

**Coastal States, Regional Powers,
Superpowers and the
Malacca-Singapore Straits**

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Coastal States,
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Malacca-Singapore Straits

YAACOV Y. I. VERTZBERGER

Yaacov Vertzberger received his Ph.D. summa cum laude from The Hebrew University of Jerusalem, where he is a lecturer in the Department of International Relations. In addition to various journal articles, his publications include *The Enduring Entente: Sino-Pakistani Relations 1960–1980* and *Misperceptions in Foreign Policymaking: The Sino-Indian Conflict 1959–1962*.

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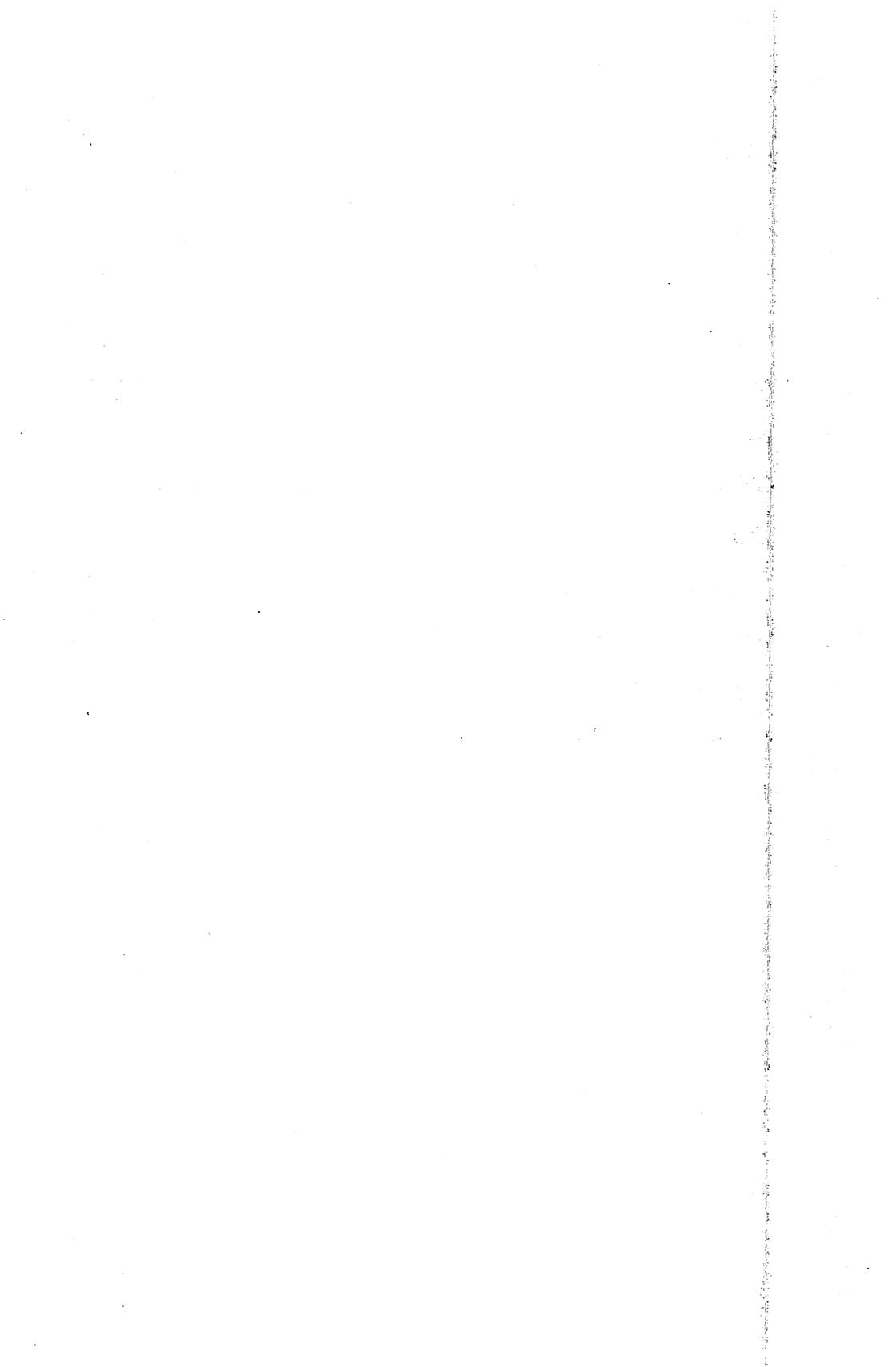
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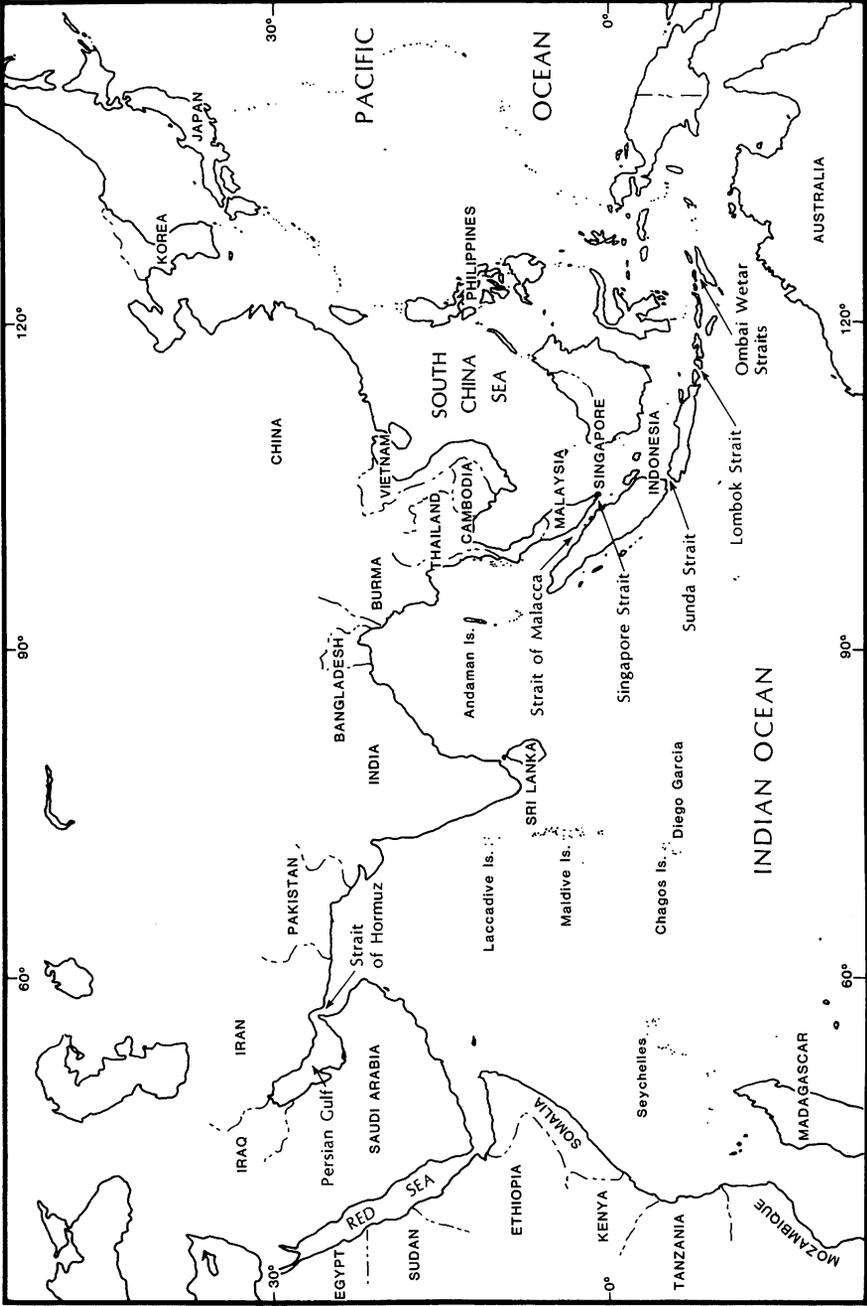
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I

Introduction

A major problem facing the international community in recent years has been the collective management of the oceans. In legal terms, the problem consists of creating a common acceptable Law of the Sea,¹ or, in political science terms, an effective international regime so that “[by] creating or accepting procedures, rules or institutions for certain kinds of activity, governments regulate and control transnational and interstate relations.”²

The complexity of this issue derives from its being a meeting ground for a host of political, economic, strategic, and legal problems. As such, it has some bearing on global (North-South, East-West), regional (landlocked versus littoral states), and bilateral relations and conflicts.

A prominent subdivision within the general issue is the question of the 121 international straits, especially the more important ones, such as the Malacca, Baltic, or Hormuz straits, which are considered vital life lines of maritime traffic, commercial and military.³ This problem has become even more acute as the coastal states have tended to expand the traditional 3-mile limit of territorial waters so that a larger part, and at times the whole width, of the straits are included within their claims.

This issue was a major bone of contention among the participants in the Third United Nations Conference on the Law of the Sea (UNCLOS),

¹ For a concise history of the evolution of the legal aspect of freedom of the seas, see, for example, R. Lapidot, “Freedom of Navigation—Its Legal History and Its Normative Basis,” *Journal of Maritime Law and Commerce* 6:2 (January 1975):259–272.

² R. O. Keohane and J. S. Nye, *Power and Interdependence* (Boston: Little Brown, 1977), p. 5. For detailed theoretical analyses of the substance, procedures, implementation, and change of international regimes, see O. R. Young, “International Regimes: Problems of Concept Formation,” *World Politics* 32:3 (April 1980):331–356; E. B. Haas, “Why Collaborate? Issue-Linkage and International Regimes,” *World Politics* 32:3 (April 1980):357–405. S. D. Krasner (ed.), *International Regimes* (Ithaca: Cornell University Press, 1983).

³ This has become an issue of major importance with the growing use of naval forces to project national power and interest. One of the best theoretical analyses of the use of sea power in the modern international system is still E. N. Luttwak, *The Political Uses of Sea Power* (Baltimore: The Johns Hopkins University Press, 1974). Another useful analysis is K. Booth, *Navies and Foreign Policy* (New York: Holmes & Meier, 1979).

which first convened in 1974 in Caracas and finally concluded in 1982 in Jamaica. This conference was to decide on a new convention on an international regime for the oceans to take the place of the existing regime established in the 1958 UNCLOS. One of its main components concerned the rights of passage through and above international straits. Agreement on the rules for such a new regime emerged only after tough bargaining among the coastal states and the naval powers. It is termed “the right of transit passage” and is defined in article 38, paragraph 2 of the United Nations Convention on the Law of the Sea, as follows:

Transit passage means the exercise, in accordance with this Part, of the freedom of navigation and overflight solely for the purpose of continuous and expeditious transit of the strait between one part of the high seas or an exclusive economic zone and another part of the high seas or an exclusive economic zone.⁴

This monograph deals with the struggle for control of, and passage through and above, the Malacca and Singapore straits, the narrow and most vital navigation route connecting the Indian Ocean with the South China Sea, which is often referred to as the Suez of Southeast Asia. The actors discussed are the littorals—Indonesia, Malaysia, and Singapore—on one hand, and the powers—the United States, the USSR, China, and Japan—on the other. Apart from examining the specific case at hand, it provides a maritime perspective for analyzing Southeast Asian international politics⁵ and a better understanding of the complexities and multidimensionality of the issue of passage through major international straits, which are also choke points astride vital sea lines of communication (SLOC).

The study follows and analyzes the evolution of the different attitudes and positions of the actors, their background and reasons. Indonesia and Malaysia, and especially the former, have initially taken a position according to which the coastal states should have the power to regulate passage of both commercial and naval vessels. This position was entrenched in perceptions of their strategic, political, and economic

⁴ United Nations Convention on The Law of the Sea, A/CONF. 62/122, October 7, 1983, p. 15. It has already raised a debate among legal experts about interpretation of the actual freedom of navigation it provides. See W. T. Burke, “Submerged Passage Through Straits: Interpretation of the Proposed Law of the Sea Treaty Text,” *Washington Law Review* 52:2 (April 1977):193–226; J. N. Moore, “The Regime of Straits and the Third United Nations Conference on the Law of the Sea,” *American Journal of International Law* 74:1 (January 1980):77–121. These two scholars argue that the right of transit passage in fact grants free passage in and above the international straits to which it applies. A different view is presented by W. M. Reisman, “The Regime of Straits and National Security,” *American Journal of International Law* 74:1 (January 1980):48–76.

⁵ On the need for such perspective, see D. K. Emmerson, “The Case for a Maritime Perspective on Southeast Asia,” *Journal of Southeast Asian Studies* 11:1 (March 1980):139–145.

vulnerabilities. Singapore, on the other hand, was first willing to go along with its larger neighbors only part of the way, mainly for economic reasons, but with time the positions of the three came much closer.

Japan, the USSR, and the United States, unwilling to grant the littorals the power to regulate passage, have taken a different position. For Japan, it was mainly a matter of economic expedience. The Soviet Union and the United States, in spite of their conflicting interests in the area as well as in the adjacent regions, have been motivated by the need to project their power and influence, which makes free passage a necessity of a high order. This position also has important economic implications for the Soviets in light of the growing weight of the Soviet Far East in the Soviet economy. The policy of the United States and Japan, however, has recently shifted toward a position more accommodative to the littorals' position. China, on the other hand, adopted from the start and consistently followed an attitude of strong support for the position of Indonesia and Malaysia, mainly for political and strategic reasons related to its efforts to contain Soviet power and its threat.

The study then discusses the viability of the Kra pipeline or canal alternatives to the Malacca and Singapore straits, as well as other solutions. It concludes with an extrapolation of the actors' attitudes into the future.

The question of the Malacca and Singapore straits confronts each of the main actors with the problem of balancing contradicting strategic, political, and economic interests. Each actor has to weigh the gains and costs in every area that are derived from supporting free passage against those of supporting, even implicitly, passage controlled and regulated by the littorals. In the final analysis, each participant has had to work out an overall cost-benefit equation and assess the impact on the national interest in terms of maximizing benefits or minimizing costs. Conflicting national interests are the essence of the dilemmas that this study discusses in some detail.

It should be noted that the study mentions but does not discuss the legal aspects of passage through the Malacca Straits. These are common to passage through all international straits, and there is a vast amount of academic literature on the subject. Furthermore, the core of the dilemmas facing the main actors is not a legal one, although some of the arguments have been couched in legal terms. Thus, the emerging legal order reflects the political, economic and strategic realities and concerns of the main actors, and these are indeed the subject of this study.

II

The Straits: Geographical, Historical, and Strategic Dimensions

Geographical and Technical Background Data

The Strait of Malacca is situated between Sumatra and the Malayan peninsula and serves as a major international route linking the Indian Ocean with the South China Sea. It is 500 miles long and varies in width from 220 miles to 10 miles. The navigable channel also varies in width and is, at best, relatively narrow and shallow. Consequently, navigation is quite difficult and presents some hazards.

At three points along the length of the strait are zones less than 24 miles wide. At these points, then, the 12-mile territorial waters claimed by each of the coastal states, Indonesia and Malaysia, overlap and together cover the whole width of the seaway. In addition, since the channel does not always run along the exact center line of the strait, it sometimes runs through the territorial waters of one or the other of the coastal states,¹ even when the overall width is more than 24 miles.

The Straits of Singapore are the eastern continuation of the Strait of Malacca and link it to the South China Sea. They run between the Indonesian islands on the one side and the southern coast of the state of Johor and the island of Singapore on the other. Only 75 miles long from east to west, they are no more than 12 miles at their widest. Here the navigable passage runs within the 6-mile limit of the littoral states.² The Strait of Malacca can be bypassed through the Sunda, Lombok, Makassar, and Ombai-Wetar straits, which are within Indonesian archipelagic waters.

¹ *United Nations Conference on the Law of the Sea*, Official Records, Preparatory Documents, Vol. 1 A/Conf., 13/6 and add. 1, Geneva, February 24–April 27, 1958, pp. 125–127. See also K. E. Shaw, "The Juridical Status of the Malacca Straits and Its Relation to Indonesia and Malaysia," in K. E. Shaw and G. G. Thomson (eds.), *The Straits of Malacca: In Relation to the Problems of the Indian and Pacific Oceans* (Singapore: University Education Press, 1973), pp. 5–11.

² *Ibid.*, pp. 143–144.

For the sake of brevity, we shall refer to the Malacca/Singapore straits as the Malacca Straits.

The main technical problems of transit through the straits, as opposed to the strategic-political ones, are these:

1. Congestion might lead to collision. For example, in 1980 alone, more than 15,000 vessels passed through, and the number is increasing.
2. Shallowness might lead to groundings. Further, the depth of the water changes because of the pattern of tides and the dunelike character of the seabed, which is affected by the currents that cause sand ripples and waves. The dangers become even more hazardous in bad weather, especially heavy rains, which cause visibility to drop sharply.³
3. Discharge of ballast by unladen tankers causes pollution.

The Lessons of History

The diplomatic history of maritime Southeast Asia since the colonial powers' penetration of the area revolves to a large extent around the struggle for control of its major sea lanes and waterways, among which the Malacca Straits are the most important.⁴ Be it local or colonial powers, authority over transit in the straits was their target, desire, and proof of dominance. Losing control over transit in the straits usually symbolized the decline of power and the possible rise of a new power or a power struggle. During the Portuguese, Dutch, and British colonial eras, passage through the straits was often interfered with or restricted and became a bone of contention between the maritime power controlling the straits and other users. By 1824, however, with the Anglo-Dutch treaty, the straits became the dividing line of the zones of each power's colonial control and, by virtue of its terms, freedom of navigation was ensured. The straits came under control of a single power with the Japanese occupation of Southeast Asia during World War II, and again became a dividing line between sovereign political entities and a subject of controversy between them with the gaining of independence by the coastal states Indonesia, Malaysia, and Singapore and the confrontation policy initiated by Sukarno.

³ See M. Leifer, *Malacca, Singapore and Indonesia* (Alphen aan den Rijn, The Netherlands: Sijthoff and Nordhoff, 1978), pp. 51–58.

⁴ On the history and relative importance of the Malacca Straits vs. the Indonesia Straits, see *ibid.*, ch. 1; J. Kennedy, *A History of Malaya* (London: Macmillan, 1962); N. J. Ryan, *The Making of Modern Malaya* (Kuala Lumpur: Oxford University Press, 1963); N. Tarling, *A Concise History of Southeast Asia* (New York: Praeger, 1966); C. D. Cowan, "Continuity and Change in the International History of Maritime Southeast Asia," *Journal of Southeast Asian History* 9:1 (March 1968):1–11.

If there are any lessons to be learned from the last few hundred years of history of the straits, they are these:

1. Any regional political framework in Southeast Asia requires control of the Malacca Straits as a connecting link between its parts.
2. A policy of monopolistic control over the straits has turned them into a focus of conflict, which in time caused a deterioration of their economic importance as traffic was diverted to alternative routes.
3. Conflict among the world powers over control of the straits was, in fact, a projection and reflection of their struggle for dominance in the global system, which was politically centered elsewhere, usually in Europe.
4. Technological progress brought about several changes. The first is the actual globalization of the international system and the ever-increasing economic and strategic interdependence between the core and the periphery, in particular with East and Southeast Asia. This was followed by the accentuation of the importance of sea power, sea lines of communication (SLOC), and maritime choke points in the national power-interests equation. But even with technological progress that has placed more advanced fighting ships at the disposal of rival powers, and even though submarines cannot pass submerged through the shallow straits and have to use an alternative route, the Indonesian straits, access to the shorter routes to the Asia-Pacific regions via the Malacca Straits still bestows advantages on those using them. Another development has been the diversification and the burgeoning of the volume of trade, of which an ever-growing share was seaborne, thereby increasing the dependence of commercial fleets on free passage. Moreover, advanced technology has produced larger and faster ships, making seaborne trade even more profitable. At the same time, by providing better navigational aids technology has made passage of larger vessels through these narrow and hazardous straits safer and hence has encouraged continuous and consistent increase in the tonnage and number of ships passing through the straits each year.

Evolution of the Issue since 1969

The second half of the 1960s saw a change in the nature of the relationship between the coastal states from confrontation to accommodation. During the four-year period between 1969 and late 1972, discussions took place between Indonesia and Malaysia based on their common interest in the security of Southeast Asia. As a consequence of these talks, in August 1969, Malaysia announced the extension of its territorial seas from 3 to 12 miles to conform with Indonesia's territorial sea limits. This brought about a series of Japanese moves in the Intergovernmental Maritime Consultative Organization (IMCO) Sub-

Committee for Safety of Navigation that were intended to establish an international body to manage and regulate the straits. These maneuvers, however, were blocked.⁵

In their November 1971 meeting, the foreign ministers of the three coastal states, Indonesia, Malaysia, and Singapore, considered the question of the status of the straits and the passage through them. The results of these talks was full agreement between Indonesia and Malaysia, and partial agreement between these two states and Singapore. Their concurrence found expression in the November 16, 1971, declaration stating that:

1. The safety of navigation through the Malacca Straits was the responsibility of the three coastal countries; therefore, it was necessary that all three nations cooperate towards this end.
2. To arrive at the fullest cooperation, the states concerned should create a coordinating body that would comprise *only* these three coastal countries.
3. The issues of safety of navigation through the straits and of their internationalization would be considered as two separate issues.

On the third item the littoral states were divided. Indonesia and Malaysia were willing to accept the principle of "innocent passage"⁶ of international shipping, but insisted that the straits were not international waters but territorial seas. Singapore, on the other hand, expressed its reserve toward this position, but pointed out that it "took note" of the position of the other two countries.⁷

The formal explanation that accompanied the statement showed that the coastal countries were concerned about three problems:

1. The security problem resulting from the struggle among the superpowers and its projection, through their growing naval presence, into the Indian Ocean.
2. The problem of safety of transit resulting from the fact that the straits are narrow and often shallow, thus presenting the danger of collision or running aground, which might bring about their closure.
3. The danger of pollution, due to the shallowness and narrowness of the straits and the fact that they serve as the principal transit route for tankers sailing from the Middle East to Japan. A maritime accident could lead to an oil spill that could cause permanent ecological damage.

Public reaction of the major powers to the declaration came only a few months later. In March 1972, the Soviet ambassador in Japan and Japan's deputy minister for foreign affairs declared in the names of their

⁵ See Leifer, *Malacca*, pp. 42-47.

⁶ Note the difference in meaning of the term "innocent passage" as opposed to "free passage" and the new term "transit passage."

⁷ For a full text of the joint statement, see Leifer, *Malacca*, p. 206.

respective governments that the straits should be internationalized. In response, Indonesia and Malaysia conveyed to the Soviet ambassador-at-large, Mr. I. Mendelowich, that their countries opposed the internationalization of the straits because of "political, economic and practical"⁸ considerations. The Soviet-Japanese announcement elicited a firm declaration from China supporting the Indonesian and Malaysian positions. The United States did not express a public formal position. However, its spokesmen stressed the principle of freedom of navigation, and American officials discussed this subject with the respective governments involved. These different positions were a function of the divergence of strategic, political, and economic interests that will be dealt with later.

From this point on, the situation grew more complicated. Indonesia and Malaysia suggested that tankers of more than 200,000 tons should not be allowed to pass through the Malacca Straits but should instead pass through the Lombok and Makassar straits. In April, the two coastal states decided that warships should not be allowed to go through the Malacca Straits without the prior consent of the coastal countries and warned that they might take military measures to enforce this declaration. The commander of the Indonesian navy explained that this condition would be applied particularly to those countries that were not adjacent to the Indian Ocean since their motives for sending warships through the straits would appear to be rather dubious. The foreign minister of Indonesia, however, stated that the obligation of prior notification would apply to every country without exception.⁹

Malaysia's deputy prime minister threatened to take unilateral measures. When asked how a small country like Malaysia would be able to stand up to the superpowers, he answered by giving as an example North Vietnam's defiance of the United States.¹⁰ In the meantime, the United States complied de facto with the Indonesian and Malaysian demands as far as warships were concerned. By mid-July 1972, representatives of the three coastal states met again in Jakarta and agreed on the need to make arrangements to improve conditions for transit through the straits for the sake of navigational safety. It was then agreed that before deciding to take any specific action, they would meet again. In December 1972, the Soviet ambassador to Indonesia declared in Jakarta that the USSR recognized the 12-mile territorial water limit declared by Indonesia. At the same time, however, in order to deny rumors about a change in the Soviet position on the Malacca Straits, the Soviet embassy in Jakarta issued a statement to this effect.

⁸ "Twists and Turns in the Malaka Straits," *Foreign Report* 1240 (March 23, 1972): 3.

⁹ *Indonesian Current Affairs Translations Service*, April 1972, pp. 238-239.

¹⁰ *Japan Times*, April 25, 1972, p. 14; *Straits Times*, March 16, 1972, p. 1.

At this point, though it was constantly on the agenda of the parties, the issue was temporarily shelved by being turned from a matter of high politics (i.e., stressing the politico-military dimensions) into one of low politics (i.e., stressing the technical-economic dimensions). This was so first because it seemed better diplomacy to leave the issue for the approaching Law of the Sea Conference, which was to take place in 1974 in Caracas with the purpose of drafting a new regime for the oceans, including international straits. Second, the issue was seen increasingly as a potential stumbling block to the further advancement of ASEAN solidarity because of Singapore's position, and all the more so as attention was centered on the high-politics dimension. Moreover, the possible adoption by the Law of the Sea Conference of positions closer to those of Indonesia and Malaysia was probably expected to make Singapore, which by April 1973 accepted in principle the need for a traffic separation scheme (TSS), much more receptive to Indonesia's and Malaysia's positions.

Negotiations were now concentrated on the issue of safety regulations. Indonesia and Malaysia supported strict regulations while Singapore supported more flexible ones. This matter was discussed at length by Lee Kuan Yew with Tun Abdul Razak during the former's visit to Malaysia in January 1975.¹¹

It is interesting to note that the low-politics approach was supported by Japan, one of the major users of the straits. Over the years, from 1969 on, Japan financed and conducted by itself or in cooperation with the littorals most of the hydrographic surveys to map the straits of Malacca, Lombok, and Makassar. The Malacca Straits Council of Japan contributed navigational aids.¹² The USSR also adopted a more positive approach toward the efforts of regulating commercial transit through the straits.¹³

The efforts at regulating shipping gained in urgency as a result of some shipping accidents that almost caused ecological disasters.¹⁴ In January 1975, for example, the *Showa Maru*, a 237,000-ton Japanese supertanker, ran aground 8 kilometers south of Singapore, spilling almost 1 million gallons of crude oil into the straits.¹⁵ Such incidents, along with the growing congestion of the straits, one of the busiest sea routes in the world,¹⁶ contributed to the growing need for consultation among the three

¹¹ *Asian Recorder*, Vol. 21, 1975, p. 12457.

¹² *Ibid.*, Vol. 22, 1976, p. 13263. (These included eight light buoys, six light beacons, and three lighthouses.)

¹³ *Ibid.*, Vol 19, 1973, p. 11317; Vol. 23, 1977, pp. 14001-14002.

¹⁴ For a detailed account of shipping accidents in the Malacca Straits, see Leifer, *Malacca*, pp. 62-76.

¹⁵ *Asian Research Bulletin* [hereafter *ARB*] 4:8(6) (January 1975):44.

