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S E C R E T SECTION 01 OF 04 JAKARTA 08201

E.O. 12356: DECL: OADR
TAGS: OVIP, ETRD, ID
SUBJECT: VICE PRESIDENT'S MEETING WITH PRESIDENT SOEHARTO

1. (S - ENTIRE TEXT)
2. US PARTICIPANTS: THE VICE PRESIDENT, AMBASSADOR
HOLDRIDGE, ADMIRAL MURPHY, DON GREGG.
3. GOI PARTICIPANTS: PRESIDENT SOEHARTO, THE ACTING
FOREIGN MINISTER (ALI SAID SH), MINISTER OF STATE/STATE
SECRETARY SUDHARMONO, INTERPRETER.
4. SUMMARY. PRESIDENT SOEHARTO ASKED FOR THE VICE
PRESIDENT'S ASSESSMENT OF CURRENT DEVELOPMENTS. THE VICE
PRESIDENT DESCRIBED CURRENT TENSIONS BETWEEN THE UNITED
STATES AND THE SOVIET UNION, STRESSING THE FACT THAT THE
US WILL CONTINUE TO TRY FOR IMPROVED RELATIONS. TURNING
TO CHINA, THE VICE PRESIDENT EMPHASIZED THAT IMPROVING
RELATIONS WITH BEIJING WOULD NOT IN ANY WAY JEOPARDIZE
OUR ASEAN FRIENDS. SOEHARTO EXPRESSED GREAT SENSITIVITY
ON THIS POINT, VOICING CONCERNS ABOUT CONTINUING SUPPORT
BY THE CHINESE TO INSURGENCIES THROUGHOUT ASEAN. IT WAS
CLEAR THAT SOEHARTO FEARED THAT IMPROVED US-PRC RELATIONS

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COULD IN SOME WAY JEOPARDIZE ASEAN'S HOPES FOR IMPROVED
ECONOMIC DEVELOPMENT AND STABILITY. THE VICE PRESIDENT
ASSURED SOEHARTO THAT WE WOULD BE SENSITIVE TO ASEAN
CONCERNS THAT OUR TIES WITH BEIJING WOULD NOT BE AT ANYONEUNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: CHARLES E LAHIGUERA
CLASSIFICATION: SECRET REASON: 25X6
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ELSE'S EXPENSE AND THAT IF WE SAW EVIDENCE OF CHINESE SUPPORT TO INSURGENCIES WITHIN ASEAN WE WOULD VOICE OUR OPPOSITION TO THE CHINESE IMMEDIATELY. SOEHARTO WAS GLAD TO RECEIVE THESE VIEWS AND SAID THAT HE WOULD PASS THEM ALONG TO OTHER ASEAN LEADERS. END SUMMARY.

5. PRESIDENT SOEHARTO OPENED THE MEETING BY SAYING THAT HE WELCOMED THE VICE PRESIDENT'S VISIT. HE REGRETTED ITS SHORT LENGTH BUT FELT THAT IT WOULD BE BENEFICIAL FOR FOSTERING MUTUAL UNDERSTANDING. HE ASKED THE VICE PRESIDENT TO GIVE HIS ASSESSMENT OF INTERNATIONAL DEVELOPMENTS FROM THE U.S. VIEW.

6. THE VICE PRESIDENT SAID THAT HIS RESPONSE WOULD FALL INTO TWO AREAS -- EAST-WEST RELATIONS AND THE PRESIDENT'S RECENT TRIP TO THE PRC.

7. THE VICE PRESIDENT SAID THAT THE U.S. HAD HOPED THAT CHERNENKO'S RISE TO POWER COULD BE A TURNING POINT THAT WOULD EASE TENSIONS BETWEEN THE U.S. AND THE SOVIET UNION. AT ANDROPOV'S FUNERAL, THE VICE PRESIDENT SAID THAT HE HAD CARRIED A MESSAGE FROM RONALD REAGAN SAYING THAT WE HOPED FOR PROGRESS ACROSS THE BOARD -- ON ARMS CONTROL AND ON BILATERAL RELATIONS. CHERNENKO HAD SEEMED SOMEWHAT "UPBEAT" ABOUT THAT POSSIBILITY AND THE U.S. HAD HOPED THAT THERE WOULD BE PROGRESS IN TERMS OF ARMS CONTROL OR CONFIDENCE-BUILDING MEASURES. NO SUCH PROGRESS HAS EVOLVED AND THE UNITED STATES IS DISAPPOINTED. THE VICE PRESIDENT STATED

