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PRIME MINISTER'S VISIT TO ASIA, 4-13 April 1985

A - GENERAL BRIEF (Revised 2 April 1985)

Our Objectives

(See also individual Country Briefs)

i) ASEAN

- a) To emphasise high priority we accord to relationship with ASEAN, recognising its growing regional significance politically and economically.
- b) To sound out ASEAN leaders on their priorities for the Association, in particular on EC/ASEAN relations.
- c) To register our recognition of the evolving nature of EC/ASEAN economic relations now ASEAN states increasingly New Industrialising Countries (NICs) not "developing" countries. To show understanding for their economic aspirations.
- d) To reaffirm our support for ASEAN policies on Indo-China. (see (ii) below)
- e) To seek continued ASEAN backing for West on Afghanistan.
- f) To exchange views on situation in Philippines, Brunei.

Bonn Economic Summit

- g) Dampen ASEAN expectations of possible outcome of Summit.

ii) Indo-China

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ii) Indo-China (for ASEAN countries)

a) To underline support for ASEAN in their stand against Vietnam over Cambodia and help them maintain a unified position; UK's determination to keep up pressure on Vietnam.

b) To probe ASEAN thinking on political prospects in light of current Vietnamese offensive.

c) To exchange views on Indo-Chinese refugee problem.

iii) Communist Policy: South and South East Asia

USSR

a) To seek views on Soviet activity and intentions in the region, and on likely progress in Sino-Soviet relations.

China

b) To underline China's adoption of increasingly positive regional role.

Arguments to Use

i) ASEAN

a) ASEAN now vital to stability and prosperity of region. A growing force for moderation in world affairs. In mutual interest ASEAN should flourish. Value regular exchanges on both economic and political issues.

b) EC and ASEAN both dynamic regions. Vital our relationship reflects this, taking full account of changes, eg you becoming NICs.

c) EC/ASEAN Foreign Ministers meetings play valuable role. Struck by extent of common ground at Dublin meeting.

/d)

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d) Ministerial meeting on economic matters. An opportunity better to understand each other's evolving priorities; basis for extending cooperation, promoting trade growth on basis of genuine free trade. Work of Joint Commission also important in identifying areas for cooperation and reducing protectionism.

e) Soviet occupation of Afghanistan, like Vietnamese in Cambodia, if allowed to succeed undermines framework of international order. Same in Falklands. Must resist. EC/ASEAN stand on Cambodia has won international respect.

f) Concerned at situation in Philippines. Prospects poor. Growth of communist insurgency (NPA now 12,000 strong). Implications for ASEAN?

(Use only in Malaysia and Singapore)

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Bonn Economic Summit

h) Industrial countries committed to sound economic policies. Summit will discuss ways of spreading these.

ii) Indo-China (for ASEAN countries)


Cambodia

a) Four square behind ASEAN. Respect stand you have taken. Must show aggression does not pay. Otherwise will spread. Like you, want a settlement but terms must be right, based on UN Kampuchea resolutions we co-sponsor. Any hopeful signs?

b) Confident you can ride out latest reverses. Time on your side, not theirs. Vietnamese are over extended. Economy in ruins; in thrall of Russians; isolated internationally. Must keep up pressure on them, maintain world support.

/c)

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c) Prospects now for resistance forces? Concerned that Khmer Rouge do not become more prominent in coalition. Can non-communists learn from their reverses? New tactics? UK will continue to support non-Communist resistance.