¹⁶ Some 140-150 ships pass through the straits every day. At least one in four is a tanker, and a growing number of these is over 200,000 tons.

littoral states. This need led in turn to the Tripartite Council recommendations to implement a Traffic Separation Scheme, which was adopted by the three states at their foreign ministers' meeting on February 24, 1977, in Manila. The main recommendations in the 12-point plan were:

1. "Vessels are to maintain a single Under Keel Clearance (UKC) of at least 3.5 metres¹⁷ at all times during the entire passage..."
2. "Deep draught vessels, namely vessels having draughts of 15 metres and above, are required to pass through the designated Deep Water Route (DWR)..."
3. "Navigational aids and facilities are to be improved..."
4. "The implementation of the TSS should not pose a financial burden on the Coastal States and the necessary funds are to be obtained from the users."¹⁸

This plan meant that tankers over 280,000 dwt would have to detour through the Lombok Straits or reduce their load, which might raise Japan's oil transportation costs by as much as US \$270 million, in terms of 1977 prices.¹⁹

The Manila agreement was endorsed with some modifications on November 14, 1977, by the IMCO, which also set the specific rules for vessels navigating through the straits of Malacca and Singapore. It was rightfully contended by an observer that "on the face of it, there did not appear to be any attempt to transform the straits, through the mechanism of the safety of navigation agreement, so that their functioning would resemble that of a canal."²⁰ The traffic separation scheme is, at least for the time being, of a self-policing nature. It became operational as of May 1, 1981.

With this description of the main events in mind, we can now turn to a detailed analysis of the possible motives, gains, and potential losses of the main parties to the issue. This pertains to the economic, strategic, and political facets of the problem as far as the three littorals, the United States, the USSR, China, and Japan are concerned. They are those both most affected and at the same time most likely to have the major influence on the short- and long-term consequences.

¹⁷ This was a compromise between Indonesia's and Malaysia's demand for 4.5 meters UKC and Singapore's position of 2.5 meters UKC. See G. Lauriat, "A Matter of Handling Squat," *Far Eastern Economic Review* [hereafter *FEER*], September 2, 1977, p. 64.

¹⁸ *ARB* 6:11(2) (April 1977):312.

¹⁹ K. Das, "Tankers Face Strict Rules in Straits," *FEER*, March 18, 1977, p. 82.

²⁰ Leifer, *Malacca*, p. 73.

General Strategic Considerations²¹

The Malacca Straits are the channel linking East Asia, Southeast Asia, and South Asia, as well as one of the central passages to and from the Indian Ocean, the Persian Gulf, the Arabian peninsula, and the coast of Africa. They are a major sea route between East and Southeast Asia and Europe. Taking into account the geostrategic and economic importance of the regions west and east of the straits as sources of oil and other essential raw materials, and given the increasing rivalry for control and influence over these regions, the strategic value of the Malacca Straits is indisputable. That value increased even more as long as the Suez Canal, which permitted navigation from the Mediterranean, the Black Sea, and the Atlantic Ocean toward the regions west of the Malacca Straits, was closed. Nonetheless, the reopening of the canal, following the 1975 Interim Agreements between Egypt and Israel, did not greatly change the crucial importance of the straits, either for navies or commercial fleets.²² Table 1 demonstrates the relative advantage, in terms of distance, of using the Malacca Straits over alternative shipping routes to and from the Middle East, Southwest Asia, Africa, and Europe on the one hand and East Asia on the other.

Table 1
Relative Distances to Yokohama

	Persian Gulf	Capetown	Mombasa	Calcutta	Rotterdam	Black Sea
Malacca	100	102	100	100	100	100
Sunda	109	100	104	118		
Lombok	118	104	112	127		
Ombai-Wetar	123	106	116	132		
Bass	180	130	132	222		
Panama					111	147
Cape of Good Hope						164

SOURCE: M. MccGwire, "The Geopolitical Importance of Strategic Waterways in the Asian Pacific Region," *Orbis* 19:3 (Fall 1975): 1070.

For the projection of military force, the time required to reach the area of operation is a key factor; this time factor is largely determined by

²¹ A detailed state-specific strategic analysis will be offered further on in the state-by-state analysis.

²² It is estimated that by 1985 commercial ship transits in the Indian Ocean will be about 1,750, of which 875 will be tankers. See P. N. Nitze *et al.*, *Securing the Seas* (Boulder, Colo.: Westview Press, 1979), p. 163.

the distance, especially "where naval forces have to respond rapidly to unforeseen developments."²³ As for sustained deployment, increased distance from base to area of deployment has a price in terms of time on task, and in terms of the overall number of naval units needed to achieve a given level of presence at any time. This makes free passage through the straits a factor of importance in all operational military planning. For example, from Subic Bay in the Philippines, the diversion for a carrier task force through alternative routes would more than double the distance to the Indian Ocean.²⁴ Moreover, all other alternative routes can be comparatively easily obstructed through mining or shore-based weapon systems. From the legal point of view, passage through them is more open to arguments because of their status as archipelagic seas, which are considered internal waters by Indonesia, and its implications for restricting free passage.

Another consideration is the balance of naval capabilities in the Asia-Pacific region and its consequences for any use of military power for resolving conflict of interest relating to the straits (see Table 2).

In evaluating the significance of the figures presented, there are several points to consider. In the case of a local confrontation involving only local powers, e.g., Japan against the coastal states, even though Japan has decisive superiority in large modern warships, the balance is inclined to the side of the coastal states because of the superior air power that those states can bring to bear in spite of their relatively inferior air forces. The Japanese Self-Defence Air Force (SDF) is much larger and more modern, but the straits are out of range of the Japanese aircraft, and Japan lacks aircraft carriers.

A second factor in favor of the coastal states is that the straits can be covered by artillery or other shore-based weapon systems and the narrow passage can be easily mined or blocked by ships sunk in it, just as Nasser did in the Suez Canal in 1956. If the coastal countries were to mine the straits, their air and artillery cover from the shore would be enough to prevent attempts at any mine-sweeping operation.

A third factor in the relationship between naval powers and small powers is that the latter, while lacking the numerical strength and fire power to destroy superpowers' navies, can still inflict sufficient damage to render any supposed benefit from naval intervention so costly that it would be unacceptable compared with possible political or other gains. This was made possible by the development of the antiship missile, which gave a cheap, reliable, and powerful destructive potential to small navies, built mainly around small but fast boats with higher survival chances

²³ M. MccGwire, "The Geopolitical Importance of Strategic Waterways in the Asian-Pacific Region," *Orbis* 19:3 (Fall 1975): 1062.

²⁴ *Ibid.*, p. 1070.

Table 2
Naval Balance of Forces (1983)

Weapon system ^a	Indonesia ^b	Malaysia	Singapore	China	Japan	USSR ^e	U.S.
Submarines	4 (2)			103 ^c	14 (3)	113 ^f	42
Destroyers				13	33 (8)	25	89 ^g
Cruisers						11	
Frigates / corvettes	10 (1)	2 (3)		21	16 (2)	41	
Missile boats	5	8	6	209			
Torpedo boats	3			270	5		
Gunboats / patrol craft	24 (4)	30 (6)	8 (12)	350	14		
Minesweepers / minewarfare	4 (3)	4 (4)	2	23	31	95	
Carriers						1 ^h	6
Combat aircraft	63 (16)	37 (54)	93 (46)	731 ^d	424 (53)	300 ⁱ	914

SOURCES: P. Nitzze *et al.*, *Securing the Seas* (Boulder, Colo.: Westview Press, 1979); L. H. Gelb, "U.S. Defence Policy, Technology Transfers and Asian Security," in R. H. Solomon (ed.), *Asian Security in the 1980s* (Cambridge, Mass.: Oelgeschlager, Gunn & Hain, 1979), p. 273; D. C. Daniel, "Sino-Soviet Relations in Naval Perspective," *Orbis* 24:4 (Winter 1981):790; The International Institute for Strategic Studies, *The Military Balance, 1982-1983* (London: IISS, 1982); The International Institute for Strategic Studies, *Strategic Survey, 1981-1982* (London: IISS, 1982); U.S. Department of Defense, *Soviet Military Power*, 2nd ed. (Washington, D.C.: U.S. Government Printing Office, 1983).

^aparenthesized numbers represent equipment on order or in reserve.

^bSome equipment and ships nonoperational for lack of spare parts. Most of these came from the USSR, which stopped supplying spare parts in 1965.

^cOnly one of these is fitted to carry SLBMs. Only two are long range and nuclear powered; the rest are medium range with an operation perimeter of 1,200 miles, which may extend as far south as the Malacca Straits.

^dNone has ASW capability.

^ePacific Fleet.

^fMost are long-range attack submarines, including a substantial number of SSNs, SSGNs, and the new diesel electric powered Kilo conventional attack submarine.

^gThis number includes all surface combatants.

^hThe Kiev class VSTOL Carrier *Minsk*.

ⁱThis number includes 120 ASW fixed-wing aircraft.

against larger ships. This and the torpedo-firing submarine have given small powers *sea denial* capability against the navies of the major powers.²⁵ The Malaysian, Indonesian, and Singaporean navies are equipped with modern antiship missile systems, such as the Exocet and Gabriel, and are putting more efforts into the acquisition of more ships carrying these. In addition, Indonesia has torpedo-firing submarines.²⁶ The combined effect of sea denial capability by the littorals and their shore-based weapon systems is impressive enough to make sea control by a hostile navy at both the eastern and western approaches to the Malacca Straits a costly policy. With growing awareness of the threat from the sea and growing investment in modernizing their navies and air forces, further improvements of the sea denial capabilities of these three states are to be expected.

A wider confrontation, involving the Soviet Union, would necessarily draw in the United States, China, and Japan because of their military and political interests (which are discussed in detail later). Even though the Soviet Union has long-range air power capability, this capability is limited at present to bombers alone. These include the Backfire, which, even though it does not have the range to reach the region from its bases in the Soviet Far East, could do so by refueling in the air. The Soviets have also gained access to airfields in Vietnam and may possibly gain access to airfields in Kampuchea; such access would put the straits within two hours' flight of Soviet bombers without any need to refuel in the air. Still, their use against the littorals is not a highly probable development at present, because it might cause unwelcome complications in Vietnam's and Kampuchea's relations with ASEAN and China that the two will try to avoid.

Another problem is that the Soviet Union has no interceptors stationed within a range that would enable it to operate in the region and thus give cover to the bombers' mission against local air forces or U.S. carrier-based interceptors. The stationing of the carrier *Minsk* in the Far East did not solve the Soviets' problems of inadequate air cover for air and naval operations in maritime Southeast Asia because of the small number of aircraft it is able to carry. A further weakness is the inadequacy of its logistic support for sustaining combat operations at long range. In spite of these limitations, one should not underrate the flexible

²⁵ For a discussion of this development, see H. S. Eldredge, "Non-Superpower Sea Denial Capability: The Implications for Superpower Navies Engaged in Present Operations," in U. Ra'anan *et al.* (eds.), *Arms Transfers to the Third World: The Military Build-Up in Less Industrial Nations* (Boulder, Colo.: Westview Press, 1978); and (Captain) K. R. Menon, "The Sea-Denial Option for Smaller Navies," *United States Naval Institute Proceedings*, vol. 109/3/961 (March 1983), pp. 119-122.

²⁶ See Ho Kwan Ping and Cheah Cheng Hye, "The Military Shopping List Grows Longer," *FEER*, October 24, 1980, p. 36.

spectrum of coercive diplomacy capabilities represented by the impressive Soviet naval order of forces in the area and its projected buildup in the future. The Pacific Fleet is the largest of the Soviet navy's four fleets, and a second carrier of the Kiev class joined it late last year. Soviet naval aviation Tu-95D/Bear and Tu-16 Badger aircraft are currently deployed at Cam Ranh Bay. When combined with a growing number of long-range Backfire multipurpose bombers and more than 90 attack submarines,²⁷ they give Soviet decision makers a greater latitude for the credible use of explicit and implicit military threat, far beyond Soviet borders in the Asian-Pacific regions, to support its diplomacy. The crucial question is, of course, how far beyond a show of force the Russians would be willing to go in brinkmanship.

The United States has both naval and air power in the area that it can bring to bear within a strategy of coercive diplomacy. Though the overall number of its naval units in the region is smaller than that of the Soviet Union, its fire power is far more impressive because of the carrier task forces of which it is formed. However, there is no reason to believe that the United States will apply its force against the coastal states, or even threaten to use it since these states are considered tacit allies that the United States cannot afford to antagonize. It is also highly unlikely that the two superpowers would cooperate in a coordinated coercive diplomacy to force the littorals to grant free access or prevent them from closing the straits by one of the means just mentioned—this in spite of the fact that both superpowers have a common interest in unimpeded passage through the straits, though for quite different reasons.

One of the most potent strategic deterrent factors playing in favor of the coastal states is the “threat that leaves something to chance,” defined by Schelling as a situation where “the final decision is not altogether under the threatener’s control.”²⁸ This is the apprehension by the involved powers that any limited military outbreak in the Malacca region could get out of control and turn into a regional or global confrontation. This deterrent advantage of the coastal nations creates a very interesting effect. Indonesia and Malaysia could deter any major power’s threats regarding the use of limited force by raising the potential stakes of such confrontation through the specter of possible escalation, thus tilting the balance of leverage that seems to be in favor of the United States, Japan, and the USSR. This may account for the fact that as early as April 1972, Malaysia and Indonesia had used military threats against navies much more powerful than theirs and militant statements were made by the com-

²⁷ United States, Department of Defense, *Soviet Military Power*, 2nd ed. (Washington, D.C.: Government Printing Office, 1983), pp. 53–54, 98; *FEER*, February 28, 1984, p. 8.

²⁸ T. C. Schelling, *The Strategy of Conflict* (Cambridge, Mass.: Harvard University Press, 1963), p. 188.

manders of the fleets of both countries. It was a sound tactical step from their point of view.

An important component of the littorals' deterrent capability is contributed by the Five Powers Defense Agreement (FPDA). This agreement was established to fill the vacuum in Malaysian and Singaporean defense that resulted from Britain's evacuation of its forces from its bases East of Suez. The agreement came into force on November 1, 1971, and includes Singapore, Malaysia, Britain, New Zealand, and Australia. According to its terms, the five governments agreed to consult together regarding any unilateral or joint actions against a threat of aggression or act of aggression by a foreign power against Malaysia or Singapore. Joint commissions were formed for this purpose, one to advise on air and naval defense, another to serve as a forum for regular consultation on the defense agreement.²⁹ Units of the Australian and New Zealand armies and two Australian Mirage squadrons are stationed at Butterworth air base in Malaysia; another squadron is stationed at Tengah air base in Singapore.³⁰

The FPDA is still in effect, though after 1975 Australia, New Zealand, and Britain decided to reduce their forces in Singapore and Malaysia to a minimum that would be only of symbolic value demonstrating their determination to honor their commitment if the need should arise.³¹ In the late 1970s, however, with conservative governments holding power in Britain, Australia, and New Zealand, and the growing perception of Soviet threat shared by all five governments, the FPDA gained new importance and the members have been considering new initiatives to breathe life into the FPDA.³² This led to the first major naval exercise of the five since 1971, code-named Starfish-81, which took place in the South China Sea and became a first step toward revitalizing that defense arrangement. Since then, Australia, New Zealand, and Britain have reaffirmed their commitment to regional security, and the most recent naval exercise under the FPDA took place in 1983.

The principal deterrent value of the FPDA had been that it is another factor that reinforces the credibility of the "threat that leaves something to chance." A military outbreak involving Malaysia or Singapore would, because of this agreement, involve Britain, Australia, and New Zealand, which are also members of ANZUS, thus involving the United States. In recent years, in light of the Vietnamese invasion of Kampuchea and the Soviet invasion of Afghanistan, there has been a

²⁹ *Malayan Newsletter* 85 (November 5, 1971).

³⁰ This number decreased as of late 1983 without, however, affecting Australia's commitment.

³¹ *Asian Recorder*, Vol. 21, 1975, p. 12384.

³² D. Jenkins, "New Life in an Old Pact," *FEER*, November 7, 1980, pp. 26-28.

growing number of indications that FPDA and ANZUS are linked de facto, both tactically and strategically. At the same time, Australia and New Zealand, with the blessing of the United States, have increased and extended military relations with Indonesia. Indonesian and Malaysian navies have held joint naval exercises once or twice a year, as have Indonesia and Australia since 1972 and Indonesia and Singapore since 1975.³³

These developments make a spillover effect, in case one of the three littorals becomes involved in hostilities, more probable. Such an effect could lead to a chain reaction escalation that might turn a local confrontation into a regional or even a global conflict. Soviet planners must have taken this possibility into account in the past, and will have to do so in the future, when determining their policy. Indeed, the *Red Star*, a Soviet Ministry of Defense publication, voiced Soviet apprehension that the United States would be an invisible sixth member in FPDA through its close ties with Australia. Moscow has also recently expressed concern about the possibility of the linking together of NATO, ANZUS, the U.S.-Japanese security treaty, and ASEAN members.³⁴

Domestic instability also has to be taken into account. Three sources of domestic instability could threaten safety of passage through the straits. If domestic strife escalates to the point where there is no viable government, this will lead to the breakdown of the navigational aid system that is operated by the coastal governments. In the case of the Malacca Straits, because of the special geophysical conditions, the smooth functioning of this system is vital to avoid maritime disaster such as collision or sinking, which will block the straits.

Furthermore, in case of domestic strife, even if the local governments stay in control, they might restrict passage for security reasons. The sea in maritime Southeast Asia has traditionally been one of the most important routes through which insurgents receive external assistance. In a situation where domestic subversive activities are perceived to be externally supported, it is highly likely that security measures will include the imposing of limitations on shipping, either selectively or on all vessels, merchant and naval.

A third potential source of threat to shipping is the possibility of the escalation of what is essentially a domestic issue into a bilateral conflict, as was the case during the confrontation between Indonesia and Malaysia in

³³ *Foreign Broadcast Information Service, [hereafter FBIS]*, Asia & Pacific, 25 (February 7, 1983):M-1; W. T. Tow, "ANZUS and American Security," *Survival* 23:6 (November-December 1981):261-271; B. A. Hamza, "ASEAN Military Cooperation without Pact or Threat," *Asia Pacific Community* 22 (Fall 1983):33-47.

³⁴ See also Vsevolod Ovchinnikov, "For Peaceful Oceans," *Pravda*, April 5, 1982, p. 6, in *FBIS, Soviet Union [hereafter FBIS,Soviet]*, 72 (April 14, 1982):D/3.

the 1960s.³⁵ Such tensions could impede maritime traffic because of the risk of being caught in the crossfire. A side effect could also be the increased insurance fees for ships passing through these waters. This increase, depending on its scope, could have a negative impact on the volume of foreign trade as a consequence of the changed cost-benefit structure.

There is, then, a mutuality of interests among users of the straits regarding the need for stability of the coastal states. In particular, this is true for the United States, the USSR, and Japan. Even if the Soviets considered it profitable to undermine stability in the region, the USSR would have to take into account the potential disruptive effects on shipping lanes. The mutual interest in unimpeded passage through the straits may thus serve as an incentive for preserving the status quo in the area. While this is not the only component in the calculus of Soviet policies and attitudes toward stability in the region, it is bound to be a significant one. Its weight will increase even more as Soviet maritime commercial and naval activity in the Pacific and the Indian Ocean gains in importance and becomes linked with and significantly even more dependent on the SLOCs in that region.

³⁵ See also A. O. Lacanlale, "Domestic Instability and Security of Sea Lanes in Southeast Asia," *Asia Pacific Community* 16 (Spring 1982): 32-36.

III

The Littorals

Indonesian and Malaysian Political Motives

The specific timing of, and reasons behind, the policy adopted by Indonesia and Malaysia cannot be understood without reference to the more general frame of the political goals and ambitions of the two countries, as well as their evaluation of the nature of threats to stability in the region within their overall assessment of the state of affairs in Asia and how these should be countered.

In Indonesia, Suharto's government has succeeded since 1965 in coping with some of the most pressing domestic problems, both economic and political and has firmly established its control over the country. Elections took place in which Golkar, the party representing the ruling military, won a decisive victory, thus giving it at least a facade of political legitimacy. At the same time, Indonesia started a program of rapid economic development by encouraging foreign investments in industry and in exploration of natural resources, which have borne fruit. Suharto was then free to turn to foreign policy, a field that has never lost its fascination for Indonesian leaders or its importance for Indonesia, which, as the largest country in Southeast Asia and the third largest in Asia, has never renounced its leadership aspiration.

Since its revolutionary days, the Indonesian leadership has been preoccupied with two issues—*independence* and *Indonesia's* role and status in the world. The New Order leadership, however, neglected these issues for a while as it was preoccupied by domestic, political, and economic problems. This and other reasons led it to adopt an aid-oriented rather than an independence-oriented foreign policy, as under Sukarno. But at the beginning of the 1970s, some criticism began to surface regarding the neglect of independence and status-oriented policies,¹ especially in light of, and in reaction to, Suharto's unsuccessful 1968 visit

¹ F. B. Weinstein, *Indonesian Foreign Policy and the Dilemma of Dependence* (Ithaca: Cornell University Press, 1976), pp. 176, 336.

to Japan. Thus, the regime was ready to move toward a more active foreign policy which, among other things, called for a leading role in Southeast Asia and the Third World that could bring Jakarta both prestige and increased self-respect.² A more assertive foreign policy was inaugurated by the emphasis on regional cooperation and national resilience, and the Malacca Straits issue served both purposes.

In Malaysia, political changes within the UMNO ruling party led to the election of Tun Abdul Razak as prime minister. The dynamic Tun Razak, like his Indonesian counterpart, had come to the conclusion that Malaysia had to play a more decisive role in Southeast Asia and in Asia in general. With this in mind, he initiated an active foreign policy and changed its emphasis, a change that resulted in Malaysia's accentuating its nonaligned status.

No move on the Malacca issue could be taken before normalization between Indonesia and Malaysia and the settlement of the 1968 crisis with Singapore over the execution of two Indonesian marines convicted of sabotage activities. This, together with some improvement in the uneasy relationship between Malaysia and Singapore that had taken place by then, were preconditions for any common understanding and collective action on the touchy and thorny issues involving control and regulation of traffic through the straits.

As Indonesia and Malaysia had both concluded that they should show wider vision and initiative in their foreign policies, they had to overcome resistance to this new stance to take what they considered their rightful place and role in Asia. The main opponents they perceived to be the two superpowers and the two regional powers, China and Japan. To achieve their aims, they attempted to consolidate an alliance of small nations around them in order to increase the pressure they could apply on their rivals. They chose ASEAN, of which both have been members, as a suitable vehicle for the formation of this nucleus that could, if successful, come to include other countries as well.

The first step was to declare that Southeast Asia should be neutral and to guarantee neutralization by the United States, the USSR, and China, thus obligating other countries of the region to adopt a nonaligned, or at least less aligned, policy as well. This idea was the brain child of Tun Razak and was later supported by Indonesia. The neutralization idea refers also to the Indian Ocean, and since 1971 the concept of the establishment of the Indian Ocean as a Zone of Peace, Freedom and Neutrality (ZOPFAN) has become acceptable as a basis for all ASEAN declarations of common policy, though the significance attached to it by

² Ibid., pp. 190–196. One general is quoted (p. 196) as saying, "Indonesia cannot avoid its responsibilities as a great power in Asia."

different members varies. Malaysia is the most committed to the neutralization concept among the five, regarding it as a major pillar of its foreign policy.³

The idea of neutralization aims at displacing the foreign powers or at least at lessening their influence, thereby creating the maneuvering space required for the smaller states of the region. Both Indonesia and Malaysia had come to the conclusion that such an idea could be carried out at that time particularly because of the Nixon Doctrine, the Chinese-American rapprochement, the United States' willingness to reduce its presence in the region, Soviet apprehension about the Chinese-American rapprochement, and Chinese leadership's perception of the Soviet Union and Japan as its principal rivals. Indonesia and Malaysia apparently believed that by cleverly manipulating these components they could create a balanced stalemate among the powers, thus facilitating the possibility of convincing all of them that they had more to gain than to lose by withdrawing from the region. In consequence, an even more significant purpose would be achieved, as defined in September 1971 by the deputy prime minister of Malaysia: "It is with this vision in mind that Malaysia seeks to strengthen her links with the other countries in Southeast Asia, to continue to promote greater regional cooperation and understanding, and together to evolve a new relationship with the emerging power centres of the '70s so that as a region Southeast Asia may take its proper place and play its role in the world of the coming years."⁴ A month later, Tun Razak emphasized this aim again in his speech before the General Assembly of the United Nations, adding two important points: that within the Asian framework Southeast Asia could represent a balancing factor and, even more important, that the countries of the region must prove that they had in their hands the instruments for creating the conditions required for neutralization.⁵ If we recall the basic condition for neutralization—that the powers should come to the conclusion that such a situation was in their own interest—we can understand the importance of the steps taken on the Malacca Straits in reaching this goal. The limitations imposed on tanker passage through the straits (crucial for Japan) and warship passage (crucial for the USSR and the United States) was bound to signal to those powers that rejection of the neutralization idea might involve them in a confrontation with the countries of

³ On December 16, 1971, the United Nations General Assembly adopted a resolution on the establishment of the Indian Ocean as a Peace Zone (Resolution 2832 XXVI). This resolution was supported by the People's Republic of China alone among the nuclear powers, the rest abstaining. The resolution has been reaffirmed by an overwhelming majority almost every year since.

⁴ *Malaysian Digest* 3:16 (September 15, 1971):4.

⁵ *Malaysian Digest* 3:18 (October 15, 1971):3.

Southeast Asia that could only be disadvantageous to their economic and military interest. At the same time, it could serve to satisfy China's search for security against the naval threat posed by the superpowers.

The step taken by Indonesia and Malaysia was also a very clear signal that the restrictions on the passage of warships were an expression of unwillingness on the part of the littorals to turn the Indian Ocean region into an area of superpower rivalry. It is interesting to note, in this context, that the Indonesians see the Indian Ocean as a legitimate region of their own influence, calling the Indian Ocean the Indonesian Ocean. The perceived relationship that exists strategically and economically between the passage through the Malacca Straits and the Indian Ocean is quite clear and has been since reaffirmed by different Indonesian spokesmen.⁶

There is another side to this problem. As already mentioned, one of the aims of Malaysia and Indonesia was the formation of a nucleus of nations around them that would be based on the ASEAN nations. There is again something noteworthy in the timing. The first declaration of the littoral states was announced in November 1971. At the end of the same month, the ASEAN meeting was to take place. This does not seem to have been a coincidence, and timing of the joint declaration was probably planned with this conference in mind. Its purpose was to prove to the other ASEAN nations that Indonesia and Malaysia did not preach neutralization for propaganda purposes but, on the contrary, were ready to take some real steps and even risks in this direction, even if it meant standing up to the superpowers. Furthermore, both countries were trying to prove that the major powers could be challenged and that it was within the capability of the nations in the region to force the powers to neutralize the region. Thus, ZOPFAN became a case of both national and regional assertiveness for its staunchest supporters and strategically linked to the Malacca Straits issue.

Support for ZOPFAN was indeed obtained, and on November 27, 1971, the Kuala Lumpur Declaration was signed by the ASEAN nations. One of its principles was that the region of Southeast Asia should be recognized as a region of peace, neutralized from the intervention of external powers. Other nations were called upon to join this declaration.⁷ Even the Philippines signed, though it did not believe that neutralization could be accomplished in the foreseeable future. This declaration can, perhaps, be viewed in retrospect as the beginning of a process that was bound to turn ASEAN into a tighter political, economic, and, to a degree, even military framework centering on Indonesia and Malaysia and

⁶ See, for example, *FBIS, Asia & Pacific*, 91 (May 8, 1980):N/1.