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THAT THE U.S. HAS COOLED ITS RHETORIC IN AN EFFORT TO REACH OUT TO THE SOVIET UNION BUT THAT THERE HAS BEEN NO RECIPRO-CATION FROM THEIR SIDE. GROMYKO HAS BEEN PARTICULARLY HARSH. THE VICE PRESIDENT SAID THAT THE WORLD LONGS FOR SUCCESS IN ARMS CONTROL AND THAT WE WILL CONTINUE TO TRY HARD FOR PROGRESS. HE NOTED THAT HE HAD RECENTLY TABLED A

CW TREATY IN GENEVA BUT THAT THE SOVIETS HAD DENOUNCED THE TREATY BEFORE IT HAD EVEN BEEN FORMALLY PUT FORWARD. THE VICE PRESIDENT ADDED THAT THE SOVIET DECISION TO BOYCOTT THE OLYMPICS IS PART OF THIS PATTERN. HE STATED THAT THE UNITED STATES WOULD CONTINUE TO TRY FOR PROGRESS IN ALL OF THE ARMS CONTROL DISCUSSIONS BUT THAT HE CANNOT BE OPTIMISTIC. THE VICE PRESIDENT NOTED THAT IN THE

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POLITICAL CAMPAIGN NOW GOING ON IN THE UNITED STATES
POLITICAL RIVALS ARE CRITICIZING THE PRESIDENT FOR BEING
THE FIRST PRESIDENT IN A VERY LONG TIME NOT TO HAVE MET
WITH SOVIET LEADERS. THE PRESIDENT IS READY TO MEET AT
ANY TIME IF SOMETHING SUBSTANTIVE COULD COME FROM SUCH A
MEETING. THE VICE PRESIDENT NOTED THAT RONALD REAGAN HAD
NOT HAD A HEALTHY SOVIET LEADER TO DEAL WITH AND THAT
THERE WERE EVEN QUESTIONS ABOUT CHERNENKO'S HEALTH. HE
ADDED THAT THE SOVIETS APPARENTLY HAVE DECIDED NOT TO DO
ANYTHING WHICH MIGHT BE HELPFUL TO PRESIDENT REAGAN'S
REELECTION EFFORT. THE ELECTION WILL BE CLOSE, BUT IF IT
WERE TO BE HELD NOW, THE PRESIDENT WOULD WIN HANDSOMELY.
THE VICE PRESIDENT SAID THAT IF THE SOVIETS BECOME
CONVINCED THAT PRESIDENT
REAGAN WILL WIN THEY MAY COME FORWARD SOONER, BUT THAT THEY
WILL NOT TALK IF THEY THINK THAT SUCH DIALOGUE WOULD BE

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HELPFUL TO THE PRESIDENT. THE IRONY OF THIS IS THAT IF THE SOVIETS WERE TO TALK DIRECTLY TO THE PRESIDENT THEY WOULD FIND HIM TO BE VERY SENSITIVE TO THEIR CONCERNS -- FEAR OF ENCIRCLEMENT BY ENEMIES THAT IS HEIGHTENED BY MEMORIES OF THEIR TERRIBLE CASUALTIES IN WORLD WAR II.

