

# Southeast Asia Seeks U.S. Technology, And The Wherewithal To Buy It

Two major conferences were held in New York City last week featuring political and business leaders from Southeast Asia who presented the American corporate community with a detailed overview of investment and growth opportunities in that region. Speaking at the Asia Society seminar on behalf of the entire Associates of Southeast Asian Nations (ASEAN), Prime Minister Datuk Hussein Onn of Malaysia said the United States must "play a positive role in terms of economic cooperation with all the countries of the region."

"Continuing U.S. investment is a crucial factor, if the countries of the region are to realize the growth necessary to meet their objectives," Onn explained. "The need for technology and investment to deal with the anticipated increasingly high level of unemployment in Asia is a vital element for stability."

At the Far East America Council's annual evaluation of investment prospects for Asia, the ASEAN group, comprising Malaysia, the Philippines, Singapore, Thailand, and Indonesia, reiterated the basic dilemma of their region's economies. All the nations, in particular Indonesia and Malaysia, have embarked on an ambitious program for industrial development — a program necessitating large inputs of America's high-technology capacity, both in investment and at the production end. However, all these debt-burdened nations lack the financial resources to carry through these programs. ASEAN, as a group, has in recent months put pressure on its traditional trading partner Japan to respond to these needs. As a result, they have landed a \$1 billion commitment from Japan for five major industrial projects in the region.

## *Political Climate*

The bulk of Hussein Onn's Asian Society presentation was aimed at presenting prospective U.S. investors with a picture of a Southeast Asia strongly desiring regional political stability: to assuage the alarmist "fear of communism" that dissuades serious investment. "The situation that Southeast Asia now finds itself in, with the ending of the Indochina war, is not one of heightened tension and confrontation," Onn said. "On the contrary, there are now real

Southeast Asia, regardless of their social systems, to reap the benefits of their independence, take destiny into their hand as it were, and together try to achieve long-term peace, progress, and stability."

"The logic of peace is compelling," added the Malaysian leader, dismissing fears that communist vs. noncommunist strife is the region's prevailing atmosphere. Onn broadly developed the fact that the biggest

"bogey man," the Republic of Vietnam, has itself clearly enunciated a foreign policy based on cooperation with its neighbors, and has in turn made gestures, as far as possible, to open new relations with the United States in the postwar period. Even Thailand, the nation most prone to anticommunist sabre-rattling, has recently held off from this line of policy.