Refugees

d) Share ASEAN's concern over Indo-Chinese refugee problem. Gave extra funds recently to help in Thailand. Have our own severe problem in Hong Kong. Need to find durable solutions. Answer not in West. Voluntary repatriation is long-term solution. May require more international pressure on Vietnamese to reduce refugee flows.

iii) Communist Policy

USSR

(for ASEAN countries)

a) Clear maintenance of pro-Soviet Vietnam is major Soviet priority in region. Vietnam seen as political counterweight to China; strong military force in region; provider of Cam Ranh Bay facilities.

b) Soviet attitude to Cambodia tailored largely to Vietnamese requirements. Would Soviet interests be served by settlement?

c) Elsewhere in South East Asia, are Russians seriously trying to increase influence? If so, have they made any progress?

d) Soviet Union has historic fears about security of its eastern frontier. Partly explains demarches in 1984 about Japanese "militarism". Clear their main fear is China, hence importance they attach to achieving Sino/Soviet modus vivendi.

(for Sri Lanka)

e) Any sign of Russians trying to take advantage of political problems in North? Or of seeking better relations with government?

/(for India)

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(for India)

f) Some improvement in atmosphere of Sino/Soviet relations (if no progress on China's three central concerns). What implications for Indo/Chinese relations?

g) Cordovez' UN mediation on Afghanistan could collapse if Soviet Union do not agree to a troop withdrawal timetable. No hint of Soviet flexibility. Your views?

China

h) Needs regional stability to pursue internal modernisation.

i) Apparently genuine desire to reduce tension on Korean peninsula (applies equally to South Asia, but not in Indo-China).

j) Declining support for insurgent movements in ASEAN countries.

k) Signs of Chinese flexibility (albeit limited) in long-standing border dispute with India.

l) Mutual ASEAN/China interest in economic co-operation.

Tactical Arguments


i) ASEAN

a) Joint aim should be mature and balanced relationship; better access to European resources matched by progressive opening-up of ASEAN markets, eg EC sales of cars and glass (Pilkingtons).

b) EC's record on economic links with ASEAN compares favourably with, eg Japan and USA. Genuine partnership. Technology transfer. Respect for commodity agreements. Remember, too, substantial bilateral and unilateral aid, eg Asian Development Bank (ADB), European Development Fund (EDF) flows, technical cooperation by EC states.

/c)

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c) Philippines: Any joint discussion/action in ASEAN?

ii) Indo-China (for ASEAN countries)

Cambodia

a) UK is playing full part, bilaterally and in EC. Announced 1979
no aid to Vietnam. Have held to this. Urging others to do
likewise.

b) UK keeping up political pressure on Vietnam, eg co-sponsoring UN
resolutions, supporting Democratic Kampuchea (DK) credentials,
initiating EC demarches, summoning Vietnamese Ambassador.

c) Maintain contact with non-communist leaders, eg Son Sann to see
Foreign Secretary again May 1985. Humanitarian assistance to
resistance groups.

Refugees

d) UK's and Hong Kong's excellent records: nearly 19,000 resettled
in UK and some 14,500 in Hong Kong. Severe strains in absorbing in
UK but continue to take some. Hong Kong overcrowded. Problem of
illegal immigrants from China.

iii) Communist Policy


Not applicable.

Their Objectives

i) ASEAN

a) To highlight collective strength of ASEAN, economically,
politically. Consequent importance for UK/West.

/b)


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b) To press EC/UK to "take more seriously" economic relations with ASEAN giving better market access (textiles, tapioca, vegetable oils), extra investment, training, technology transfer. More resources for trade promotion assistance.

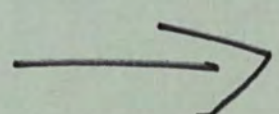
Specific (may be raised)

c) To win support for European Investment Bank (EIB), involvement in ASEAN development projects and promotion of private investment.

d) To seek further EC trade liberalisation through GSP to reduce ASEAN's trade deficit in EC.

e) To seek UK commitment to UK Ministerial attendance at Ministerial Meeting on Economic Matters.

f) To promote cultural cooperation, eg through EC/ASEAN Joint Committee.

g) To promote exchanges on narcotics control. 

Intra-ASEAN

h) To exchange views on the Philippines, Brunei.