⁷ *Malaysian Digest* 3:21 (November 30, 1971):1.

supporting their approach to the straits.⁸ Though not without its share of disagreement, ASEAN has been able to survive internal debates. ASEAN's vitality came as a slap in the face to the Soviet Union and a clear rejection of its promotion of the Asian collective security arrangement.

A related aspect was a potential additional bonus. Indonesian and Malaysian aspirations for a more active leadership role in Asia have already been mentioned. The steps taken by these two countries occurred after the signing of the Indo-Soviet treaty of 1971 and on the eve of, and during, the Indo-Pakistan war that brought India closer to, and made it more dependent on, the USSR. Thus, Indonesia's and Malaysia's image as nations struggling against Soviet neocolonialism was enhanced, while India, Indonesia's rival for pretensions of leadership of the Third World, and of Asia in particular, was actually aiding the Soviet Union's increasing penetration into the Indian Ocean region (IOR).

Another factor causing apprehension to both countries was the perceived possibility, at the time, of a Soviet-Japanese political condominium in Asia. Their actions, designed to ensure their vital interests, were bound to make it clear that they were not willing to bear this. This step complemented Malaysia's earlier support for China's admission into the United Nations and its declaration that China must be permitted to play a suitable role in the global and regional system.⁹ Malaysia expected China to balance the USSR and Japan as a practical fallback position should ZOPFAN fail to materialize. Eventually this led to normalization and the establishment of diplomatic relations between Malaysia and China in January 1975.

The assessment that Japan and the USSR could be even more dangerous than the Chinese bogeyman made the two nations, but especially Malaysia, consider the need to play the China card and possibly establish a rapprochement with China.¹⁰ This had the further purpose of putting an end to, or at least scaling down, Chinese support for communist insurgent parties in both countries. Recognizing the ever-

⁸ On April 11, 1972, Dr. A. Malik declared: "They all [members of ASEAN] support the view of Indonesia and Malaysia that the Straits of Malacca cannot be internationalized."

⁹ *Malaysian Digest* 3:16 (September 15, 1971):4 and 3:17 (September 30, 1971):5.

¹⁰ This is truer of Malaysia than of Indonesia, whose leadership still bore the memory of the Indonesian communist Party's (PKI) attempted coup of 1965, but even it was resuming direct trade relations with China, though on a small scale, and had dampened somewhat its strong anti-Chinese rhetoric. This was due to a reevaluation of the Chinese threat relative to other perceived threats. Still, Indonesia's ambiguity on normalization of relations with China has continued. See J.M. Van der Kroef, "'Normalizing' Relations with the People's Republic of China: Indonesia's Rituals of Ambiguity," *Contemporary Southeast Asia* 3:3 (December 1981):187-218. See also S.W. Simon, *The ASEAN States and Regional Security* (Stanford, Calif.: Hoover Institution Press, 1983).

increasing Chinese anxiety about the growing Soviet naval presence in the Indian Ocean and the close cooperation between the USSR and India, the two countries hoped that their move would be a stumbling block to this process, thus making it possible for them to approach China and convince it of the importance of their support compared with the doubtful gains of continued assistance for the outlawed communist parties.

In addition to the perception of a Soviet threat, the Indonesian and Malaysian leadership have nurtured strong suspicions about Japanese intentions. They have been apprehensive of the danger of Japan's becoming the hegemonic power of the region. Consequently, U.S. intentions, as expressed in the Nixon Doctrine and in U.S. policy in Asia since the retreat from Vietnam that Japan take over some of the American responsibilities for maintaining security in Asia, such as patrolling the sea lanes in the South China Sea, was and is viewed with concern. An Indonesian general even defined growing Japanese economic involvement in Indonesia as "the second Japanese invasion." This suspicion runs very deep, especially among those responsible for Indonesia's foreign policy.¹¹ Indonesia's economic dependence on Japan for trade, aid, and investment, however, has placed the Indonesian leadership on the horns of a dilemma—how to eat the cake of Japanese economic aid and safeguard independence at the same time. One of the trump cards it has is control of the Japanese life line—the Malacca Straits—and thus its rejection of the internationalization of the straits. The fact that the first announcement of the Malacca issue came a short while after Suharto's rather unfortunate visit to Japan supports this proposition.

The Malacca issue has had one more facet that is related to Indonesia's sense of vulnerability. It pertains to one of the most elementary concepts of Indonesian political thinking, that of *Wawasan Nusantara*, or the "archipelago principle," which means that all the waters between the islands of the Indonesian archipelago are part of the republic's national territory. Adam Malik, Indonesia's foreign minister, declared that this principle "is life or death for us,"¹² because it is considered essential for the integrity of the republic. This turns the Malacca issue into a matter that has wider implications as part of a general principle. Among the powers, however, only the People's Republic of China has endorsed and consistently supported the archipelago principle. The USSR, which originally backed Indonesia on the matter, withdrew its support following the Sukarno demise and the deployment of its navy in

¹¹ For a discussion of the Indonesian leadership's perceptions of Japan, see Weinstein, *Indonesian Foreign Policy*, pp. 95–103.

¹² Quoted in J. M. Van der Kroef, "National Security, Defence Strategy and Foreign Policy Perception in Indonesia," *Orbis* 20:2 (Summer 1976): 482.

the Indian Ocean as of 1968. The Indonesian government viewed the legal policy on the straits of Malacca and Singapore within the context of the archipelago outlook and managed to drive that point home in international forums dealing with the issue of international straits, as was demonstrated in UNCLOS III.¹³

Thus, while the alternative routes offered by the Indonesian Straits solve some of the technical problems related to passage through the Malacca Straits, these have not solved the political facet of the problem. Under the terms of the Archipelago Declaration of 1957 and of the 1960 Act, which have been incorporated in annexes to a bill on the Fundamentals of State Defence and Security approved by the Indonesian Parliament in September 1982, all waters within the linked baselines for measuring the territorial seas are designated as internal. So passage was subject to a regime of innocent passage and a concession that might be granted or restricted at the whims of the coastal state.

The archipelago principle has now gained legitimacy by the new convention on the Law of the Sea. According to the convention, the archipelagic state could propose specific sea lanes and formulate laws and regulations to control them. These passageways could be suspended by the state, with IMCO approval, if its security were threatened or because of navigational hazards. Even innocent passage has, under this convention, become not a matter of right but a concession by the archipelagic state. What follows is that the importance of passage through international straits such as the Malacca Straits, where the regime of passage is less restrictive, has increased.

The threat that the archipelagic principle could poison bilateral relations between Indonesia and Malaysia failed to materialize. The understanding reached between Jakarta and Kuala Lumpur on various maritime matters since 1967, and in particular the Malacca Straits issue, demonstrated the benefit of cooperation between the two and paved the way for the February 1982 agreement, which interpreted the *Wawasan Nusantara* principle in a manner that did not threaten Malaysian interests and preserved the traditional rights of laying submarine cables and pipelines, fishing, and free passage.¹⁴

Indonesian and Malaysian Security Concerns

The perception of the straits as a decisive factor in the security of Indonesia is not new. As early as 1945, President Sukarno declared that Indonesian control over "only the west coast of the Straits of Malacca will mean a threat to [Indonesia's] security."¹⁵ Joint Indonesian-Malaysian

¹³ Leifer, *Malacca*, p. 50.

¹⁴ *FBIS*, Asia & Pacific, 40 (March 1, 1982):O/1.

¹⁵ Quoted in B.M. Gordon, *The Dimensions of Conflict in Southeast Asia* (Englewood Cliffs, N.J.: Prentice Hall, 1966), p. 93.

control represents the second best alternative to total Indonesian control.

The straits are of major importance to the security of Indonesia and Malaysia in the context of both domestic and external threats. Domestically, the two countries feel threatened by communist subversion. In addition, piracy represents a major problem in this area. On March 11, 1967, Indonesia and Malaysia signed an agreement relating to common security arrangements in the North Borneo region that provided for naval, air, and land cooperation against infiltration and the activities of communist insurgents, smugglers, pirates, and other subversive elements.¹⁶

It was only natural that once the security forces of the two countries have proven themselves capable of effective coordinated operations, cooperation would then be geographically extended to incorporate other areas of vital mutual interest such as the Malacca Straits. The two countries then probably concluded that the coordinated operations would be more effective if the entire width of the straits were under their joint sovereignty, and they could therefore extend the jurisdiction of the 1967 agreements to the whole straits region. Military cooperation between Indonesia and Malaysia improved further with the joint defense agreement signed in April 1975. This included joint operations and sea patrols in the Malacca Straits.¹⁷

Aside from the domestic security problems, the major external security threat since the late 1960s has been perceived to be posed by the USSR and China. still, the two countries were not as worried about a direct immediate Chinese threat since China is occupied principally with the Soviet threat and has yet no blue water navy, though the Chinese minority problem of both countries was perceptually linked to an external Chinese threat perception. Since 1968, on the other hand, the USSR was expanding its naval presence in the Indian Ocean region where India served as an ally and a possible naval base. All this turned the USSR into an increasingly dangerous threat to the security of the region.¹⁸

This view of the USSR's dovetailed with the general trend in Soviet-Indonesian bilateral relations which, since Sukarno's dismissal and the suppression of the PKI, had ranged from cool to downright hostile. Indonesia believed that the USSR had not yet given up the possibility of turning Indonesia into a communist satellite. Such fears have been evident since the late 1960s and sometimes had a maritime dimension reflecting Indonesia's sense of vulnerability to a threat from the sea. Two examples illustrate this point, one that took place in the early 1970s and a more recent one.

¹⁶ *Keesings Contemporary Archives*, 1967-1968, p. 22774.

¹⁷ *ARB* 4:12(6) (May 1975):90; *FBIS*, Asia & Pacific, 84 (April 29, 1976):N/1.

¹⁸ "Twists and Turns in the Malaka Straits," *Foreign Report* 1240 (March 23, 1972):2.

In April 1972, hysterical rumors spread in Indonesia that Soviet submarines had been sighted near the Indonesian coasts and that their mission was to help political prisoners escape. Since 1966, Soviet clandestine activities have been an ongoing source of concern. Soviet diplomats were involved in intelligence activities, as the latest spy incidents of 1982, which took place in Indonesia and Malaysia, prove. The targets of some of these activities have indicated Moscow's strategic interests in information concerning the Indonesian straits.¹⁹ The combined effect of growing Soviet naval activity in the Indian Ocean and South China Sea, its navy's access to Vietnamese and Kampuchean port facilities since the late 1970s, and its ability to send submarines into Indonesian waters largely undetected have been a source of growing suspicion and concern to both Indonesia and Malaysia.

Malaysia's threat perceptions were as grave. The evacuation of the British forces seemed to cause a vacuum in Malaysian defense. Malaysian leaders did not have complete faith in the Five Powers Defense Agreement, and the FPDA also caused some political difficulties. The ANZUK powers, who are signatories to this agreement, are formally part of the Western camp, while Tun Razak declared his country nonaligned, defining Malaysia's defense policy by saying that "the premise of our defence policy is one of self-reliance and we shall therefore do our utmost to strengthen our military capability."²⁰ He emphasized self-reliance or, alternatively, the search for an ally with similar political views and similar security problems. In this regard, the only possible ally was Indonesia, which had a similar external security problem—namely, the troublesome Soviet naval presence in the Indian Ocean and Pacific whose main axis of movement is the straits of Malacca—and shared with Malaysia a domestic "fifth column" threat perception. Thus Indonesia, the most important regional naval power with a relatively large-sized army, navy, and air force, seemed to be an effective ally.

The security of both countries appears to be bound to the effective control of the straits and the application of limitations to the passage of warships through them. The security aspect of straits control was highlighted and became even more crucial during 1971 in consequence of the August treaty between the USSR and India that, according to some sources, assured port services to units of the Soviet navy, and the Soviet

¹⁹ S. Iskandar, "For Malaysia and Indonesia a Family Affair," *FEER*, April 15, 1972, p. 18. On Indonesian leadership's suspicious view of the Soviet Union, see Weinstein, *Indonesian Foreign Policy*, pp. 82–83. Since 1966, more than 50 Soviet diplomats have been asked to leave Indonesia. The last such case, in February 1982, involved an Indonesian naval officer who supplied hydrographic information regarding the Makassar Strait to the Soviet assistant military attache in Jakarta (*FEER*, February 26, 1982, pp. 8–9).

²⁰ *Malaysian Digest* 3:17 (September 30, 1971):3.

attempts to obtain the harbor services of Singapore. This apprehension was expressed by Indonesian sources: "For the Russian, the Malacca Straits is the missing link in the chain of Soviet naval power stretching from the Pacific to the Indian Ocean, the Mediterranean and the Atlantic."²¹ There was still another danger that the littoral states associated with the increasing Soviet presence. As a consequence of the confrontation in South Asia, in which several powers would be involved, the straits might become a battleground and involve the coastal countries.

In 1974, Adam Malik warned that: "If the United States of America enlarges its naval facilities on Diego Garcia because the Soviet Union possesses military facilities in the area, the Indian Ocean will become a zone of confrontation instead of peace."²² But since Indonesia has become aware that, because of their weakness the littoral states are not in a position to force the superpowers to adopt their views, the second best alternative was to try to achieve a situation in which their naval forces in this ocean be maintained in a reasonable balance at as low a level as possible.²³ This can be achieved by restriction on the passage of warships through the straits.

Malaysia's identical anxieties on the matter were voiced by a high official of the Foreign Ministry: "We are very concerned about the passage of warships from the South China Sea to the Indian Ocean. Suppose a war broke out there. We could be in the middle. This we cannot allow to happen."²⁴ That view refers to the rivalry between the two superpowers and their involvement in regional crises. Supporting evidence is not lacking. During the Indo-Pakistan War of 1971, both superpowers sent naval task forces through the straits, including the nuclear-powered carrier *Enterprise*, which was closely followed by a Soviet naval squadron; similar events took place during the Middle East October War of 1973. Since then the problem has become acute, especially with the fall of the Shah, the hostage crisis, and the Soviet invasion of Afghanistan, in reaction to which both the United States and the Soviet Union sent naval task forces into the Indian Ocean and the Persian Gulf. These added up to Soviet and Cuban interventions in the Horn of Africa and the short war between South and North Yemen, which led to a growing superpowers naval presence in the Indian Ocean. The impact of these events caused the collapse of the Naval Arms Limitation Talks (NALT) in the spring of 1978.²⁵ Starting in 1979, President Carter

²¹ Cited in Singapore, Ministry of Culture, *The Mirror* (May 1, 1972): 1.

²² Quoted in (Major-General) A. Muertopo, "Indonesia and the Indian Ocean," *IDSA Journal* 9:3 (January-March 1977): 215.

²³ *Ibid.*, p. 217.

²⁴ *New York Times*, August 28, 1975, p. 4.

²⁵ See J. Larus, "The End of Naval Detente in the Indian Ocean," *The World Today* 36:4 (April 1980): 126-132.

ordered more frequent demonstrations of U.S. power in the area; the increase in the number of task force visits to the Indian Ocean Region resulted in increased traffic of naval vessels through the straits. This trend was continued more vigorously by the Reagan administration, which stresses the need for supremacy at sea. A related source of apprehension to the littorals is the possibility that some of the Rapid Deployment Joint Task Force units that were set up in reaction to developments in Southwest Asia might in the future require free passage *through* and/or *over* the Malacca Straits, depending on the means of transportation that will be used.

In spite of Indonesia's public opposition to the passage and activity of foreign naval units in the region, and because of its strong anticommunist posture, the Indonesian reaction to the passage of U.S. naval units was muted compared to its reaction to the transit of Soviet naval units. Thus, in spite of its formal opposition to American naval facilities in Diego Garcia, it, as well as Malaysia, played down its reaction and demonstrated tolerance toward the passage of American naval task forces and their presence in the Indian Ocean.²⁶ Furthermore, there seems to be some kind of de facto accommodation between Indonesia and the United States, according to which American nuclear submarines may pass submerged through the Lombok and Makassar straits, as well as through the Ombai-Wetar Strait,²⁷ with prior notification given in a way that is consistent with the avoidance of detection.

In light of these developments, the security anxieties of Malaysia and Indonesia seem to be well founded, and this despite the fact that both superpowers tended de facto, as of the mid-1970s, to give prior notification to the Malaysian and Indonesian governments about the passage of their naval units. Still, the coastal countries would have liked to have the power to regulate such passage on the basis of a legally binding agreement.²⁸

At the eastern accesses to the straits, the security issue has become even more worrisome because of conflicts over sea spaces adjoining the straits and disputes regarding Spratley and the Paracel Islands in the South China Sea, the continental shelf, and the Exclusive Economic Zones declared by some of the coastal states.²⁹ These disputes involve Indonesia,

²⁶ See Leifer, *Malacca*, pp. 126–127. The Malaysian home affairs minister said that the presence of the Seventh Fleet had indirectly contributed to stability in the region (*FBIS, Asia & Pacific*, 28 [October 25, 1979]: O/2).

²⁷ Malacca and Singapore straits are unsuitable for submerged passage because of their congestion and shallowness. See S. Awanohara and R. Tasker, "Indonesia's Golden Pond," *FEER*, January 6, 1983, p. 14.

²⁸ *New York Times*, August 28, 1975, p. 4; Awanohara and Tasker, "Indonesia's Golden Pond," *FEER*, p. 14.

²⁹ The declaration by some of the coastal states of a 320-kilometer Exclusive Economic Zone has aggravated the situation. In particular, Indonesia's claims, because of its archi-

Malaysia, Thailand, China, Japan, Vietnam, Taiwan, and the Philippines and carry the potential, even if remote, that if hostilities break out, they might spill over into the Malacca Straits.

At the western entrance to the straits another possible threat is looming—that of the expanding Indian navy, the largest, most modern, and best equipped regional navy oriented toward sea control. India has built a new naval base at Port Blair in the Andaman Islands that controls the entrance to the Malacca Straits. Its political and military cooperation with the Soviet Union, especially since the conclusion of the Friendship and Cooperation Treaty of 1971, raises concern about the possible implications of this Indian presence at such close proximity.³⁰ Such apprehensions derive from several sources: a history of Indian expansion of influence to maritime Southeast Asia; traditional competition between Indonesia and India for leadership in Asia and the nonaligned movement; and the presence of large Indian communities in Southeast Asia with a distinct nonassimilated identity and strong family and ethnic ties with India.

In spite of security concerns, Indonesia and Malaysia do not lack pragmatism. As the importance of the Indian Ocean in the global strategic interests of the two superpowers increased significantly, the littorals realized that they would not be able to prevent passage of naval ships.³¹ Thus, the logical conclusion was that quiet diplomacy and informal agreements with the USSR and the United States could guarantee the littorals' national security interests without compromising the global strategic interests of the superpowers. This conclusion led to a shift in policy, focusing public emphasis on the low politics dimension and working through UNCLOS III and IMCO rather than stressing the high politics aspect.³²

The issue of naval transit was at least partially resolved through the unofficial agreement by the USSR and the United States to give advance notice about intended passage.³³ The de-linking of the high and low politics issues served the purpose of obtaining legitimacy from the

pelagic concepts, encompass some 2.7 million sq km. See *ARB* 9:12(6) (May 1980):688.

³⁰ This includes: 1 carrier, 8 submarines (4 on order), 1 cruiser, 24 frigates (3 on order), 2 destroyers (2 on order), 3 corvettes (4 on order). On future trends in naval expansion, see R. D. M. Furlong and G. S. Sundaram, "India—Asian Power Broker of the 1980s?" *International Defense Review* 14:4 (1981):382; G. L. Sojka, "The Missions of the Indian Navy," *Naval War College Review* 36:1, sequence 295 (January-February 1983):2-15. For speculations on the extent of Indo-Soviet secret naval cooperation see I. Sagar, "Indo-Soviet Strategic Interests and Collaboration," *Naval War College Review* 34:1, sequence 283 (January-February 1981):27-29.

³¹ *FBIS*, Asia & Pacific, 73 (April 14, 1976):O/2.

³² *FBIS*, Asia & Pacific, 41 (March 2, 1977):N/2.

³³ *FBIS*, Asia & Pacific, 91 (May 8, 1980):N/1.

maritime powers for measures directed at promoting safety of navigation and for the acceptance of the archipelagic concept, a vital goal for Indonesia.³⁴ Thus, the littorals agreed to accept the formula of "transit passage" in international straits in exchange for the right to establish laws and regulations to safeguard navigation and avoid pollution, as well as participation by users in a revolving fund to be created for these purposes.³⁵

This approach made sense for two reasons:

1. Of the vessels that pass through the straits, only very few are foreign naval ships. It would have been irrational to sacrifice the possibility of gaining the right to regulate the passage of more than 90 percent of the ships passing in exchange for the uncertain prospect of gaining the right to regulate the passage of a few warships.
2. Negotiating with the two main users of the straits for passage of naval ships could be carried out more effectively on a bilateral basis than in a multilateral forum such as the Law of the Sea Conference, where it might have led to the hindering of favorable resolutions to other issues (exclusive economic zone, fisheries, etc.) that were on the agenda and were of vital interest to the littorals.

Indonesian and Malaysian Economic Interests

Behind the joint statement of 1971 stood not only political strategic motives but also the economic interests of the littorals. In this sphere, the interests of Malaysia and Indonesia converged, while the interests of these two and Singapore only partly converged. We will discuss here only the economic interests of the first two; those of Singapore will be discussed further on.

Foremost among these interests is the danger of a maritime collision as a result of the congestion in the straits or the possibility that a ship might run aground. A hydrographic survey of the straits carried out in 1970 by Japan, Indonesia, and Malaysia revealed that one section has 37 points where the depth is less than the 23 meters minimum considered safe for tankers of more than 250,000 dwt. The Japanese chairman of the survey commission claimed that tankers of around that approximate size could pass through the straits in spite of this limitation and those of 400,000 dwt would be able to pass unloaded.³⁶ Japan offered to deepen the straits at its own expense to facilitate the passage of tankers of 500,000 dwt. The coastal countries firmly rejected the Japanese experts' position, and their fears proved justified when two Japanese tankers ran

³⁴ *FBIS, Asia & Pacific*, 55 (March 22, 1977):N/2; 61 (March 30, 1977):O/1; 83 (April 29, 1977):O/1.

³⁵ *FBIS, Asia & Pacific*, 94 (May 16, 1977):O/3; 65 (April 4, 1978):O/3.

³⁶ *ARB* 1:1 (June 1971):58.

aground shortly afterwards. The main threat involved in such incidents is a major oil spill from a damaged tanker. Such pollution might cause immeasurable damage to the tourism and fishing industries in particular. At the conference of UMNO, the Malaysian ruling party, on June 24, 1972, Tun Razak specifically emphasized that Indonesia and Malaysia had the right to control the straits so that they might prevent oil pollution that threatened to exterminate the fish and pollute the coasts of both countries. If such a catastrophe occurred, it could jeopardize the income of thousands of Indonesians and Malaysians.³⁷

The pollution problem is of particular significance for Malaysia since a large part of the population and fishing harbors are situated facing the straits, the "rice bowl" for the fishermen of the country. Forty thousand west coast fishermen catch about 270,000 tons of fish annually in the straits,³⁸ about 75 percent of the nation's catch. The danger was proved very real with the *Showa Maru* accident, in which about 1 million gallons of oil were spilled into the straits, causing a near disaster. It is not difficult to understand the apprehension expressed by a Malaysian Foreign Office official who said: "What we are worried about is the big collision that will damage our ecology permanently."³⁹

A related problem is that a ship running aground or a collision that could lead to a sinking might obstruct passage because of the narrowness of the navigation channel.

A third economic concern relates to oil and tin resources found in the continental shelf of the Malacca Straits. The coastal countries wanted to assure their complete control over these natural resources, taking into consideration the fact that the natural resources of the continental shelf in Southeast Asia were already the subject of conflict among the nations of the continent.

The fourth factor is Japanese investments. The continuing economic development and growth of both countries depends to a large extent on the increased flow of Japanese investments and know-how. To illustrate this, from 1967 to February 1971, Japanese investments in Indonesia were more than US \$232 million; Japan ranked third on the list of countries investing in Indonesia, and its investments represented 16 percent of total direct investments in Indonesia.⁴⁰ In the following years, investments grew and in the years 1971-1977 amounted to US \$2,774 million⁴¹; a large share of Indonesia's five-year plans were financed from

³⁷ *ARB* 2:2 (July 1972):1004.

³⁸ J. Jefferies, "Asia's Jugular Straits: The Unsolved Problem," *FEER*, February 11, 1977, p. 35.

³⁹ *New York Times*, August 28, 1975, p. 4.

⁴⁰ *ARB* 1:1 (June 1971): 5.

⁴¹ "Where Tokyo's Money Goes," *FEER*, June 22, 1979, p. 74.

foreign sources, e.g., the IGGI (Inter-Government Group for Indonesia), in which Japan has played a decisive role.

Japan was also an important investor in Malaysia's five-year plans. In the years 1971–1977, Japanese investments totaled US \$374 million; and for the period 1951–1971, US \$425 million. Japan's preference for investment in Indonesia and Malaysia is evident by the rapid pace at which its accumulated share of investment in these countries, as part of overall foreign investments, has grown since the late 1960s. By 1976 Japan's share of foreign investments in Indonesia and Malaysia was 39.8 percent and 21.8 percent respectively.⁴² Both countries feared that this investment preference might be endangered by Japan's growing interest in making large investments in Siberia and the Soviet Far East. Since the sum total of investment resources at the disposal of Japan was not unlimited, Malaysia and Indonesia worried lest Japanese investments in Southeast Asia suffer as a consequence. Furthermore, Japan was preparing to invest in Soviet Siberian enterprises, which in the longer run were bound to compete with Indonesian and Malaysian exports of raw materials and oil.⁴³ Thus, it seems reasonable to speculate that the timing of their move was calculated to signal to Japan, which was at that time negotiating with the USSR, that if their economic plans suffered because of its investments in Soviet development plans, Japan's fragile life line might be a subject of retribution.

The fifth economic factor is oil. Japan imports some 90 percent of its oil from the Middle East and the rest from other sources. Both Indonesia and Malaysia were interested in the Japanese market but especially Indonesia, which is a significant oil exporter, because of Japan's proximity, its ability to pay in hard currency, and the prospect that oil could pay for Japanese exports. By 1969, Japan was buying 83.4 percent of Indonesian crude and 70.16 percent of Indonesian refined oil.⁴⁴ This proportion had later decreased somewhat, and Indonesia, which exported 70 percent of its crude to Japan, faced stiff competition, not only from Middle East oil exporters, but also from cheaper Chinese oil (China is not a member of OPEC). With a glut in the oil market and the growing economic needs of Indonesian development programs, the Japanese market has been essential because of the psychological as well as

⁴² *Ibid.*; see also *Malaysian Newsletter* 76 (June 10, 1971), and Simon, *The ASEAN States*, pp. 31–32.

⁴³ On the economic potential of Siberia, see S. Kirby, "Siberia and East Asia: Economic and General Relations Between Siberia and Its Far Eastern Neighbors," *Asian Perspective* 6:2 (Fall-Winter 1982): 151–194.