## *Corridor Talk*

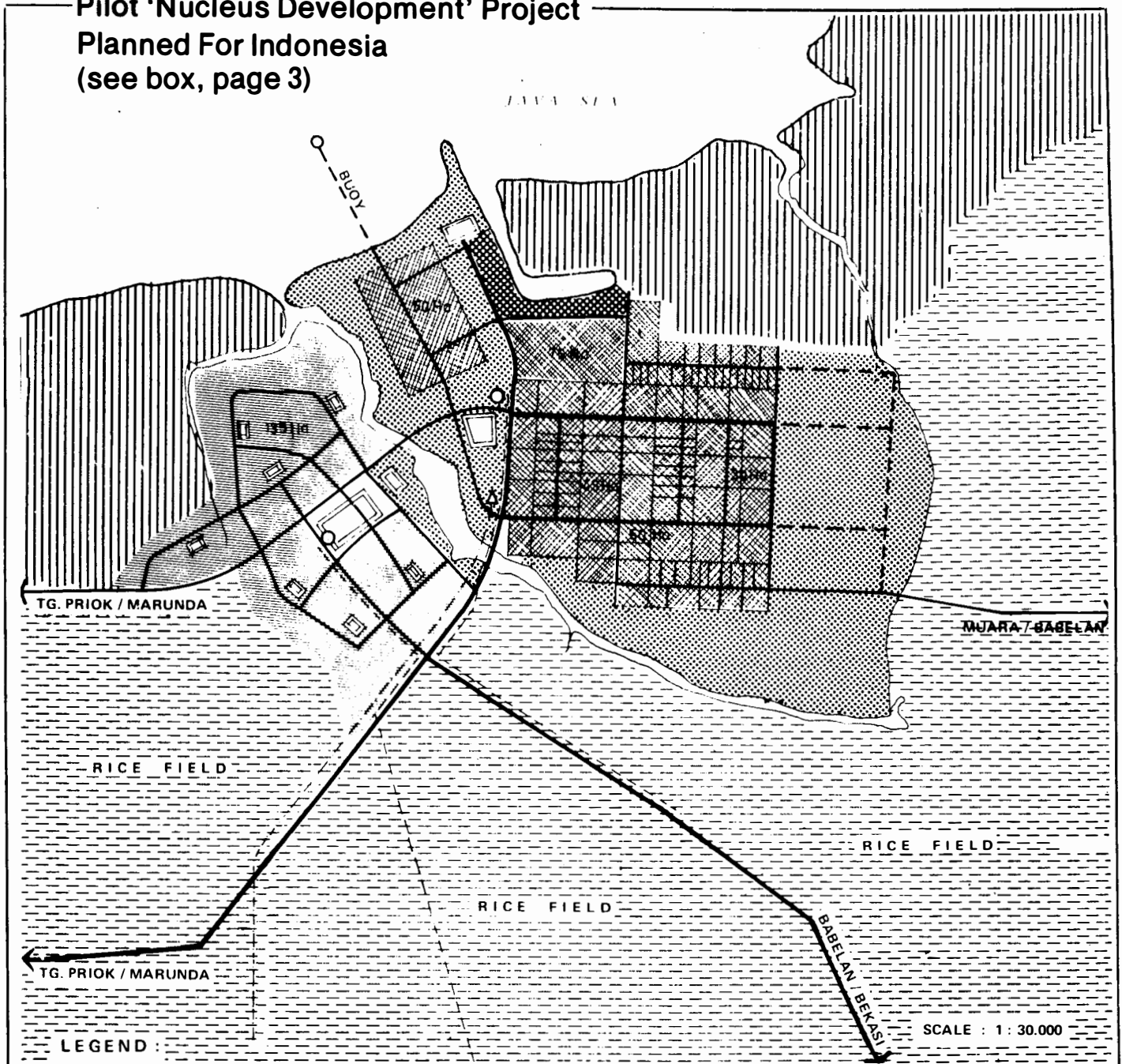
The corridors at both conferences were filled with discussion of two topics. One was the demand by the Southeast Asian businessmen and political leaders alike for a clearly formulated U.S. policy on postwar Indochina. One Indonesian businessman was heard to say to an American: "Tell me, is there a policy? What is the Carter Administration's post-Vietnam policy? Are there U.S. businessmen who want to invest in our large projects?" Another representative from the Malaysian Federal Industrial Development Authority described ASEAN as a "walking shopping cart of projects," ranging from petrochemical complexes to agriculture-based industries. Another group of businessmen came armed with blueprints for industrial towns in Indonesia.

The region's representatives were all keenly aware of a contrast between the U.S. and Japan in their approach to investment in their region. All the Asian delegates were quick to point to the "Fukuda doctrine," Japanese Prime Minister Takeo Fukuda's recent commitment of \$1 billion for five Asian industrial projects, one in each country.

From the U.S. side, the region has seen only a series of conflicting and confusing policies. Though the U.S. is the most important economic power in the region, with a trade rivalling that of its trade with Europe, its capital investment has declined tremendously since 1973. While Japanese "resource diplomacy" has succeeded, the most vivid memory of U.S. intervention in the region has been the unpleasant one of the year-old battle that Indonesia's state owned oil company, Pertamina had with U.S. commercial banks and the International Monetary Fund.

One delegate, speaking for the American Chamber of Commerce, reported that American corporations are barred by antitrust laws from taking part in ambitious "industry clubs" being set up on an ASEAN basis as a means for regional development of different sectorial industries. Another delegate revealed that the U.S. Export-Import bank has not only forced up its interest rates to near commercial levels, but must also seek congressional approval for any loans over \$7 million.

# Pilot 'Nucleus Development' Project Planned For Indonesia (see box, page 3)



**LEGEND :**

-  **INDUSTRIAL AREA**
-  **RESIDENTIAL AREA**
-  **OFFICES - CIVIC CENTRE**
-  **OPEN SPACES / GREEN**
-  **FRESH AND DRINKING WATER**
-  **ELECTRICITY**
-  **HARBOUR**

**NUCLEUS LANDUSE PATTERN**

Landuse specification.

