

MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Original OA/ID Number: 1656				
Document ID: 9708024				
Row: 45	Section: 4	Shelf: 1	Position: 3	Stack: V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. memcon	Memorandum of Conversation re: Meeting with ASEAN Leaders (6 pages)	11/24/1997	P1/b(1) KBH 2/5/2020
001b. memcon	[Duplicate of 001a, incomplete copy] (2 pages)	11/24/1997	P1/b(1) KBH 2/5/2020
001c. memcon	[Duplicate of 001a, incomplete copy] (1 page)	11/24/1997	P1/b(1) KBH 2/5/2020
001d. memcon	[Duplicate of 001a, incomplete copy] (1 page)	11/24/1997	P1/b(1) KBH 2/5/2020

COLLECTION:

Clinton Presidential Records
 NSC Records Management
 ([Soeharto])
 OA/Box Number: 1656

FOLDER TITLE:

9708024

2011-0104-M
rs595

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

TO: BURNS, W

FROM: DAVIES

DOC DATE: 02 DEC 97
SOURCE REF:

KEYWORDS: INDONESIA
MEMCON

APEC

PERSONS: SOEHARTO

SUBJECT: MEMCON W/ SOEHARTO PRES OF INDONESIA 24 NOV 97

ACTION: DAVIES SGD MEMO

DUE DATE: 01 DEC 97 STATUS: C

STAFF OFFICER: KRISTOFF

LOGREF:

FILES: PA

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

DAVIES
EXECSEC
FICKLIN
KRISTOFF
NSC CHRON

COMMENTS: _____

DISPATCHED BY JP DATE 12/02 BY HAND W/ATTCH

OPENED BY: NSSWD CLOSED BY: NSGP DOC 2 OF 2

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 BERGER

Z 97112518 FOR DECISION

001

X 97120210 KERRICK APPROVED RECOM

002

X 97120210 DAVIES SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

002 971202 BURNS, W

National Security Council
The White House

PROOFED BY: _____ LOG # 8024
 URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT ARS
 BYPASSED WW DESK: _____ DOCLOG W A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>m 2</i> Cosgriff	_____	_____	_____
Rice	<u>1</u>	<u>RE 11/25</u>	<u>File done</u>
Davies	<u>3</u>	<u>G 12/1</u>	_____
Kerrick	<u>2</u>	<u>W 11/28</u>	_____
Steinberg	_____	<u>Cosgriff</u>	_____
Berger	_____	<u>copy</u>	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>4</u>	<u>W 12/2</u>	<u>D</u>
Records Mgt.	<u>5</u>	_____	<u>D+DISK</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:

87 NOV 25 PM 6:29

Exec Sec Office has diskette wp _____

National Security Council
The White House

PROOFED BY: _____

LOG # 8024

URGENT NOT PROOFED: _____

SYSTEM PRS NSC INT ARS

BYPASSED WW DESK: _____

DOCLOG W A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>mz</i> Cosgriff			
Rice	<u>1</u>	<u>W 11/25</u>	<u>edit done</u>
Davies	<u>3</u>	<u>G 12/1</u>	
Kerrick	<u>2</u>	<u>W 11/28</u>	
Steinberg		<u>copy</u>	
Berger		<u>copy</u>	
Situation Room			
West Wing Desk	<u>4</u>	<u>W 12/2</u>	<u>D</u>
Records Mgt.	<u>5</u>		<u>D+DISK</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:

'97 NOV 25 pm 6:29

Exec Sec Office has diskette lp

~~SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

8024

December 2, 1997

MEMORANDUM FOR MR. WILLIAM J. BURNS
Executive Secretary
Department of State

SUBJECT: Memorandum of Conversation with Soeharto,
President of Indonesia (U)

The attached Memorandum of Conversation between the President and Soeharto, President of Indonesia is provided for the information of the Secretary of State. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only.

~~(S)~~



Glyn T. Davies
Executive Secretary

Attachment
Tab A Memorandum of Conversation

~~SECRET~~

Classified by: Glyn T. Davies
Reason: 1.5 (b,d)
Declassify On: 11/25/07

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By: 143 NARA, Date 11/16/00
2011-0104-m

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0104-M(1.01)
KBH 9/9/2019

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with ASEAN Leaders (U)

PARTICIPANTS: United States
The President
Madeleine Albright, Secretary of State
Charlene Barshefsky, U.S. Trade Representative
Samuel R. Berger, Assistant to the President
for National Security Affairs
Sylvia Matthews, Assistant to the President
and Deputy Chief of Staff
Daniel Tarullo, Assistant to the President
for International Economic Affairs
Gene Sperling, Assistant to the President
for Economic Affairs
James Steinberg, Deputy Assistant to the
President for National Security Affairs
Larry Summers, Deputy Secretary of Treasury
Stanley Roth, Assistant Secretary of State for
East Asia and the Pacific
Stapleton Roy, U.S. Ambassador to Indonesia
James Gagnon, NSC Director for Asian Affairs
(Notetaker)

Indonesia
Soeharto, President
Hartarto Sastrosoenarto, Coordinating Minister
for Production and Distribution
Ali Alatas, Minister of Foreign Affairs
Moerdiono, Minister of State Secretary
Nana Suyresna, Ambassador-at-Large
Benjamin Parwoto, Indonesia Ambassador
to Canada
Bintoro Tjokroamidjojo, Ambassador
for APEC Affairs
Widjojo Nitisastro, Advisor to the President
for Economic Affairs
Dadang Sukandar, Head of State Protocol
Widod Sutyo, Assistant Minister for Foreign
Affairs, Minister of State/State Secretary
Nazaruddin Nasution, Director for American
Affairs, Department of Foreign Affairs

~~SECRET~~

DATE, TIME November 24, 1997, 9:40 - 10:40 a.m. PST
AND PLACE: Vancouver, Canada

The President: When did you arrive in Vancouver? (U)

President Soeharto: I arrived last night at 11:00 p.m. The flight from South Africa took almost twenty-two hours. There is progress in South Africa but it still needs assistance from other countries. (S)

Let me thank you for the great opportunity to meet with you here at APEC. On behalf of the people of Indonesia, I would like to thank you for the assistance with the fires. We are suffering from the fires and the unusually long dry season. One third of our forests are supposed to remain untouched; one third are industrial forests with selective cutting to ensure continuing development; and one third are being converted to palm oil rubber and being used for slash and burn agriculture. (S)

Most of the converted land has deep peat soil. So if we try to extinguish the fire it causes a great deal of smoke and smoldering. The effects of the smoke have been felt in Malaysia, Singapore and Brunei. We are expecting rain but there has been a delay. (S)