⁴⁴ *Indonesia News* 1 (October 5, 1971): 10. Indonesian crude was usually more expensive than Middle East crude because of its lower sulphur content. See *Petroleum Information Weekly*, November 1, 1971.

economic necessity to reduce the growing deficit in the balance of trade between Indonesia and Japan. It is not unlikely, then, that Indonesia tried (and may try again) to keep its share of the Japanese oil market by hinting at the vulnerability of Japan's oil route.

A sixth factor that seemed to offset the attention of leaders of both countries, who needed considerable resources for economic development, was the Suez analogy—that is, nationalization of the straits and charging of passage fees to be used for development, just as Nasser had attempted to finance the Aswan Dam with income from the nationalized Suez Canal. This proposal was voiced, for example, by the treasurer of the United Malay National Organization (UMNO) party, Razaleigh Hamza Tengku. He suggested the levying of charges on every ship crossing the straits, “the Suez of Southeast Asia.” The passage fees would then be used to fund periodic dredging, pollution control, and other safety measures. Passage tolls would also serve as partial compensation for the inflation imported from the developed countries, as a result of which Malaysia had to pay more for imports while the price of its raw material exports, including oil, lagged behind. The proposed passage levies were to be US \$1,000 for cargo ships and US \$5,000 for tankers. The fees were also designed to discriminate against ships that did not enter Indonesian or Malaysian ports.⁴⁵ Although Tun Razak publicly rejected the idea, it was there for future consideration, and indeed was raised again in 1976 by Tan Sri V. Manickavasagam, the Malaysian Minister of Communications.⁴⁶

An additional factor relates to Indonesian and Malaysian envy of Singapore's development into the most important, busiest, and wealthiest harbor of the region. Malaysia and Indonesia have been interested in diverting part of the traffic into their own harbors. Malaysia intends to turn the port of Klang into a large and relatively inexpensive harbor, while Indonesia intends, in the long run, to turn the port of Cilacap on the southern coast of Java into a major and busy regional port for ships that did not or could not pass through the Malacca Straits.⁴⁷ Indonesia has also offered oil consumers depots in the Semangka Gulf, Lampung, and on Lombok Island,⁴⁸ and is competing with Singapore to service the oil industry and oil tanker fleets.

Finally, a serious economic problem for Indonesia has been the illegal barter trade and smuggling across the straits from Indonesia to Singapore, which, according to Indonesia, is a consequence of the demand for raw materials such as rubber and partially processed goods in Singapore. On the occasion of signing an economic and technical

⁴⁵ See *The Times*, March 20, 1972, p. 6; *New York Times*, August 28, 1975, p. 4.

⁴⁶ Leifer, *Malacca*, p. 53.

⁴⁷ *ARB* 1:7 (December 1971): 523.

⁴⁸ *ARB* 3:6 (October 1973): 2225; 4:4 (5) (September 1974): 5.

cooperation agreement in August 1974, Adam Malik took the opportunity to stress “the hope of the Indonesian government that the two countries will continue to work together in maintaining order in the Straits to prevent and eliminate smuggling between our two countries.”⁴⁹ Full jurisdiction over the straits by the littorals was deemed a necessary precondition for reaching this goal.

Singapore’s Dilemma

Singapore’s position was motivated principally by economic and practical considerations. It did not want to separate the Malacca and Singapore Straits problem from the problem of passage through all the 121 international straits to which it hoped some solution would be found in the Third Law of the Sea Conference. This was due to the fear that the Malacca Straits might become a precedent that would provoke anarchy in the oceans, as a result of which the stronger naval powers would be the winners and the smaller nations would suffer.⁵⁰ Singapore, whose economy depends on the freedom of the seas, would be one of the nations most injured in such a case.

Singapore was, and still is, interested in the deepening of the straits to enable it to become a harbor for the largest supertankers and permit it to take full advantage of its docks and refineries. Moreover, its commercial-economic structure is based on its being an entrepot. In that context, the steps taken by its neighbors also represented at the time an impediment to its negotiations with the USSR on the possibilities of offering the services of the Singapore harbor to Soviet ships, whose number has been increasing rapidly.⁵¹

Singapore did not seem, at the time, to be as anxious as its two bigger neighbors about the superpowers’ naval presence, pointing out that “a pullout by the Big Powers does not automatically make it a zone of peace. . . . You must remember that it is not just the American navy or the Soviet navy. The Indians have a navy. The Shah of Iran is going to build a navy. One of these days there will be a Chinese navy.” Moreover, argued Rajaratnam, then Singapore’s foreign affairs minister, the presence of these navies helps prevent piracy. Though Indonesia was not mentioned explicitly, it is apparent that Singapore has been no less worried by regional naval powers than by the superpowers and views the presence of superpower navies as essential to prevent a power vacuum. Lee Kuan Yew’s suggestion for the establishment of a joint naval task

⁴⁹ *ARB* 4:4(3) (September 1974): 4; D. Davies, “Singapore-Indonesia In At Last,” *FEER*, February 26, 1972, p. 7.

⁵⁰ Statement by the minister of foreign affairs, Mr. S. Rajaratnam, on March 17, 1972 (reprint).

⁵¹ *ARB* 1:11 (April 1972): 773; *Straits Times*, March 20, 1972, p. 30.

force was made with such a multiple threat perception in mind. This naval enterprise was to be composed of West European, Australian, American, and Southeast Asian units.⁵² Cooperation between these nations was to deter both a potential extraregional aggressor and to help keep the aspirations of regional powers under control.

Singapore has been aware of its location as a ministate between Indonesia and Malaysia, its delicate state of relations with the two, and of being a peculiarity as a Chinese city-state in a region that is ethnically Malay. Because of these circumstances, Singapore was concerned about any policy that might pose restriction to the access of any extraregional source of support as a counterbalance to its two big neighbors. Moreover, because in return for such support from the outside it could mainly repay in the "currency" of its unique geostrategic position that has become one of its most valued resources, which it could not afford to give up, Singapore was suspicious of the real motives of its neighbors. On the other hand, Singapore must have taken into account the fact that the points of egress and ingress into the Singapore Strait are commanded by Indonesia and Malaysia, so it had to strike a balance between its anxieties and economic interests on one hand and geopolitical realities on the other.⁵³

Singapore's position was characterized by its emphasis on the transfer of the problem from the political to the technical sphere. This was expressed by Singapore's foreign minister in his speech before Parliament on March 17, 1972: "We believe that the Straits of Malacca and Singapore should not be made a Cold War problem or a power conflict problem, but largely a problem of communication."⁵⁴ Singapore's apprehension was that once the Malacca issue became a Cold War problem, it would not be possible to find an easy or rapid solution to it. The benefits of superpower presence in the regions outweighed the possible costs only if it would be low profile and the entanglement of regional issues with superpower rivalry could be avoided, or at least minimized.

Moreover, Singapore, which in spite of being outspokenly anticommunist declared its support for nonalignment, did not want to be dragged unnecessarily into a situation in which it would be identified with one or the other of the powers in an interpower struggle, in this case the Sino-Soviet conflict that has cast its shadow on this regional dispute, as shall be shown in Chapter 5. At the same time, Singapore could not ignore the dangers of pollution or the danger to the safety of navigation, and was thus inclined to agree with its neighbors that "those who use it

⁵² *Straits Times*, May 12, 1973, p. 32; *Asian Recorder* 21 (1975): 12384.

⁵³ Leifer, *Malacca*, p. 34.

⁵⁴ Statement by Mr. S. Rajaratnam.

must, in turn, agree to observe certain rules and regulations to ensure safety, security and avoid risks of collision in the Straits.”⁵⁵

While on this point there was agreement among Singapore, Indonesia, and Malaysia, there was no such agreement on the question of declaring the straits to be territorial seas. Still, Singapore was unwilling to express its opposition in an explicit way that would demonstrate disagreement with its big neighbors, as it did not want to harm the evolving improvement in its relations with them after a long period of tension. This explains its cautious declaration that it “took note” of Indonesia’s and Malaysia’s position on this question. Thus, Singapore’s economic interests and its political interest in maintaining good relations with its neighbors were delicately balanced.

Singapore was being brought a step closer to its neighbors by the course of events in Southeast Asia and contiguous regions, such as the growing threat from Vietnam since 1975; improving relations within ASEAN in the economic as well as political and military spheres, especially since the Bali Conference of 1976; and the growing number of accidents that could bring about an ecological disaster. All this made the 1977 Manila Agreement on the Traffic Separation Scheme possible. Moreover, the emerging de facto consent of Indonesia and Malaysia to recognize the need of a U.S. naval presence in the Indian Ocean Region as a stabilizing factor was in line with Singapore’s own thinking. Thus, the lower profile they adopted on the question of warships passing through the straits satisfied Singapore’s “balanced presence” approach to the IOR⁵⁶ and facilitated reaching agreement on other issues.

⁵⁵ Ibid.

⁵⁶ M. T. Kaufman, “As Armada Intrudes on ‘Zone of Peace,’ Region Watches with Mixed Feelings,” *New York Times*, April 21, 1981, p. A/8.

IV

The Superpowers

The Soviet Union's Interests and Motives

The Soviet position on the straits issue must be viewed in light of its regional and global interests, the short- and long-range goals of Soviet diplomacy, and Soviet perceptions and apprehensions, both traditional and current, which have their source in geostrategic realities and communist ideology.

It is noteworthy how close the positions of both superpowers are on the international straits issue in general and the Malacca issue in particular, though the reasons for that similarity are not difficult to grasp. With the growing role of the Soviet navy and commercial fleet in foreign, economic, and military policy, and with the decision to use the navy to project Soviet power, prestige, and influence, the issue of free transit through international straits and choke points has become crucial.¹ Without such freedom, many of the advantages to be gained from its large modern navy in war as well as in peace will never materialize. Moreover, because of its net of worldwide bases and control over most choke points, the advantage would go to the West with its expanding navies and commercial fleets roaming the oceans at will.

Commenting on the fleets of the imperialist states, Admiral Sergei G. Gorshkov, the builder of the modern Soviet navy, asserts that "even in peacetime, in establishing control over straits and other narrows, they are seeking to create all the prerequisites for achieving dominance in these areas immediately after the start of a war."² On the other hand, "to move out into the ocean [the Soviet navy] is forced to cover enormous distances and force narrows and straits either controlled by the fleets of the

¹ On the missions and performance of Soviet naval diplomacy, see, for example, M. McCgwire, "Soviet Naval Policy: Prospects for the Seventies," in M. McCgwire (ed.), *Soviet Naval Development: Capability and Context* (New York: Praeger, 1973); B. Dismuke and J.M. McConnell (eds.), *Soviet Naval Diplomacy* (New York: Pergamon Press, 1979).

² S. G. Gorshkov, *The Sea Power of the State* (Oxford: Pergamon Press, 1979), p. 183.

imperialistic states or permanently under surveillance by their allies in aggressive military blocs.”³

Gorshkov stresses the importance of what he calls “dominance at sea.” To gain that, favorable conditions must be prepared in any area. The creation of these conditions “has always taken a long time and demanded a number of measures even in peacetime.”⁴ This means, as far as the Malacca Straits are concerned, an ongoing effort to create the conditions for keeping them open for the navy so that speed in reinforcing the Soviet presence in the Indian Ocean region can be achieved and dominance at sea in that area can be established. Thus, the fleet’s main tasks can be performed successfully.

Free passage through the Malacca Straits cannot be isolated from the overall Soviet geostrategic position as a landlocked power depending on narrow waterways for access to the oceans. Such access may be denied not only through blockage by a hostile navy; if international straits fall within the territorial waters of littoral states, they will also then have recourse to legal, though indirect, methods for interfering with traffic, commercial or military, through such methods as pollution control.⁵ This is a serious threat, since

[with] the exception of the northern fleet, most Soviet naval vessels egress from their home ports through narrow straits currently controlled by the West. The Baltic Fleet has to pass through the Danish strait; the Black Sea Fleet, through the Turkish strait (and through Gibraltar and Suez if it wishes to deploy outside the Mediterranean); and the Pacific Fleet, through the Japanese and Korean straits en route to the South and East China seas.⁶

Any hindrance to free passage in any of the international straits is perceived as constituting a possible precedent, with wide strategic repercussions; hence the strong position taken by the USSR on the issue.

In this context, the growing Soviet merchant and fishing fleets play an important role in the considerations of Soviet defense planners’ thinking. Compared with the other major merchant fleets, their growth in number and deadweight tonnage is spectacular. The role of the Soviet merchant marine fleet is both economic and political. It is meant to reduce Soviet dependence on Western shipping, to ensure the transfer of arms supply to client states at short notice if required, to provide a means for logistic support of overseas intervention, and to serve, through its presence and display of the flag, as an influence-building instrument.⁷

³ Ibid.

⁴ Ibid., p. 233.

⁵ See also G. Kemp, “Threat from the Sea: Sources for Asian Maritime Conflict,” *Orbis* 19:3 (Fall 1975): 1047.

⁶ Ibid., p. 1053.

⁷ R. T. Ackley, “The Merchant Fleet,” in M. McCwire and J. McDonnell (eds.), *Soviet*

Since the USSR is an enclosed land mass, these functions can be fulfilled only through freedom of transit through the relevant major choke points. This applies in particular to the Malacca Straits. Moreover, with increasing Soviet involvement in the international oil trade and buildup of its own supertanker fleet, restrictions on passage through the Malacca Straits are, as we shall see, of growing inconvenience.

The Soviet fishing fleet is the largest and most modern in the world; it is an important earner of foreign exchange, as well as being used for military (intelligence) and political aims (aid to Third World countries).⁸ One of the important regions of Soviet economic-political activities of this kind is the Indian Ocean. Here again, the Malacca Straits are an important link in the chain, even though fishing vessels can use the ports of India, the People's Democratic Republic of Yemen, and Mauritius.

Aware that its position on the issue of international straits might prove unacceptable to some of the Third World states, the Soviet Union made an effort to prove that its position takes into account their interests as well.

In the interest of developing international relations and international cooperation, it is necessary to preserve and make binding in the convention the principle of free passage for all shipping and free air travel over straits that connect the open seas, even when these straits overlap the territorial waters of one or several states.⁹

At the same time Moscow stresses that it gives maximum consideration to the interests of the states bordering on straits. Moreover, the exercise of the right of unimpeded passage by the Soviet Union also serves the security interests of those states, "when it was necessary to help young independent states that had become targets of the aggressive schemes of imperialist forces."¹⁰

In the Soviet scheme of things, the Indian Ocean has become a major area of interest and naval presence since 1968.¹¹ With the growing importance of Siberia and the Soviet Far East in Soviet economic equations, this interest gained even further impetus "since virtually the only sea route between the European parts of the USSR with the Soviet

Naval Influence: Domestic and Foreign Dimensions (New York: Praeger, 1977).

⁸ Ackley, "The Fishing Fleet," in MccGwire and McDonnell (eds.), *Soviet Naval Influence*.

⁹ *Current Digest of the Soviet Press* [hereafter, *CDSP*] 26:37 (1974):15. See also *CDSP* 28:6 (1976):3.

¹⁰ *Ibid.*

¹¹ See J.M. McConnell, "The Soviet Navy in the Indian Ocean," and O.M. Smolansky, "Soviet Entry into the Indian Ocean: An Analysis," in MccGwire (ed.), *Soviet Naval Development*. For a concise discussion of the southern sea route in Soviet geostrategic thinking, see (Lieutenant Commander) J.T. Westwood, "The Soviet Union and the Southern Sea Route," *Naval War College Review* 35:1, sequence 289 (January-February 1982): 54-67.

Far East that is open the year round runs through the Indian Ocean.”¹² The growing economic importance of Siberia and the Soviet Far East and, consequently, of the Malacca Straits is bound to gain momentum with the completion of the Baykal-Amur Mainline.¹³

Greater economic activity and population growth in this region will also mean a growing need for food and other commodities, most of which will have to be delivered by ship through the straits, which requires a growing Soviet naval presence to defend the sea lanes from Europe, Africa, and Asia through the Indian Ocean. Hence, Soviet support of the Zone of Peace proposition must accordingly be subject to “the right of passage through the international waters of the Indian Ocean by ships, including warships, belonging to all nations of the world.”¹⁴

In the future, the lion’s share (about 56 percent in the 1980s) of Soviet oil will come from the Soviet Far East and Siberia.¹⁵ This will mean a growing dependence on long-distance transportation systems, among which shipping by sea is cheapest in terms of initial investment in infrastructure (pipelines, railroads, and harbors), notwithstanding the technological problems involved and the relatively high cost of all land transportation. This is true, of course, of other energy resources as well, such as natural gas and coal, which are in a depleted state in the European part of the USSR.¹⁶ If this development actually takes place, then the Malacca Straits will be the main sea route. In this context, we have to take into account the fact that the USSR has the added responsibility to supply its Eastern European allies with oil, of which a larger share will come in the future from the Far East and Siberia via sea routes.

It is worthwhile mentioning that the economies of the USSR and, to some degree, its satellites in Eastern Europe have been dependent upon nonexpensive energy. Now, with the unavoidable rise in the price of energy from the new sources in the Far East and Siberia, the cost of transportation will have to be kept as low as possible to avoid unnecessary further increase in the price of energy, which means transportation by tankers along the shortest possible route. The fact that supertankers of up to 370,000 dwt can pass now, without cargo, through the Suez Canal, and the plans for restructuring the canal to open it up to ships of up to

¹² *CDSP* 29:6 (1977):14; *FBIS*, Soviet, 35 (February 23, 1981):cc/14.

¹³ On the BAM and its impact on the Soviet economy, see V.L. Mote, “The Baykal-Amur Mainline” and P.G. Bunich, “Economic Impact of the BAM,” in T. Shabod and V.L. Mote (eds.), *Gateway to Siberian Resources* (New York: Scripta Publishing, 1977).

¹⁴ A. Alexayev and A. Fialkovsky, “Peace and Security for the Indian Ocean,” *International Affairs* (Moscow), 9 (September 1979):55.

¹⁵ M.I. Goldman, *The Enigma of Soviet Petroleum* (London: George Allen and Unwin, 1980), pp. 130–131.

¹⁶ For a detailed discussion of this dilemma, see T.W. Cobb, “The Soviet Energy Dilemma,” *Orbis* 23:2 (Summer 1979):353–386.

270,000 dwt even when loaded¹⁷ will make the use of these ships economically more tempting in carrying crude oil from the Soviet Far East and Siberia and offshore oil from Sakhalin to European Russia. Constraints on their passage through the Malacca Straits will increase costs significantly because of the detour involved and the rise in bunker fuel costs.

Even if the Soviet government manages partly to bypass the problem by relocation of energy-intensive industries to Siberia to take advantage of low-cost energy consumption close to source,¹⁸ it still faces the problem of transporting the finished product. Here again, the cheapest way would be by rail to the Pacific Coast¹⁹ and from there by ship through the only route that is ice free all year long to any other destination in the western USSR or any other part of the globe. Much of the goods exported are destined for the Third World, and transportation to any destination in Africa, the Middle East, or South Asia, as well as to Europe, would involve passage through the Malacca Straits.²⁰

Soviet military planners must also take into account the fact that, in the event of war with China, there is a high probability that the Trans-Siberian Railways, by which the Soviet Far East is supplied, would be disrupted, so that it would have to be supplied by sea from European Russia.²¹ In such a case, a long detour having to avoid passage through the Malacca Straits might have critical implications. In fact, the strategic importance of the Malacca Straits for the defense of the Soviet Far East has been demonstrated and amplified since the Ussuri River incidents of March 1969 and the Ninth Congress of the Chinese Communist Party, which were followed by a largely increased deployment of Soviet troops in that area (more than 44 divisions). War with China has been considered probable and the need for the shortest reliable supply lines was emphasized.²² Thus the steps taken by the littorals in the second half of 1969 must have been a serious source of concern to Soviet military

¹⁷ *South*, December 1983, p. 70.

¹⁸ Cobb, "The Soviet Energy Dilemma," pp. 368-369.

¹⁹ A. J. Klinghoffer, *The Soviet Union and International Oil Politics* (New York: Columbia University Press, 1977), pp. 259-260.

²⁰ That the Soviets are well aware of this cost-efficient method of transportation is clear from the effort to expand port facilities on the Pacific, as at Nakhodka and Vostochnvi (on Wrangel Bay).

²¹ In its north-south run the Trans-Siberian Railroad comes as close as 2.5 kilometers to Chinese territory in an area where the intervening terrain is largely flatland with no natural defense points. For a detailed account, see A. S. Whiting, *Siberian Development and East Asia: Threat or Promise?* (Stanford, Calif.: Stanford University Press, 1981), pp. 91-92.

²² M. McGwire, "Changing Naval Operations and Military Intervention," in E. P. Stern (ed.), *The Limits of Military Intervention* (Beverly Hills, Calif.: Sage Publications, 1977), p. 170.

planners, and at the same time a cause of satisfaction to their Chinese counterparts.

The containment of China was to be achieved through the ambitious scheme outlined in Leonid Brezhnev's statement of August 17, 1969, calling for the establishment of a "collective security system" that would stretch from the Middle East to Japan. To be effective, such a system must rely on free passage through and above the straits linking its western (Middle East and South Asia) and eastern (Southeast and East Asia) flanks.

Special attention is also being paid to possibly emerging threats from the West Perceiving that "the Indian and Pacific oceans are closely linked together in the imperialists' plans,"²³ the Soviet Union regards the threat from the West as potentially three-pronged: (1) the net of island-based U.S. military installations that are being expanded, (2) the growing activity and expanding power of ANZUS, which spills over into the Indian Ocean, and (3) the attempts to turn ASEAN into a military alliance. The last two developments are supposed to make up for the dismantling of SEATO.²⁴

While the threat from the West and its allies is perceived in military terms, the Chinese threat is perceived mainly in political terms. The Chinese pose a threat by supporting Third World states' proposals "to do away with such fundamental concepts of the legal regulation governing the oceans as open seas, territorial waters, freedom of navigation through international straits, and others that are generally recognized."²⁵ They use this, according to the Soviets, to score political credit in the Third World and to slander the Soviet Union as serving its own interests only and disregarding those of developing states.²⁶ Even more alarming is Beijing's support for a continued U.S. military presence in the Asian-Pacific region.²⁷

The Malacca Straits have had another primary strategic military importance to the Soviet Union. Since the closing of the Suez Canal after the Six Day War of 1967 until its reopening in 1975, the USSR had to send its naval units from the Black Sea to the Persian Gulf and the Indian Ocean on a much longer route around the Cape of Good Hope. The only

²³ A. Chernyshov, "Peace and Security for the Indian Ocean," *International Affairs* (Moscow), 12 (December 1976): 48. See also A. Chernyshov, "The Pacific: Problems of International Security and Cooperation," *International Affairs* (Moscow), 11 (November 1977): 78-88.

²⁴ *Ibid.*

²⁵ *CDSF* 28:6 (1976): 3. See also V. Yaroslavtsev, "UN Conference on the law of the Sea," *International Affairs* (Moscow), 8 (August 1976): 88-97, which describes China's attempts to place international straits under coastal states' control as part of its effort "for advancing their expansionist ambitions" (p. 95).

²⁶ *CDSF* 26:23 (1974): 15.

²⁷ A. Chernyshov, "The Pacific," p. 87.

other alternative was to rely on the deployment of units from the Pacific Fleet, whose headquarters are based in Vladivostok. To maintain its presence in the Indian Ocean and to establish one in the Persian Gulf freedom of passage through the Malacca Straits became more vital to the Soviet Union than ever before. Any detour through the Indonesian straits or, even worse, around Australia would mean a delay that might be critical in situations when an immediate reaction and presence rather than stealth are a major advantage, both politically and militarily.

Even though the Suez has reopened, the possibility of being utterly dependent on the canal for transferring naval units to the Gulf and the Indian Ocean has been unwelcome for two reasons. First, Egypt since Sadat has been unfriendly to the Soviet Union and under certain circumstances it is possible that the canal might be closed to Soviet shipping. There is already a precedent of the canal being closed to Israeli ships and Israel-bound cargoes for years. Second, any transfer of units from the Black Sea navy means passage through the Bosphorus and the Dardanelles with all the restrictions and inconveniences involved.

Soviet planners must also take into account the unreliability of their clients in the Indian Ocean region, as proved by Somalia, where they lost their facilities in Berbera almost overnight. There are some alarming signals coming from Iraq, which is showing a growing interest in improving relations with the United States and, though they can rely on their Aden base, the instability endemic to the politics of the area leads to the inevitable conclusion of the preferability of a presence in the Indian Ocean region that will depend on few local facilities. This means that the speed with which the Indian Ocean squadron can be reinforced and the length of time on station will be affected by the distance constraint. Reinforcement from the Pacific Fleet will be the fastest (18 days), compared with deployments from the Northern (more than 35 days) or Black Sea fleets (30 days in case the Suez Canal is closed or considered unsafe for passage); hence the importance of the Malacca and Indonesian straits. Diversion around Australia could increase transit time by as much as 80 percent.²⁸

²⁸ These estimates are suggested by: M. McGwire, "The Horizontal Proliferation of Maritime Weapon Systems," in G. H. Quester (ed.), *Navies and Arms Control* (New York: Praeger, 1980), p. 166; K. A. Dunn, "Constraints on the USSR in Southwest Asia: A Military Analysis," *Orbis* 25:3 (Fall 1981):621. Dependence on the straits will have particular significance if the Soviet navy adopts a swing strategy as speculated by J. S. Bremmer, "The Soviet High Seas Fleet of the 1990s: Design for a 'Swing Strategy'?" *Naval War College Review* 34:2, sequence 284 (March-April 1981):38-47. It is also noteworthy that free passage through and above the straits for civilian ships and aircraft has also significant military implications for the Soviet navy because of the militarization of their civilian functions. The Soviet navy has made extensive use of merchant tankers, which may provide as much as half of the fleet's fuel requirements. Aeroflot (Soviet civil air transport system) has been used a number of times in logistic support of military operations which involved access to overhead

Another related problem for Moscow is that Soviet ability to support sustained naval operations at the distances involved is also constrained by the following factors: (1) modern replenishment and fleet-support ships are lacking; (2) Soviet techniques for at-sea replenishment and resupply are antiquated; and (3) most facilities and bases acquired by Soviet diplomacy in the Indian Ocean region, with the exception of Aden, are poorly situated for support of combat operations.²⁹ The combined effect of these factors calls for a high dependence on fast and free access to the Pacific Fleet's home ports, requiring free transit through the Malacca Straits.

It could also be safely speculated that Soviet policy makers probably remember quite vividly that their last major naval defeat, in the Russo-Japanese War, started with their Far East navy being blockaded in Port Arthur and destroyed. In the wake of this came the Tsushima Strait sea battle in which the Baltic task force suffered a humiliating defeat by the Japanese navy.³⁰ The lesson to be drawn is that under the geostrategic conditions existing in that region, the Soviets will be interested in having as many of their naval units as possible in the open sea, the fleet's main theater of operations, so as not to get trapped. It then becomes necessary to ensure free passage, at all times, through the choke points. That history will not repeat itself is not only a strategic need but a psychological drive as well.

The Soviets are emphasizing that, according to current American military thinking, the flash point for a new world war would be "along the line joining the Near East, Persian Gulf and Indian Ocean." The growth of U.S. air and naval power, its net of bases in the Pacific region, and the establishment of the new Central Command for Southwest Asia are perceived as evidence of this threat and indicative of the threat of encirclement from the south. To deter this danger, the Soviet Pacific Fleet, the largest of the Soviet Union's four fleets, must have fast and free access to the whole Indian Ocean region, which depends to a large degree on passage through the Malacca Straits. Admiral Gorshkov has expressed the traditional fear of a continental power sensing that it is being encircled and strangled by the worldwide net of bases and the naval and air power of its protagonist. The perception of vulnerability is particularly enhanced because of the ease with which the main link, the

air space. See R. E. Harkavy, *Great Power Competition for Overseas Bases: The Geopolitics of Access Diplomacy* (New York: Pergamon Press, 1982), p. 199; R. Ostrich, "Aeroflot," *Armed Forces Journal International* 118:9 (May 1981): 38-59.

