



# Indonesia-Australia Relations: Moving from Bad to Worse

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The state of Indonesia-Australia relations has deteriorated--from strained to nearly shattered--in recent months as a result of the ongoing crisis in East Timor. As the quarter ended the prospects for an early recovery in the relationship were very uncertain. The Australian-led international force in East Timor faced a long and dangerous process of taking control of the territory from Indonesian-backed militias, and the possibility of sustained guerrilla-terrorist opposition supported by the Indonesian armed forces could not be ruled out. An additional complication was the potential impact of heightened nationalistic and anti-Australian sentiment on the election of a new Indonesian president in late October, and therefore on the composition and attitude toward Australia of the new Indonesian administration due to take office by January 1, 2000.

## **Background: Improving Relations, Continuing Tensions**

Ever since the "New Order" government of President Soeharto replaced the erratic and adventurist Sukarno regime in the mid-1960s, Australian governments have made concerted efforts to maintain harmonious relations with Indonesia. In the 1980s and 1990s, Australian foreign and security policy statements increasingly emphasized the importance of Australia's major neighbor to the north. Indonesia became a priority recipient of Australian economic assistance, and the Australian government encouraged Australian private enterprise to increase investment and trade in Indonesia. Military-to-military cooperation progressively expanded, and, in 1995, Australian Prime Minister Paul Keating and Soeharto concluded a security treaty -- Indonesia's only bilateral security agreement.

Although the bilateral relationship is less important in relative terms to Jakarta than to Canberra, good relations with Australia were an integral part of the Soeharto government's policy of responsible international citizenship and, increasingly, regional leadership. The relationship also brought specific benefits for Indonesia, including the fact that Australia recognized Indonesian legal sovereignty over the former Portuguese colony of East Timor (the only UN member state to do so), which Indonesia invaded and annexed after Portugal's withdrawal and a period of internal conflict in 1975.

Nevertheless, tensions have persisted in Indonesia-Australia relations. Sources include national (including ethnic) consciousness and sensitivities in both countries, some competitiveness in their respective aspirations for regional leadership roles, and the inevitable wariness between a lightly populated but wealthy and technologically advanced state and a very populous but relatively less developed neighbor.

East Timor has been a particular irritant, despite the Australian government's formal recognition of Indonesian sovereignty. A vocal community of Timorese refugees in Australia and deep-seated hostility towards the Soeharto government on the part of the Australian media--ensured by the killing of five Australian journalists during the Indonesian military takeover in 1975--guaranteed that this issue remained a thorn in the side of both governments. East Timor gained renewed prominence after the 1996 Nobel Peace Prize was awarded to pro-independence spokesman Jose Ramos Horta and Catholic Bishop Carlos Belo.

### **Habibie, Howard, and Timor**

The downfall of Soeharto in May 1998 and the combined political and economic crisis in Indonesia opened a new chapter in Indonesia-Australia relations. Australia increased economic and humanitarian assistance to Indonesia in response to the economic crisis, and joined other countries in endorsing moves by Soeharto's successor, B.J. Habibie, toward political liberalization and democratic reform. In these circumstances, Australia's current Prime Minister, John Howard, saw an opportunity to resolve the Timor issue and remove the major irritant in the relationship. In effect reversing longstanding Australian policy, in December 1998 Howard wrote to Habibie urging him to consider autonomy for East Timor and an eventual referendum on the territory's future.

Howard's initiative had uncalculated results. In January 1999, Habibie suddenly announced that he was proposing an immediate referendum in East Timor, with the alternative of independence if the Timorese rejected an autonomy arrangement. He apparently made this offer without consulting the Indonesian armed forces, which staunchly opposed independence for East Timor. Months of subsequent negotiations between Indonesia, Portugal, and the United Nations led to agreement in May on the procedures for the referendum, to be held in July and administered by the UN. Presumably at the insistence of the military, Indonesia demanded and was granted sole responsibility for security throughout the process, and the UN election apparatus (UN Assistance Mission for East Timor or UNAMET) was to be unarmed.

The July target proved overly ambitious. Indonesia was already preoccupied with preparations for national parliamentary elections in early June, three years ahead of schedule and under completely new rules with open competition for the first time in three decades. In East Timor, organizing a referendum at the same time injected further complications. As early as March, pro-integration militias associated with the Indonesian military began attacking pro-independence Timorese. The attacks continued and escalated following the arrival of UNAMET elements in May and June, and triggered criticism of Indonesian conduct including public condemnations by UNAMET of Indonesian military support for the militias. The date of the referendum was pushed back twice -- eventually to August 30.

Although it had misgivings about an early, ill-prepared referendum, the Australian government made a major contribution to UNAMET and also took a leading role in pressing Indonesia to live up to its commitment to provide security. Indonesian officials and military leaders in turn quickly came to view UNAMET as biased towards the pro-independence side in East Timor, and to see Australia as the principal force behind UNAMET and international criticism of Indonesia. Thus by mid-1999, the East Timor issue was causing increasing strains in Indonesia-Australia relations.