I want to thank the United States for the three Hercules aircraft. They have been very helpful in extinguishing the fires on the island of Java. Rains came two days ago so I hope the fires will be extinguished. (S)

I also want to thank you for helping Indonesia in the monetary crisis that has hit not only Southeast Asia but has spread to other parts of Asia such as Korea. (S)

If you look at the economic fundamentals, the Indonesian economy is relatively strong. But the effect of the speculators was too difficult to overcome. You will recall the financial crisis started in Thailand. In Indonesia, the situation worsened when loans came to maturity and had to be repaid. Government loans were under control but the private sector had to buy dollars to repay loans. While the private sector tried to buy dollars, the people also rushed to purchase dollars, weakening the rupiah. The Indonesian public has lost confidence in the rupiah and it has been difficult to restore confidence. In order to overcome this problem, we have tightened the monetary supply; rescheduled huge projects; and taken other measures to strengthen the

~~SECRET~~

~~SECRET~~

rupiah. Also included in our plan submitted to the IMF for evaluation was reforming the banking system. The IMF has approved a \$10 billion loan; the World Bank \$4.5 billion and the Asian Development Bank (ADB) \$3.5 billion for a total of \$18 billion. Other Asian countries also have demonstrated solidarity by providing contributions -- Singapore, Malaysia, Brunei and Japan. (S)

Of course, I understand you yourself played a personal role in making possible a positive evaluation by the IMF. The Indonesian economy will require consolidation; economic growth this year will decline to 6 percent. With IMF lending and standby loans we will be able to import materials that will enable us to experience relatively high economic growth. The question remains how to find ways to identify the causes of financial disruption to guarantee that it does not happen again. (S)

We need to think about an emergency fund that would overcome financial turmoil before IMF help comes forward. If we rely on the IMF alone, we prolong the suffering. The fund would serve as a complement to the IMF. I hope the fund will supply the capital needed to prevent layoffs or unemployment. In export industries, the fund would help maintain continued export earnings. There will be a process of consolidation, because the won crisis has caused the rupiah to weaken after it had strengthened. (S)

The government of Indonesia did intervene some to defend the rupiah, but unlike Thailand we did not exhaust our reserves. We instead allowed the rupiah to float. (S)

Coming back to natural disasters, we can't totally prevent El Nino, but we need to focus on how to overcome it and to better identify this phenomenon. Indonesia is an ideal place to monitor climatic changes like El Nino but we don't have the resources or technology to do it. If chosen as a site for this research, Indonesia would cooperate in enhancing monitoring. (S)

I am reminded that you not only played a role with the IMF but provided assistance that helped Indonesia face its financial crisis as well. (S)

The President: I believe I have a strong bilateral and personal relationship with you. We were pleased to help with the financial crisis and the fires. We also have a deep strategic

role and interest in Indonesia and the whole region. I agree the underlying fundamentals of Indonesia are impressive. We need to build on them through the trade opening APEC provides.

(S)

Your leadership in Bogor led to the International Telecommunications Agreement (ITA). This year we will be opening nine different sectors which will give a lot of growth to the region. (S)

As to the financial crisis, the Manila framework established a three step strategy -- each country is to implement responsible macroeconomic policies; the IMF is to be supportive, recognizing the nature of the economies may not require the same measures as twenty years ago; and back-up support by the United States and other countries. I have a slightly different view on what we need to do next. I think we should wait until Finance Ministers meet before deciding. I understand meetings are planned in Kuala Lumpur and Japan. However, I think the solution agreed to in Manila will work. (S)

With regard to the fires, I took great personal interest in the hurt and suffering experienced by the Indonesian people. I am pleased that you are interested in joint planning for natural disasters. If the scientists are right, there will be more natural disasters, because there is more global warming occurring now than in the last 1,000 years. In the United States, severe weather events have increased significantly. It seems a lot of this is due to climate change. This makes the climate change conference in Kyoto important. The United States is the largest cause of global warming because with Europe and Japan we produce the most greenhouse gases. For this reason, we have committed to accept specific targets for reducing emissions to 1990 levels by 2010. (S)

Big questions remain on whether there should be participation by developing economies. Those against developing country participation claim implementation would hurt economic growth and opportunities. Those in favor point out that if developing countries do not participate, emission savings by developed countries will be offset by increased emissions by developing countries in thirty years. The increase in greenhouse gases has been dramatic. Therefore, we have sought to involve developing countries in a way that doesn't require them to sacrifice growth. We know a lot more about energy than we did twenty years ago and can be more efficient now than the United States

~~SECRET~~

has been in the last fifty years. It is far cheaper for a country to build energy efficient plants in the first place than to convert inefficient ones. We have developed a partial credit plan that gives developing countries access to technology and companies. Many people in Latin America are working with us on this, but in Asia not many are interested because of concerns about the effect on growth. We have sought to redesign the program so that it doesn't affect growth. I would ask you to reconsider and support this program. (S)

We very much value the security arrangement with Indonesia and want to support you with military equipment and training, with the understanding that it will not be used to put down unrest or destabilize the region. I think we have had that understanding. (S)

We have some differences on human rights, East Timor and Mr. Pakpahan. I understand from a discussion between our respective foreign ministers that you are going to permit foreign doctors to visit the imprisoned labor leader Pakpahan. (S)

I would like to take a moment to discuss this cluster of issues. For thirty years you have overseen development in Indonesia and have guided your country as it has made astonishing gains. The size and diversity of Indonesia and its accomplishments will make it one of the world's most important countries in the next century. (S)

But I also believe that the nature of a modern society requires accommodations for order and stability versus individual liberty and national versus individual identity. Failure to have the right balance can lead to tensions within a country's society and problems with its neighbors. Most disruptions stemming from expressions of free speech are only minor matters with which we have to deal. I say not only as the President of the United States but as a friend that I think you will have an incredible legacy when you complete your work. But in this world of universal literacy, provision for local concerns as opposed to national concerns is important and the political and economic costs significantly less than those incurred in maintaining rigid controls. For example, there has been an enormous positive response when you said you intended to investigate the shooting of the university students in East Timor. (S)

~~SECRET~~

~~SECRET~~

~~SECRET~~
6

~~SECRET~~

President Soeharto: In 1945, a conference adopted the Indonesian constitution that stipulates how Indonesia behaves with other countries in the world in order to have peace with social justice. Of course, not all citizens in Indonesia favor the government. Those who commit offenses or defy the people entrusted to uphold the constitution and those who violate the constitution will be brought to court to face the rule of law. This is what Indonesia has been doing for years and outsiders do not understand. Thank you. (S)

--End of Conversation--

~~SECRET~~

~~SECRET~~

November 25, 1997

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

⑩
P
TER

FROM: SANDRA J. KRISTOFF

SUBJECT: Memorandum of Conversation with Soeharto,
President of Indonesia on November 24, 1997 in
Vancouver, Canada

Attached at Tab A is the Memorandum of Conversation between the
President and Soeharto, President of Indonesia on November 24,
1997 in Vancouver, Canada.