²⁹ These points are argued in detail by Dunn, *ibid.*, pp. 622-623.

³⁰ For analysis of Japan's naval strategy in that war, see A. Kiralfy, "Japanese Naval Strategy," in E. M. Earle (ed.), *Makers of Modern Strategy* (Princeton, N.J.: Princeton University Press, 1971), pp. 470-478.

maritime one, between the European and Far Eastern territories of the USSR can be slashed by blocking the main choke points.³¹

In that geostrategic environment, the potential naval strategic cooperation of South Korea and Japan with ASEAN and Australia might become a major headache for Soviet naval planners. Such a development would raise the possibility of bottling up the Soviet Pacific Fleet in its ports by the Seventh Fleet and the Japanese and South Korean navies. ASEAN navies and air forces would then prevent reinforcement of the Pacific Fleet by controlling the Malacca Straits and the Indonesian straits and the Australian navy and air force by blocking the Bass Strait. Such a naval ring would be a most effective naval defense system, in fact completely stalemating the Soviet navy in Southeast and Northeast Asian waters. This would pose a strategic threat to Moscow's capability to defend the Soviet Far East and Siberia.

The foregoing illuminates the reason for Moscow's need to exploit the crises of 1972 to advance some Soviet immediate short-range goals on its agenda at the time. Among those was interdiction of regional agreements in which it is not a participant. Its hostility toward these agreements is related to its failure to promote the idea of a collective security system in Asia.³² As a result, it desired to see the Five Powers Defense Agreement disintegrate by testing it and proving to Malaysia and Singapore that the ANZUK powers would not act in the case of a serious crisis that might involve them in a confrontation with a superpower. Pressure was to be applied on Malaysia and Singapore on one hand and on Britain, New Zealand, and especially Australia on the other. At that time there were already marked tendencies in the Australian Labour Party, which came to power in November 1972, to reduce direct commitment and involvement in Southeast Asian regional politics.

The danger of a confrontation between the ANZUK nations and a superpower—the USSR—would be bound to decrease the commitment of these countries. Success in pressuring either one of the sides, no matter which, would have contributed to the erosion of the Five Powers Defence Agreement.

Another related concern was Soviet apprehension that Indonesian and Malaysian success in their move might have the same results as nationalization of the Suez Canal had for Nasser. In other words, by strengthening their claim for leadership in Asia, Indonesia and Malaysia

³¹ See *FBIS, Soviet*, 23 (February 2, 1983):cc/4-5 and in particular Admiral S. Gorshkov, "Bases of Aggression," *Pravda*, April 15, 1983, 1st ed., pp. 4-5 in *FBIS, Soviet*, 74 (April 15, 1983): A/1-4.

³² "Attitude to the Singapore Conference," *Asian Analyst*, February 1971, p. 8. The *Red Star* claimed that the Five Powers Defense Agreement was aimed at breaching the nonalignment of a number of Asian countries.

could advance their plan for neutralization. This plan rejected the idea of a collective security system against China and thus was rejected by the USSR, which resented its supporters and initiators and viewed them as hypocrites.³³

In addition, this move was perceived as a step toward turning ASEAN into an effective military and political organization, which would also stand in opposition to the idea of a collective security system. Soviet resistance was clearly expressed in the Soviet press, which said in relation to that region that "it is unthinkable to build a system of collective security in a relatively narrow limited area."³⁴

The second category of motives was related to the attempt to realize goals that were not directly connected with the crisis. The USSR tried to take advantage of the conflict of interests in order to improve its relations with Japan as a counterbalance to the Chinese-American rapprochement that took place at the time. However, the main aim was to obtain the economic cooperation of Japan in the development of Siberia and the Soviet Far East. In this sense, the USSR was competing with the countries of Southeast Asia for Japanese investments. This matter was of the greatest urgency to the USSR owing to the plan for development of metal and cellulose paper industries and electrical power in East Siberia. In the Far East, the purpose was to develop infrastructures in order to build up paper and wood processing industries and oil refineries, to construct harbors, and to exploit hydroelectric power sources and natural resources such as oil, coal, and iron ore.

Because of the distance from European Russia to these regions, the costs of transporting machinery and consumption products are very high. Thus, the USSR was interested in Japan's investing and supplying the needed consumption and investment products and being paid by raw materials extracted in the region. Japan was bound to be a main export market for the region. The plan was also to exploit the oil and gas (2.4 billion cubic meters per year) found in the continental shelf around Sakhalin and transport it by pipeline to Hokkaido. A further plan involved developing coal mines in Yakutia and linking them with the trans-Siberian railway in order to transport 3 to 6 million tons of coal per year to Japan. The exploitation of natural gas resources in that zone was dependent on the installation of a pipeline 2,000 kilometers long as far as Habarovsk. The exploitation of oil resources in the Tyuman oil fields depended on the construction of a pipeline from Yakutsk to Habarovsk for the purpose of exporting 25 to 40 million tons of crude oil per year to Japan for 20 years to come.³⁵ To understand the economic advantages to

³³ CDSP 24:1 (February 2, 1972):11.

³⁴ CDSP 24:14 (May 3, 1972):19.

³⁵ See "Russia and Japan Getting Together," *Foreign Report*, No. 1238, March 9, 1972, pp. 4-5. For a detailed discussion of the possible role of Japan and the related negotiations

be derived from Japanese cooperation, it is important to note that a train going from European Russia to Siberia takes ten days to reach its destination, while Najata port in Japan is just one and a half days by ship from the port of Nakhodka in Siberia.³⁶ In addition, there was a political benefit inherent in Japanese cooperation: It would increase Japanese economic dependence on the USSR, thus further cementing a Soviet-Japanese link against China.

Japanese cooperation, however, reached a standstill as a result of increased Japanese hesitation over the enormous investments required; the technical difficulties; the reluctance to become dependent on the USSR for raw materials; the need to avoid antagonizing China, which has territorial claims in the Soviet Far East; and the Japanese demand that the USSR sign a treaty of peace with Japan within which four of the Kurile Islands would revert to Japan.

On the other hand, for the USSR it was urgent to reach an agreement on the matter of Soviet-Japanese joint ventures. Thus, it accelerated the crisis in order to pressure Japan into deciding on economic cooperation by raising uncertainties about the continuation of the flow of oil and raw materials from the Middle East and Africa as well as from Southeast Asia. We find supporting evidence of this interpretation in the timing of the development of the crisis. In February 1972, there had been some progress in Japanese-Soviet negotiations. It was concluded that in March a Japanese economic delegation would travel to the region for a comprehensive survey that would serve as the basis for the final Japanese decision. On the eve of this delegation's departure, the USSR turned the issue of the Malacca Straits, on which it had not reacted in November 1971 when it was first raised, into major issue of controversy. It did this by initiating a meeting between the Soviet ambassador and the deputy foreign minister of Japan, by sending its ambassador-at-large to Malaysia and Indonesia, and by firmly demanding the internationalization of the straits.

The last decade evidenced escalating antagonism between the Soviet Union and Japan, China, and the United States on one hand and a growing trend of cooperation among the United States, China, and Japan on the other. This process, when combined with the improved

between the two parties, see J. Russell, *Energy as a Factor in Soviet Foreign Policy* (Farnborough: Saxon House, 1976), ch. 11. For a discussion of the Soviet view of the significance attached to the development of this region, see B.N. Slavinsky, "Siberia and the Soviet Far East Within the Framework of International Trade and Economic Relations," *Asian Survey* 17:4 (April 1977): 311-329. The best study on the strategic and economic implications of Siberian development for the triangular Sino-Soviet-Japanese relations is Whiting, *Siberian Development*.

³⁶ See K. Saeki, "Towards Japanese Cooperation in Siberian Development," *Problems of Communism* 21:3 (May-June 1972): 1-11.

relationship between ASEAN and Japan, China, and the United States, poses a difficult dilemma for Moscow's middle- and long-range strategic planning for the region.

The Soviets have not been unaware of the advantage the United States holds by having Southeast Asian countries who control the straits on its side. They are also concerned with what is perceived as the grand military design that will tie together Southeast Asian, Northeast Asia, and Pacific countries with the United States and its European allies. This will form a ring of blocs around the USSR, which China may join.

In this context, they view with growing concern the military cooperation among NATO, ANZUS members, and some Southeast Asian countries on one hand and Japan, China, and the United States on the other. Moscow watches closely the naval dimension of this "ring of military blocs." The growing and planned further increase, quantitatively and qualitatively, of U.S. naval strike power, the modernization and buildup of the Chinese navy, and Japan's willingness to consider a raised defense profile seem to pose a threat to unimpeded Soviet naval traffic between its European ports and the Soviet Far East. Hence Moscow tries to point out the mutual interests of the USSR, the United States, Japan, and West European states in free unimpeded passage through this stretch of water.³⁷

Furthermore, in the longer run, the range of Soviet submarine-based missiles will improve significantly, as indicated by the October 4, 1982, successful test of the 12 warhead, 5780 mile range SS-N-20 missile fired from the Sierra-type SSBN. It would then possibly be advantageous to both first and second strike capabilities to deploy submarine launched ballistic missiles (SLBMs) (and their surface shield force) in the Indian Ocean and target them on China and Western Europe from there. This would be wise particularly because of the inevitability of a significant future upgrading of China's mainly land-based nuclear strategic strike force, in number of warheads as well as in precision. Deployment of SSBNs in the Indian Ocean is preferable to deployment in the Western Pacific or the South China Sea, as the latter offers relatively limited expanses for avoiding detection and both are crowded with naval vessels

³⁷ Alexsey Yuriyev, "Dangerous Plans," *Pravda*, December 8, 1981, in *FBIS*, Soviet, 2 (January 5, 1982):E/1; Tass in English, January 19, 1982, in *FBIS*, Soviet, 12, (January 19, 1982):AA/12; Vsevolod Ovchinnikov, "To the Level of a Military Alliance," *Pravda*, January 19, 1982, in *FBIS*, Soviet, 15 (January 22, 1982):C/3-4; Radio Moscow in Japanese, January 28, 1982, in *FBIS*, Soviet, 22 (February 2, 1982):C/1; Tass in English, February 16, 1982, in *FBIS*, Soviet, 32 (February 17, 1982):A/1-2; Moscow Domestic Service in Russian, April 12, 1982, in *FBIS*, Soviet, 71 (April 13, 1982):AA/1; Vsevolod Ovchinnikov, "For Peaceful Oceans," *Pravda*, April 5, 1982, in *FBIS*, Soviet, 72 (April 14, 1982):D/1-3; Radio Peace and Progress in English, August 25, 1982, in *FBIS*, Soviet, 166 (August 26, 1982):B/1.

friendly to the United States and unfriendly to the Soviet Union. This increases the danger of trailing and detection by hostile navies in peacetime and decreases Soviet SSBNs' chances of survival to carry out their mission in wartime. To operate securely and effectively from the Indian Ocean, unimpeded passage through the straits leading to it from the Pacific is vital to the USSR.

The United States' Interests and Motives

The United States did not take an official position on the issue when it first emerged, although in 1971 State Department officials raised the issue with the Indonesian and Malaysian governments. There seemed to be a divergence of opinion, however, between the State and Defense departments as to the line that should be taken by the United States. The Defense Department was concerned with the implications for American strategic interests, while the State Department viewed the issue within the wider frame of U.S. relations with the noncommunist Southeast Asian nations.³⁸

Defense and the Pentagon seemed to favor a hard line. This position was expressed by secretary of defense Melvin Laird's proposal, which was rejected, that Japan establish a naval presence in the Indian Ocean. Another indication was the declaration of the chairman of the Joint Chiefs of Staff, Admiral Moorer, that "the United States feels we should have and must have freedom to go through, under and over the Malacca Straits."³⁹ This hard line was adopted because of the strategic importance of the straits to the U.S. policy in the Indian Ocean region, as was demonstrated, for example, during the Bangladesh crisis in December 1971, when a task force, including the nuclear carrier *Enterprise* was sent through the straits to the Gulf of Bengal.

The position of the Department of State could be summed up as one of seeking compromise. As early as August 3, 1971, foreseeing the potential conflict over international straits, the U.S. representative to the United Nations Committee on Peaceful Uses of the Seabed declared the readiness of the United States to accept the principle of 12-mile territorial seas, even for international straits: "[S]ubject only to the right of free transit, territorial waters in international straits would retain their national

³⁸ R. E. Osgood, "U.S. Security Interest in Ocean Law," in A. L. Hollick and R. E. Osgood (eds.), *New Era of Ocean Politics* (Baltimore: Johns Hopkins University Press, 1974), pp. 76-78. This divergence of opinion is also hinted at in an article by the special representative of President Carter for the Law of the Sea Conference and head of the U.S. delegation to the Third United Nations Conference on the Law of the Sea (see E. L. Richardson, "Power, Mobility and the Law of the Sea," *Foreign Affairs* 58:4 [Spring 1980]: 909).

³⁹ *Japan Times*, April 8, 1972, p. 4. This statement was made at a private luncheon of the overseas writers group.

character in each and every respect... moreover, the right is a narrow one, merely one of transiting through the Straits, not conducting any other activities.”⁴⁰ The United States maintained, however, the right of the coastal states to take measures for the safety of navigation and to limit the activities of warships and aircraft in and over international straits. This position was not changed even after the immediate crisis on the Malacca Straits had transpired. While such a position did not fully support the demands of the coastal states, as the Chinese position did, it was, at the same time, different from the Soviet-Japanese demand for internationalization of the straits. One aspect of this difference in position was that, according to the American position, a decision to deepen the straits would depend only on the coastal states, whereas according to the Soviet-Japanese position such a decision must take the users into account. Moreover, the United States accepted *de facto* at an early stage the demand for securing prior notification of the passage of naval vessels, which meant that the State Department’s position had been accepted even though this was not publicly and formally admitted.

By 1974, when the Law of the Sea Conference was convened, the Malacca issue had become part of the general U.S. approach to the Law of the Sea. The U.S. position on transit through international straits was best summed up by Henry Kissinger, then secretary of state, in a speech delivered on April 8, 1976, referring to the Law of the Sea Conference. He stated: “This [guaranteed unimpeded transit] is a principle to which the United States attaches the utmost importance.”⁴¹ In the same speech he mentioned specifically the Malacca Straits as an example of straits through which free transit is vital to U.S. interests, which depend on strategic mobility.

Still, the Malacca issue has caused some embarrassment to the U.S. government since it put the United States in conflict with the littorals and in one camp with the Soviet Union. The littorals and, in particular, Indonesia, the most highly populated country in the region and at the same time the most important strategically and economically, were referred to by the assistant secretary of state for East Asian and Pacific affairs:

Indonesia supplies a growing percentage of our oil requirements and is even more important to our ally, Japan. The area is also an important source of tin, copper, rubber and other materials. It is also an important market and region offering significant investment opportunities.⁴²

⁴⁰ *U.S. Department of State Bulletin* 65:1680 (September 6, 1971): 236.

⁴¹ *U.S. Department of State Bulletin* 74:1922 (April 26, 1976): 536.

⁴² *U.S. Department of State Bulletin* 75:1947 (October 18, 1976): 470.

Relations with the littorals gained further importance with the North Vietnamese victory of 1975, which led to its becoming the dominant local power in the region. This was emphasized by the growing military and political support of the Soviet Union, which found expression in the conclusion of a Friendship and Cooperation Treaty between the two. The irritant to relations was temporarily overcome when the United States agreed again informally to give prior notification of warships' transit as a courtesy to the coastal states.

From the strategic point of view, it was considered by American planners absolutely essential that the United States should have unimpeded transit rights as part of the "swing" strategy, to which the United States adhered until 1980, under which U.S. naval forces in the Pacific would be automatically shifted to the Atlantic in case of a general East-West war. Dependence on the straits would be of even more consequence if, for some reason, such as domestic instability in Panama (especially now that the United States had agreed to phase out its presence in the Panama Canal Zone by the year 2000), the Panama Canal was closed and the shortest feasible route from the Pacific to the Atlantic was through the Malacca Straits.

This strategy, however, seems to have changed in light of events in Iran, Afghanistan, and the Gulf, and the changing trends and emphasis in U.S. economic and foreign policy. The "swing" strategy has been abandoned, and Asia has been given the same importance as Europe in the case of a general war. According to a State Department document:

Because of the potential importance of naval forces in many theaters throughout the world, those Pacific forces may be needed somewhere other than Europe, should a world-wide conflict break out between East and West. This possibility has become increasingly important in light of the deteriorating security situation in Southeast Asia.⁴³

Even with this change, the Malacca Straits are still of major value and importance since within the Pacific, for reasons already mentioned, the emphasis is shifting from North Asia westward to the sea lanes from the Gulf to Japan. Most of the U.S. Seventh Fleet is based east of the straits, in Guam, Japan, and the Philippines. The Third Fleet is based on the U.S. West Coast, and fast redeployment of units to the Indian Ocean and the Gulf involves transit through the Malacca Straits. This is of particular significance because, as former secretary of the navy Edward Hidalgo admitted in 1980, the United States is "covering three oceans with the resources of one-and-a-half."⁴⁴

⁴³ Quoted in J. Edwards, "Washington's Pacific Thrust," *FEER*, June 13, 1980, pp. 38-39. The reasons for the abandonment of the "swing strategy" are discussed in R.J. Hanks, *The Unnoticed Challenge* (Cambridge, Mass.: Institute for Foreign Policy Analysis, 1980), pp. 54-59.

⁴⁴ Quoted in D. Middleton, "Amid Shortages Navy Maintains Edge Over Soviet," *New*

The United States, then, needs high strategic mobility that will allow for a fast transfer and redeployment of naval units to spots of upheaval, as was proven once again with the outbreak of the Iran-Iraq war and the immediate need for a rush transfer of naval forces to deter both sides and, in particular, to keep Iran from involving other Gulf states or blocking the Strait of Hormuz.

Since the seizure of American hostages in Iran and the Soviet invasion of Afghanistan, the U.S. Navy has maintained two carrier task groups in the Indian Ocean. This came, however, at the expense of a reduced presence in the Pacific. Hence, a decision has been made that the second task force will be deployed 70 percent of the time in the Pacific and 30 percent of the time in the Indian Ocean.⁴⁵ This policy has clear implications for increased dependence on assured passage through the Malacca Straits. With no significant increase of the number of naval vessels available, ship days in each region will partly depend on the length of the route between the two oceans, which in its turn depends largely on whether ships will be able to pass through the straits or will have to detour around the Indonesian islands. Moreover, credibility of U.S. commitments in East Asia might be eroded if U.S. allies, already worried by the demands the Indian Ocean region places on the hard-pressed U.S. naval power, will not be sure of quick transfer of naval battle groups from the Indian Ocean to the Pacific, should a contingency arise.

Another problem might be presented by the need to get permission from the coastal states for overflights, since the air space over straits that fall within territorial waters are under the jurisdiction of these states and innocent passage does not include the right of overflight for military planes. This might have implications in case of the need to airlift personnel or equipment from the Pacific to the Indian Ocean region or the Middle East. Such overflight routes over the straits could be of consequence in case of and during a Middle East crisis that would call for support and resupply of Israel via a "westabout" route from the U.S. West Coast, if access to Lajes in the Azores or other European staging posts were to be denied. As Indonesia and Malaysia are Moslem states, they will surely face Arab pressure to limit passage of transport planes over their territory and/or over the straits if the latter were to be within their jurisdiction as well.

York Times, September 25, 1980. This deficiency looks even graver in light of the low readiness level of navy units, which fall into C-3, C-4, and C-5 categories of readiness (marginally to not combat ready). See M. R. Laird, *The Problem of Military Readiness* (Washington, D.C.: American Enterprise Institute, 1980), pp. 17-26.

⁴⁵ M. Moodie, and A. J. Cottrell, "Geopolitics and Maritime Power," *The Washington Papers* 9:87 (Beverly Hills: Sage Publications, 1981):22.

So, even with the materializing of the plan to develop and procure 120–180 new cargo aircraft of the C-17 variety that will be able to carry the full range of military equipment, including a main battle tank (MBT), and operate from austere airfields, and the further increase of the number of C-5, C-14, and KC-10 fleets,⁴⁶ their contribution to strategic mobility partly depends on the right to overfly the Malacca Straits. This applies to flying in reinforcements to the Gulf area from U.S. bases in the Far East and the U.S. West Coast. Moreover, guaranteed free passage over the shortest and fastest route will increase U.S. credibility as an ally to Saudi Arabia and the other pro-Western Gulf states. Credibility has been the core of the Carter Doctrine and of the Reagan administration's effort to establish a strategic coalition with pro-Western Arab and Moslem states. Indeed, the whole idea behind the Rapid Deployment Joint Task Force (RDJTF) is to get to areas of trouble as quickly as possible, thus providing a deterrent by means that were vividly, though somewhat awkwardly, described by a senior American Marine officer: "If I can get a guy there first, then the other guy has to think about a direct confrontation with the United States rather than a simple incursion."⁴⁷ This is then the heart of the new policy: laying a tripwire.

The Malacca Straits are also an essential link in the "island perimeter" strategy,⁴⁸ adopted after the Vietnam War, which is based primarily on naval and air power and depends on strategic mobility and flexibility of deployment of those units. This "island perimeter" extends from Diego Garcia east through Australia to Japan, Guam and the Marianas and west to Masira. The strategy places a premium on the main parameters of U.S. strategic mobility, such as distance; the straits then become a vital link in the chain. Moreover, in the future shorter sea routes will become even more important for the effective projection of naval power in the region because of the decrease in the number of land bases in Asia and the Pacific available to the United States. This problem will be aggravated by the uncertainty regarding future renewal of the lease over the remaining bases, as had been demonstrated by the lengthy renegotiations over the Philippine bases and the broad coalition of Philippine opposition groups calling for the termination of the accord

⁴⁶ *New York Times*, September 21, 1980; United States, Department of Defense, *Annual Report to the Congress: Fiscal Year 1984* (Washington, D.C.: U.S. Government Printing Office, 1983), pp. 211–213.

⁴⁷ "A Big U.S. Building-Up in the Gulf," *Newsweek*, July 14, 1980, p. 11. For a detailed analysis of the problems facing the RDJTF in carrying out its assigned missions, see R. Holloran, "Gaps in Training and Equipment Hinder Rapid Deployment Force," *New York Times*, September 26, 1980; J. Record, *The Rapid Deployment Force and U.S. Military Intervention in the Persian Gulf* (Cambridge, Mass.: Institute for Foreign Policy Analysis, 1981).

⁴⁸ The term is suggested by A. J. Cottrell and W. F. Hahn, *Naval Race or Arms Control in the Indian Ocean?* (New York: National Strategy Information Center, 1978), p. 16.

reached on these bases.⁴⁹ This belief in the increasing strategic dependence on SLOCs was clearly stated by Ambassador Elliot Richardson:

The assurance that our forces can be rapidly deployed without having either to defy some other state or to seek its permission enables us to calibrate our responses precisely to the situation at hand. It maximizes the value of the navy's unique ability to position itself at sea near foreign countries without entering the territory of friend or foe. It permits the movement of forces and supplies past the coasts of other countries irrespective of their view of the mission. This flexibility, combined with the logistical capacity of our air forces to deliver material rapidly, can enable our friends confidently to refrain from steps that would otherwise accelerate localized arms races.⁵⁰

Under these circumstances, U.S. strategists are concerned that the Soviet navy has gained access to Cam Ranh Bay and Danang in Vietnam, and that Kompong Thom and Ream in Kampuchea may be available to them in the future. This would considerably improve Soviet capability to threaten and control the eastern entrance to the straits, which are within 2 hours' flight by Soviet bombers.⁵¹ On the other hand, the Phang-gna Bay base, now under construction⁵² on the west coast of southern Thailand, offers a strategic location for U.S. naval presence that would effectively control the western approaches to the straits while the eastern ones are already covered by the Subic Bay naval base and the Clark air base in the Philippines.

Department of Defense military planners, however, have come to the following conclusion: "We must rely heavily on airlift and sealift to deploy and sustain RDJTF forces in Southwest Asia. This creates a particular challenge to protect them en route, primarily against Soviet submarine, fighter and long-range bomber cruise missile threat."⁵³ To

⁴⁹ "Debating the Bases," *Asiaweek*, April 30, 1982, pp. 19-29; S. Ocampo-Kalfors, "A Base for Negotiations," *FEER*, May 19, 1983, pp. 40-41.

⁵⁰ Richardson, "Power Mobility," p. 908.

⁵¹ According to a concerned Asian diplomat: "It doesn't matter if you call them bases or not. The point is that Soviet ships come and go as they please. The ground personnel at the airfields and port facilities are Soviet, not Vietnamese." (Quoted by R. Tyler, "More Talks More Troops," *FEER*, September 12, 1980, p. 23.) See also J.M. Mcbeth, "To Moscow the Spoils," *FEER*, September 10, 1982, pp. 27-28; *International Defense Review* 15:5 (1982):544; and N. Chanda, "United We Stand," *FEER*, August 11, 1983, pp. 24-25. For a detailed discussion of Soviet naval bases and facilities in the Far East and their strategic significance, see Pan Hsi-tang, "Expansion of Soviet Naval Power in the Far East," *Issues & Studies* 17:10 (October 1981):38-50.

⁵² M. Barang, "The U.S. Pushes for a New Circle of Containment," *South*, February 1983, p. 26.

⁵³ United States, Department of Defense, *Annual Report to the Congress: Fiscal Year 1983* (Washington, D.C.: U.S. Government Printing Office, 1982), p. III-107.

achieve that end, the following measures are called for: curbing exposure to such a threat and taking preventive steps to counter it. Executing these measures implies the following:

1. Choice of the shortest possible route so that time of exposure to potential attack will be limited to a minimum.
2. Rapid deployment of maritime and air forces during periods of crisis so that (a) preventive action against potentially hostile naval and air forces can be taken within the shortest possible time and *prior* to the passage of the airlift and/or sealift, or (b) that preemptive naval and air forces can be deployed en route, prior to the arrival of hostile forces and blocking their deployment along the ALOCs and SLOCs. Thus, local air and naval superiority are established along the vital routes, where naval forces are thinly spread during peacetime.

To be effective, these measures call for free and immediate access from the Pacific and South China Sea through and above the Malacca Straits to the Indian Ocean region, in particular, as long as U.S. access to intratheater facilities in Southwest Asia is limited and the capacity of existing facilities is not enough to support operations, because appropriate infrastructure is lacking. This need for free and immediate access will gain additional urgency with the growing threat potential achieved by the Soviets through increased military presence and improved facilities in Southeast (Vietnam and Kampuchea) and Southwest (Aden and Dahlak Archipelago) Asia.