## **A Pyrrhic Referendum: Rampage and Reactions**

The months of July and August were punctuated by further incidents in East Timor, continued criticism of Indonesia by Australian officials and others, and some calls for the dispatch of armed international peacekeepers. Australian forces in Darwin, less than 500 miles from Timor, were placed on heightened alert and prepared for a possible peacekeeping mission. Although official Australian statements were measured, and accompanied by reiteration of the importance Australia attached to relations with Indonesia, these Australian actions only strengthened Indonesian irritation and suspicions.

Despite the difficult security conditions and horrendous logistical problems, the referendum in East Timor took place on August 30. The voting proceeded in a relatively peaceful manner, and the turnout was massive, over 98 percent of registered voters. On September 4 the UN announced that an overwhelming 78.5 percent of the ballots favored the independence option. This unequivocal result effectively foreclosed any reasonable question about the real desires of the Timorese people.

However, this outcome was not acceptable to the pro-integration side. The announcement was followed immediately by a massive wave of violence on the part of the pro-Indonesian militias – killings, mass evictions, looting, and arson. The Indonesian security forces generally just stood by or in some cases even joined in the rampage, fueling the inevitable presumption that the campaign had been engineered by the Indonesian military, as a “scorched earth” policy to discourage other restive Indonesian provinces such as Aceh from following East Timor’s example. Weak excuses by Indonesian officials for the inaction of the security forces, coupled with Indonesia’s firm rejection of suggestions that it enlist international assistance in restoring order, reinforced this impression.

Reports of wholesale destruction and atrocities increased pressures for armed intervention by the United Nations to restore peace. By coincidence, the annual APEC ministerial and leaders meetings were taking place, in New Zealand, throughout the second week of September (with most regional heads of government present, with the notable exception of Habibie); this facilitated intense consultations and coordinated pressure on the Indonesian government. On September 12 Habibie agreed to accept an international force, on September 15 the UN Security Council authorized the force, and on September 20 the first elements of an Australian-led and largely Australian-manned International Force for East Timor (INTERFET) arrived in the territorial capital of Dili.

In Australia, the post-referendum events in East Timor evoked a strong public reaction. Demonstrators burned Indonesian flags, port workers refused to service Indonesian trade or mail, and there was massive media coverage including television broadcasting viewable in Indonesia. As security conditions in East Timor continued to deteriorate, and most of the foreign press and eventually even the UNAMET operation withdrew, speculation grew that the Indonesian forces were deliberately trying to force out all international personnel so that the destruction could proceed unobserved. Nevertheless, emotive reports continued to flow from Darwin, including eyewitness accounts by refugees, and from various sources in Timor. As public pressure for action mounted, the Australian government announced a cutoff of military assistance to Indonesia, and Howard openly questioned the utility of the Indonesian-Australian security agreement.

Ironically, the East Timor crisis also renewed old uncertainties in Australia about its defense alliance with the United States – reflecting fears both of undue U.S. control and unreliability. Articles in July citing unidentified officials reported U.S. pressure on Australia to coordinate contingency planning for East Timor, and Australian resistance due to concerns over damage to Indonesian-Australian relations. After Australia took the lead in organizing the international force in September, media commentary stressed that U.S. unwillingness to contribute ground troops to the operation had left Australia on its own. Reassurance by Prime Minister Howard and others of close U.S. cooperation and significant support for INTERFET in turn produced stories in late September asserting that Australia had assumed the role as “deputy” for the United States in policing the region, forcing Howard to stress in Parliament that Australia was acting in its own interest.

### **Reactions in Jakarta**

The rising chorus of international criticism, especially from Western countries, produced a nationalistic backlash in Indonesia. Australia was the most conspicuous target, with some sensational press reporting suggesting ulterior Australian motives such as territorial or other gains, and demonstrations against Australian government and business facilities in Jakarta and other cities. Security forces did little to discourage the demonstrators, and Indonesian political leaders from virtually all quarters joined in denouncing Australian treachery. In an unprecedented personal address to the Indonesian parliament on September 22 in which he explained his decision to accept the international force and urged acceptance of the outcome of the referendum, Habibie accused Australia of overreacting to events in East Timor and causing the deterioration of the bilateral relationship.

On September 16, Indonesia canceled the security treaty with Australia. At the end of September the dispatch of Indonesia’s new Ambassador to Canberra was postponed (although government spokesmen insisted this was only a temporary measure and denied rumors of an impending suspension of diplomatic relations). Indonesian trade officials offered to assist Indonesian firms in locating alternative sources for beef and other imports from Australia. Most Australian companies that had been exploring prospects in Indonesia put their plans on hold, and many businessmen packed their bags.

### **Prospects: Down but not Out**

Indonesia-Australia relations have reached a low ebb. They seem destined to remain this way for some time, and could even deteriorate further. East Timor is the overwhelming issue, and although Australian actions will have a significant influence on the course of events in East Timor due to its leading role in INTERFET, the major responsibilities – and difficulties – in resolving this issue ultimately lie on the Indonesian side.

