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DEPARTMENT OF STATE  
WASHINGTON

October 1, 1982

MEMORANDUM FOR: THE PRESIDENT  
FROM: Kenneth W. Dam, Acting  
SUBJECT: Your Meeting with President SOEHARTO of Indonesia, October 12, 1982

I. THE SETTING

The visit of President Soeharto symbolizes U.S. recognition of Indonesia as a major Asian power, our recognition of Soeharto's leadership of the world's fifth largest nation, and our desire for a strengthened bilateral relationship. Soeharto had a working visit with President Ford at Camp David in 1975; his last state visit was in 1970. Your meeting with Soeharto is the centerpiece of the state visit and the event upon which Soeharto himself lays paramount importance.

Concerned by the threat of domestic instability which could arise from reduced export flows and slackening of the pace of internal economic development, Soeharto will want to explain his country's economic and social needs. He may also raise the question of Indo-Chinese refugees, expecting that we will reaffirm our intention to help in their resettlement in the U.S. and elsewhere. I suggest that you express understanding of Soeharto's concerns, leaving specifics to lower level discussions, and give him the benefit of your views on global matters.

Soeharto may extend an invitation for you to visit Indonesia.

II. ISSUES

1. Global Strategic Concerns

Soeharto will appreciate your views on strategic relations with the Soviet Union and, because Indonesia is the world's most populous Muslim country, an explanation of U.S. positions on the Middle East, including Lebanon and the Arab-Israeli peace process.

2. ASEAN, Kampuchea, China and Japan

Indonesia appreciates U.S. recognition of its prominent role in ASEAN (the Association of Southeast Asian Nations, comprised of Indonesia, Malaysia, Singapore, Thailand and the Philippines). ASEAN is the most effective vehicle for economic development, regional stability and the containment of communism in Southeast Asia. Soeharto will welcome reaffirmation of U.S. support for ASEAN, our support of ASEAN's strategy on Kampuchea and general

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assurance that the U.S. is attentive to ASEAN economic concerns. To allay Indonesian concerns, you should also emphasize that U.S. relations with China will not be pursued at the expense of ASEAN interests and that we do not intend to "abandon" Taiwan. Soeharto will also want your personal assurance that we do not seek for Japan a self-defense responsibility which would threaten the political and security interests of other Asian nations.

### 3. Indonesian Economic Growth and Modernization

Indonesia has made remarkable strides since Soeharto became president in the mid-1960's but serious problems remain, particularly decreased revenues from oil and non-oil exports, a high population growth rate (2% per year), job creation for a rapidly expanding work force, and a low standard of living for many of its citizens. Soeharto will emphasize the gravity of these economic problems. Although he may not ask directly for U.S. economic development assistance, including PL 480, you may wish to assure him of continued U.S. support for these efforts, as well as U.S. support for World Bank programs in Indonesia. We are seeking ways to help develop Indonesia's private sector, to promote U.S. investment, to continue collaboration in the transfer of U.S. technology in rural development, agriculture, science and education, and to maintain positive trade relations. In return, we would like the Indonesians to reaffirm their interest in furthering U.S. investment and to reduce impediments such as countertrade and shipping regulations.

### 4. Common Defense and Security Interests

Indonesia has increased defense cooperation with the U.S. despite its historical non-aligned posture internationally and nationalistic sentiment at home. He will welcome reaffirmation of U.S. support for Indonesian military force modernization through providing FMS credits and training assistance, defense industrial cooperation, and by maintaining close contact on mutual regional security matters. If the issue is raised, Soeharto should be assured that there will be a continued bilateral dialogue on the sale of appropriate modern fighter aircraft (Indonesia wants the F-16/100 aircraft).

### 5. Law of the Sea

We expect Soeharto to raise Law of the Sea. He will be interested in our reasons for not accepting the Convention and you may wish to tell Soeharto that we are aware of the importance Indonesia attaches to the archipelagic concept. Soeharto should be told that we are prepared to move toward recognition of the Indonesian archipelago, provided that U.S. navigation and overflight rights are acknowledged by the Indonesians. This acknowledgment must be done in a manner which indicates that we derive those rights from existing international law rather than consensual bilateral arrangements. Discussions in this regard are now being conducted on the technical level. Soeharto may be assured that the U.S. will do nothing in the meantime to complicate achieving our mutual interests -- we hope Indonesia will do the same.

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STATE VISIT OF PRESIDENT SOEHARTO OF INDONESIA  
BRIEFING MEMO FOR THE PRESIDENT

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