



Washington, D. C. 20505

[REDACTED]

DIRECTORATE OF INTELLIGENCE

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In the Wake of Vietnam's Withdrawal:
ASEAN Views on Cambodia [REDACTED]

SUMMARY

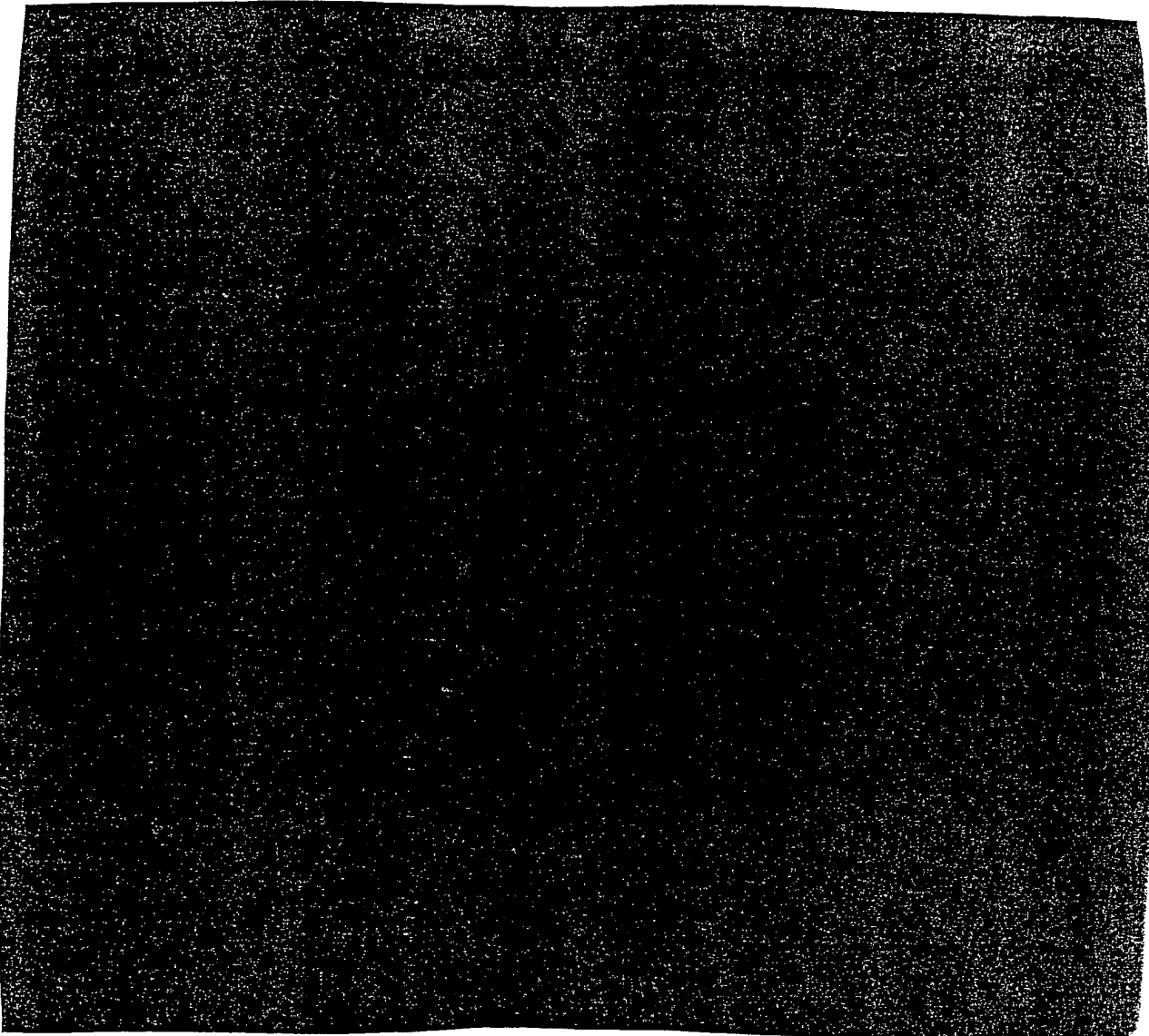
The six ASEAN countries are increasingly divided over how to deal with the regime in Phnom Penh since Vietnam's troop withdrawal from Cambodia in late September. They no longer speak with one voice on such issues as support for the non-Communist resistance, discouraging trade with the Vietnam-backed regime, and the form for a Cambodian settlement. Instead, each country is now pursuing its own agenda; for all except Singapore this means closer ties to the State of Cambodia (SOC) regime. The pace at which the individual countries improve their relations with Phnom Penh over the next year will depend on developments on the battlefield, and on economic competition they feel from each other and from Western countries, Japan and South Korea, all of whom are beginning to explore the untapped Cambodian market. [REDACTED]