No.	Specific use	Size (Ha)
1.	Industrial area	+ 250
2.	Residential area	+ 135
3.	Marsh/Ponds/River (Surface water fishery)	+ 450
4.	Agro-field / village (Agriculture/husbandary)	+ 4,000
5.	Seashore / waterfront (Headquarter, Jetty, greens)	+ 100
Total nucleus area		+ 5,000

**INDUSTRIAL ZONE AND RESPECTIVE AREA**

No.	Type of industry	Size (Ha)
1.	Agro-based industries (Processing/ canning of : Fish, meat, fruits, vegetables and other agro-products).	+ 30
2.	Chemical industries	+ 50
3.	Automotive and electronic industries (machineries, electrical appliances etc.).	+ 45
4.	Wood processing industries (Housing/building materials, etc.).	+ 75
5.	Tank farming, etc.	+ 50
Total industrial area		+ 250

In contrast to U.S. failure to help develop largescale industries in the region, Japan and Europe, in particular West Germany, have initiated an aggressive new policy this week. West German Foreign Minister Hans Dietrich Genscher, on his visit this week to Japan, is known to have proposed representation by the ASEAN

nations at the European Economic Community's commission meetings. Both West Germany and Japan have endorsed the necessity for energy development in the developing nations, and it is believed that ASEAN, because of its close ties to both parties, may well be the first to benefit from such large-scale initiatives.

## Nucleus Development To Expand Indonesian Economy

In the 1950s and early 1960s Indonesia was ruled by flamboyant nationalist Sukarno who hoped to implement his "konceptsi," a conception of government that would unite the Communist Party, the Nationalist Party, the anticommunist military, and the other nationalist parties into a "guided democracy." Failing to establish viable economic policies — receiving the unfriendly attention of the U.S. Central Intelligence Agency — Sukarno's "konceptsi" gave way to the government of General Suharto.

Supporters of the current government are now enthusiastically promoting a new "konceptsi" aimed at establishing an integrated agricultural and industrial policy for Indonesia's population of 130 million. A scheme called "Nucleus Development" is now being promoted by the Jakarta-based holding company, P.T. Multi Jaka Utama, whose directors are now touring Europe and the U.S. According to the company's brochure, the technological sophistication of foreign multinational corporations would be linked with Indonesia's government and private sector for the creation of "industrial growth centers" throughout the country, to serve as a "nucleus for promoting development and to preserve and enhance the productivity of its agricultural surroundings."

In an interview with the *Executive Intelligence*

*Review* last week, the directors of the company insisted that the scheme is not for a "free export zone," where cheap labor produces low-technology goods like shirts and plastic slippers for export. Instead, the basic idea is premised on developing the labor potential of the region.

P.T. Multi Jaka Utama designed the pilot project shown in the accompanying map on the Java Sea just outside Jakarta. Involving three villages — Bogor, Tangerang, and Bekasi — this is the most densely populated and industrialized area of the country. The plan envisions a total of 5,000 hectares with a 250-hectare industrial zone including an agri-base, chemical, manufacturing, and tank-farming industries. Adjacent will be a residential area for 25,000 workers and their families. Agriculture will be as mechanized as possible, and the rural sector will be integrated with the industrial sector through the development of a modern road network and electric grid, dams, and irrigation canals, along with a modern port and telephone network. Schools and health facilities will be upgraded and expanded.

At the present the area is completely undeveloped, but detailed plans are ready for the entire area. Its proximity to Jakarta and the country's largest port, Tanjung Priok, will serve to mitigate the initial underdeveloped nature of the area.

## Attempted Bangladesh Coup — Latest Move In Destabilization Of The Subcontinent

Amid the spotlight turned on Bangladesh due to the presence of the hijacked Japan Air Lines jet at Dacca International Airport, a brief coup attempt by elements of the Bangladesh armed forces took place Oct. 1. Portrayed as a revolt of "left-wing" young officers against the ruling military junta of General and President Zia Rahman, the coup was easily crushed, leaving behind some 100 dead and further instability in that troubled South Asian country.

The coup attempt had all the earmarks of an operation designed to fail, calculated to propel the shaky General Zia further into the arms of a clique of right-wing "Islamic" and pro-Pakistani elements with a strong position within the military and in certain Muslim military organizations. These elements were threatened by a strong revival, over the past six months, of the secular nationalist political forces who formed the base of the 1971 independence movement and who were