Still, the difficulties raised in the past by the littoral states over the passage of warships through the straits into the Indian Ocean or the South China Sea might be used as support for the position of those in Congress who think that, to the degree that the United States has interests at stake in the Indian Ocean, these are not necessarily best safeguarded, and may even be harmed, by relying on military means. It is ironic, however, that the same issue could be used by those demanding a permanent presence in the Indian Ocean through the upgrading of facilities in Diego Garcia, as they would argue that the possibility of the U.S. navy's having to take a detour bypassing the Malacca Straits makes a base in the center of the Indian Ocean a necessity for any quick act of intervention by force in South Asia or the Gulf area.⁵⁴

The case for free transit through international straits rests not only on the strategic flexibility concept mentioned earlier but also on the need for undetectability of the SSBNs, which "depends on their rights to pass through international straits submerged."⁵⁵ This is not possible, both

⁵⁴ M. Bezborauh, *U.S. Strategy in the Indian Ocean* (New York: Praeger, 1977), p. 82. And see also J.P. Anand, "Diego Garcia Base," *IDSA Journal* 12:1 (July-September 1979): 58-85.

⁵⁵ Osgood, "U.S. Security Interest," p. 91.

according to the existing Law of the Sea, which allows only for innocent passage, and the new transit passage right when international straits fall within the territorial sea boundaries of any state (meaning they have to surface).⁵⁶ It could be argued, however, that this stipulation is irrelevant to the Malacca Straits, since they are too shallow and too busy for submerged passage.⁵⁷ Yet it could also be counterargued that any concessions on passage through the Malacca Straits could serve as a precedent for other straits through which submerged unannounced passage is vital, such as the Indonesian straits of Lombok and Ombai-Wetar.⁵⁸

There are those who argue that “deployment of the Trident system⁵⁹—or deployment of ULMS (Underwater Long-Range Missile System) on Poseidon submarines... would virtually obviate the dependence of the U.S. underwater nuclear force on transit of straits.”⁶⁰ But still, the benefit of making the Soviet defense planners’ job more complicated by obliging them to take into account more potential SSBNs deployment areas, thus spreading and thinning out both ABM and ASW capabilities, should not be underrated. As surveillance and detection technologies improve further, the need for high mobility grows. As a consequence, larger ocean spaces for potential deployment will be essential to the survival of this weapon platform and, hence, to its contribution to the credibility of deterrence.⁶¹ In that context, submerged passage through international straits is vital.

Furthermore, President Ronald Reagan’s administration announced its decision to put submarine-launched cruise missiles armed with nuclear warheads on general purpose submarines beginning in 1984. It is believed that some of these submarines are likely to be sent to the Indian Ocean.

⁵⁶ For the details of the arguments on whether the emerging right of “transit passage” through international straits does unambiguously include the right of overflight and submerged passage, see the references in the Introduction, fn. 4.

⁵⁷ Osgood, “U.S. Security Interest,” p. 95.

⁵⁸ This is in line with the position taken by the United States based on the view that the issue would be solved as part of a general Law of the Sea revision package that would present a unitary approach to all 121 international straits. See (Capt.) E. F. Oliver, “Malacca: Dire Straits,” *United States Naval Institute Proceedings* 99:6 (844) (June 1973):27–33.

⁵⁹ The first of these Ohio-class submarines became operational in 1981 and seven more Tridents were authorized through fiscal year 1990. The next is to be introduced into the Pacific Command.

⁶⁰ Osgood, “U.S. Security Interest,” p. 101. According to R. W. Joes, the United States does not deploy its SSBNs in the Indian Ocean on a regular basis because there is no convincing military justification to do so, since most targets covered from the Indian Ocean could be targeted from other areas as well. See his “Ballistic Missile Submarines and Arms Control in the Indian Ocean,” *Asian Survey* 20:3 (March 1980):269–279.

⁶¹ *World Armament and Disarmament: SIPRI Yearbook 1981* (London: Taylor & Francis, 1981), pp. 23–25; D. C. Daniel, “Navy,” in *Soviet Armed Forces Review Annual*, Vol. 3 (Gulf Breeze, Fla.: Academic International Press, 1979), p. 79.

This decision underscores the ongoing future importance, though somewhat diminished, of the straits leading to these waters. Also, some naval experts predict that the Indian Ocean will be the future main patrol area for the new Trident class SSBNs.⁶² Deployment of SSBNs in the Indian Ocean offers unique advantages because of special bathythermal conditions, steeper temperature gradients, an a higher salt content, which reduce the range and reliability even of modern, low-frequency sonar equipment.⁶³

Finally the argument that the deployment of strategic nuclear warheads in the Indian Ocean will be redundant once the long-range Trident SLBMs will be operational, thus causing the security importance of the straits to decline by the mid-1980s, is irrelevant for another reason. It fails to take into account both that deterrence, like beauty, and what is an acceptable balance of nuclear forces is in the eyes and minds of the parties to this competition. The arms race has a dynamic of its own that is not necessarily related only to actual defense needs. Thus, even with Trident missiles, shorter-range missiles are still considered essential, and these have to be deployed in the Indian Ocean and depend on unimpeded passage through international straits.

To defend its navigation interests, the United States, under the Nixon, Ford, and Carter administrations and particularly since 1975, was willing, in fact, to buy off the coastal states by making concessions on the issues of increased resources and archipelagic waters jurisdiction. To secure navigation rights was also a quid pro quo for maintaining of the Defense Department's support of the domestic consensus, reached within the U.S. administration, regarding other issues of the Law of the Sea.⁶⁴

The change in attitude of the Reagan administration toward the draft treaty of the Law of the Sea, reached after eight years of negotiations, could be attributed to three factors: (1) a diminished perception of the need to trade off resource jurisdiction for transit rights as U.S. nuclear deterrence has become less dependent on free transit through international straits; (2) pressures from the multinationals on the Republican administration to reject the deep-sea mining clauses in the treaty that are not in their business interests; and (3) greater emphasis in the civilian side of the Department of Defense on the importance of American access to strategic raw materials, which reduced its support for

⁶² M. Richardson, "Missile Manoeuvres," *FEER*, April 30, 1982, pp. 32-33.

⁶³ I. Khosla, "Great Power Interests in the Indian Ocean: Myth and Reality," *IDSJ Journal* 14:2 (October-December 1981):237.

⁶⁴ See A.L. Hollick, "The Clash of U.S. Interests: How U.S. Policy Evolved," *Marine Technology Society Journal* 8:6 (July 1974):15-28, and also her recent study *U.S. Foreign Policy and The Law of the Sea* (Princeton, N.J.: Princeton University Press, 1981), pp. 272-273, 305, 374.

the treaty in spite of the promise of increased freedom of navigation the treaty contained. This shift in the department's position altered the balance of power in the intergovernmental decision process.⁶⁵ Thus, the Reagan administration has blocked the endorsement of the Law of the Sea Treaty for the time being. It seems to prefer to safeguard those U.S. strategic and economic interests that are dependent on unimpeded passage through the straits by bilateral agreements with the relevant coastal states, believing that a friendly relationship with the littorals is a better guarantee than a multilateral treaty.⁶⁶ This approach is acceptable to Indonesia, as was stated by its Foreign Minister Mochtar Kusumaatmadja: "If they are interested we can negotiate bilaterally, if and when it becomes necessary. If Washington doesn't sign then there is all the more reason for [nonsigners] to come to an agreement."⁶⁷

It is quite clear from analyzing the Malacca/Singapore case why, despite, or rather because of, their conflicting interests, the Soviet Union and the United States adopted similar positions on the policy regarding straits in the UNCLOS III. This phenomenon of cooperation stemming from conflict is not unique. As far as the Malacca Straits are concerned, it could be safely argued that no matter what the outcome of UNCLOS III is, and what the legal interpretation of "transit passage" will be, and whether the coastal states will adhere to it or not, U.S. vital interests in any case will not—at least in the short run—be endangered, as long as the ASEAN coastal states' governments are friendly toward the United States and remain deeply suspicious of Soviet intentions in the region, especially in light of the continued Vietnamese and Soviet military occupation of Kampuchea and Afghanistan.

But even in the event of an ASEAN *volte face* leading to some accommodation on Kampuchea being reached between ASEAN and Vietnam, it is unlikely that Indonesia, Malaysia, and Singapore will change their inherently suspicious attitude toward the USSR. The Soviet naval presence in Southeast Asian waters will guarantee this, and with it the need for a U.S. naval and air presence to counterbalance the Soviet perceived threat, so that the Soviet Union "should not be allowed to dominate or intimidate Southeast Asia with her military might."⁶⁸

⁶⁵ L. S. Ratiner, "The Law of the Sea: The Crossroads for American Foreign Policy," *Foreign Affairs* 60:5 (Summer 1982):1011.

⁶⁶ Hence it supports Indonesia on the East Timor issue, increased economic and security assistance, to assure that passage through Indonesian waters is unhindered. See T. Morello, "New Vote, but an Old Response," *FEER*, November 28, 1980, p. 25.

⁶⁷ Interview in *FEER*, January 6, 1983, p. 15.

⁶⁸ Lee Kuan Yew in an interview with *U.S. News & World Report*, February 8, 1982, p. 38.

Thus it is the Soviets who must worry lest their strategic mobility not grow in congruence with their political-strategic interests in the Indian Ocean region. Hence, it is in the interest of the United States to keep a low profile on the issue of unimpeded passage through and above the straits and let the Soviets carry that burden by themselves, without seeming to be colluding with them. In other words, at the minimum, a discreet, soft-spoken bilateral diplomatic effort that does not necessarily strive for a formal explicit commitment by the littorals to unimpeded passage as the only possible goal, but leaves place for face-saving ambiguity, will serve American interests.

The Reagan administration's goals of forging a partnership with those nations in the Asian-Pacific region that fear Soviet power or, in more general terms, external or internal communist threats, will not be served by adopting a confrontationist position on the issue of prior notification with regard to passage of U.S. warships through the straits. On the contrary, such a position may cause a nationalistic backlash that would be counterproductive to American interests in the region. Not only would it cause friction among Indonesia, Malaysia, and the United States, but it might spill over into intra-ASEAN relations. Tensions might arise between such staunch U.S. allies as Thailand and the Philippines, and between Indonesia and Malaysia, because of possible pressure on the Thai and Philippine governments to take sides.

A much more reasonable position would be for Washington to adopt a pragmatic, rather than a legalistic, position. It should initiate a policy of consulting and notifying Jakarta and Kuala Lumpur before passage through the Malacca and Indonesian straits, without quibbling about passage conditions. Such an approach would be a confidence-building measure that would assuage nationalist sensitivities in Indonesia, Malaysia, and Singapore and avoid supplying ammunition to opponents within the governments or opposition who raise the issue of Western neocolonialism and the subservience of national interest to it. It would also give these nations a sense of being treated as respected allies who are on an equal footing with the United States and are regarded as participants in the joint venture of contributing to the defense of the noncommunist world. This could then become an avenue to a de facto alliance.

Furthermore, a strictly and effectively implemented archipelagic principle in maritime Southeast Asia would face Soviet naval policy with significant inconveniences and restrict its naval flexibility. It could then be in the interest of the United States to supply Southeast Asian navies with ASW surveillance systems as well as encouraging and assisting the growth of local navies and land-based maritime patrol capabilities such as the Orion P3C and the E2C Hawkeye. A first step in this direction was taken when the U.S. Congress approved the sale of three Hawkeye recon-

naisance aircraft to Singapore.⁶⁹ In light of the existing military cooperation of Singapore with Indonesia and Malaysia, it is not unlikely that these aircraft will be used to monitor air and sea traffic approaching not only the Malacca Straits but all the waters around Malaysia and Indonesia, including the Indonesian straits, and that Singapore will share the information with its neighbors. These aircraft could also be used for training Indonesian and Malaysian crews as a prelude to the acquisition of this effective surveillance system by their air forces.

Finally, because of the high strategic value attached to this waterway by the United States, it should also be in the American interest to take an active and continuous role in improving the safety of navigation in the straits, thus contributing toward the limiting of risks of sinking, stranding, or collision that may block the straits. The costs should be considered as an insurance investment both in having a vital choke point open at all times and at the same time preserving the coastal states' good will that is a necessary precondition for continued free access to vital sea routes in the region.

⁶⁹ *FEER*, June 9, 1983, p. 11, and April 5, 1984, p. 43.

V

The Regional Powers

China's Interests and Motives

Beijing gave full-fledged support to the littorals from the very beginning. It did so in spite of its unfriendly relations with Indonesia, which had arisen from China's continued support of the PKI and Indonesia's suspicions of the gullibility of local ethnic Chinese to Beijing's temptations, and in spite of its cool relations at the time with Malaysia, which had arisen from its support for the communist insurgents in Malaysia. Although this stance may seem contradictory at first glance, it is not so surprising once we understand that it is the consequence of basic principles of China's foreign policy as well as of China's interests on the regional and global levels.

China's support for Indonesia and Malaysia was grounded in general principles regarding its ocean policy. The guiding principle has been the supremacy of the coastal states in defining their maritime interests and the extent of their regulatory powers.¹ Thus a preference for coastal states' sovereignty and control of ocean spaces over an approach to the oceans as a common heritage of mankind is reflected. There were, however, issue-specific reasons and motives for Beijing's strongly supportive attitude toward the littorals' policy regarding the Malacca Straits.

China's position has been that it is possible to have good relations with the ruling bourgeois regimes at the government-to-government level and, at the same time, to support local communist guerrilla groups aiming at overthrowing those governments at the party-to-party level. The rationale for this apparent contradiction is that by supporting these countries, it does not necessarily support the government and the regime

¹ For the Chinese position on the Law of the Sea see, for example, J. Greenfield, *China and the Law of the Sea, Air and Environment* (Alphen aan den Rijn, The Netherlands: Sijthoff and Nordhoff, 1979); M. S. Samuels, *Contest for the South China Sea* (New York: Methuen, 1982); and M. Carr, "China and the Law of the Sea Convention," *Australian Journal of Chinese Affairs* 9 (January 1983): 35-53.

but the national interests of the people, which are not necessarily identified with the the regime's. At the same time, China may continue to provide support, at the party-to-party level, for the overthrow of the regime that oppresses the peasantry and urban proletariat. The degree to which this principle has been realized has varied with the circumstances, but the principle was and is still valid.² Thus, China may at the same time support local communist movements aiming at the overthrow of the regimes in Indonesia and Malaysia and support the foreign policies of those same regimes.

China has very often made the point that it differs from the other superpowers in that they use their power against the interests of the medium-sized and small nations, while China supports the interests of those countries against the other superpowers. The conflict over the Malacca Straits was one of those opportunities that enabled it to demonstrate that this policy was not mere propaganda. Two Third World countries stood up against the United States, Japan, and the USSR, and China was the only other power that overtly and clearly supported their position. This act helped stress the benefit of having Chinese support in the struggle by Asia's smaller powers for self-assertiveness and also enhanced China's image among other Third World countries, which have different views than do the maritime powers on what the regime of the seas should be.

But even more important were Chinese strategic calculations. By the beginning of the 1970s, China had concluded that its most dangerous rivals were the USSR and, to some degree, Japan, and that the United States did not represent an immediate major threat to its interests, either on the global or Asian level. This conclusion was dramatically expressed in President Nixon's visit to China in February 1972. Thus, the crisis over the Malacca Straits, which involved China's arch rivals, facilitated efforts to gain allies in Asia, allies which, although ideological rivals, have common interests with China. Hence, Mao's classic dictum of identifying the main enemy and concentrating on it was followed.

From the military point of view, China has been very apprehensive about Soviet plans for forming a collective security system in Asia with the purpose of containing China. Such a security system was bound, according to the Chinese leadership's perceptions at the time, to rest on the USSR-Japan-India triangle,³ where the USSR would be the apex and

² Deng Xiaoping stressed this same principle during his visit to Malaysia in November 1978.

³ From the Chinese point of view, one of the greatest dangers was the possibility of the Soviet Union's coaxing or coercing the Japanese to join the collective security scheme. Thus, they warned Japan against Soviet "honeyed words," pointing out the Russian refusal to come to terms on the northern islands issue as proof of the dangerous behavior of the Soviet Union, hoping to dissuade it from joining any Soviet-engineered coalition. See "So-

India and Japan the western and eastern flanks. The aim of such a collective security system would be to ensure the dominance of this triangle over Asia.⁴ In a radio broadcast from China on April 5, 1972, it was stated that:

Their purpose [that of Japan and the USSR] is to collaborate in controlling these Straits. Their advocacy of the so-called international administration of the Straits of Malacca is, in fact, aimed at turning the Straits into their gateway for external expansion and aggression... apparently, the Japanese reactionaries have not given up their wild ambitions. They are still entertaining the dream of lording it over Asia once again.⁵

China saw further proof of Japan's intentions in a bulletin, circulated in the ruling Liberal Democratic Party (LDP), entitled "Maritime Defense and Japan's Determination," which stated: "The maritime lifeline, the Malacca Straits, must be ensured... Japan has to build up the proper military strength to meet requirements."⁶ Other evidence for this was seen in the Japanese five-year defense program, starting in 1972, which was the most ambitious five-year program until then. Its principle emphasis was on building up Japan's maritime and air strength: "[They] are preparing to stretch their aggressive talons further to the East China Sea, and Yellow Sea, the Taiwan Straits, the South China Sea and even the Straits of Malacca."⁷ The Indo-Soviet treaty of August 1971, expanding Soviet aid to the fast-growing Indian navy, increased the Soviet naval presence in the Indian Ocean; and its attempts to obtain the services of Singapore's harbor for its navy further added to China's apprehension.

Hence, China has been interested, since the late 1960s, in imposing limitations on the passage of warships through the Malacca Straits, which represented an essential link in what was then perceived as an anti-Chinese triangular relationship. Cooperation with other countries in the region, in particular such regional powers as Malaysia and Indonesia, whose evaluation of the situation was similar, was thus deemed essential.

Other motivations for the Chinese position were linked to its relations with Japan. The first one was concerned with the increasing Japanese economic penetration into Malaysia and Indonesia. China was worried about this penetration, both for its economic and political aspects;

viet Revisionist Social-Imperialism Bullies Japan," *Peking Review* 17:30 (July 26, 1974):16-17.

⁴ Since August 1978, when Japan and China signed a peace treaty, the role of the eastern part of the triangle has been assigned to Vietnam.

⁵ *FBIS*, Daily Report, People's Republic of China [hereafter *FBIS*, China], 68 (April 6, 1972).

⁶ "Japanese Reactionaries Step Up Naval Expansion," *Peking Review* 14:44 (October 29, 1971):18.

⁷ *Ibid.*, p. 19.

the increasing economic dependence of those countries on Japan could turn into political dependence. This preoccupation was expressed in a broadcast of "The Malaysian Revolutionary Voice" from Beijing in October 1971: "Japanese militarism, which is reviving under the wing of U.S. imperialism, has been carrying out political, economic and cultural penetration and expansion in our country [Malaysia] with increased brazenness."⁸ China did not hesitate to take advantage of the opportunity to undermine Japan's relations with Indonesia and Malaysia.

The second economic factor may have been related to China's attempts to obtain concessions in the dispute over the Senkaku Islands. The continental shelf of those islands contains large quantities of oil reserves, and Japan signed an agreement with Taiwan about sharing it. China, however, claims sovereignty over the islands and has argued that the agreement was not valid since Taiwan had no legal right to represent China.⁹ It is possible that pressuring Japan at its weakest point, the oil route, seemed to be a proper and useful signal in the struggle for the oil islands.

The third factor is that China, as well as the coastal countries (though for different reasons), was disturbed at Japanese plans for cooperating with the USSR in the development of Siberia and the Soviet Far East. China has territorial claims over the zones the USSR was planning to develop; their economic development would eradicate any possibility of their ever being returned to China, either by force or by negotiation. The Chinese position was, then, a consequence of its attempt to warn Japan that China was displeased by its cooperation with the USSR in the economic sphere and was ready, if necessary, to help in impairing the economic interests of Japan.

A final important factor is that, in Beijing's view, it should not be possible to decide on any significant and important matter in Asia without China's participation or agreement. This new point of view obliges Beijing to take a position in any such matter, in order to be in a position to become a party to any future negotiations. And, on principle, its position would have to be the opposite of the Soviet Union's.

These, then, were the immediate reasons behind Beijing's position in 1972. Some of the rationales relating to Japan disappeared or declined in importance thereafter because of the changing nature of relations between China and Japan that culminated in the Peace Treaty of 1978. The basic Chinese position on the subject changed only marginally, however. This is so because the main strategic reason—the Soviet threat—remains and, if anything, looms larger than in the past. The Soviet invasion of

⁸ *Survey of China Mainland Press* 44 (November 1971): 35.

⁹ *Renmin Ribao* Commentator, "Plunder of China's Sea-Bed and Subsoil by U.S. and Japanese Reactionaries Will Never Be Allowed," *Peking Review* 14:1 (January 1, 1971): 22.

Afghanistan was thus interpreted as the latest indication of that threat.

The main component of China's politico-military thought regarding the Soviet threat is the concept of encirclement. This threat perception holds that the USSR is attempting to encircle China both on land and at sea.¹⁰ To achieve this purpose, the Soviet navy is perceived to attach high importance to the deployment of its naval forces in the Indian Ocean, the South China Sea, and the East China Sea, hence its efforts to gain bases and/or refueling rights in ports along the shores of these ocean spaces. Consequently, any attempt that puts obstacles in the way of the Soviet military buildup or future deployment of naval units, or of Soviet strategic mobility, deserves China's full support, according to the age-old dicta of "using a barbarian to check another barbarian" and "to cooperate with the far country and to strike at the near country." This approach was aptly defined by Romance as "counter-encirclement," meaning "an indirect strategy that attacks the Soviet superpower mainly where it is deemed vulnerable and weak—in the diplomatic realm and particularly among the countries of the Third World."¹¹

It is no wonder, then, that Beijing argues that the 1958 Law of the Sea Conference overemphasized the interests of the developed states. The Chinese thus argued that there is a need for a new order in the regime of the sea that will favor the small and medium-sized powers. The old regime was tailored to fit the interests of the superpowers because, at the time, many Asian, African, and Latin American countries were still under the yoke of imperialism.¹² They depicted the unenthusiastic Soviet approach as proof of their egoistic, imperialistic interests: "In this respect the actions of Soviet social imperialism show themselves to be particularly malicious and hypocritical."¹³ Rejecting completely the Soviet attitude toward the Malacca Straits, the Chinese supported the Indonesian and Malaysian position on the passage of commercial as well as military vessels.¹⁴

Beijing warned against Soviet "high-flown phraseology," referring to terms such as "internationalization," which, in fact, hid a naked ambition for maritime hegemony. "So that their fleet can prowl the Malacca and

¹⁰ In this light are viewed the suggested Asian collective security pact, the Indo-Soviet, Vietnam-Soviet, and Afghanistan-Soviet Friendship treaties and the Soviet invasion of Afghanistan. All these moves have a double edge, facilitating encirclement both on land and at sea.

¹¹ F. J. Romance, "Peking's Counter-Encirclement Strategy: The Maritime Element," *Orbis* 20:2 (Summer 1976): 440-441.

¹² Yang Ying, "Maritime Overlord's Alibi," *Peking Review* 16:48 (November 30, 1973): 21-22.

¹³ "Struggle Against Hegemony Over Maritime Rights," *Peking Review* 17:26 (June 28, 1974): 14.

¹⁴ *Ibid.*, p. 15.

other straits within the territorial waters of some coastal countries, they have created a fallacy of the 'internationalization' of the strait, i.e., international condominium, in total disregard of the sovereign rights of those countries."¹⁵ This was done to facilitate the undisturbed approach of the USSR's Pacific Fleet to the Indian Ocean in its competition with the American navy for hegemony, but it is the Soviet Union that is viewed as the "more arrogant" of the two.¹⁶

The Chinese view Soviet maritime policy as a continuation of the czars' policies of expansion, only the "new czars" have every intention of outdoing the old. To do this they have expanded not only their navy but also their fishing, mercantile, and scientific research fleets to serve as auxiliary forces. Thus Beijing is alarmed at the geostrategic implications of the fact that the Soviet Union

[has] opened a sea route from the Black Sea through the Mediterranean, the Indian Ocean, and the Pacific Ocean to the Sea of Japan. Linking the three continents of Europe, Asia and Africa, the route is intended to serve their contention of maritime hegemony with U.S. imperialism and their sabotage and suppression of the revolutionary struggle of the people of the Third World.¹⁷

In light of this circumstance, China perceives developments in maritime Southeast Asia as part of an overall global pattern, as part of an effort to build a global empire¹⁸ that should concern all Western nations as well as Asian and African nations, and all involved should cooperate to contain the emerging threat.

Beijing stresses the negative economic impact that the expanding Soviet fishing fleet has on the economies of poor Third World countries as a further proof of Soviet expansionism. For example, they argue that Soviet fishing off the coasts of Pakistan in 1972, using modern equipment, put 6,000 Pakistani fishermen out of work and caused a loss of 150 million rupees in foreign exchange.¹⁹

The Chinese warn, at the same time, against Soviet penetration of Southeast Asia by taking over a growing share of the seaborne trade. They do this by undercutting prices. This cutthroat competition causes heavy damage to local shipping firms that cannot compete with these terms. Even worse, they add, is the use of these commercial activities as

¹⁵ Kung Ping, "Strange Arguments for Maritime Expansion," *Peking Review* 17:24 (June 14, 1974):19.

¹⁶ "Soviet Revisionism's Expansionist Ambition in Straits of Malacca Opposed by Coastal States," *Peking Review* 17:30 (July 26, 1974):16.

¹⁷ Chiang Chien-tung, "Soviet Social Imperialism: Maritime Hegemonic Features Fully Exposed," *Peking Review* 19:18 (April 30, 1976):25.

¹⁸ Ibid.

¹⁹ Chin Ti, "Soviet Fishing Industry: A Case of Expansionism," *Peking Review* 19:19 (May 7, 1976):23-24.

a facade for espionage and subversive activities. This purpose is also served by marine research ships that, under the guise of making sea lane surveys and meteorological and scientific research, engage in espionage activities. The Soviets are looking for port services for their navy and commercial fleet in exchange for aid. They have shown interest in Sabah and Sarawak but especially in Singapore. Soviet auxiliary naval ships disguised as commercial ships obtained provisions in Singapore.²⁰

The conclusion that Beijing has drawn is that “the Soviet Union is expanding its shipping services in Southeast Asia not just for economic gain but, more important, to achieve, under the cover of ordinary business activities, maritime supremacy that fits in with its global strategy for world hegemony.”²¹ Hence, regulation of the main sea passages such as the Malacca and Singapore straits by the coastal countries would be useful in curbing, or at least in keeping an open eye on, these Soviet activities; and this regulation, in Beijing’s view, deserves its full support.

Closely related, and of strategic significance, are China’s claims for the South China Sea islands. If China were to enforce its claim to the Spratly Islands as it did the Paracels in 1974,²² or if it were to build up a naval presence in those islands, it would be in a better strategic position to have a say in any conflict involving eastern access to the Malacca Straits. Moreover, if China were in a position to get air cover for its naval operations in the area, either through agreement with the coastal states or through cooperation with U.S. naval forces, its naval presence in the area would become a formidable force. Such a development is not completely unlikely in light of the post-Afghanistan invasion security relationship between the United States and China.

The Chinese leadership is aware of the strategic importance of control over the South China Sea islands and, in consequence, China has been expanding naval facilities on Woody Island, the largest of the Paracel group, with an area of 1.1 square miles.²³ The reason the Chinese did not occupy the South Vietnamese-held islands in the Spratly group in 1974 could well be the logistic problem involved in projecting a naval force more than 750 miles from its home base with no air cover, while the islands are within range of the Vietnamese and Philippine air forces.²⁴ One could not, however, preclude any future settlement between China

²⁰ “Southeast Asia: Keeping a Weathered Eye on Moscow’s Ever-Expanding Seaborne Trade,” *Peking Review* 20:7 (February 11, 1977): 27–28.