RECOMMENDATION

That you authorize Glyn T. Davies to transmit the Memorandum of
Conversation to the Secretary of State.

Approve Disapprove

That the attached Memorandum of Conversation be filed for the
record.

Approve Disapprove

Attachments

Tab I Memorandum to State

Tab A Memorandum of Conversation

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0107-M (1.02)
KBH 9/9/2019

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with ASEAN Leaders (U)

PARTICIPANTS:

United States

The President

Madeleine Albright, Secretary of State

Charlene Barshefsky, U.S. Trade Representative

Samuel R. Berger, Assistant to the President
for National Security Affairs

Sylvia Matthews, Assistant to the President
and Deputy Chief of Staff

Daniel Tarullo, Assistant to the President
for International Economic Affairs

Gene Sperling, Assistant to the President
for Economic Affairs

James Steinberg, Deputy Assistant to the
President for National Security Affairs

Larry Summers, Deputy Secretary of Treasury

Stanley Roth, Assistant Secretary of State for
East Asia and the Pacific

Stapleton Roy, U.S. Ambassador to Indonesia

James Gagnon, NSC (Notetaker)

*NSC
Director for Asian Affairs*

Indonesia

Soeharto, President

Hartanto Sastrosoenarto, Coordinating Minister
for Production and Distribution

Ali Alatas, Minister of Foreign Affairs

Moerdiono, Minister of State Secretary

Nana Suryesna, Ambassador-at-Large

Benjamin Parwoto, Indonesia Ambassador
to Canada

Bintoro Tjokroamidjojo, Ambassador
for APEC Affairs

Widjojo Nitisastro, Advisor to the President
for Economic Affairs

Dadang Sukandar, Head of State Protocol

Widod Sutyo, Assistant Minister for Foreign
Affairs, Minister of State/State Secretary

Nazaruddin Nasution, Director for American
Affairs, Department of Foreign Affairs

~~SECRET~~

~~huge projects, and taken other measures to strengthen the rupiah. Also included in our plan submitted to the IMF for evaluation was reforming the banking system. The IMF has approved a \$10 billion loan; the World Bank \$4.5 billion and the Asian Development Bank (ADB) \$3.5 billion for a total of \$18 billion. Other Asian countries also have demonstrated solidarity by providing contributions -- Singapore, Malaysia, Brunei and Japan. (S)~~

~~Of course, I understand you yourself played a personal role in making possible a positive evaluation by the IMF. The Indonesian economy will require consolidation; economic growth this year will decline to 6 percent. With IMF lending and standby loans we will be able to import materials that will enable us to experience relatively high economic growth. The question remains how to find ways to identify the causes of financial disruption to guarantee that it does not happen again. (S)~~

~~We need to think about an emergency fund that would overcome financial turmoil before IMF help comes forward. If we rely on the IMF alone, we prolong the suffering. The fund would serve as a complement to the IMF. I hope the fund will supply the capital needed to prevent layoffs or unemployment. In export industries, the fund would help maintain continued export earnings. There will be a process of consolidation, because the won crisis has caused the rupiah to weaken after it had strengthened. (S)~~

~~The government of Indonesia did intervene some to defend the rupiah, but unlike Thailand we did not exhaust our reserves. We instead allowed the rupiah to float. (S)~~

~~Coming back to natural disasters, we can't totally prevent El Nino, but we need to focus on how to overcome it and to better identify this phenomenon. Indonesia is an ideal place to monitor climatic changes like El Nino but we don't have the resources or technology to do it. If chosen as a site for this research, Indonesia would cooperate in enhancing monitoring. (S)~~

~~I am reminded that you not only played a role with the IMF but provided assistance that helped Indonesia face its financial crisis as well. (S)~~

~~The President: I believe I have a strong bilateral and personal relationship with you. We were pleased to help with the~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

8024

~~SECRET~~

November 25, 1997

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

FROM: SANDRA J. KRISTOFF *S*

SUBJECT: Memorandum of Conversation with Soeharto,
President of Indonesia on November 24, 1997 in
Vancouver, Canada

Attached at Tab A is the Memorandum of Conversation between the
President and Soeharto, President of Indonesia on November 24,
1997 in Vancouver, Canada.

RECOMMENDATION

That you authorize Glyn T. Davies to transmit "~~Eyes Only~~" the
Memorandum of Conversation to the Secretary of State.

Approve _____ Disapprove _____

That the attached Memorandum of Conversation be filed for the
record.

Approve _____ Disapprove _____

Attachments

Tab I Memorandum to State

Tab A Memorandum of Conversation

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By *225* NARA, Date *11/14/00*

2011-0104-r

~~SECRET~~

Reason: 1.5 (b,d)
Declassify On: 11/25/07

~~SECRET~~

~~SECRET~~

~~SECRET~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

8024

MEMORANDUM FOR MR. WILLIAM J. BURNS
Executive Secretary
Department of State

SUBJECT: Memorandum of Conversation with Soeharto,
President of Indonesia (U)

The attached Memorandum of Conversation between the President and Soeharto, President of Indonesia is provided for the information "eyes only" of the Secretary of State.

Glyn T. Davies
Executive Secretary

Attachment
Tab A Memorandum of Conversation

~~SECRET~~

Classified by: Glyn T. Davies
Reason: 1.5 (b,d)
Declassify On: 11/25/07

~~SECRET~~

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By *ms* NARA, Date *11/10/10*

2010-0104-m

~~SECRET~~

~~SECRET~~

President Soeharto: In 1945, a conference adopted the Indonesian constitution that stipulates how Indonesia behaves with other countries in the world in order peace and with social justice. Of course, not all citizens in Indonesia favor the government. Those who commit offenses or defy the people entrusted to uphold the constitution and those who violate the constitution will be brought to court to face the rule of law. This is what Indonesia has been doing for years and outsiders do not understand. Thank you. (8)

||?

