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Indonesia

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE
PRESIDENT OF INDONESIA, PRESIDENT SOEHARTO, AT 10 DOWNING STREET
ON WEDNESDAY 14 NOVEMBER AT 1120 HOURS

Present:

The Prime Minister
Mr. Michael Alexander

President Soeharto
Mr. Joop Ave

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Having welcomed the President, the Prime Minister said that, so far as she was aware, there were no bilateral problems between Britain and Indonesia. She was anxious that relations between the two countries should be as close as possible, both in order to develop trading links and also because in the world today, the problems of South East Asia concerned this country vitally. She asked President Soeharto for an account of the present situation within Indonesia.

President Soeharto said that it was only in the last 10 years that economic development in his country had really got under way. Indonesia still lacked technical skills and capital. His Government was just beginning its third 5-year plan. The first 5-year plan had been devoted to developing the raw material potential of the country and the second 5-year plan to moving into the production of semi-finished goods. He hoped that in the third 5-year plan Indonesia could begin to concentrate on fully-finished goods. In this context, his Government were interested in bilateral co-operation and capital investment. This would be of mutual benefit to both Indonesia and Britain. The role played by British investors in recent years had been much appreciated. They played a major part in trade in Indonesia but there was room for greater participation by Britain in export credits and capital investment. The Prime Minister asked whether the dominant role played by the Japanese in the region meant the terms they gave were better or that their goods were superior. President Soeharto said that the Japanese were very competitive. British credit terms were far more expensive.

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/ President Soeharto

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President Soeharto referred to the concept of "national resilience". This involved an attempt to increase Indonesia's economic, political, military and cultural strength. Of these various areas, the economic was the one which gave rise to most concern. It was imperative that this should be got right. The Prime Minister agreed and said that unless a nation was prosperous, it was impossible for it to defend itself.

The Prime Minister asked whether President Soeharto thought that the Vietnamese had deliberately created the refugee problem in order to destabilise the area. President Soeharto said that when Pham van Dong had toured the area he had said that the Vietnamese Government wished to establish healthy relations with its neighbours and intended to act on the basis of a policy of non-interference. The Vietnamese invasion of Kampuchea had therefore bewildered the people of South East Asia. It had led the Indonesian Government to wonder whether the purpose of the Vietnamese Government was not in fact to destabilise the area. The Prime Minister would be familiar with the Communist doctrine of trying to exploit existing or potential trouble spots in such a way that it looked as though the deterioration in the situation was inevitable. The expulsion of the Chinese and the consequent creation of the refugee problem had a dual purpose from the point of view of the Vietnamese Government. On the one hand the departure of the Chinese reduced the number of people who had to be fed in Vietnam and brought a good deal of money to the Government. On the other hand, the arrival of the Chinese in neighbouring countries tended to destabilise the region. The problem was particularly acute for Malaysia.

The country hardest hit by the crisis in Kampuchea was Thailand. The influx of refugees was putting a terrible strain on Thailand. It was still unclear what would happen in Kampuchea but the outcome would be determined by developments during the coming dry season. The Vietnamese army was being reinforced and hoped to crush Pol Pot. However, Pol Pot remained strong and intended to fight to the end. The Prime Minister said that the British Government found itself in a difficult position over the

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situation in Kampuchea. Pol Pot might be able to hold out but the Government were under constant pressure to withdraw recognition from him. Many of his actions in the past had been intolerable. Heng Samrin was a puppet of the Vietnamese and it would be impossible to recognise him. Because of the difficulties we wished to keep in close touch with our friends in ASEAN. President Soeharto said that his views and those of the Prime Minister were very close. ASEAN agreed that Heng Samrin could not be recognised. They also agreed that Pol Pot's actions could not be condoned. ASEAN's guiding principle was that foreign intervention could not be tolerated. Their longer term objective was to work for a situation where Kampuchea was given an opportunity for self-determination. This would of course be very difficult. The first requirement would be to find a leader strong enough to rally the Khmers. The alternatives so far suggested included Prince Sihanouk and Son Sann. However, it would only be possible to evaluate the position thoroughly once the dry season campaign was finished in 5 or 6 months' time. The Prime Minister and President Soeharto agreed that whatever the ultimate outcome, it was clear that a terrible time was in prospect for the people of Kampuchea.

The discussion ended at 1200 hours.

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14 November 1979

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