8. TURNING TO CHINA, THE VICE PRESIDENT NOTED THAT BEFORE THE RECENT EXCHANGE OF VISITS MOST PRC LEADERS FELT THAT THE PRESIDENT WAS A VIOLENT ANTI-COMMUNIST WITH NO FLEXIBILITY. AS A RESULT OF THE RECENT VISITS, THE PRC LEADERSHIP SEES THAT WE RESPECT THEM AS AN ENTITY WITH ONE BILLION PEOPLE WITH WHOM WE WANT REASONABLY GOOD RELATIONS. THE CHINESE HAD ALSO LEARNED THAT PRESIDENT REAGAN WILL NOT TURN AWAY FROM OLD FRIENDS LIKE TAIWAN AND INDONESIA AND THE OTHER ASEAN COUNTRIES. THE PRC RESPECTS THIS. WHILE IN CHINA, PRESIDENT REAGAN MENTIONED THE THREAT POSED BY THE SOVIET POLAR BEAR AND CONCERNS THAT THE US AND CHINA HAVE ABOUT THE EXPANSIONISTIC SOVIET UNION. WHILE THE PRESS STRESSED A SUPPOSED "REBUFF" THAT THE CHINESE GAVE THE PRESIDENT ON THIS TOPIC, IN FACT IN PRIVATE CONVERSATIONS

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THE CHINESE AGREED WITH THE AMERICAN CONCERN.

9. THE VICE PRESIDENT SAID THAT WE WANT AN INWARD-LOOKING CHINA WITH IMPROVED TRADE AND ECONOMIC TIES; A CHINA DEVOTED TO RAISING ITS OWN ECONOMIC LEVELS BUT NOT ARMED SO AS TO THREATEN ITS NEIGHBORS. THE PRC DID NOT PRESS FOR SOPHISTICATED WEAPONS SYSTEMS. THE VICE PRESIDENT NOTED THAT THERE HAD BEEN SOME CONCERN ABOUT THE NUCLEAR AGREEMENT REACHED WITH THE CHINESE. HE ADDED THAT ALL OUR NUCLEAR AGREEMENTS ARE DIFFERENT, BUT THAT WE ARE SATISFIED THAT THE PRC AGREEMENT CONTAINS ADEQUATE SAFEGUARDS AND THAT NUCLEAR MATERIEL TRANSFER WILL BE USED FOR PEACEFUL PURPOSES ONLY. THE VICE PRESIDENT SAID THAT THE PRESIDENT'S CHINA VISIT REFLECTS A GROWING US INTEREST IN THE PACIFIC AREA AND NOTED THAT WE NOW HAVE MORE TRADE WITH THE PACIFIC THAN WITH EUROPE. HE CITED OUR STRONG RELATIONS WITH AUSTRALIA AND NEW ZEALAND.

10. TURNING TO ASEAN, HE SAID THAT OUR RELATIONS WITH

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INDONESIA WERE MOST SIGNIFICANT AND THAT WE DERIVED GREAT SATISFACTION FROM OUR RELATIONS WITH JAKARTA. NOTHING IN THE US TRIP TO THE PRC WILL UNDERCUT THESE TIES, THE VICE PRESIDENT SAID. TURNING TO KOREA, THE VICE PRESIDENT NOTED OUR GOOD RELATIONS WITH THE ROK BUT STATED THAT WE HAD NO CONFIDENCE IN NORTH KOREA AND SO WE BELIEVE THERE IS VERY LITTLE PROSPECT FOR REUNIFICATION. THE VICE PRESIDENT SAID THAT OUR RELATIONS WITH JAPAN WERE VERY GOOD BUT THAT OUR TRADE IMBALANCE CREATED SOME PROBLEMS. HE NOTED THAT IN HIS LUNCH WITH PRIME MINISTER NAKASONE, THE JAPANESE LEADER HAD ASKED THE VICE PRESIDENT SPECIFICALLY TO PASS ALONG GREETINGS TO PRESIDENT SOEHARTO. THE VICE PRESIDENT CLOSED BY SAYING THAT HE WOULD WELCOME PRESIDENT SOEHARTO'S CRITIQUE OF US-PRC TIES OR ANY OTHER AREA DEVELOPMENTS.