--End of Conversation--

*Recall
what this
means.*

**DECLASSIFIED
PER E.O. 13526**

2011-0104-M (1.03)
KBM 9/9/2019

~~SECRET~~

~~SECRET~~

~~SECRET~~

~~SECRET~~

President Soeharto: In 1945, a conference adopted the Indonesian constitution that stipulates how Indonesia behaves with other countries in the world in order ^{to have} peace ~~to have~~ with social justice. Of course, not all citizens in Indonesia favor the government. Those who commit offenses or defy the people entrusted to uphold the constitution and those who violate the constitution will be brought to court to face the rule of law. This is what Indonesia has been doing for years and outsiders do not understand. Thank you. (S)

--End of Conversation--

Still
not
clear

DECLASSIFIED
PER E.O. 13526

2011-0104-M(1.04)
KBM 9/9/2019

~~SECRET~~

~~SECRET~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9708024
DATE 02 DEC 97

SUBJECT: MEMCON W/ SOEHARTO PRES OF INDONESIA
DOCUMENT CLASSIFICATION: ~~SECRET~~

EXTERNAL DISTRIBUTION:

DATE

TIME

SIGNATURE

MR. WILLIAM J. BURNS
ROOM 7224, MAIN STATE
2201 C STREET, N.W.
WASHINGTON, D.C. 20520
DEPARTMENT OF STATE

PRINT LAST NAME: _____

COPY: ORIGINAL + DISK

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC RECORDS MGNT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: Pres Date: 11/18/02

2014-0104-12

Case Number: 2011-0104-M

MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Original OA/ID Number: 2009				
Document ID: 9800202				
Row: 45	Section: 4	Shelf: 4	Position: 1	Stack: V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. telcon	Memorandum of Telephone Conversations with Soeharto, President of the Republic of Indonesia (5 pages)	01/08/1998	P1/b(1) KBH 2/5/2020
001b. telcon	[Duplicate of 001a, incomplete copy] (4 pages)	01/08/1998	P1/b(1) KBH 2/5/2020

COLLECTION:

Clinton Presidential Records
 NSC Records Management
 ([Soeharto])
 OA/Box Number: 2009

FOLDER TITLE:

9800202

2011-0104-M

rs596

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9800202
RECEIVED: 12 JAN 98 13

TO: BURNS, W
COMSTOCK, N

FROM: DAVIES

DOC DATE: 14 JAN 98
SOURCE REF:

KEYWORDS: INDONESIA

PERSONS:

SUBJECT: MEMCON W/ PRES SOEHARTO OF INDONESIA ON 8 JAN

ACTION: DAVIES SGD MEMO

DUE DATE: 17 JAN 98 STATUS: C

STAFF OFFICER: GAGNON

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

EXECSEC
FICKLIN
GAGNON
KRISTOFF
NSC CHRON

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSTSM

CLOSED BY: NSSWD

DOC 2 OF 2

~~CONFIDENTIAL~~

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: ms Date: 11/18/00

2011-0104-02

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 BERGER
001
002

Z 98011217 FOR DECISION
Z 98011415 KERRICK APPROVED RECOMS
X 98011415 DAVIES SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

002 980114 BURNS, W
002 980114 COMSTOCK, N

1/12/98

National Security Council
The White House

PROOFED BY: _____ LOG # 0202

URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT ARS

BYPASSED WW DESK: _____ DOCLOG SMD A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
15 Cosgriff	1	KFC/12	<u>Done</u>
Rice			
Davies	3	G/1/14	
Kerrick	2	<u>1/13</u>	A
Steinberg	2	copy	
Berger	3	copy	
Situation Room			
West Wing Desk	4	<u>1/13</u>	<u>D</u>
Records Mgt.	5		<u>D+DISC</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:
98 JAN 12 AM 5:27

Exec Sec Office has diskette yes

SO —

you need i m
do call...
Is this about
right?

(K)

TO: SVECSFC —

Send there to me.
I will personally
sign all out.

(D)

1/13

Glyn —
can execs
sign out since
neither Jim nor
SEB were on call?
— DIANA

DLC —

Looks accurate to
me.

Thx —

(B)

20

1/12/98

you need i m
do call...
Is this about
right?
(10)

y Council
house

0202

STEM (FRS) NSC INT ARS

GLOG SWD A/O

INITIAL/DATE DISPOSITION

4/12/12 (FRS)

Davies			
Kerrick	2	1/13	A
Steinberg	2	copy	
Berger	3	copy	
Situation Room			
West Wing Desk	4	1/13	D
Records Mgt.	5		D+DSC

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:
98 JAN 12 04 5:27

Glyn -
can exec sec
sign out since
neither Jim nor
SERB were on call?
-Diana

Exec Sec Office has diskette up

(R)

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

0202

January 14, 1998

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia is provided for the information of the Secretary of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. (C)



Glyn T. Davies
Executive Secretary

Attachment
Tab A

Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b,d)
Declassify On: 01/12/08

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By 103 NARA, Date 4/10/10
2011-0104-m

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

0202

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0104-M (1.05)
KBH 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Soeharto,
President of the Republic of Indonesia

PARTICIPANTS: Soeharto, President of the Republic of
Indonesia

Interpreter: Larry Fisher
Notetakers: Sean Rice, Larry Wright,
Jim Smith, Joel Schrader and Cindy Lawrence

DATE, TIME AND PLACE: January 8, 1998, 9:42 - 10:08 p.m. EST
Air Force One, JFK International Airport,
New York

The President: Hello? (U)

President Soeharto: Hello. (U)

The President: Mr. President, thank you for taking my call at
such an early hour. (S)

President Soeharto: Thank you, Mr. President, for your kind
attention to the monetary turmoil not only in Indonesia but also
in other South East Asian countries, as well. (S)

The President: I have long valued our friendship, and I just
wanted to talk to you personally. (S)

President Soeharto: Well indeed, your Excellency. (U)

The President: I have been following closely the financial
situation in Indonesia. I know how painful the current problems
must be for you and all Indonesians. America values the
critical and constructive role Indonesia plays in the region.
It is because we appreciate Indonesia's importance that the
United States has been supportive of your reform program with
the IMF. Initially there was a positive reaction by markets to
your commitment to reform, but not anymore because of a

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b,d)
Declassify On: 01/12/08

~~CONFIDENTIAL~~

perception these commitments are not going to be implemented. You have always shown great courage and leadership. I think it is vital now that you use those powers to provide this support for economic reform. I believe this is the best way to preserve your impressive economic legacy in Indonesia and to get out of this difficult situation. (C)

I know it is difficult to do, but among other things, interest rates should be kept high until the rupiah stabilizes. The situation is, I think, very similar to the situation faced by Korea and President Kim before the presidential election there. I understand IMF Managing Director Camdessus will be in Jakarta shortly, and I urge you and your economic team to work closely with him. We are in close contact with your team. I know you have very capable advisors, and we want to be in touch with them. I would like to send Deputy Secretary of the Treasury Larry Summers to consult with your economic team. He has worked closely with me on the Korean and Mexican situations. He is prepared to travel to the region immediately, and I would like you to spend some time with him to discuss the current economic situation. He will be able to tell you first hand how I view it. (C)

