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DEPARTMENT OF STATE
Washington, D.C. 20520

MR. HUMMEL HAS SEEN

September 7, 1973

SECRET/EXDIS

TO: EA - Mr. Hummel ✓
THROUGH: EA - Mr. Sneider
EA - Mr. Barger
FROM: EA/IMS - Ted Heavner *TH*
SUBJECT: Suharto's Involvement in Timber Concessions

MR. BARGER HAS SEEN

Attached are some rough and rather complicated documents concerning a big timber concession in Kalimantan. The Embassy had word that there might be an opportunity there for an American firm, and they were active in interesting the International Paper Company (IPC). IPC went through complex negotiations, thought the deal was nearly wrapped up, and then reportedly learned that Suharto and his people were taking over the entire concession for their own profit.

Three dummy corporations, one headed by Suharto's half brother, one by his son, and one by the notorious Bob Hasan group, will reportedly exploit the concession. The memos further seem to show that Suharto and his colleagues in this enterprise are totally uninterested in proper timber management or development of a wood processing industry and are intending only to rape the concession for maximum short term profit.

All of this may or may not be accurate; however, in light of some other reports I fear it is probably pretty near the mark.

EA/IMS:TJCheavner:lrr

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