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11. PRESIDENT SOEHARTO THANKED THE VICE PRESIDENT FOR HIS PRESENTATION SAYING THAT IT WOULD BE VERY VALUABLE TO THE GOVERNMENT OF INDONESIA AND TO HIM PERSONALLY. HE ADDED THAT HE WOULD PASS ALONG THE VICE PRESIDENT'S INSIGHTS TO OTHER ASEAN LEADERS WHO WOULD BE EAGER TO HEAR THEM. SOEHARTO NOTED THAT THERE HAVE BEEN MEETINGS OF THE SIX ASEAN LEADERS IN JAKARTA VERY RECENTLY WHERE ECONOMIC AND POLITICAL MATTERS HAD BEEN DISCUSSED. THE ASEAN NATIONS DESIRE CLOSE COOPERATION AMONG THEMSELVES AND TO ACHIEVE THIS THEY MUST KEEP ALERT TO RELATIONS AMONG THE SUPER-POWERS. THUS, THEY HAD AGREED TO MEET POLITICALLY TO DO ALL THEY COULD TO MAKE SOUTHEAST ASIA AN AREA OF FREEDOM, PEACE AND NEUTRALITY. TO ACHIEVE THIS END, ECONOMIC, SOCIAL AND MILITARY DEVELOPMENTS WILL BE NECESSARY. BASIC TO ASEAN PHILOSOPHY ARE THE PRINCIPLES PUT FORTH IN THE BANDUNG CONFERENCE OF 1955. MUTUAL RESPECT, NON-INTERFERENCE, MUTUAL COOPERATION -- ALL OF THESE LEAD TO PEACEFUL CO-EXISTENCE. ASEAN IS CONCERNED, HOWEVER, THAT KAMPUCHEAN SOVEREIGNTY IS BEING VIOLATED BY VIETNAM. ASEAN HOPES FOR THE AREA ARE THREATENED BY SUCH DEVELOPMENTS. ASEAN HAS PROPOSED A SOLUTION FOR KAMPUCHEA INVOLVING RESPECT FOR KAMPUCHEAN SOVEREIGNTY AND WITHDRAWAL OF ALL FOREIGN TROOPS. HANOI HAS REJECTED THIS PLAN ALONG WITH SIMILAR UN RESOLUTIONS. SOEHARTO SAID THAT INDONESIA HAS BEEN LOOKING FOR WAYS TO FURTHER ASEAN HOPES FOR THE REGION AND HAS THUS APPROACHED VIETNAM TO SEE IF THERE MIGHT BE OTHER WAYS TO PROCEED. HE NOTED GENERAL MURDANI'S RECENT VISIT. INDONESIA IS HOPEFUL THAT A THIRD POWER OR GROUP OF

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TAGS: OVIP, ETRD, ID
SUBJECT: VICE PRESIDENT'S MEETING WITH PRESIDENT SOEHARTO

POWERS, WHICH COULD INCLUDE VIETNAM, MIGHT SUPERVISE A
SETTLEMENT OF KAMPUCHEA. VIETNAM HAS REJECTED SUCH IDEAS
CLAIMING THAT VIETNAMESE TROOPS ARE WANTED BY THE KAMPUCHEAN
PEOPLE. IN FACT, THE VIETNAMESE TROOPS ARE TRYING TO
LIQUIDATE THE KHMER ROUGE, WHO ARE SEEN AS THE STOOGES OF
THE PRC. VIETNAM IS INVITING OTHER NATIONS TO JOIN THEM
SAYING THAT THE REAL THREAT TO SOUTHEAST ASIA IS FROM THE
PRC. SOEHARTO ASSURED THE VICE PRESIDENT THAT THESE
APPROACHES BY INDONESIA TO HANOI DO NOT REPRESENT A RIFT IN
ASEAN. ASEAN APPROVES OF THESE MEASURES AS WAS CLARIFIED

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AT THE RECENT ASEAN MEETING IN JAKARTA. SOEHARTO SAID THAT INDONESIA HAS BEEN ENTRUSTED BY THE OTHER ASEAN NATIONS TO CONTINUE THESE EFFORTS.

