## **ABSTRACT**

The relations between Australia-Indonesia has been overshadowed by several misunderstandings in which distrust and confusion creating the turbulence in its bilateral relations. One of the peak problems occurred when Australia change their position towards East Timor in the late 1998. The support from Australia to East Timor seen by Indonesia as the act of betrayal which at first a very supportive friend. In consequences, several agreement and joint cooperation in governmental level had postponed making Australia's interest in Indonesia was in danger. It made repairing the relations become paramount important. To that extent, it raised a question towards the most appropriate strategy that Australia should use to reengage with Indonesia.

In response to that situations the consideration on decision-making process has decided the use of soft power as a one of the most effective tools. Through the framework of bottom-up CBMs Australia is underlined the combination of less governmental intervention and links in people-to-people basis to repair the relations with Indonesia. Furthermore, bottom-up CBMs also be a powerful strategy to solve the misunderstanding and prevent the problems to be escalated. Thus, the finding has shown that the implementation on Australia's bottom-up CBMs would be implemented through the form of humanitarian aid in health, disaster relief, education and cultural exchange which mostly conducted in a society basis. The efforts were gaining more positive attitudes form Indonesia. As it is resulted the continuation on several cooperation which previously undermined after the Australia's changing position towards East Timor.

Key Words: Bottom-up Confidence Building Measures (CBMs), Conflict Resolutions, People-to-people links, Humanitarian Aid