Bonn Economic Summit

i) To maintain open access for exports to industrialised markets, without making concessions on their own import barriers.

j) To express concern about low commodity prices.

k) To seek support for global negotiations on international cooperation.

/ii) Indo-China

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ii) Indo-China (ASEAN countries)

- a) To explain current ASEAN policy on Cambodia, as interpreted locally.
- b) To seek reaffirmation of UK support for ASEAN line, in talks and publicly.
- c) To probe UK commitment to support resistance groups and pressure Vietnamese.

iii) Communist Policy

Not applicable.

Our Response

i) ASEAN

- a) Respect ASEAN's solid achievements, politically (eg Indo-China), economically. A success story. Example to others. Bulwark against Communism, instability.
- b) UK will continue to play full part in ASEAN's progress. Like EC partners, keen to put more substance into relations. Support closer dialogue.
- c) Useful to learn first hand of your priorities. We make big contribution already, eg development cooperation ECU 165 million 1980-83; 50% of EC inward trade promotion budget allocated to ASEAN 1984, ECU 4 million; programme to promote European investment in ASEAN received ECU 2 million, 1980-84; cooperation in science and technology ECU 3.5 million, 1980-84.

/d)

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d) EIB: extension of lending to ASEAN would mean major change in Bank's role; others would then seek access. As agreed at Dublin, need to study how to extend cooperation in financial sector. Role for EC/ASEAN Business Council

e) Committed to principles of GSP. Community's General System of Preferences (GSP); major review 1985; will take account of ASEAN concerns. As ASEAN economies strengthen they too have responsibilities to help roll back protectionism.

f) Ministerial meeting on economic matters: Decision on attendance nearer time.

Bonn Economic Summit

g) Fully support launching of new trade round to roll back protectionism. Newly industrialising countries also have obligations to open markets.

h) Recognise concern about low commodity prices. Support Integrated Programme for Commodities.

i) Do not believe Global Negotiations best way forward.

Philippines

j) Share your pessimism. Know USA does, too. Have relatively little involvement there but wish to keep closely in touch with your thinking. Do what we can to help.

k) Contributed to IMF/creditor bank rescue packages. Doubt whether Marcos Government will discipline itself sufficiently to enable country fully to benefit, restore stability.

l) Marcos still seems complacent about security. Perhaps country will muddle through pending Marcos' departure but risks grow as time passes.

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ii) Indo-China (for ASEAN countries)

(For (a)(b) see Arguments and Tactical Arguments sections).


c) Have a keen interest in co-operating with you in the search for a settlement. Believe initiatives must come from ASEAN or others directly involved. But UK ready to welcome sensible proposals from any quarter if in line with existing internationally agreed framework.

d) Support aims of Cambodian resistance. Provide non-Communist movements with bilateral humanitarian assistance. Also multilatera humanitarian aid (£850,000 during 1984/85) to the Thai/Cambodian border population. Extra grant (£400,000) to cope with latest influx.

e) UK military aid to resistance: Common interests best met by UK keeping to humanitarian aid and strong political support. UK military aid might contribute to escalation of conflict, no benefit to ASEAN or resistance.

iii) Communist

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iii) Communist Policy

Not applicable.

Background

ASEAN

1. ASEAN founded in 1976. Malaysia current Chairman to July 1985. Strategic location across major sea lanes. Frontier with Communist Indo-China, issue on which ASEAN unity strongest. Limited intra-ASEAN economic cooperation (approximately 15% of Association's trade).

2. Of growing importance for West viz trade:

	<u>1983</u>	<u>1978-1983</u> (Average annual growth in monetary terms)
UK imports from ASEAN	US\$ <u>1,625</u> million -	18.9%
UK exports to ASEAN	US\$ <u>1,901</u> million -	11.0%
EC imports from ASEAN	US\$ <u>7,349</u> million -	5.7%
EC exports to ASEAN	US\$ <u>8,146</u> million -	10.4%

3. Frequent EC/ASEAN officials meetings on economic issues: annual Joint Commission. Also political exchanges, capitals. 18-monthly EC/ASEAN Foreign Ministers Meetings. Last, Dublin November 1984. Autumn 1985 (provisional) Economic Ministers Meeting, 5th Anniversary of Economic and Commercial Agreement.