12. THE VICE PRESIDENT ASKED FOR CLARIFICATION ON ONE POINT. HE WANTED TO MAKE CERTAIN THAT HE UNDERSTOOD SOEHARTO'S POINT THAT THE VIETNAMESE SAID THAT OTHERS SHOULD JOIN THEM IN OPPOSING A CHINESE THREAT TO SOUTHEAST ASIA. SOEHARTO SAID THAT THIS IS THE CASE; THAT THE VIETNAMESE HAD LONG FELT THE THREAT FROM THE PRC AND THAT

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THEY HAVE URGED THAT ASEAN JOINT A FEDERATION OF INDOCHINESE STATES TO FORM A UNITED FRONT AGAINST THE PRC. THE ASEAN PATTERN IS NOT TO GO INTO A PACT WITH ANYONE ELSE. NATIONAL RESILIENCE IS THE KEY, NOT PACTS WITH OTHERS.

13. TURNING TO THE PRC THREAT, SOEHARTO SAID THAT AT THE MOMENT THE THREAT WAS NOT MILITARY BUT THAT HE WAS CONCERNED THAT CONTINUING SUBVERSIVE EFFORTS BY THE COMMUNISTS TO STRENGTHEN LOCAL INSURGENCIES WOULD STRENGTHEN SUCH DISSIDENT ELEMENTS IN THE ASEAN COUNTRIES TO THE POINT WHERE AN ATTEMPT TO SEIZE POWER COULD BE CONTEMPLATED. THE PRESIDENT STATED THAT ALTHOUGH THE PRC GOVERNMENT GIVES ASSURANCES TO ASEAN NATIONS THAT THEY WANT GOOD RELATIONS STILL THE COMMUNIST PARTY OF CHINA WILL CONTINUE PARTY-TO-PARTY AID. SOEHARTO TURNED TO THE INDONESIAN EXPERIENCE WITH CHINA SAYING THAT THEY HAD ENJOYED EXCELLENT RELATIONS UP TO 1965. SINCE THAT TIME RELATIONS HAD BEEN ABORTED BECAUSE OF THE BITTER EXPERIENCE OF SEEING THE DIRECT INVOLVEMENT OF CHINESE COMMUNISTS IN INDONESIAN INTERNAL AFFAIRS. SOEHARTO NOTED THAT AFTER THE INDONESIAN COMMUNIST PARTY HAD BEEN DESTROYED IN THE WAKE OF THE '65 COUP, OTHER SOUTHEAST ASIAN NATIONS HAD ESTABLISHED DIPLOMATIC RELATIONS WITH THE PRC. THEY HAVE SUBSEQUENTLY HAD DIFFICULTIES WITH DEVELOPING COMMUNIST INSURGENCIES WITHIN THEIR BORDERS AND THE CHINESE COMMUNIST PARTY HAD SAID THAT ITS PARTY-TO-PARTY SUPPORT TO SUCH MOVEMENTS WOULD CONTINUE.

14. THE VICE PRESIDENT ASKED IF THIS SUPPORT IS PSYCHOLOGICAL OR WHETHER IT INVOLVES MORE CONCRETE FORMS SUCH AS ARMS. SOEHARTO RESPONDED SOMEWHAT ELLIPTICALLY THAT HE THOUGHT IT WAS NOT ONLY POLITICAL AND PSYCHOLOGICAL BUT ALSO INVOLVED EFFORTS TO STEP UP INSURGENT CAPABILITIES.

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HE SAID THAT IT IS NOW PROVEN TO THE ASEAN MEMBERS THAT THE COMMUNIST PARTY OF CHINA WOULD KEEP ON WITH PARTY-TO-PARTY SUPPORT AND THAT A SUBVERSIVE THREAT THUS EXISTED. SOEHARTO SAID THAT THESE ASSUMPTIONS CONCERN HIM AS HE SEES THE US SEEKING CLOSER TIES WITH THE PRC. HE WONDERS WHETHER THESE TIES WOULD HURT ASEAN. HE STATED THAT INDONESIA HAS NO DIPLOMATIC RELATIONS WITH THE PRC, THAT INDONESIA RESPECTS THE PRC AS AN ENTITY BUT THAT THE BITTER EXPERIENCE OF 1965 AND THE CONTINUING NEED TO STRENGTHEN INDONESIA'S INSTITUTIONS MEAN THAT POLITICAL TIES WILL BE DELAYED UNTIL CONCRETE ASSURANCE IS RECEIVED FROM THE PRC THAT IT WILL NOT INTERFERE IN INDONESIAN INTERNAL AFFAIRS. SOEHARTO SAID THAT THE MOST URGENT NEED FOR INDONESIA IS NATIONAL DEVELOPMENT WITH STABILITY AS A KEY. ANY FOREIGN INTERFERENCE DAMAGES THESE EFFORTS. INDONESIA, AND ALL OF ASEAN, WATCH DEVELOPMENTS WITHIN THE PRC AS A GREAT CONCERN ABOUT THAT COUNTRY'S INTENTIONS EXISTS THROUGHOUT THE REGION.