I also intend to release a statement in the next few minutes reiterating the importance of the relationship between our countries and to make it absolutely clear that we support you and that we will stand with you throughout these difficult times. (C)

President Soeharto: Thank you very much for your views. These are very important not only to me, but to the Indonesian people. Indeed in a short time, January 15th, the managing director of the IMF is going to meet with me, Mr. President. I would also like to express my appreciation for sending your mission and your efforts for resolving the present economic crisis and your support of the Indonesian economy in general. (C)

With regard to the IMF program, only a few days ago I presented to the Indonesian government and people the budget for dealing with the turmoil. As far as Indonesia is concerned, we believe it is not possible to carry out the full program without the full participation of the people. It is therefore necessary not to take any measures detrimental to the people's living standard. In general, with regard to the measures taken by Indonesia that are viewed by outsiders as not firm enough, we believe they are firm. But I would like to assure your Excellency that the domestic situation in Indonesia is most

important. It is Indonesia itself that understands the situation best and the steps that must be taken. Especially with regard to the subsidies, the government has been providing them for fuel oil. The people must understand the measures taken by the government, and if we take away the subsidies worth \$10 trillion rupiahs, the people must understand what is being done. With regard to the programs suggested by the IMF, we don't have a problem with that and they have been carried out.

(C)

With regard to the present monetary crisis, there are two important points. First, it is the result of speculators, and second, it is the result of debts of the private sector. The government has honored its obligations and will continue to do so. Coming back to private loans, the government has instructed its officials to discuss postponing repayment. More important is restoring confidence. With regard to the decline of the rupiah, your Excellency, this has been the result of speculators actively involved in currency trading, especially foreign banks in South East Asia and Asia who are trading currency. For example, your Excellency, a foreign bank operating in Hong Kong has offered \$1 million in credit to speculators. With that amount, it will require \$10 million to buy the rupiahs back. With the possibility of the decline in value of the rupiah, these speculators can make money in rumors that the President is ill, that he is incapacitated or even that he has passed away. Certainly, we shouldn't deal in or respond to these kinds of rumors, or else foreign exchange reserves will be exhausted. We should warn foreign banks operating in South East Asia, because in the end they will only destroy the economies of South East Asia: This is the result of manipulations carried out by foreign speculators, not only for the rupiah but other currencies as well. This monetary crisis is compounded by the number of private companies having their loans come to maturity. Therefore, there is a rush to buy dollars in order to repay their debts and honor their obligations. (C)

The situation faced by Indonesia is difficult to overcome here, as well as in other countries of South East Asia. As far as implementation of the program is concerned, I can assure you there is no problem, as the Indonesian people are willing to sacrifice to ensure a beneficial result. Thank you very much Mr. President for allowing me to make these points. (C)

The President: Thank you, Mr. President. If I could say one or two words in response to the very helpful summary you've given me. First, I know how much an impact currency speculation can

have; we saw this in Great Britain a couple of years ago. Once they get started in one direction, it's hard to stop it. But I think the whole question is one of changing the psychology of the situation to restore confidence in the currency. It's obvious that the people of Indonesia have an enormous productive capacity; one has only to look at the progress of the last few years to see that. (C)

So in response to your briefing, I have only two observations. First, I think what you are trying to do with private loans; to get as many as possible rolled over is a good thing. I've been talking to experts here, and they have told me several things. When the companies negotiate loans, they must make sure the records of the loans are accurate so the banks can get a true picture of the status of the company. I hope that when Mr. Camdessus and Mr. Summers come they can advise you on this. It is very important. The only other observation I have is that sometimes small things can make a big difference. For instance, when several banks were closed it made a big difference for the investors, but when some were reopened under new names it had a huge influence on the psychology of investors here. I think anyone can sympathize with not wanting to end subsidies for fuel oil that would hurt the people of Indonesia, but you need to see if there are some small steps that could help psychologically to deal with the situation and to restore confidence in the reform plan for the economy of Indonesia. Meanwhile, I will issue my statement and send Mr. Summers and we will work for the best and hope for the best. (C)

President Soeharto: Thank you very much Your Excellency for your interest. Your demarche will be very valuable. Regarding the economic crisis, this is caused by a crisis of confidence, and it is extremely important to restore the confidence in the rupiah and our economy. Well, Your Excellency, with regard to the banks that have been closed, practically all of them have been closed by the revocation of their licenses. However, one brought a lawsuit to the court and it was reopened based on a decision by the court. The government would like to respect the opinion of the court and we will not appeal. Because the reformation of the banking system is the first priority of the government, we decided to merge four major state-owned banks. We hope this will be an example to other banks to merge. Now we are encouraging other banks to contribute to making the economy of Indonesia strong and healthy. But, I must admit we have a great shortage of human resources in this sector. I would like to express my appreciation and thanks for your statement and your attention to this matter. I believe your statement will

~~CONFIDENTIAL~~

5

help in letting the international community know that Indonesia is not hesitant to put its house in order. ~~(S)~~

The President: Thank you very much, Mr. President. Goodbye.
(U)

President Soeharto: Goodbye. (U)

-- End of Conversation --

~~CONFIDENTIAL~~

January 12, 1998

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

DF

THROUGH: SANDRA J. KRISTOFF

FROM: JAMES M. GAGNON

SUBJECT: Telecon with Soeharto, President of Indonesia on
January 8, 1998

Attached at Tab A is the Memorandum of Telephone Conversation between the President and Soeharto, President of the Republic of Indonesia on January 8, 1998.

RECOMMENDATION

That you authorize Glyn T. Davies to transmit the Memorandum of Telephone Conversation at Tab A to State and Treasury.

Approve Disapprove

That the attached Memorandum of Telephone Conversation be filed for the record.

Approve Disapprove

Attachments

- Tab I Memorandum to State and Treasury
- Tab A Memorandum of Telephone Conversation

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By DM NARA, Date 11/10/10
2011-0124-m

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

0202

DECLASSIFIED
PER E.O. 13526

2011-0104-M (1.06)

KBH 7/9/2019

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Soeharto,
President of the Republic of Indonesia

PARTICIPANTS: Soeharto, President of the Republic of
Indonesia

Interpreter: ~~W~~ Larry Fisher
Notetakers: Sean Rice, Larry Wright,
Jim Smith, Joel Schrader, and Cindy Lawrence

DATE, TIME: January 8, 1998, 9:42 - 10:08 p.m. EST
AND PLACE: Air Force One, JFK International Airport,
New York

The President: Hello? (U)

President Soeharto: Hello. (U)

The President: Mr. President, thank you for taking my call at
such an early hour. (C)

President Soeharto: Thank you, Mr. President, for your kind
attention to the monetary turmoil not only in Indonesia but also
in other South East Asian countries, as well. (C)