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Positions in Flux

Just as Vietnam's invasion of Cambodia in 1978 was the foundation for ASEAN unity over the past decade, Hanoi's announcement last year that it would withdraw all of its forces has undercut this unity. Diverging views on the Cambodian problem have become increasingly apparent over the past year. [REDACTED]

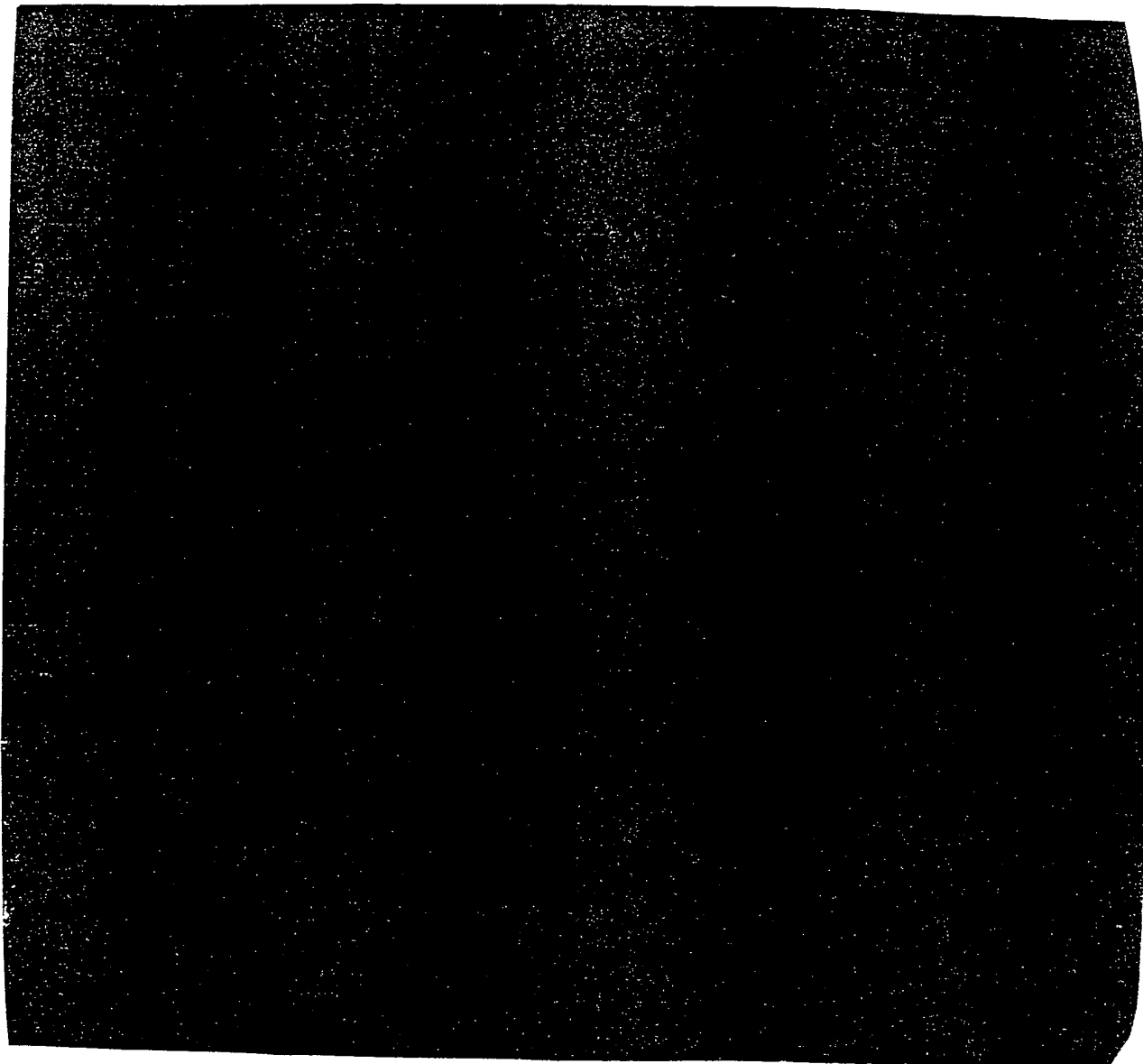


- 2 -
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Every Country for Itself on Key Issues