15. THE VICE PRESIDENT STATED THAT PRESIDENT REAGAN HAD MADE VERY CLEAR TO THE PRC LEADERS THAT THE U.S. WOULD NOT ACQUIESCE TO ANY FORM OF COMMUNIST EXPANSION. THE PRESIDENT'S STAND ON TAIWAN SHOWED THIS VERY CLEARLY. THE VICE PRESIDENT SAID THAT HE HOPED THAT IF THE US CONTINUED TO HAVE REASONABLE TIES TO THE PRC THAT WE MIGHT BE ABLE TO BE OF HELP TO INDONESIA. HE SAID THAT WE COULD SPEAK UP AGAINST ANY NOTED ATTEMPT BY THE CHINESE TO SUPPORT LOCAL INSURGENCIES AND THAT WE COULD TRY TO ACT AS A CATALYST BETWEEN THE PRC AND ASEAN. THE VICE PRESIDENT ASKED IF SOEHARTO CONSIDERED THIS HOPE TO BE NAIVE.

16. SOEHARTO SMILINGLY RESPONDED THAT THE FACTS APPEAR TO

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BE THAT CHINA CONTINUES TO CONDUCT STATE-TO-STATE AND PARTY-TO-PARTY RELATIONS. ANY EFFORTS TO STRENGTHEN THE PRC GOVERNMENT WILL, IN HIS OPINION, ENHANCE THE COMMUNIST PARTY OF CHINA'S ABILITY TO SUPPORT SUBVERSION. SOEHARTO SAID HE WISHED THAT THE CHINESE LEADERS COULD SEE THAT THEIR EFFORTS SHOULD BE DESIGNED TO HELP THEIR OWN PEOPLE WITHIN CHINA. THIS COULD THEN LEAD TO PEACEFUL CO-EXISTENCE. SOEHARTO SAID THAT THIS WOULD BE DIFFICULT FOR THE CHINESE TO DO, PARTICULARLY IN VIEW OF THEIR RIVALRY WITH THE SOVIETS.

17. THE VICE PRESIDENT SAID THAT THE PRC LEADERS ASSURED PRESIDENT REAGAN THAT THEY WERE NOT EXPANSIONISTIC. AT NO TIME DURING HIS VISIT WERE PARTY-TO-PARTY RELATIONS DISCUSSED. SOEHARTO RESPONDED THAT THE FACTS ARE CONTRARY TO THIS. THE THAI AND THE MALAYS ARE EXPERIENCING INSURGENCIES AND THAT EVEN THE PHILIPPINES ARE BEGINNING TO SUFFER. DESPITE PLEAS TO THE PRC NOT TO HELP SUCH INSURGENCIES, THE PRC CANNOT MAKE SUCH A COMMITMENT AND THIS IS SOUTHEAST ASIA'S GREATEST CONCERN. SOEHARTO SAID

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THAT ASEAN NATIONS ARE ALSO CONCERNED BY IMPROVED US-PRC RELATIONS SINCE MORE CLEAR ASSURANCES CANNOT COME FROM THE PRC. SOEHARTO SAID THAT IT IS IMPORTANT FOR THE US TO KEEP CLOSE TIES WITH THE ASEAN NATIONS AND TO KEEP THE ASEAN NATIONS INFORMED OF US DEVELOPMENTS IN CHINA. THE VICE PRESIDENT RESPONDED THAT ASEAN WOULD NOT IN ANY WAY BE JEOPARDIZED BY EVOLVING US-PRC TIES. HE REPEATED THAT IT WOULD BE OUR INTENTION TO EXPRESS STRONG DISAPPROVAL TO THE PRC IF THERE WAS EVIDENCE THAT THEY WERE INCREASING THEIR AID TO ASIAN COMMUNIST PARTIES.