The President: I have long valued our friendship, and I just
wanted to talk to you personally. (C)

President Soeharto: Well indeed, your Excellency. (U)

The President: I have been following closely the financial
situation in Indonesia. I know how painful the current problems
must be for you and all Indonesians. America values the
critical and constructive role Indonesia plays in the region.
It is because we appreciate Indonesia's importance that the
United States has been supportive of your reform program with
the IMF. Initially there was a positive reaction by markets to
your commitment to reform, but not anymore because of a

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies

Reason: 1.5 (b,d)

Declassify On: 01/12/08

~~CONFIDENTIAL~~

perception these commitments are not going to be implemented. You have always shown great courage and leadership. I think it is vital now that you use those powers to provide this support for economic reform. I believe this is the best way to preserve your impressive economic legacy in Indonesia and to get out of this difficult situation. (C)

I know it is difficult to do, but among other things, interest rates should be kept high until the rupiah stabilizes. The situation is, I think, very similar to the situation faced by Korea and President Kim before the presidential election there. I understand IMF Managing Director Camdessus will be in Jakarta shortly and I urge you and your economic team to work closely with him. We are in close contact with your team. I know you have very capable advisors and we want to be in touch with them. I would like to send Deputy Secretary of the Treasury Larry Summers to consult with your economic team. He has worked closely with me on the Korean and Mexican situations. He is prepared to travel to the region immediately, and I would like you to spend some time with him to discuss the current economic situation. He will be able to tell you first hand how I view it. (C)

I also intend to release a statement in the next few minutes reiterating the importance of the relationship between our countries and to make it absolutely clear that we support you and that we will stand with you throughout these difficult times. (C)

President Soeharto: Thank you very much for your views. These are very important not only to me, but to the Indonesian people. Indeed in a short time, January 15th, the managing director of the IMF is going to meet with me, Mr. President. I would also like to express my appreciation for sending your mission and your efforts for resolving the present economic crisis and your support of the Indonesian economy in general. (C)

With regard to the IMF program, only a few days ago I presented to the Indonesian government and people the budget for dealing with the turmoil. As far as Indonesia is concerned, we believe it is not possible to carry out the full program without the full participation of the people. It is therefore necessary not to take any measures detrimental to the people's living standard. In general, with regard to the measures taken by Indonesia that are viewed by outsiders as not firm enough, we believe they are firm. But I would like to assure your Excellency that the domestic situation in Indonesia is most

CONFIDENTIAL

~~CONFIDENTIAL~~

important. It is Indonesia itself that understands the situation best and the steps that must be taken. Especially with regard to the subsidies, the government has been providing them for fuel oil. The people must understand the measures taken by the government, and if we take away the subsidies worth \$10 trillion rupiahs, the people must understand what is being done. With regard to the programs suggested by the IMF, we don't have a problem with that and they have been carried out.

(C)

With regard to the present monetary crisis, there are two important points. First, it is the result of speculators, and second, it is the result of debts of the private sector. The government has honored its obligations and will continue to do so. Coming back to private loans, the government has instructed its officials to discuss postponing repayment. More important is restoring confidence. With regard to the decline of the rupiah, your Excellency, this has been the result of speculators actively involved in currency trading, especially foreign banks in South East Asia and Asia who are trading currency. For example, your Excellency, a foreign bank operating in Hong Kong has offered \$1 million in credit to speculators. With that amount, it will require \$10 million to buy the rupiahs back. With the possibility of the decline in value of the rupiah, these speculators can make money in rumors that the President is ill, that he is incapacitated, or even that he has passed away. Certainly, we shouldn't deal in or respond to these kinds of rumors, or else foreign exchange reserves will be exhausted. We should warn foreign banks operating in South East Asia, because in the end they will only destroy the economies of South East Asia. This is the result of manipulations carried out by foreign speculators, not only for the rupiah but other currencies as well. This monetary crisis is compounded by the number of private companies having their loans come to maturity. Therefore, there is a rush to buy dollars in order to repay their debts and honor their obligations. (C)

The situation faced by Indonesia is difficult to overcome here, as well as in other countries of South East Asia. As far as implementation of the program is concerned, I can assure you there is no problem, as the Indonesian people are willing to sacrifice to ensure a beneficial result. Thank you very much Mr. President for allowing me to make these points. (C)

The President: Thank you, Mr. President. If I could say one or two words in response to the very helpful summary you've given me. First, I know how much an impact currency speculation can

CONFIDENTIAL

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

have; we saw this in Great Britain a couple of years ago. Once they get started in one direction, it's hard to stop it. But I think the whole question is one of changing the psychology of the situation to restore confidence in the currency. It's obvious that the people of Indonesia have an enormous productive capacity; one has only to look at the progress of the last few years to see that. (C)

So in response to your briefing, I have only two observations. First, I think what you are trying to do with private loans; to get as many as possible rolled over is a good thing. I've been talking to experts here, and they have told me several things. When the companies negotiate loans, they must make sure the records of the loans are accurate so the banks can get a true picture of the status of the company. I hope that when Mr. Camdessus and Mr. Summers come they can advise you on this. It is very important. The only other observation I have is that sometimes small things can make a big difference. For instance, when several banks were closed it made a big difference for the investors, but when some were reopened under new names it had a huge influence on the psychology of investors here. I think anyone can sympathize with not wanting to end subsidies for fuel oil that would hurt the people of Indonesia, but you need to see if there are some small steps that could help psychologically to deal with the situation and to restore confidence in the reform plan for the economy of Indonesia. Meanwhile, I will issue my statement and send Mr. Summers and we will work for the best and hope for the best. (C)

next line

President Soeharto: Thank you very much Your Excellency for your interest. Your demarche will be very valuable. Regarding the economic crisis, this is caused by a crisis of confidence, and it is extremely important to restore the confidence in the rupiah and our economy. Well, Your Excellency, with regard to the banks that have been closed, practically all of them have been closed by the revocation of their licenses. However, one brought a lawsuit to the court and it was reopened based on a decision by the court. The government would like to respect the opinion of the court and we will not appeal. Because the reformation of the banking system is the first priority of the government, we decided to merge four major state-owned banks. We hope this will be an example to other banks to merge. Now we are encouraging other banks to contribute to making the economy of Indonesia strong and healthy. But, I must admit we have a great shortage of human resources in this sector. I would like to express my appreciation and thanks for your statement and your attention to this matter. I believe your statement will

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Original OA/ID Number: 2010				
Document ID: 9800384				
Row: 45	Section: 4	Shelf: 4	Position: 2	Stack: V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. telcon	Telcon with Soeharto, President of Indonesia (2 pages)	01/15/1998	P1/b(1) KBM 2/5/2020
001b. telcon	[Duplicate of 001a, incomplete copy] (1 page)	01/15/1998	P1/b(1) KBM 2/5/2020