We believe these divergent views stem from the failure of the Paris talks last August to arrive at a comprehensive settlement. Each country's natural tendency to pursue its own political and economic agenda in Indochina is reasserting itself, and will test ASEAN's fragile unity on important elements of Cambodian policy. [REDACTED]



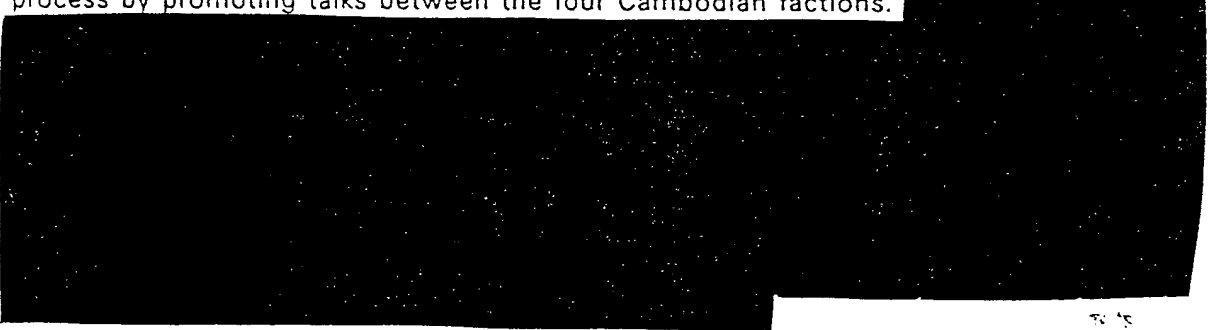
² This area includes approximately 1,000 kilometers or an area one-third larger than inside the Washington capital beltway

- 3 -
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Restarting Diplomatic Talks


Since the Paris talks, Thailand and, to a lesser extent, Indonesia are the only members of ASEAN who have made any real attempt to restart the stalled diplomatic process by promoting talks between the four Cambodian factions.



ASEAN reaction has been mixed to the US-backed initiative to transfer diplomatic momentum for a Cambodian solution to the big-power members of the UN Security Council, including the USSR, China, and the United States.




However, we believe a majority of ASEAN states, sensitive to what they perceive as big-power moves to determine the future of lesser ones, have serious reservations.



Economic Embargo

The ASEAN embargo on trade with Vietnam has been weakening rapidly over the past year and, in our view, is currently more fiction than fact. Each ASEAN country is vying with the others as well as with Japan and South Korea, for a slice of the Indochina market. In addition, the belief is growing, according to a variety of reports, that the embargo, by hindering economic improvement in Vietnam, exacerbates the Vietnamese refugee problem, impacting particularly on Malaysia and Thailand.



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The Pace of Future Change

In our view, the trend toward warmer ties between ASEAN and Phnom Penh is likely to continue over the next year. The pace at which relations improve will depend on:

- The non-Communist resistance's performance on the battlefield.
- SOC military and political resilience.
- The lead of Thailand.
- Chinese support to the Khmer Rouge.
- Expansion of Vietnam's relations to the West and Japan. [REDACTED]

ASEAN and Western countries increasingly view the Khmer Rouge and Phnom Penh's armies as the only viable military forces in Cambodia. [REDACTED]

The ASEAN countries will also carefully watch the viability of the government in Phnom Penh, more precarious now than at any time since its establishment in 1979. The alleged corruption of high officials, [REDACTED] is diminishing the regime's domestic popularity, according to reports of recent travelers. [REDACTED]

[REDACTED] The reimposition of a curfew in Phnom Penh and several provincial capitals has further heightened popular concern about the regime's viability, according to press reports. [REDACTED]

Other ASEAN countries will be watching closely the lead of Thailand as events unfold. [REDACTED]

- 5 -
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[REDACTED]

ASEAN will also be watching the degree of support China gives to the Khmer Rouge and the advances Beijing may make toward the SOC. [REDACTED]

[REDACTED]

The ASEAN countries will also watch for signs of Western and Japanese support for the SOC. A decision by several Western nations to extend diplomatic recognition to Phnom Penh would cause ASEAN countries to reevaluate their support to the resistance, in our view. [REDACTED]

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- 6 -
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