4. Much common ground on international political issues, eg Indo-China, Afghanistan, importance of promoting East-West relations. Differences on Middle East.

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5. Sharper differences on economic matters. ASEAN showing some dissatisfaction with relations with "dialogue" partners, eg over market access. Communique after ASEAN Economic Ministers meeting February 1985 critical of developed world: "inward-looking domestically palatable policies affecting market access and investment"; "free traders of convenience"; called on to take dialogue with ASEAN more seriously. Principal targets of criticism Japan and USA.

6. ASEAN wants from EC better market entry (finished products; not just raw materials), more investment, eg through EIB (issue at Dublin, 1984), technology cooperation, training. Proposed EC/ASEAN Economic Ministers Meeting their initiative. Reluctant EC agreement. In our interests to make best of it.

Bonn Economic Summit

7. ASEAN presented a memorandum on points members wished to see covered at the Summit to Summit participants at end-March.

Brunei: Philippines

8.

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9. ASEAN embarrassed by Philippines. Weak link. Only Lee prepared to talk straight to Filipinos. Malaysia-Philippines relations bedevilled by territorial dispute over Sabah and alleged Malaysian support for Filipino Muslim rebels.

10. Western "rescue" package for Philippines (December 1984; elements still outstanding). IMF 615 million SDR arrangement agreed. Creditor banks on point of agreement (US\$ 6 billion rescheduling, US\$ 925 million new loans).

ii) Indo-China

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ii) Indo-China

11. April 1975, Khmer Rouge took over Phnom Penh; December 1978, Vietnam invaded Cambodia; January 1979, Vietnamese-backed Heng Samrin regime installed; December 1979, UK withdrew recognition of Pol Pot Government (only State of Cambodia recognised - no government); 1982, formation of "Coalition Government of Democratic Kampuchea", led by: Prince Sihanouk (Sihanoukists) with Son Sann (Khmer People's National Liberation Front) and Khieu Samphan (Khmer Rouge); October 1984, 110 countries voted for annual UN ASEAN resolution on Cambodia; best result yet. Resolution called for total withdrawal of foreign forces from Cambodia, internationally supervised elections and creation of an independent, neutral and non-aligned Cambodia. UK co-sponsored.

12. November 1984, Vietnamese launched most ferocious offensive to-date in Cambodia. Troop levels: Vietnamese Army 160,000, Heng Samrin forces 30,000, Khmer Rouge 30,000, KPNLF 12-14,000, Sihanoukists 6-8,000. Result:

- a) all border camps overrun; serious reverse for resistance;
- b) China increased military pressure on Vietnam's northern border;
- c) some 225-240,000 Cambodians fled into Thailand.

13. Vietnamese continue to launch diplomatic initiatives. No sign of genuine change in their position, eg no commitment on troop withdrawals. ASEAN continues to stand firm. ASEAN Foreign Ministers in February 1985 called for increased international support for political and military struggle in Cambodia. Australian Foreign Minister, Mr Hayden, made ill-timed visit to Vietnam in March 1985 resuming efforts to "facilitate" a settlement on Cambodia. Unsuccessful. Irritated ASEAN. Indonesian Foreign Minister Dr Mochtar, also visited Hanoi in March 1985, maintaining his dialogue with Vietnam on ASEAN's behalf.

/Recent

Recent UK Aid

14. On 3 July 1979, Prime Minister announced in Commons: "There will be no more aid to Vietnam so long as the present circumstances continue".