18. ALTHOUGH THE MEETING HAD ALREADY RUN CONSIDERABLY BEYOND ITS PLANNED ONE HOUR, SOEHARTO SAID HE WOULD BE GLAD TO HEAR ONE OTHER POINT THAT THE VICE PRESIDENT WANTED TO COVER. THE VICE PRESIDENT THEN REPORTED CURRENT EVIDENCE OF THE PRC MOVING SHIPS NEAR THE SPRATLY ISLANDS NOW HELD BY VIETNAM. THE VICE PRESIDENT SAID THAT WE ARE NOT SURE OF THE MEANING OF THIS MOVE BUT THAT WE WANTED SOEHARTO TO KNOW.

19. SOEHARTO THANKED THE VICE PRESIDENT

[REDACTED]

HE WONDERED WHAT THE CHINESE MOTIVES WERE -- PERHAPS "TEACHING VIETNAM ANOTHER LESSON." SOEHARTO THEN TURNED TO US-INDONESIA RELATIONS AND ASKED WHAT THE VICE PRESIDENT FELT THAT IT WOULD MEAN IN THE FUTURE, REFERRING SPECIFICALLY TO TRADE. SOEHARTO NOTED THAT THE US HAD GRANTED THE PRC VERY LARGE TEXTILE QUOTAS (180 MILLION YARDS TO CHINA VERSUS 11 MILLION YARDS TO INDONESIA). HE ALSO MENTIONED LARGE QUOTAS FOR GLOVES TO CHINA AND FAR SMALLER ONES TO INDONESIA. SOEHARTO STATED THAT SUCH SMALL MATTERS CREATED QUESTIONS AND URGED THE VICE PRESIDENT TO STAY IN CLOSE

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TOUCH SO THAT DOUBTS ABOUT US-PRC TIES WOULD NOT ARISE IN ASEAN.

20. THE VICE PRESIDENT RESPONDED THAT HE WAS NOT FAMILIAR WITH THE SPECIFICS OF US-PRC TRADE. HE STATED THAT INCREASED TEXTILE QUOTAS GIVEN TO FOREIGN COUNTRIES HAD CREATED A POLITICAL PROBLEM FOR HIM AND PRESIDENT REAGAN AS THERE IS A GREAT OPPOSITION TO EXPANDED IMPORTS. THE VICE PRESIDENT THANKED PRESIDENT SOEHARTO FOR HIS FRANK VIEWS AND SAID THAT HE WOULD REPORT THEM FULLY TO

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PRESIDENT REAGAN. HE ADDED THAT THIS WOULD BE VERY USEFUL TO THE PRESIDENT.

21. SOEHARTO SAID THAT THE PROBLEM IS IMPROVING US-PRC TIES, WHICH ARE OF CONCERN TO ASEAN. INDONESIA DOES NOT WANT TO BE TREATED DIFFERENTLY AS A RESULT OF AMERICAN TIES WITH BEIJING. SOEHARTO SAID HE WAS VERY GLAD TO RECEIVE THE VICE PRESIDENT'S ASSURANCES THAT OUR INTENTION WAS NOT TO DAMAGE ASEAN IN ANY WAY AS A RESULT OF OUR APPROACH TO BEIJING. SOEHARTO THANKED THE VICE PRESIDENT FOR ALL HE HAD SAID AND ADDED THAT HE WOULD PASS ON THESE VIEWS IN DETAIL TO OTHER ASEAN MEMBERS. ALL THE MEMBERS HAD ASKED FOR THIS INFORMATION AND HAD INSTRUCTED SOEHARTO TO PASS THEIR CONCERNS ON TO THE VICE PRESIDENT ABOUT THE PRC. SOEHARTO ASKED THAT HIS GREETINGS BE PASSED TO PRESIDENT REAGAN AND SAID THAT HE HOPES FOR CONTINUING STRONG RELATIONS WITH THE UNITED STATES. HOLDRIDGE

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