²¹ *Ibid.*, p. 28.

²² For details on the disputed islands, see D. Heinzig, *Disputed Islands in the South China Sea* (Weisbaden: Otto Harrassowitz, 1966); and in particular, Samuels, *Contest for the South China Sea*. The Spratly Islands are occupied by Taiwan, Vietnam, and the Philippines.

²³ S.S. Harrison, *China, Oil and Asia: Conflict Ahead?* (New York: Columbia University Press, 1977), pp. 192–193.

²⁴ *Ibid.*, p. 198.

and Taiwan giving Chinese naval forces access to the Itu Aba Island base, held now by a Taiwanese garrison.²⁵ Such a development, combined with a naval buildup, would give the People's Republic of China a position of effective impact on the straits.

Under the leadership of Deng Xiaoping, China adopted an outward-looking approach. This might find expression in the gaining of dominance by the Maritimists,²⁶ who seek to build a naval force "which can consistently perform limited 'blue water' operations in adjacent seas... to exercise sea denial in the region."²⁷ This development was related to the fact that during the 1970s China followed with great concern Soviet naval activities in the Pacific and Indian oceans. This concern grew as its relationship with Vietnam deteriorated after 1975 while Moscow gained influence in Indochina. It was expressed by the signing of the Soviet-Vietnamese Friendship Treaty and the Sino-Vietnam war of 1979, which led to a greater Vietnamese dependence on Soviet aid on one hand and increased access by the Soviet navy and air force to bases in Vietnam and Kampuchea on the other.

The Soviet invasion of Afghanistan was perceived to confirm China's worst apprehensions, that Moscow's goal is world hegemony. It all seemed to fit a master plan, with an inner logic that could not be denied, in which control of the Malacca Straits is an essential link. According to the Xinhua, the outlines of this plan are as follows:

The Soviet Union moves from north to south while its proxy, Vietnam, moves from east to west to carry out Moscow's southward strategy that aims at controlling the oil-producing regions in the Middle East, North Africa and the Gulf area, on the one hand, and Southeast Asia and the Strait of Malacca, on the other, with the Gulf area being the most strategically important. The Soviet Union will not be satisfied or stop its step without hitting its strategic targets. Control of Afghanistan and Indochina is only the first two steps in the southward strategy, and the next step is to seize "oil-supply centres" of the West in the Middle East and Near East, control the passage from the Indian Ocean to the Pacific, and cut off "the life-line of the West at sea."... The Soviet Union has not yet completed its strategic deployment. When will it be completed? To put it

²⁵ For a detailed presentation of Chinese claims to the South China Sea islands, see Shih Ti-tsu, "South China Sea Islands, Chinese Territory Since Ancient Times," *Peking Review* 18:50 (December 12, 1975):10-15; also "China's Indisputable Sovereignty Over the Yisha and Nansha Islands," *Beijing Review* 23:7 (February 18, 1980):15-24.

²⁶ The Maritunist-Continentalist naval school's dichotomy is suggested by B. L. Swanson, "China's Navy and Foreign Policy," *Survival* 21:4 (July/August 1979):146-154.

²⁷ *Ibid.*, p. 147. For indications that this is indeed the case, see the article by the theoretical group of the PLA Navy: "Hold Chairman Mao's Banner High, Build a Powerful Navy," *People's Daily*, June 27, 1977, p. 3, in *FBIS*, China, 126 (June 30, 1977):E/4-7; *FBIS*, China, 200 (October 17, 1977):E/11-12.

specifically, the Soviet Union will have basically obtained the strategic position outlined above when it achieves the following: First, it controls the oil resources in the Middle East, Northern Africa and the Gulf region; second, it controls Southeast Asia and the Straits of Malacca; and third, it can have its own way in southern Africa and particularly on the east African coast along the Indian Ocean.²⁸

To counter that threat, China has reconsidered its naval strategy and from only a coast guard role for its navy is probably moving toward a limited blue-water naval doctrine. This is within China's capability both logistically and in terms of ships at its disposal. The navy has recently acquired some experience in operating at long distance from home ports, has incorporated a new 10,000-ton class of ocean-going supply ships, and has mastered the technique of resupply at sea. According to Western observers, there is no reason why Chinese submarines could not operate at the outer edges of the South China Sea, as far south as the Malacca Straits.²⁹

But China's counterencirclement strategy is multifaceted. Premier Zhao Ziyang told Prince Norodom Sihanouk that Beijing's support for the armed struggle in Kampuchea is intended to prevent the emergence of Soviet-Vietnamese hegemony. If that is not done, the Soviets will dare to advance as far as the Malacca Straits.³⁰ This indicates that the Chinese leadership perceives its stance on the Kampuchean issue as part of a common defense effort of the straits. Using the threat to the straits as a means of forging a closer strategic-diplomatic relationship with ASEAN, Deng Xiaoping pointed out to Singapore's prime minister that in the final account ASEAN should be much more worried than China about the possible throttling of sea lanes between the Indian Ocean and the Pacific. China could carry on as it did for centuries, without dependence on the outside world; not so ASEAN countries.³¹ Still, the costs to China economically could be enormous, taking into account its present outward-

²⁸ *FBIS*, China, 120 (June 19, 1980):C/1-2; also in *Renmin Ribao* observer's article, "Critical Choice," June 19, 1980, in *FBIS*, China, 121 (June 20, 1980):C/1-3; Beijing Domestic Service (in Mandarin), July 11, 1980, in *FBIS*, China, 136 (July 14, 1980):C/2; Beijing Domestic Service (in Mandarin), February 18, 1981, in *FBIS*, China, 33 (February 19, 1981):C/2-5.

²⁹ *FBIS*, China, 195 (October 6, 1980):L/9; *FBIS*, China, 119 (June 22, 1981):K/14-15; *FBIS*, China 152 (August 7, 1981):K/9-10; *FEER*, November 7, 1981, p. 9; d.C. Daniel, "Sino-Soviet Relations in Naval Perspective," *Orbis* 24:4 (Winter 1981):792-793; B.L. Swanson, "The Navy of the People's Republic of China," in B.M. Blechman and R.P. Ber-man (eds.), *Guide to Far Eastern Navies* (Annapolis, Md.: Naval Institute Press, 1978), p. 10. for a comprehensive discussion of the PRC's naval policies see D.G. Muller, Jr., *China as a Maritime Power* (Boulder, Colo.: Westview Press, 1983).

³⁰ Norodom Sihanouk, "A Khmer View," *FEER*, November 7, 1981, p. 13.

³¹ See Lee Kuan Yew's interview in *FEER*, November 21, 1980, p. 21.

looking orientation that led to a fast-growing trade sector and with it the commercial fleet.³²

Japan's Role and Dilemma

Japan's position as a prosperous commercial nation has been due largely to its ability to build up and maintain a large, cost-efficient merchant fleet, thus making the most of its being encircled by the ocean. Tankers and supertankers are much more cost efficient than any other means of transportation. Even if a Kra pipeline is built, it will still be more expensive to transport oil through it than through the Malacca Straits.³³ Thus Japan has an apparent vital interest in the stability of Southeast Asia and in friendly relations with the littorals in order to prevent disruption of this waterway.

The Malacca Straits Council was formed in July 1968. This body includes such private sector organizations as the Petroleum Association of Japan, the Ship Owners' Association, the Japanese Maritime Foundation, and the Japanese Hull Insurers' Union, and has the support of the government of Japan.

Since its establishment, the council has been involved in initiating hydrographic surveying and charting the Malacca Straits as well as the alternative waterways such as the Lombok Strait. This was done with with the cooperation of the coastal states governments. The council also provided navigational aids and funds for other safety measures such as the costs of mopping up oil leaks so as to relieve the coastal states' apprehension of a possible ecological disaster.

The joint statement of November 1971 put Japan into an embarrassing position, raising a set of problems that had no satisfactory solutions. In the political field, the 1972 crisis created for Japan a very uncomfortable image—that of a power trying to impose its will on other Asian countries against their interests, and one that Japan has tried to get rid of since the end of World War II. The crisis that placed Japan and the USSR on the same side also created a situation where Japan, an Asian nation, was allied with a European power that threatened the interests of the nations of the region.

Aligning itself with the USSR impaired Japan's option of improving relations with China and this at a time when America's decision to lower its profile in the region and its rapprochement with China had made China a power to be reckoned with. This situation was especially uncomfortable on the eve of the visit of the Japanese Prime Minister to China. The

³² *FEER*, February 6, 1981, pp. 45–46; and February 6, 1982, pp. 62–63.

³³ It is cheaper to transport oil 12,000 km by ship than 2,500 km by pipeline. See M. Kosako, "Japan's Major Interests and Policies in Asia and the Pacific," *Orbis* 19:3 (Fall 1975): 803.

understanding reached between China and Japan during Prime Minister Tanaka's talks with Chinese leaders made Japanese cooperation with the USSR even more embarrassing.

In the economic field, Japan was interested in continuing the close relationship with Indonesia and Malaysia because those countries ranked among its ten most important suppliers of raw materials.³⁴ Their importance as such was increasing, as Japanese multinationals had received very promising concessions of oil and other natural resources exploration.

Japanese investments in both countries had increased rapidly and at the same time the two had become important markets for Japanese exports. By 1970, the exports of Japan to Indonesia totaled \$636.6 million.³⁵ This economic factor became more important as pressures on Japan from the United States and the European Common Market countries to reduce exports was mounting and the possible future need for alternative markets was presenting itself. Alternative markets could be found in the Soviet Union, Southeast Asia, and China. Thus, any position that Japan took in this crisis might have affected it economically.

The Malacca Straits are the lifeline of Japan, through which passes 90 percent of the Japanese import of oil, the prime cut of raw materials, without which Japanese industry would not be able to exist, and a major part of the food products that Japan consumes. Diverting ships toward the Lombok and Makassar straits would lengthen the route by 1,200 miles, thus prolonging the trip by three days, and would raise transportation costs substantially. Given the strong competition for markets, such delay and increased costs might affect the competitiveness of Japanese products.

Thus, the new situation forced Japan to rethink seriously issues on which it was not yet ready to decide, e.g., whether to go from the position of an economic power to that of a military power, what position to take in relation to the conflict between China and the USSR, how to avoid a partisan position, and what role Japan should play in Asia.

In view of these dilemmas, Tokyo found it convenient to set aside the problem temporarily to prevent escalation. Indeed, throughout the crisis Japan used moderate language, while the USSR was the more abrasive. Japan preferred to try to solve the problem quietly. Thus, in answer to the suggestion of the U.S. defense secretary that Japan maintain a military presence in the Indian Ocean to defend its lifeline, the director general of the Japanese Defense Agency responded that "Japan was naturally concerned that vital imports should reach her without

³⁴ Soedjatmoko, "The Major Powers in the East Asian Pacific Regions," *Survival* 14:1 (January-February 1972): 29-38.

³⁵ *ARB* 1:10 (March 12): 705.

interruption, but she would always seek to ensure security of the Malacca Straits and the Indian Ocean through negotiations with Malaysia, Indonesia and Singapore and not by military power.”³⁶

In the course of time, however, a new approach toward defense matters has been emerging in Japan. There is growing support for the view that Japan’s Self-Defense Force must be enlarged and modernized. This support is related to a growing mistrust of the credibility of the U.S. commitment toward Japan in time of war. An *Asahi Shimbun* poll conducted in 1979 showed that 60 percent of the Japanese did not trust U.S. commitments. Thus the Japanese have come to accept the need for a larger slice of the budget being devoted to defense, the target being 1 percent of the GNP.

Japan has shown a growing apprehension of the deployment of such Soviet weapon systems as the Backfire, the Kiev-class carrier and Kara-class guided missile cruisers, Delta-class ballistic missile submarines, and Victor III-class attack submarine. This apprehension has increased even more in light of the strategic impact of the Soviet-Vietnamese Treaty of Friendship and Cooperation of 1978, which led to the use of airfields and ports in Indochina by the Soviet Union which, in the words of the 1979 white paper on defense, “would not only affect the peace and security of this region, and the security of Japan’s sea lines of communication, but also would impose restrictions on activities by Western nations in areas surrounding this region.”³⁷

Japan is also willing to consider some new responsibilities in the face of the Soviet naval buildup in the Indian Ocean and the Pacific and in view of the cooling relations between the Soviet Union and Japan over the signing of the Sino-Japanese Peace Treaty, the Soviet refusal to negotiate the Northern Islands issue, and the buildup of a strong military presence on three of those islands: Kunashiri, Etorofu, and Shikotan.

This new awareness also involves the debate about a possible new role for the navy, namely, deployment and defense of Japan’s sea line of communication. The question is, of course, how far away from the Japanese Islands’ shores should the navy’s defense perimeter be set. There are those in business and political circles who support the “Straits of Malacca Defence Theory.” One of the main problems with it is the possible reaction of other Asian countries, as expressed by an Asian diplomat: “Can you imagine the effect of large Japanese naval forces regularly cruising in the Malacca Straits off the Philippines?”³⁸ In fact, Southeast Asian leaders such as Indonesian President Suharto and

³⁶ *ARB* 1:12 (May 1972): 861.

³⁷ “Japanese Defense,” *Survival* 22:1 (January-February 1980): 33.

³⁸ *ARB* 9:12(6) (May 1980): 684. See also “Measuring the Response,” *FEER*, October 22, 1982, p. 25.

Malaysian Prime Minister Datuk Seri Mahathir had to be reassured that even if Japan's defense role were extended to the 1,000-nautical-mile defense perimeter, as urged by the United States, it would be measured from Tokyo and not from Okinawa, which could bring the Maritime Self-Defense Force (MSDF) into Southeast Asia. Mahathir made it clear to Japan's Prime Minister Yasuhiro Nakasone that the right to defend the Malacca Straits belonged to Malaysia, Singapore, and Indonesia.³⁹ The possibility, which was rejected out of hand in the past,⁴⁰ of future regional military cooperation, was signaled in MSDF's participation in RimPac '80, a five-nation joint naval exercise in which, apart from Japan, the navies of Australia, New Zealand, Canada, and the United States took part.⁴¹ It was the first time in which Japan participated for the first time in a military exercise with nations with which it has no defense agreement. The practice was continued, and the MSDF participated in March 1982 in RimPac '82, as well.

The emphasis on the threat from the sea is evident in the allocation of resources in the five-year defense expansion program. Forty percent of the funds will be spent on the navy; U.S. \$4.66 billion will be allocated to the purchase of 16 destroyers, 5 submarines, 37 P3C Orion airplanes, and 15 antisubmarine helicopters.⁴² This is no doubt related to Japan's recognition that it will have to take upon itself a larger share of the responsibilities for the defense of the Western Pacific, as it understands that growing U.S. attention to the Indian Ocean means reduction of its naval presence in the Western Pacific.⁴³

In this context, with Japan dependent as it is on its sea lanes, military planning for war must take the transit issue into consideration. This has two main implications, one directly related to naval strategy in war, the other to the related question, what should Japan's naval order of forces be to carry out its missions, i.e., the numerical balance between the different types of Japan's main battle ships? This latter decision is important, as a navy is not built in one day, and any decision about the subject must be taken years ahead.

In wartime, a longer sea route means a higher probability of exposure to the threat of attack by submarines. In this case, it also means

³⁹ H. Kerns, "Nakasone Looks West," *FEER*, February 10, 1983, p. 16.

⁴⁰ In May 1973, Lee Kwan Yew suggested the establishment of a multinational naval force that would include units from the United States, Australia, New Zealand, and West European powers, and which would police the Indian Ocean and the Pacific. The idea was then rejected by the Japanese prime minister as contradicting Japan's constitution. *Asian Recorder* 19 (1973): 11510-11511.

⁴¹ On the significance of Japan's participation in RimPac, see R. Nishijima, "Participation of Maritime Self-Defense Forces in RimPac," *Asia Pacific Community* 7 (Winter 1980): 43-53.

⁴² *ARB* 10:1(6) (June 1980): 699.

⁴³ *Japan Times*, January 31, 1980, p. 1.

that Japanese naval power would have to be much larger than under the assumption of unhindered passage through the Malacca Straits. On the other hand, it could be counterargued that going through the Malacca Straits would expose convoys to submarine threat once they entered the South China Sea, while a long detour through the Torres Strait north of Australia, or sailing south of Australis, would keep these convoys out of range of the diesel submarines of the Chinese and Soviet navies for most of the route. Such detouring would considerably increase travel time, but the increase must be weighed against the benefit of the lower number of escorts that would be needed.⁴⁴ In fact, the first view is the more relevant for a conflict involving the USSR, with its nuclear-powered attack submarines fleet. Even the longer detour would not prevent attacks on the convoys but would only give the attacker the benefit of a longer exposure time. On the other hand, the second view is more relevant to a conflict involving China, since its submarine navy is built around short-range old-type diesel submarines. At this stage, conflict with the USSR seems to be a more realistic possibility, though not around the corner.

Another related emergent trend was the erosion of the policy of equidistance from the two communist giants. The process of normalization of relations between China and Japan since 1972 triggered an increase in mutual trade, which meant, in the long run, a larger imbalance in favor of Japan that could be offset only through a growing increase of oil exports from China to Japan. It became even more evident in subsequent years, especially after 1978 with the signing of the peace treaty, and in light of Japan's wish to diversify its oil suppliers on one hand and hesitancy about dependence on future Soviet supplies from Siberia, both for economic and politically strategic reasons, on the other. This increase in oil export came about in spite of the higher wax content of Chinese oil and the consequent higher costs involved in the conversion of heavy oil to lighter oil. To this equation one must, however, add the efforts of Western oil majors to dissuade Japan from buying more Chinese oil at the expense of Middle Eastern and Indonesian crude.⁴⁵ Some highly placed Japanese summed up the situation as follows:

[Japan] has no choice but to gear to using Chinese oil, and once this process is in motion, we will be able to meet one-third of our oil needs with oil from Asia: There will be no need to go through the Straits of Malacca. This would mean security for Japan both economically and politically.⁴⁶

It could also result in less dependence on passage through the straits.

⁴⁴ This second view is suggested by D. Shilling, "A Reassessment of Japan's Naval Defence Needs," *Asian Survey* 16:3 (March 1976): 226.

⁴⁵ S. S. Harrison, *China, Oil and Asia*, p. 159.

⁴⁶ Quoted by Harrison, *ibid.*, p. 161.

Growing Japanese dependence on China would bother the Soviets for political⁴⁷ and strategic as well as for economic implications, i.e., decreasing Japanese interest in investment in the development of energy resources of Siberia, a matter on which the Japanese have been temporizing since the late 1960s, and which is now moribund.

With the acceptance of the Straits Safe Navigation Scheme, Japan faced an increase in its annual oil import bill of \$100 to \$270 million, because eventually ships of 280,000 dwt will have to detour through the Lombok Strait or, alternatively, reduce their oil cargo by 15 percent to reduce the draught.⁴⁸ This might also bring about the materialization of the plan to build an oil storage and transshipment station for supertankers in the Palau Islands, though there is some local opposition to this plan for ecological reasons.⁴⁹ The main prospective investors in the Palau project are Japan and the United States.⁵⁰

One way Japan could try to influence the coastal states is by using its growing economic involvement in their economies. Between 1951 and 1977, Japan's direct investments in Indonesia came to \$3,128 million, or 14.1 percent of total investment abroad.⁵¹ Japan is also a most important export market for the coastal states.⁵²

But while economic power seems to give Japan powerful leverage, things are not that simple. Tokyo's efforts in the region since the 1950s have been directed toward changing Japan's imperialistic image. Any attempt to use economic leverage for political or other purposes that are considered to concern the national sovereignty of the coastal states might backfire.

Finally, it should be noted that Japan's stance on the Malacca Straits influenced its position toward the four international straits around the country, which were within the territorial waters limit when Japan extended its territorial waters to 12 miles. Their status was not changed

⁴⁷ It is logical to assume that such statements as that of Yasuhiro Nakasone, then Minister of International Trade and Industry, in 1974 ("A stable oil partnership [with China] will help to cement a close political relationship, and so we take a special interest in achieving such a connection" [quoted by Harrison, *ibid.*, p. 164]) must have caused much anxiety in Moscow.

⁴⁸ If the littorals would have closed the straits to vessels in excess of 200,000 dwt as originally suggested, the overall costs to Japan were evaluated to be a billion dollars annually. See R.D. Eckert, *The Enclosure of Ocean Resources* (Stanford: Hoover Institution Press, 1979), p. 71.

⁴⁹ S. Lockhart, "Support for the Malacca Straits Alternative Route," *FEER*, June 17, 1977, pp. 76-79.

⁵⁰ Before the fall of the Shah, Iran was also considered a prospective investor.

⁵¹ "Where Japan's Money Goes," *FEER*, June 22, 1979, p. 74.

⁵² According to United Nations, *Yearbook of International Trade Statistics 1980*, pp. 477, 617, Indonesia's and Malaysia's trade with Japan was 43 percent and 23 percent, respectively, of their world trade, while Singapore's was only 14 percent.

out of consideration for free passage in the Malacca Straits,⁵³ in spite of pressure from the opposition parties in the Diet.

Summarizing the rationale of the positions taken by the four powers, what emerges is that three out of the four powers—the United States, the Soviet Union, and the People's Republic of China—have each been motivated, in the first place, by their mutual strategic interest of containing the threat posed by one or more of the others. At the same time, the navies of two of these powers, the USSR and the United States, have navies with global missions that depend on passage through the straits and compete for the good will of the coastal states, which has especial significance in the context of the conflict between the powers. Thus, the United States and the USSR are faced with the dilemma of balancing the strategic mobility interest with the political interests of winning the good will of the coastal states. The People's Republic of China, on the other hand, does not face this problem at the present, because its navy does not depend on the straits, but China could face the same dilemma in the future as the missions of its navy expand.⁵⁴

Japan's main concern with regard to the passage through the Malacca Straits has been economic, but this position conflicted with Japan's need for a close friendly relationship with the coastal states both for economic (investment, trade, raw materials) and political reasons, and again two conflicting interests had to be balanced. However, as security interests gained more importance in the context of the deterioration of Soviet-Japanese relations in the late 1970s, the combined effect of the strategic and economic interests in close affinity with the littorals caused the abandonment of the confrontationalist diplomatic campaign for internationalization of the straits and a de facto recognition of the special status of Indonesia, Malaysia, and Singapore with regard to the Malacca Straits.

⁵³ *FBIS Asia & Pacific*, 30 (February 14, 1977): C/3.

⁵⁴ See Chapter VII.

VI

Alternative Solutions

Environmental Reforms

To date, plans to bypass the Malacca Straits have never come close to being realized, although they have been raised in discussions on a number of occasions in the past. These plans consisted of either a proposed canal or alternatively an oil pipeline across the Kra Isthmus in Thailand.

The pipeline plan was promoted after 1971 by the Marubeni Corporation. Following the 1975 oil spill from the *Showa Maru*, the Japanese government considered the possibility of going into the project with Marubeni.¹ Moreover, there were even rumors that Saudi Arabia, Japan's main oil supplier, had agreed to participate in the project.²

The plan involves the laying of a 190-kilometer pipeline that would have the capacity to carry 100 million kiloliters of crude oil annually. The plan also includes the building of crude transshipping stations and oil refineries. Its cost was estimated in 1975 to be about \$2.3 billion.³ This plan, however, would solve only the oil traffic problem, not that of other cargoes and, at the same time, might economically hurt Singapore and Indonesia because most oil traffic would bypass their refineries and go to Thai refineries instead. Also, the shipment of oil through the pipeline would be more expensive than by ship through the Malacca Straits.

The alternative plan is to dig a canal across the Kra Isthmus. Such a canal would not have to exceed 60 miles. The idea was first put forward in 1793, but it has never been realized. Its main proponent has been the oil and shipping magnate K. Y. Chow, a Thai of Chinese origin, who arranged the first feasibility study in 1971. This study predicted that construction could take as long as 12 years.⁴ The Chow plan proposes a

¹ *ARB* 4:8(6) (January 1975): 46.

² *Newsweek*, January 20, 1975, p. 15.

³ *ARB* 4:8(6) (January 1975): 46.

⁴ P. Simms, "Reality and Significance of the Chow Canal Project Across the Kra Isthmus," Part I, *ARB* 4:6(1) (November 1974): 23-24. The canal idea goes as far back as

canal able to handle 500,000 dwt tankers; it would be a one-way, single-lane canal, from west to east. Such a canal would save 327 miles on the Malacca Straits route to Japan and would be more than 1,800 miles shorter than the route through the Lombok Strait,⁵ thus reducing transport costs to Japan for oil and other cargoes. Its cost was estimated at \$5.65 billion (1973 figures) spread over 12 years,⁶ or about \$11 billion for a two-lane canal.⁷ The Kra Canal would be of special importance in saving time and cutting costs for ships of over 250,000 dwt that cannot pass loaded through the Malacca Straits.

An alternative plan was put forward by a Thai governmental body, the National Energy Authority. This is a much less ambitious project and suggests a canal that would take vessels up to 100,000 dwt only. As such, it seems to be of doubtful utility as far as the concerns of this study go.⁸

The plans mentioned here have both advantages and disadvantages. Raising the money does not seem to be a major problem, as the sums involved are not so excessive as far as investments in the oil industry go. Each of the plans would cost less than the Alaska oil pipeline. Financial resources could be supplied by Arab oil exporting countries, such as Saudi Arabia, some of the oil majors, Japanese shipping companies, the World Bank, the Asian Development Bank, the governments of Singapore and Thailand, as well as other users of the projected canal.⁹ The pipeline plan, however, seems to be more realistic in terms of both costs and the shorter construction time, though it would not solve the general cargo transit problems. The small canal, on the other hand, seems to be the least attractive, as it would solve almost none of the major problems with the exception of traffic congestion (and either of the other two plans would more effectively alleviate congestion).

There are still other major problems involving all three plans. Defense of the pipeline would impose a heavy burden on the Thai army,

the eighteenth century. On the historical development of this proposal, see H.B. Smith, "Historical Proposals for a Kra Canal: Their Impact on International Relations of Southeast Asia with Emphasis on British Perspective," *Asian Profile* 3:1 (February 1975):43-58. See also (Commander) R.D. Duncan, "Proposed: A Kra Canal," *United States Naval Institute Proceedings*, Vol. 90/6/736 (June 1965), pp 48-55 for a discussion of the technical viability of using controlled nuclear explosions for excavating the canal; and L. Griswold, "Bypassing Malacca," *United States Naval Institute Proceedings*, Vol. 99/6/844 (June 1973), pp. 105-107 for a discussion of geological conditions.

⁵ By comparison, the Panama Canal saves ships 6,500 miles and the Suez saves 3,500 miles.

⁶ P. Simms, "Reality and Significance of the Chow Canal Project Across the Kra Isthmus," Part II, *ARB* 4:7(1) (December 1974):32-33.

⁷ *Economist*, December 9, 1978, p. 94.

⁸ Simms, "Reality," Part II, p. 33.

⁹ According to the *Economist* (December 9, 1978, p. 94), Lee Kuan Yew sent a message to Mr. Chow stating: "You form your consortium and we buy shares in it."

which is already overstretched. The pipeline would be vulnerable to attack by communist and Islamic insurgents, as it is planned to pass close to areas in which these insurgents are active. Japan's oil supply could be held to ransom by threats to the pipeline from any of these insurgent groups, thus putting into their possession a leverage that the Thai, Japanese, and U.S. governments would naturally be anxious to avoid.

