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ISSUES AND OBJECTIVES FOR THE SOEHARTO VISIT

The Department recommends that the following issues be addressed during the President's October 12 meeting with Indonesian President Soeharto and his ministerial advisers. Proposed U.S. Objectives accompany each issue.

1. Issue: Shared interests and mutual confidence.

Objective: To emphasize the broad areas of common U.S.-Indonesian interests, while promoting recognition of the fact that the U.S. regards Indonesia as a front-rank power in Asia.

Indonesia's geostrategic importance is well known. Less appreciated is Indonesia's potential to achieve major power status in Asia by the end of this century. The visit itself is the symbol of U.S. recognition of Indonesia's importance and a strengthened bilateral relationship. The personal meeting between the two Presidents is clearly the centerpiece of the state visit and the event upon which Soeharto himself lays greatest importance.

2. Issue: ASEAN, Kampuchea and China

Objective: To reaffirm U.S. support for ASEAN, reiterate our support of ASEAN's Kampuchea strategy and to explain our position on Asian political issues, notably China.

Indonesia's prominent role in ASEAN requires continued U.S. attention, inasmuch as ASEAN offers the best hope for stability and the containment of communism in Southeast Asia. Soeharto will be looking for U.S. assurances of tangible support on economic and political issues of special interest to ASEAN, particularly commodity and trade matters and ASEAN's Kampuchean strategy. U.S. policy toward China and our views on Japan's regional defense role will also be of interest to Soeharto.

3. Issue: Other global strategic concerns.

Objectives: To give Soeharto a detailed appreciation of U.S. views on the strategic balance and on U.S. efforts for peace in the Middle East.

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As one of the world's longest serving chief executives, Soeharto sees himself as an elder statesman and will want our views on strategic relations with the Soviet Union. Also, because Indonesia is the world's largest Muslim country, Soeharto will want to discuss the Middle East situation, including Lebanon, the Arab-Israeli peace process and Palestine.

4. Issue: Indonesian economic growth and modernization.

Objective: To enhance prospects for continued Indonesian economic growth by reaffirming U.S. intention to be of assistance, including development of Indonesia's private sector and positive bilateral trade and investment relations.

Indonesia has made remarkable economic strides since the mid-1960's but serious problems remain, particularly decreased revenues because of the world energy glut and downturns in markets for its export commodities. Soeharto will look for indications of U.S. willingness to continue to assist Indonesian economic development, including PL-480. We want positive trade relations and to help develop Indonesia's private sector by promoting U.S. investment and participating in major projects. We also intend to follow through on scientific and technological collaboration. At the same time, we should make clear our position on restrictive Indonesian policies on countertrade and maritime regulation.

5. Issue: Common defense and security interests.

Objective: To reaffirm U.S. Government support for Indonesia's military force modernization and for the enlargement of U.S.-Indonesian defense cooperation.

Indonesia has pragmatically increased its defense cooperation with the U.S., despite its technical non-alignment and strong nationalistic sentiment at home. We should continue to support Indonesian military modernization, pursue defense industrial cooperation and our strategic dialogue actively, and continue to provide appropriate levels of FMS and other assistance. Soeharto should be assured that there will be a continued bilateral dialogue on the sale of appropriate versions of advanced fighter aircraft.

6. Issue: Law of the Sea.

Objective: To gain greater Indonesian understanding of our Law of the Sea position and acceptance of U.S. navigation rights in return for recognition of Indonesian archipelagic waters.

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Indonesia has a large stake in the Law of the Sea Convention, principally recognition of its archipelagic boundaries and specification of Straits transit and overflight rights. Soeharto and his advisers will raise the issue and should be given our views on the convention. To obtain GOI cooperation in assuring that our right as a non-signatory to enjoy the LOS navigation and overflight provisions is not challenged by a large number of signatories, we should inform Soeharto of our desire to discuss U.S. recognition of Indonesian archipelagic waters as defined in the LOS Convention. If necessary, we could offer to formalize this approach in a manner which did not constitute a bilateral LOS agreement or endorsement of the LOS Convention itself and related questions such as the navigation rights therein.

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