15. During this financial year UK provided £500,000 for 1985 budget of UN Border Relief Operation; £100,000 bilateral humanitarian aid to Cambodian non-Communists plus funds for UNHCR in Thailand, for Orderly Departure Programme from Vietnam, Thai anti-piracy programme and International Red Cross operations on Thai/Cambodian border.

Refugees

16. Total number of unresettled Indo-Chinese refugees in South East Asia: 160,000, the bulk in Thailand. (The 225-240,000 on the Thai/Cambodian border are not eligible for resettlement). UK has taken 19,000 (of whom 12,500 were Vietnamese from Hong Kong).

iii) Communist PolicyUSSR

17. Natural ASEAN antipathy towards Soviet Union and communism aggravated by Vietnamese occupation of Cambodia, Afghanistan, and shooting down of KAL airliner. Some signs of Soviet attempts to court ASEAN countries probably in attempt to counter Japanese/Chinese/US influence in region. Widespread Russian protests in Western capitals about rise of Japanese militarism and security of their Eastern frontiers. But unlikely that they will be able to put sufficient resources into efforts in ASEAN countries. Latter healthily suspicious of Soviet intentions in South East Asia.


18. Vietnam - cornerstone of Soviet influence in region. Major Soviet air and naval facilities at Cam Ranh Bay, which are of concern to region. Vietnam, Laos and Cambodia among six countries receiving 90% of Soviet aid.

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19. Malaysia - rebuffed Soviet proposals for closer political and commercial relations. Robust response to Soviet pressure on ASEAN countries over Vietnam.
20. Singapore - relations with Soviets almost devoid of substance. Singapore sees Soviet Union/Vietnam as main threat to regional stability. Has effectively rejected Soviet attempts to thicken up relations.
21. Brunei - no Soviet/Brunei diplomatic relations, though Soviets proposed joint accreditation from Malaysia.
22. Indonesia - thin relations with Soviets despite strong diplomatic presence, though increased contacts in 1984, largely due to Indonesian wish to diversify commercial relations.
23. Sri Lanka - Soviet/Sri Lankan relations almost devoid of substance. No evidence of Soviet involvement in troubles.
24. India - Soviets' closest friend in non-communist Third World. Gives benefit of doubt on many international issues (notably Afghanistan, Cambodia). Common security concerns vis-a-vis China and Pakistan.
25. Soviets wish to keep sound relationship. Rajiv had lengthy meeting with Gorbachev of 1 March. Soviet Union gives India largest share of aid to non-communist LDCs, and is India's main arms supplier. No major realignment likely although Rajiv may improve relations with West. Recent tensions about spy scandal (some Russians/East Europeans implicated) rapidly smoothed. Rajiv probably to Moscow, 16-19 May.
26. Sino/Soviet Relations - normalisation of relations with China remains high Soviet priority. Soviet aim to offset and possibly preempt Chinese links with West. Russians not prepared to offer concessions on three key issues for Chinese (Soviet military

/presence

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presence on Chinese border and in Mongolia; support for Vietnamese invasion of Cambodia; Afghanistan). Arkhipov's visit to China December 1984 most senior since 1969. Limited substantive discussion; though obstacles to normalisation were raised, no indication of a change by either side. But further impetus to increasing trade and other exchanges.

China

27. Underlying principle of Chinese foreign policy is strategic non-alignment. But in practice China's interests in South East Asia conflict strongly with those of the USSR, particularly in Indo-China.

28. China's primary objective in the area is to bring about the withdrawal of Vietnamese troops from Cambodia, thereby limiting Vietnamese, and consequently Soviet, regional influence, and promoting regional stability. Accordingly, China is seeking to establish mutual confidence with ASEAN countries. Good co-operation with Thailand.

29. Gradually reduced support for regional Communist insurgencies. Material aid now minimal. But refuses publicly to disavow these movements. Some ASEAN countries (particularly Indonesia) continue to regard China as greater expansionist threat in long run than Vietnam.

FOREIGN AND COMMONWEALTH OFFICE
APRIL 1985

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