A particular concern is the possibility that the Indonesian military intends to organize and support resistance by the Timorese militias to INTERFET, resulting in Australian casualties. As September ended, Australian officials were warning that INTERFET would pursue attackers across the border into Indonesian West Timor if necessary, and Indonesian spokesmen in turn were warning that the Indonesian military would resist any such incursions. A long, costly

struggle in East Timor would likely erode support within Australia for continued military involvement, but would not improve Indonesia's standing with either the Australian public or government. Australian Defense Minister John Moore told a conference in late September that Australia would need to wait for the outcome in East Timor before determining how to rebuild the relationship.

Another major imponderable is the election of Indonesia's next president, to be decided in late October by a People's Consultative Assembly. The wave of nationalism and anti-Australian sentiment produced by the Timor crisis could influence the competition among several presidential candidates and factions, and thereby affect the composition and policy orientation of the next government. If nationalistic appeals play an important role in assembling the winning coalition, early Indonesian moves toward reconciliation with Australia would be more difficult and less likely. On the other hand, should the Assembly (against most expectations) produce a reasonably cohesive and reform-oriented government that is strong enough politically to assert its authority over the military, the Timor issue would be more susceptible to resolution and Indonesia-Australia relations could stabilize more rapidly.

Whatever the specific course and timing, however, relations between the two countries almost inevitably will survive and eventually revive. As next-door neighbors, Indonesia and Australia are condemned to live with each other, and the benefits of economic and other cooperation provide a standing incentive for a positive relationship. These pragmatic factors underpinned the gradual improvement in Indonesia-Australia relations over the last two decades. Their moderating influence will be felt again, and even in the midst of the current disaster responsible voices on both sides have maintained this longer-term perspective. Outgoing Indonesian Ambassador to Australia Wiryono Sastrohandoyo, who left Canberra on September 30, put it this way:

God has made our two countries neighbors, and our economic and security interests link us inextricably. It is the challenge, and the grave responsibility, of men and women of goodwill on both sides not to allow the relationship to be damaged further.

Nevertheless, as the third quarter of 1999 came to a close, the downward slide was still continuing, and the political will to reverse it was not yet visible.

## **Chronology of Indonesia-Australia Relations**

### **July - September 1999**

**Aug 8, 1999:** Original date for East Timor referendum on autonomy within Indonesia or independence, as set by May 5 agreement between Indonesia, Portugal, and the UN.

**Aug 30, 1999:** After two postponements, East Timor referendum is held, monitored by UN Assistance Mission for East Timor (UNAMET) with significant Australian support and staff.

**Sept 4, 1999:** UN announces result of referendum – 78.5% for independence; pro-Indonesian militias begin rampage of violence.

**Sept 6, 1999:** Home of Nobel Prize winner Bishop Carlos Belo burned, Belo flees to Darwin; most foreign press also leave East Timor.

**Sept 10-13, 1999:** APEC ministerial and heads of government meetings in Auckland, New Zealand; side consultations concert pressure on Habibie over East Timor.

**Sept 12, 1999:** Habibie agrees to accept UN security force in East Timor.

**Sept 14, 1999:** Remaining UNAMET staff and Timorese sheltering in UNAMET compound in Dili evacuate from East Timor to Darwin, Australia.

**Sept 15, 1999:** UN Security Council authorizes establishment of interim multinational force in East Timor, preparatory to a formal UN peacekeeping mission and UN transitional administration.

**Sept 16, 1999:** Indonesia cancels 1995 bilateral security pact with Australia.

**Sept 20, 1999:** First contingents of Australian-led and largely Australian-staffed International Force for East Timor (INTERFET) arrive in Dili.

**Sept 20, 1999:** Unidentified gunmen fire three shots at the Australian Embassy in Jakarta.

**Sept 21, 1999:** Australian Prime Minister Howard in statement to Australian Parliament on East Timor referendum and multinational force reiterates Australian desire for a good relationship with Indonesia, welcomes democratic transition, and cautions Australian protesters against violence.

**Sept 22, 1999:** Habibie in address to Indonesian Parliament explains decision to accept international force in East Timor, urges acceptance of referendum result, blames Australia for deterioration of relations.

**Sept 27, 1999:** Formal transfer of security authority in East Timor from Indonesian commander Maj. Gen. Kiki Syahnakri to INTERFET Commander (Australian) Maj. Gen. Peter Cosgrove.

**Sept 27, 1999:** UN Human Rights Commission votes to conduct an inquiry into violations by Indonesian military in East Timor; Australia supports, Indonesia and other ASEAN states oppose.

**Sept 27, 1999:** Indonesian trade minister announces government program to find substitute sources for goods imported from Australia.

**Sept 29, 1999:** Habibie postpones sending new Indonesian Ambassador, Arizal Effendy, to Australia.

**Sept 30, 1999:** Australian government announces INTERFET troops may cross border into Indonesian West Timor in pursuit of attackers; Indonesian government warns that border crossing by INTERFET forces could lead to clashes with Indonesian troops.