you and the members of this Subcommittee for your statesmanship and foresight in including \$50 million in MAP for the Philippines in the FY 87 supplemental. It is my hope that others in the Congress will reach the conclusion that you have reached, and that we will be able to maintain an uninterrupted flow of military assistance to the Armed Forces of the Philippines during 1987.

The Aquino government also has slightly more than \$29 million in FMS credits from previous years that have not been disbursed for procurements. The heavy debt burden of the Philippines militates against further use of credits. President Aquino has requested that we convert those remaining FMS credits to grants, and we agree, but we need Congress' support.

SUPPORT FOR THE AQUINO GOVERNMENT

Our assessment of the problems confronting President Aquino and her armed forces is not intended to highlight negative, rather positive aspects of the situation. A balanced picture emphasizes President Aquino's truly dramatic achievements which suggest that she will successfully lead her country to a stable and prosperous democratic future. The results of the recent plebiscite demonstrate again the vast reservoir of her personal support. After scarcely a year in power, she has become the most popular President in modern Philippine history. There should be no doubt, either on the left or right, concerning the importance we place on supporting an elected, democratic government in the Philippines. However, our strong, unambiguous support for the Aquino government and for the President herself must be based on a clear reckoning of the problems facing the Philippines. Those problems can be solved, if — first and foremost — both we and the Philippines recognize the character of the problems and are willing to make the hard decisions necessary for their solution.

THAILAND, MALAYSIA AND INDONESIA

Thailand, a treaty ally and front-line state, faces a serious and continuing security threat from Vietnam. The continued modernization of Thailand's armed forces is essential to deter and defend against Vietnamese aggression along the dangerously volatile Cambodian border. There has been no fundamental change over the past year in the stalemate which marks the Cambodian conflict. Vietnam maintains some 140,000 troops in Cambodia and Vietnamese forces have entered Thai territory on numerous occasions, causing casualties to the Royal Thai Armed Forces and to Thai civilians.

We have emphasized our strong support for Thai independence and territorial integrity, primarily by political and diplomatic means. Secretary Weinberger's visit to Thailand, during which he also travelled to the Thai-Cambodian border area, exemplified our commitment to Thailand's security. Unlike Korea, where American military presence is the most visible symbol of this commitment, the primary symbol for our Southeast Asia front-line ally is our willingness to provide security assistance. Last year we were forced to reduce the Thai program by about half the FY 86 level. Our FY 88 request of \$60 million, \$50

million of which would be in MAP grants, represents only a modest increase over the depressed FY 87 level.

Since the Vietnamese invasion of Cambodia in 1979, our security relationship with Thailand has focused on building readiness and sustainability to cope with external threats. One element of this effort has been a joint program of logistics co-operation. In January 1987 we reached an important milestone in this effort when representatives of the U.S. and Thailand signed a war reserve stockpile agreement. The agreement was developed from a request by the Royal Thai Government for cooperation in establishing a stockpile of defense articles in Thailand that could be made available to the Royal Thai Armed Forces in an emergency. The purpose of the war reserve stockpile program is to enhance the capabilities of the Royal Thai Armed Forces to sustain combat and defend Thailand against any attack that threatens Thailand's national security, thereby also increasing deterrence against such an attack. Legislation is required to implement the war reserve stockpile program, but no appropriations are required.

Thailand's independence, integrity, and stability are crucial to peace and stability in Southeast Asia. Our security assistance program is intended to help Thailand meet regional threats and defend its border against Vietnamese aggression. Inadequate security assistance could imperil a staunch American ally and undermine the ASEAN strategy for a negotiated solution in Cambodia by calling into question our commitment and sending the wrong signals to Moscow and Hanoi.

Over the past decade we have developed important defense ties with the non-aligned but anti-communist states of the ASEAN community. Malaysia has successfully maintained democratic practices and fostered rapid economic growth throughout its independence.

Indonesia, the fifth largest country in the world, has undergone a remarkable transformation since the 1960s. In the early 1960s, under the flamboyant leadership of President Sukarno, Indonesia was a vocal apostle of anti-Western orientation. With the advent of President Suharto's New Order, Indonesia found new prosperity through rational economic planning and adopted a foreign policy which remains neutral and independent while being generally friendly to the West. Our ties with Malaysia and Indonesia have benefited from modest U.S. security assistance programs. Last year was particularly difficult for these regional friends, as reductions in U.S. security assistance were accompanied by serious economic difficulties resulting from the simultaneous decline in prices of oil and virtually all traditional export commodities.

Our decision to restore a very modest FMS credit program for Malaysia in FY 88 symbolizes the importance we attach to our growing defense relationship with this nation which is located along the strategically vital Straits of Malacca. In recent years Malaysia has rapidly increased its defense expenditures, upgraded its air defense system and made improvements in logistics and communications. Last year's lack of security assistance funds forced us to eliminate temporarily the Malaysian program. This year we are seeking \$4 million to fund continued maintenance of existing U.S.-origin equipment, including logistics, air defense, and command, control and communications systems.

In the case of Indonesia, the extension of FMS credits is both substantive and symbolic. With its 3,600 mile expanse containing thousands of islands, Indonesia's security requirements are massive. Nevertheless, the government of President Suharto has consistently emphasized economic development and social welfare over defense requirements. Indonesia's recent purchases of advanced military systems, including a small number of F-16 fighter aircraft, have been both modest and appropriate considering its strategic situation. The procurement of F-16 aircraft reflects the desire to experience the operation and

maintenance of advanced fighter technology rather than an ambition to field combat capability commensurate with Indonesia's size, population, and geographic location. Last year, necessity forced the reduction of our FMS credit program to \$10 million — allocated by the government for the F-16 purchase. This allocation fell short of Indonesia's expectations for U.S. help in acquiring these aircraft. For FY 88 we are requesting \$20 million in FMS credits so that Indonesia may proceed with the acquisition of an advanced fighter. To the Indonesians, our security assistance evidences our intention to help them modernize their armed forces and, in so doing, improve their ability to defend the critical airspace and sea lanes in their archipelago.

SOURCE: United States Information Service, *Wireless File*, 27 March 1987.