A canal causes no fewer strategic difficulties. It would separate Thailand's Islamic south from its Buddhist majority and enhance demands for self-determination by the Islamic minority. It, too, would be an easy target of attack by communist or Islamic insurgents. With the growing strategic importance it would acquire by virtue of such a canal, Thailand might become a much more tempting target for Vietnam, especially now with the disappearance of the Kampuchean buffer and with the Vietnamese army positioned along the Thai-Kampuchean border. Finally, nobody can predict accurately the ecological consequences of such a project, whether dug by conventional means or through controlled nuclear explosions.

As far as the strategic interests of the superpowers are concerned, the United States might be in a better position because of its close relationship with Thailand. The Soviet navy can gain nothing from a Kra Canal. There are two obstacles, however. First, Thailand might want to avoid Soviet-Vietnamese disapproval by preventing passage of all naval units through the canal, including those of the United States. In that case there is little the United States can gain in naval strategic terms except in a regional conflict involving Thailand or one in which it were to take a strong pro-American stand.

Another problem might arise from the Indonesian reaction. In economic terms, if any of these plans are implemented, Indonesia is bound to lose a large share of the income from transit that it has now or expects to gain in the future, by the diversion of transit from the Malacca Straits to the Lombok, Sunda, and Makassar straits. It might put the ambitious Batam development project into jeopardy, as Batam's place might be taken by the Thai free trade ports and refineries to be developed at both ends of the Kra Canal and pipeline, as well as by the industrial development areas to be constructed on and along the canal. Such a situation might cause grave tensions within ASEAN but could be avoided by adopting a creative approach to the whole issue. Such an approach might convert the scheme into an ASEAN project in which all ASEAN members would participate and share the benefits of the transit fees as well as of the industrial development. The industries around the canal/pipeline should be, at least partly, ASEAN or ASEAN-Japanese joint projects, the benefits of which would be shared by all members. Such a coordinated

plan for cooperation would especially take into account the interests of Malaysia, Singapore, and Indonesia.¹⁰

ASEAN members could share not only the benefits accruing from the canal but also the military and economic burden involved in its building and maintenance. The involvement of most or all ASEAN states might serve as a deterrent for Vietnamese aggression against Thailand. Such deterrence could be even more effective with Japanese participation, which would also relieve Thailand's security apprehensions. Thus, the project might become a cornerstone for closer intra-ASEAN economic and military cooperation, as well as for ASEAN-Japanese cooperation. It could also give Japan a new role in ASEAN economic development, a role that both have sought since the announcement of the Fukuda Doctrine. Finally, a project of these dimensions has the potential of attracting other foreign investors besides Japan, thus making the project more viable.

The evolving cooperation that must, by the nature of the projects involved, be long range, would ensure a new relationship of interdependence between the partners. Moreover, it would serve the strategic interests of the United States as well, since it would signal and symbolize the willingness of Japan to take on itself more responsibilities, economic, political, and military, in the region. It would enhance the United States' freedom of maneuverability and allow it to concentrate its attention and redeploy its restricted naval power in the areas of more immediate concern in the Indian Ocean and the Persian Gulf.

This, then, can become the opportunity for the establishment of a new security community in the region, which at some later stage Australia and New Zealand might be asked to join, with the United States playing the role of a silent partner, providing mainly the nuclear umbrella.¹¹

Another possible, though less dramatic, solution concerns reconstruction of the navigation channel in the straits to accommodate passage of large vessels of 400,000 to 500,000 dwt when loaded. The implementation of this plan would involve large-scale direct investments and indirect costs. First, normal usage of the straits would be disrupted for many months. Second, during the construction period, consent of the users would be required to carry the costs, in terms of time and higher transportation, of detour through the Indonesian straits. Third, Singapore would have to be compensated for the revenues it would lose from the diminished convenience of access to its refineries and the losses it would suffer from decreases in its ability to provide harbor services. Fourth, the Indonesian straits and the harbor facilities on Indonesia's southern coast might not be able to adjust to the temporary expected surge in maritime

¹⁰ These states would be the most affected by a Kra plan; the Philippines would be least affected.

¹¹ The legal basis for such an arrangement might be provided by the Manila Pact, the ANZUS agreements, and also by the U.S.-Japan treaty.

traffic without costly preparation. What makes the situation even more problematic from an Indonesian point of view is that once the Malacca Straits were reopened, all maritime traffic would revert to them, and its investments in navigation and harbor facilities would be for naught. Further, Indonesia would lose to Singapore the opportunities to provide services to very large crude carriers (VLCCs), which at present cannot use the Malacca Straits, but would then prefer passage through the shorter route.

Administrative Reform

Another approach to reform is the administrative one. The advantage of this approach, compared to the environmental change approach, is that it could be implemented, if agreement between the parties were reached, within a relatively short time. It would be futile to go into the details of possible administrative reforms, but an outline of the general features of the available options could be useful. Such administrative reforms that will allow some role for the users in setting policies for the Malacca Straits may be essential as *quid pro quo* for their agreement to carry all or most of the costs of improving safety of navigation and pollution control in the straits.

There are some possibilities for increasing the role of the users in the management of the straits. One is the establishment of a Users' Association, with an advisory role only. In such a case, the final word on policy matters would be that of the littorals, but the views of the users would be heard before policy decisions are made by the coastal states. A Users' Association could be established either as a new body or within the Intergovernmental Maritime Consultative Organization, thus making it less offensive to the coastal states, as it would be part of an existing international organization in which all relevant states are already members, and which is acceptable to all. Another advantage would be the ability to use the technical and administrative services of the IMCO, which would be cost saving.

A second possibility is the establishment of a Straits Council in which voting power would be allocated differentially between participants, but the combined voting power of the three coastal states, which would be allocated equally, would give them a permanent majority. This system would leave actual control in the hands of the coastal states but would allow other users to have a say on policy matters.

In both cases, the users' role would be limited to overall policy issues but not to the everyday running of the straits, which would be left to the coastal states. The first option involves almost no loss of national sovereignty over the affairs of the Malacca/Singapore straits, while the second involves a certain loss of sovereignty and is thus less likely to be acceptable to Indonesia, Malaysia, and Singapore.

A different possibility is the granting of more comprehensive rights to the users of the straits beyond those acknowledged in the new Law of the Sea Convention. This could be achieved through tacit agreement by the littorals to interpret liberally the terms of the treaty. This, in fact, is the most likely possibility. It would not only be face saving, but it would also allow the coastal states to apply such an approach on a differential basis to various users, thus using what might be termed "maritime rights power" as a trump card in their foreign policies. Alternatively, the granting of such rights could be linked to maintenance, dredging, navigational aids, and pollution control. The degree of burden sharing could be the key to the scope of special rights allocated.

Reforms Evaluation

In evaluating the various options, it should be taken into account that the environmental reform options are mutually exclusive, at least in the sense that implementing any one of those proposals eliminates, in cost-benefit terms, the utility of carrying out any of the other options. Thus, for example, restructuring the passage channel in the straits to accommodate VLCCs and ULCCs will eliminate the need for a Kra canal or pipeline.

On the other hand, administrative and environmental reforms are not mutually exclusive but complementary. The first type offers a short-run solution, while the latter type presents a long-run and more substantive approach to the problems.

In the choice of a preferred option from among the alternatives presented, a number of considerations should be taken into account: First, the prospects for growth in seaborne trade passing through the Malacca route. This will depend on two factors: overall trends in world trade toward shrinking or expansion, and the direction of the Pacific basin countries' trade in terms of the share of trade with regions depending on passage through the straits.

A second consideration is future trends in the shipping sector with regard to preference between larger or smaller vessels. This will depend largely on the state of the tanker market. A lesser demand for oil will cause a decrease in the number of VLCCs and ULCCs using the straits. Also, the development of smaller vessels that are highly fuel effective, fast, and more economical in loading and unloading could make smaller ships more cost effective. Finally, the move toward building refineries in producing nations rather than in consuming ones is bound to reduce demand for VLCCs and ULCCs.¹²

¹² Because of the slump in the shipping industry in the last decade, oil companies laid up many VLCCs and ULCCs. Since 1981, these companies have turned toward a major ship-reduction program. In 1982, 22 ULCCs and VLCCs were scrapped. In 1983 more than 60 were sent to the breakers. Among the ships scrapped the most outstanding is the 555,051

A third consideration is the costs of access to investment capital. All environmental reform proposals are capital intensive. Since the returns on it are unassured, such a project will have to be financed mainly, or at least with substantial participation, from governmental funding.

The fourth consideration is the degree of international cooperation both in terms of scope and number of necessary partners in implementing any option in question. Options requiring large-scale comprehensive international cooperation are much more complicated to carry out. Current assessment of the probability of achieving such cooperation are essential in evaluating the viability of the various proposals.

Finally, and related to the foregoing, is the possibility, or lack of it, of implementing the option in question within the framework of an existing international organization. In the first case, political and financial costs of establishing new organizational frameworks can be avoided.

It is not the purpose and is beyond the scope of this study to discuss in detail each option with regard to the foregoing considerations. Hence only the most general outline of the shape of a preferred solution can be suggested. It seems that the optimal solution would be integrated, parallel administrative and environmental reforms. Administrative reform would serve best the short-term needs of all participants and can be implemented within a short time and for limited costs along all the dimensions mentioned earlier. Such measures would then establish a framework and atmosphere in which long-term solutions can become more realistic by encouraging the main users and the coastal states to agree to share the burden of environmental reform, be it direct financial aid to the project or the costs accruing from possible losses to any one of the coastal states.

dwt *Pierre Guillaumet*. It is estimated that future demand in the 1990s for giant tankers will be between 250 and 300 VLCCs and ULCCs. See G. Lauriat, "A Real Possibility of a Futures Market Now the Tide Has Turned," *FEER*, February 16, 1984, pp. 36-39.

VII

Prospects for the Future: Continuities and Discontinuities

After almost a decade of negotiations, the Law of the Sea Conference, which has been going on since 1974, has reached its conclusion with most of the participants signing it and thus confirming their support for the principle of transit passage rights through international straits. Still, it is to be expected that, in view of the importance of maritime routes in modern times and the growing competition for mastery of the seas, international straits will remain a focal point of regional, as well as global, power struggles in the years to come.

The Malacca and Singapore Straits issue offers a fine example of the potential for international conflict that international straits have in our times. Analysis of this issue enables us to achieve an insight into the conflicting and converging interests in this area and its linkage with the global power struggle on one hand and the political maneuverability of small and medium-sized states versus the superpowers on the other. Moreover, it is safe to assume that in one form or another the interests, motives, and dilemmas discussed here will continue in the future to guide the actors mentioned.

In this specific case, at this time, Indonesia bargained its hard-line position on the regime of passage through international straits for concessions by the maritime powers on the issue of passage through archipelagic waters. This approach found expression in Indonesia's preparedness to accept the principle of transit passage for international straits but not for passage through archipelagic waters: "[T]he articles concerning straits used for international navigation in the Convention are without prejudice to straits which are within the baselines of an archipelagic state."¹ Indeed, the convention on the Law of the Sea provides only for the right of innocent passage in archipelagic waters.

¹ Cited in Leifer, *Malacca*, p. 145.

Both Indonesia and Malaysia traded their agreement to accept the transit passage formula for the assurance of support for the Traffic Separation Scheme, i.e., acceptance of the safety measures undertaken by them.² This proves that, for the time being, both states were unwilling to risk confrontation with the naval powers and preferred to solve the various disagreements through negotiations.

Viewed in long-term perspective, however, most of the basic issues raised and analyzed in this study are still acute; others were only shelved but not solved, and will have a considerable, if not decisive, effect on future trends and developments. Emerging patterns, both of contemporary and past history, converge to suggest that competition for control of the straits has been an ever-present factor in the politics of the region, in spite of periods of relaxation in which the struggle for control did not surface. Traditionally, conflict between the world powers over the straits has been a projection and reflection of their rivalry for global hegemony. It would be unrealistic to expect this pattern to change in an era that is witnessing an intensification of the superpowers' rivalry, with an emphasis on the naval dimension. This trend has gained impetus with the shift of the core of conflict to Southwest Asia and the consequent growing importance of sea lines of communication connecting that area with the Indian Ocean and the Pacific.

The Reagan administration's global strategy reemphasizes the importance of sea power and maritime supremacy. Secretary of the Navy John F. Lehman stated bluntly that naval parity with the Soviets is unacceptable and declared: "There is a program to gain [superiority] before the end of the decade." The governing precept is that, in case of war, the United States has to take the offensive against the Soviet navy, because if the United States cannot eliminate Soviet naval forces in a short engagement, it will ultimately be defeated. A long war of attrition at sea, as was the case during World War II, is beyond American capabilities because the United States does not have the merchant marine for it.³

This naval doctrine depends on free, unimpeded passage through international straits and other choke points for two reasons. First, to snatch the initiative from an opponent, high mobility and surprise are essential. These tactics serve to keep the enemy's navy off balance by striking without giving the enemy time to organize and redeploy, and then shifting the center of naval operations elsewhere. Second, at least in short and medium terms, the United States lacks the naval units necessary for

² See the annex and exchange of letters relating to article 233 of the United Nations Convention on the Law of the Sea in its application to the Straits of Malacca and Singapore. A/conf. 62/L. 145, April 29, 1982; A/conf. 62/L. 145, Add. 1, April 29, 1982; and A/conf. 62/L. 145/Annex.

³ Interview in *International Defense Review* 15:5 (1982):548.

carrying out this strategy. To compensate, the United States would need high mobility as a prerequisite for assembling on short notice a significant naval force at points of trouble.

The strategy calls for horizontal escalation, i.e., capability to retaliate against Soviet aggression where command of the sea confers a U.S. advantage. This can be achieved either by near simultaneity in attacking different enemy targets or through sequential operations by shifting strike forces from one region to another, which is more realistic with the current available naval order of forces. In the latter case, mobility again is the key, meaning dependence on free transit through international straits, leading to areas of Soviet vulnerability, such as the Sea of Okhotsk. To reach it, naval task forces located in Southwest Asian waters have to pass through the Malacca (shortest route) or Indonesian straits.

At the same time, the Soviets are unlikely to give up their intention to gain supremacy at sea globally. They are practically aware of and concerned with the relative weakness of their Pacific Fleet. The continuous effort at upgrading this fleet, their need to counter American sea power in the Indian Ocean region, to aid clients along its shores, as well as to be in a position to use opportunities in the Gulf, and their reliance on sea lanes for connecting European Russia with the Soviet Far East and Siberia make Soviet dependence on free transit through the Malacca, Singapore, and Indonesian straits as critical as it is for the Americans, if not more.

Soviet ability to project power into the Indian Ocean has been facilitated by its access to base facilities in Indochina. At Cam Ranh Bay they have, in addition to excellent port facilities built originally to serve the American navy, a 10,000-foot runway from which they operate four to six TU-95D/Bear reconnaissance aircraft and a number of Tu-16/Badger aircraft. There is also a visible effort to rehabilitate the deep-water ports of Kompong Thom and the former Kampuchean naval base at Ream.⁴

This trend, if continued, may lead to the establishment of Soviet bases in Indochina⁵ and serve to compensate for the major weaknesses of the Soviet Pacific Fleet: lack of air cover for extended naval operations and the inadequacy of logistic support for sustaining naval operations at long range.⁶ Such an establishment of Soviet bases in Indochina would

⁴ *FEER*, June 25, 1982; J. McBeth, "To Moscow the Spoils," *FEER*, September 10, 1982, pp. 27-28; *International Defense Review* 15:5 (1982): 544. The Soviets have continuously built up their air and naval presence in Vietnam. The number of ships stationed at Cam Ranh Bay rose from 7 in 1980 to about 22 in 1983. American and Thai sources have confirmed that ten to twelve Tu-16 Badger strike aircraft armed with Kingfish and Knelt stand-off air-to-surface missiles are now stationed at Cam Ranh Bay (John McBeth, "Reach to the Sky," and "Build-up on the Bay," *FEER*, December 29, 1983, p. 16).

⁵ Vietnam's Foreign Minister Nguyen Co Thach did not rule out this possibility. See J. McBeth, "A Base Suggestion," *FEER*, August 10, 1982, p. 35.

⁶ International Institute for Strategic Studies, *Strategic Survey, 1981-1982* (London: IISS, 1982), p. 106.

reduce the decisive military advantage that the United States now enjoys because of its carriers, its air bases in the Philippines, and its ability to use, on a regular basis, the former B-52 base at U-Tapao on the southeast coast of Thailand and Bangkok's Don Muang airport. Such a development would also bring Soviet naval power a step closer to the Indian Ocean and the Malacca Straits and would partially neutralize the advantage the Diego Garcia base gives the West. This gain would be significant only if the Soviet navy is able to pass freely through the straits. The advantages of closer launching points for naval activity in the Indian Ocean would be largely offset if the Soviet navy had to detour around the Indonesian islands to reach the Indian Ocean region.

In a context of intense superpower competition, the ability of coastal states to use the straits as a bargaining chip with the superpowers is indispensable. The naive belief during the late 1960s in the possibility of convincing both superpowers to evacuate the Indian Ocean region has dissipated and given way to a more mature, realistic approach, even if lip service is still being paid to the first notion. The current approach stresses a restructuring of the relationship with the superpowers that will be in line with the littorals' interests and the need for one superpower to balance the other's presence in the region. The ability of the coastal states to achieve this goal stems from a number of trends that are bound to become even more pronounced in the future.

One trend is represented by the growing capabilities of sea denial by the littorals. There has been an ongoing effort by Indonesia, Malaysia, and Singapore to increase their naval capabilities through the acquisition of weapon systems particularly effective for this purpose: submarines, fast attack missile boats, Orion P3C planes, frigates, and Exocet missiles as well as an upgrading of their air forces.⁷ The Falkland Islands conflict should serve as a reminder of what heavy damage could be inflicted even by a Third World inferior military power on a much superior one and how lethal their air and naval forces could prove to be.⁸ Only here the stakes for the littorals are much higher and the geographical location and position via the area in conflict is much more favorable to Indonesia, Malaysia, and Singapore than was the case for Argentina. Unilateral intervention, even by a major power, may become difficult, costly, and not necessarily successful.

⁷ See Stockholm International Peace Research Institute, *World Armaments and Disarmament: SIPRI Yearbook 1982* (London: Taylor & Francis, 1982), appendix, 6B.

⁸ For the lessons of the Falkland war, see A. H. Cordesman, "The Falkland Crisis: Emerging Lessons for Power Projection and Force Planning," *Armed Forces Journal International* 120:1 (September 1982):29-46.

Furthermore, the web of alliances and security arrangements of a bilateral and multilateral nature may contribute significantly to the coastal states' ability to deter outside interference or threats of a military nature, because of the risk of escalation. The weight of such a threat will be enhanced by the "bonus" of serious economic consequences such an escalation will have for the users. The straits have become such a vital commercial route that their disruption would be very expensive, especially to the major maritime powers. Any likely gains from the use of force are marginal compared with the immense costs involved.

This threat, however, works both ways. Indonesia, Malaysia, and Singapore are highly dependent on foreign trade and have a large stake in maritime commerce.⁹ Hence any disruption of sea lanes that would cause damage to the flow of maritime trade is likely to cause significant damage to their economies. The situation then is that of a "chicken game" where the winner is the one who shows more nerve. But at the same time there may be no winners, only losers, if the game is carried too far.

Adding to these factors is the background of independence-oriented foreign policies and increased tendencies toward self-assertion in regional politics of Indonesia and Malaysia. All these factors help to strengthen self-assurance in their ability to manipulate the regional environment in favor of their interests. Self-confidence has been further bolstered by recent political and military successes, such as Indonesia's ability to defy external pressures and handle the East Timor issue as it saw fit, and the effective handling by Malaysia's armed forces of the communist insurgency.¹⁰

Another source of power to the three is their coming closer together and cooperating both on bilateral and multilateral bases (within the framework of ASEAN). The settling of their outstanding disputes has led to a playing down of disagreements and a settling or managing of them through frequent consultation. Hence the potential for an external power to play one member, or some members, against others is presently extremely limited. In an atmosphere of trust, mutual responsiveness is highly probable even in the face of nonidentical or conflicting economic and commercial interests as well as occasional political disagreements.

⁹ In 1979, trade as a percentage of GNP for Indonesia was 38 percent; for Singapore, 189 percent; and for Malaysia, 79 percent. *Far Eastern Economic Review, Asia 1981 Yearbook*, p. 10.

¹⁰ An indicator of this almost arrogant self-assurance can be found in the Malaysian prime minister's reaction to the possibility of the withdrawal of the Royal Australian Air Force squadrons based in Butterworth airbase. Mahathir said: "If maintaining a Mirage squadron is prohibitively high in terms of cost and they [Australian Government] therefore want to replace it with something else, okay. But if they feel that... they want to pull out completely, that's all right by us too." Quoted in M. Richardson, "A Nest for the Hornets," *FEER*, August 20, 1982, pp. 15-16.

Increasingly sure of their capability to deter intervention by any external foreign power, aware of the significant strategic and economic asset in their possession and able to coordinate their policies effectively, the littorals are highly likely to use this asset, the straits, to gain leverage in their interaction with the superpowers and regional powers alike.

In the current context of superpower rivalry, one option open to the coastal state is to keep away from both protagonists. However, since one of the protagonists and its client, the USSR and Vietnam, are perceived together with China as the major regional threats to the littorals' security, control of a vital asset—passage rights through the straits—may serve as a bargaining chip to trade for the support of the United States.¹¹ At the same time, guaranteeing passage rights can be used as a chip to trade off in return for immunity from subversive activity by the USSR or in support by it, and the use of Moscow's influence with Hanoi as a moderating influence on Vietnam's behavior.

At present, support of the coastal states' demand for more control over passage through and above international straits in general, and the Malacca Straits in particular, serves Beijing's strategic, political, and ideological interests well, as was pointed out in the earlier chapters. In the longer run, this state of affairs may undergo significant change as China's blue water capabilities and activities extend in scope and importance. In particular, this is true in the context of China's changing nuclear strategic posture and the future role of the navy in it.

The Indian Ocean will gain high strategic importance in Chinese nuclear deterrence planning as China builds up its submarine-based ballistic missiles force. With a limited number of nuclear warheads, China has to adopt a countervalue strategy. Targeting European Russia is then an essential ingredient of China's nuclear deterrence. China has presently the capacity to hit targets in European Russia from its launching sites in northwestern China. This capability is very vulnerable to a Soviet preemptive first counterforce strike, which would leave Beijing without an ability of a second strike. Such an eventuality can be avoided only by following in the footsteps of the four other nuclear powers and establishing a submarine-based ballistic missiles force. A significant step in that direction was taken recently with the successful test-firing of China's first submarine-based missile in October 1982, assumed to be an intermediate-range missile.¹²

¹¹ See Lee Kuan Yew's interview in *US News & World Report*, February 8, 1982, p. 37.

¹² Estimates about the range of the test SLBM vary from 1,500 miles to 650 nautical miles. See M. Weisskopf, "China Fires a Missile from a Sub," *International Herald Tribune*, October 18, 1982, p. 1; and (Lieutenant Commander) D.G. Muller, "China's SSBN in Perspective," *United States Naval Institute Proceedings*, vol. 109/3/961 (March 1983), p. 127.

To hit targets in European Russia, when such a marine capability is developed by China in coming years, the object to be hit will have to be targeted from the Indian Ocean. This is, in fact, the only realistic deployment area for a Chinese submarine force if it intends to cause maximum damage with a limited nuclear strike force.

Moreover, China's submarine force is technologically inferior to those of other naval powers, including India's, which means its submarines are slow and noisy. The Indian Ocean offers both a larger deployment space than the South and East China seas and more protection against detection by low frequency modern sonar equipment because of its bathythermal conditions, steeper temperature gradient, and higher salt content. Thus, survival of a limited-size Chinese SSBN force favors deployment in the Indian Ocean. From this perspective, it is quite evident that passage through the Malacca/Singapore and Indonesian straits has already or will become a matter of vital importance to the long-range security interests of China and, consequently, will also gain further importance in the view of Soviet military planners. When stealth rather than speed is the main concern, however (avoiding detection and possibly destruction by protagonists, in particular by the technologically superior Soviet attack submarines), submerged passage through Indonesian straits will be vital. The presence of Chinese submarines in the Indian Ocean must lead to the deployment of a surface shield force fleet as well, to protect the submarines from Soviet, Indian, or other hostile navies. That again will contribute to Beijing's growing interest in unimpeded passage through the Malacca Straits. Logistically, such a fleet could rely on the excellent facilities of the port of Karachi in Pakistan, China's closest ally. At the same time, development of China's capability to threaten the USSR with relative immunity from a preemptive strike may further increase China's attraction as an ally.

The extension of China's naval operations to the Indian Ocean region and the related deployment of a Chinese naval force off their shores can only accentuate the current fears and apprehensions of Indonesia, Malaysia, and even Singapore about the Chinese threat. These fears could lead to two main consequences: growing reliance on American naval presence to counterbalance both Soviet and Chinese presence and further emphasis on developing their sea-denial capabilities. Such capabilities would be even better suited to the countering of a Chinese naval presence than that of the major powers because Chinese naval power is bound to be of limited magnitude in the immediate future.

The growing dependence on the sea for the deployment of its nuclear deterrence force, as well as for commercial purposes, may pose a difficult political and ideological dilemma to Beijing's leadership. Traditionally, China's positions on all matters concerning the law of the sea have been in line with those of the Third World countries; in

particular, the People's Republic of China has supported the Zone of Peace proposition concerning the Indian Ocean. The involvement of China's new maritime interests calls for radically different attitudes, much like the ones adopted by other major naval powers. Still, it is highly unlikely that China will change its formal position, for reasons that need no explanation. Nonetheless, it could probably adopt a lower profile and rely on the probability that the United States and the USSR will stick to their positions and reject any Third World-initiated plan to constrain their freedom of naval deployment. The ability of the two superpowers to block any such initiative, or to disregard efforts in this direction, even if such a plan or position is adopted in any international forum, would afford Beijing legitimacy to follow in their footsteps without being burdened with the political cost of having to confront Third World countries.

The other regional power, Japan, is dependent on the Malacca/Singapore Straits shipping route for the lion's share of its foreign trade. The straits are also the redeployment route of Japan's main ally, U.S. naval forces, to East Asian waters from the Indian Ocean and Persian Gulf area in times of crisis. Thus the straits are essential for Japan's defense. This double significance of the straits for Japan makes free passage a potential quid pro quo for Japanese economic aid. On the psychological plane, this approach inserts a sense of equality into the relationship between Japan and the coastal states based on give and take, which is an important contribution to an interaction clouded by historical experience and of hurt national pride in a donor-recipient context.

It would be wrong to assume that ratification of the Law of the Sea Treaty will prevent manipulation of passage through international straits as a bargaining chip by the littorals. In the first place, there is already disagreement among international lawyers and doubts have been raised regarding the question of how and to what degree the right of "transit passage" differs from the existing right of "innocent passage." Moreover, by granting coastal states more control over such issues as natural resources and pollution, the convention opens new opportunities for the misuse of these rights for obstructing passage through international straits by applying strict pollution, health, and other regulations on a discriminating or even nondiscriminating basis. Like most treaties, this one, too, is given to various interpretations, in letter or application, that may not be in line with the spirit in which it was intended. Hence, future developments of the Malacca Straits issue are to be watched with interest and concern.

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