COLLECTION:

Clinton Presidential Records
 NSC Records Management
 ([Soeharto])
 OA/Box Number: 2010

FOLDER TITLE:

9800384

2011-0104-M
rs597

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9800384
RECEIVED: 20 JAN 98 11

TO: BURNS, W
COMSTOCK, N

FROM: DAVIES

DOC DATE: 21 JAN 98
SOURCE REF:

KEYWORDS: INDONESIA

TELCON

PERSONS:

SUBJECT: TELCON BTW POTUS & PRES SOEHARTO ON 15 JAN

ACTION: DAVIES SGD MEMO

DUE DATE: 26 JAN 98 STATUS: C

STAFF OFFICER: GAGNON

LOGREF:

FILES: PA

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

EXECSEC
FICKLIN ✓
GAGNON
KRISTOFF
NSC CHRON

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSGP

CLOSED BY: NSTSM

DOC 2 OF 2

~~CONFIDENTIAL~~

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: NSG Date: 11/10/10

2011-0104-m

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 BERGER	Z	98012018	FOR DECISION
001	Z	98012120	KERRICK APPROVED RECOMS
002	X	98012120	DAVIES SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE

DISPATCH FOR ACTION

DISPATCH FOR INFO

002	980121	BURNS, W	
002	980121	COMSTOCK, N	

National Security Council
The White House

PROOFED BY: _____ LOG # 0384
 URGENT NOT PROOFED: _____ SYSTEM FRS NSC INT ARS
 BYPASSED WW DESK: _____ DOCLOG SND A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>B</i> Cosgriff			
Rice	<u>1</u>	<u>Ⓟ 1/20</u>	
Davies	<u>3</u>	<u>G 1/21</u>	
Kerrick	<u>2</u>	<u>Ⓟ 1/20</u>	
Steinberg		<u>cosgriff</u>	
Berger		<u>cosgriff</u>	
Situation Room			
West Wing Desk	<u>4</u>	<u>SND 1/21</u>	
Records Mgt.	<u>5</u>	<u>Ⓟ 1/21</u>	<u>Ⓟ + DISK</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:

'88 JAN 20 11 415

Exec Sec Office has diskette lype

National Security Council
The White House

PROOFED BY _____ LOG # 0384
 URGENT NOT PROOFED _____ SYSTEM FRS NSC INT ARS
 BYPASSED WW DESK _____ DOCLOG SMD A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>b</i> Cosgriff			
Rice	<u>1</u>	<u>② 1/20</u>	
Davies	<u>3</u>	<u>8 1/21</u>	
Kerrick	<u>2</u>	<u>① 1/20</u>	
Steinberg			
Berger			
Situation Room			
West Wing Desk	<u>4</u>	<u>SMD 1/21</u>	
Records Mgt.	<u>5</u>	<u>① 1/21</u>	<u>① + DISC</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:

'98 JAN 20 AM 4:15

Exec. Sec. Office has diskette yes

~~CONFIDENTIAL~~

CONFIDENTIAL

0384

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

January 21, 1998

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia on January 15, 1998 is provided for the information of the Secretaries of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. (C)


Glyn T. Davies
Executive Secretary

Attachment

Tab A Memorandum of Telephone Conversation

CONFIDENTIAL

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 1/19/08

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By DM NARA, Date 11/12/10
201-0104-m

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0104-M (1.07)
K8H 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telecon with Soeharto, President of Indonesia (S)

PARTICIPANTS: Soeharto, President of Indonesia

Interpreter: Dan Fietkiewicz
Notetakers: James Smith, Jeffrey Rathke, Lyle Harrison, Robert Ford, James Gagnon

DATE, TIME AND PLACE: January 15, 1998, 11:27 - 11:36 a.m. EST
Oval Office

The President: Hello, Mr. President. (U)

President Soeharto: Good morning, Mr. President. Thank you for this opportunity to talk to you on the telephone. (U)

The President: I am glad to hear your voice. Thank you again for taking time to meet with Treasury Deputy Secretary Summers. (U)

President Soeharto: Thank you very much indeed. The last two days of discussions with Deputy Managing Director Stanley Fischer of the IMF have been very good indeed. These discussions were followed by a meeting with the Managing Director of the IMF, Michel Camdessus. This morning, I signed a letter of intent and presented the letter to the Managing Director. And soon after that, Mr. Camdessus held a press conference at which he mentioned his very good impression with the agreements that have been reached. (S)

As a follow-on to implementation of the agreement, I have established a Council of National Economic and Financial Resilience over which I will preside. I will be assisted by Dr. Widjojo Nitisastro who will be the Secretary General. The members of the Council will come from the economic ministries and have two representatives from the private sector. They will immediately begin to carry out the task of implementing plans

CONFIDENTIAL

~~CONFIDENTIAL~~

and programs in accordance with the letter of intent that I presented to Mr. Camdessus this morning. (S)

With the view of maintaining better contact between Indonesia and the IMF, I have requested the Managing Director to assign a senior IMF official to Jakarta to assist me in implementing the program. Mr. Camdessus has appointed temporarily the Director for Asia Pacific Affairs of the IMF. He will be succeeded later by a more senior IMF official. Every three months, we will conduct a review of the development of the program and plan what is to be done. (S)

I would like to take this occasion to express my gratitude for your assistance, Your Excellency, and I believe it appropriate to ask you to make a statement to the world that Indonesia and the IMF have reached an agreement. I also met with the Deputy Secretary, Mr. Summers, and received your messages, Your Excellency. At almost the same time, I received the Secretary of Defense of the United States. These two high-ranking officials of the United States were both able to see close up the real situation in Jakarta. (S)

The President: Well, thank you very much Mr. President. First of all, I think the agreement is good, but I am most encouraged by the explanation of how it will be implemented. That is the next big step. Investors will be looking at this. You obviously have a very good plan for doing that. I will release a statement saying you called me and that I welcomed these steps, and I am encouraged by them. We intend to continue our involvement and to work with you in this difficult time. I hope the statement will have a positive effect. (S)

President Soeharto: Thank you very much, Your Excellency. The most important thing is implementation of this program; the world is anxiously waiting to see what will happen. The most immediate action will be the revision of the state budget I presented to the parliament several days ago. Secondly, we are committed to the reform of the banking system, not only the central bank and state banks, but also private banks. (S)

The President: Thank you. This is very good news. We will keep working with you. Goodbye. (U)

-- End of Conversation --

CONFIDENTIAL

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9800384
DATE 21 JAN 98

SUBJECT: TELCON BTW POTUS & PRES SOEHARTO ON 15 JAN
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:

DATE TIME SIGNATURE

MR. WILLIAM J. BURNS
ROOM 7224, MAIN STATE
2201 C STREET, N.W.
WASHINGTON, D.C. 20520
DEPARTMENT OF STATE

PRINT LAST NAME: _____

COPY: 1

MR. NEAL COMSTOCK
ROOM 3408, MAIN TREASURY BLDG
1500 PENNSYLVANIA AVE, NW
WASHINGTON, DC 20220
DEPARTMENT OF THE TREASURY

PRINT LAST NAME: _____

COPY: VIA FAX

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC RECORDS MGNT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS

Initials: PLC Date: 11/10/10

2011-01-10-10

TIME OF TRANSMISSION

TIME OF RECEIPT

**WHITE HOUSE
SITUATION ROOM**

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____

DTG: _____

MESSAGE NO. _____ CLASSIFICATION ~~CONFIDENTIAL~~ PAGES 4

FROM _____
(NAME) (PHONE NUMBER) (ROOM NO.)

MESSAGE DESCRIPTION TELCON w/ SOENHARTO

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
<u>TRUSSARDI</u>	<u>EVER SEC</u>		

REMARKS:

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: Phs Date: 11/10/10
2011-0811-10

January 20, 1998

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: SANDRA J. KRISTOFF

FROM: JAMES M. GAGNON

SUBJECT: Telecon with Soeharto, President of Indonesia on January 15, 1998

Attached at Tab A is the Memorandum of Telephone Conversation between the President and Soeharto, President of the Republic of Indonesia on January 15, 1998.

RECOMMENDATION

That you authorize Glyn T. Davies to transmit the Memorandum of Telephone Conversation at Tab A to State and Treasury.

Approve Disapprove

That the attached Memorandum of Telephone Conversation be filed for the record.

Approve Disapprove

Attachments

- Tab I Memorandum to State and Treasury
- Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

0384

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia on January 15, 1998 is provided for the information of the Secretaries of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. (C)

Glyn T. Davies
Executive Secretary

Attachment
Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 1/19/08

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By 203 NARA, Date 11/13/10

2011-0104-m

~~CONFIDENTIAL~~

DECLASSIFIED
PER E.O. 13526

THE WHITE HOUSE
WASHINGTON

2011-0104-M (1.02)
KBH 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telecon with Soeharto, President of Indonesia (e)

PARTICIPANTS: Soeharto, President of Indonesia

Interpreter: Dan Fietkiewicz
Notetaker: James Smith, Jeffrey Rathke, Lyle Harrison, Robert Ford, James Gagnon

DATE, TIME AND PLACE: January 15, 1998, 11:27 - 11:36 a.m. EST
Oval Office

The President: Hello, Mr. President. (U)

President Soeharto: Good morning, Mr. President. Thank you for this opportunity to talk to you on the telephone. (U)

The President: I am glad to hear your voice. Thank you again for taking time to meet with Treasury Deputy Secretary Summers. (U)

President Soeharto: Thank you very much indeed. The last two days of discussions with Deputy Managing Director Stanley Fischer of the IMF have been very good indeed. These discussions were followed by a meeting with the Managing Director of the IMF, Michel Camdessus. This morning, I signed a letter of intent and presented the letter to the Managing Director. And soon after that, Mr. Camdessus held a press conference at which he mentioned his very good impression with the agreements that have been reached. (e)

As a follow-on to implementation of the agreement, I have established a Council of National Economic and Financial Resilience over which I will preside. I will be assisted by Dr. *Widjojo Nitisastro* who will be the Secretary General. The members of the Council will come from the economic ministries and have two representatives from private sector. They will immediately begin to carry out the task of implementing plans

Widjojo Nitisastro

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 1/19/08

the

MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Original OA/ID Number: 2016				
Document ID: 9801124				
Row: 45	Section: 4	Shelf: 6	Position: 2	Stack: v

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. teleon	Teleon with Indonesian President Soeharto (4 pages)	02/13/1998	P1/b(1) KBH 2/5/2020
001b. teleon	[Duplicate of 001a, incomplete copy] (1 page)	02/13/1998	P1/b(1) KBH 2/5/2020

COLLECTION:

Clinton Presidential Records
 NSC Records Management
 ([Soeharto])
 OA/Box Number: 2016

FOLDER TITLE:

9801124

2011-0104-M
rs598

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9801124
RECEIVED: 16 FEB 98 10

TO: BURNS, W
COMSTOCK, N

FROM: DAVIES

DOC DATE: 19 FEB 98
SOURCE REF:

KEYWORDS: INDONESIA

TELCON

PERSONS: SOEHARTO

SUBJECT: MEMO OF TELCON W/ SOEHARTO PRES OF INDONESIA ON 13 FEB 98

ACTION: RICE SGD MEMO

DUE DATE: 21 FEB 98 STATUS: C

STAFF OFFICER: KRISTOFF

LOGREF:

FILES: PA

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

EXECSEC
FICKLIN
KRISTOFF
NSC CHRON

COMMENTS:

DISPATCHED BY

SP

DATE

2/19

BY HAND

W/ATTCH

OPENED BY: NSDRS

CLOSED BY: NSGP

DOC 2 OF 2

~~CONFIDENTIAL~~

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS

Initials: *pas* Date: *11/10/12*

2011-0104-m

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 BERGER
001
002

Z 98021614 FOR DECISION
X 98021912 STEINBERG APPROVED RECOM
X 98021912 RICE SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

002 980219 BURNS, W
002 980219 COMSTOCK, N

National Security Council
The White House

2/18

PROOFED BY: _____ LOG # 1124
 URGENT NOT PROOFED: _____ SYSTEM ~~PRG~~ NSC INT ARS
 BYPASSED WW DESK: _____ DOCLOG ~~IS~~ A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>Cosgriff</i>			
Rice	1/4	Ⓟ 4/17/18	
Davies			
Kerrick	2	Ⓟ 2/10	
Steinberg	3	<i>[Signature]</i>	
Berger			
Situation Room			
West Wing Desk	5	TMA 2-19	D
Records Mgt.	6		D-w/ disk

A = Action I = Information D = Dispatch R = Retain N = No Further Action

98 FEB 16 PM 1:37
cc:

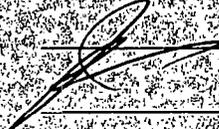
COMMENTS: *send only*
 * To State (w/ disk).
 * Treasury has been faxed out.

Exec Sec Office has diskette yes

National Security Council
The White House

2/18

PROOFED BY _____ LOG # 1124
 URGENT NOT PROOFED _____ SYSTEM SPR NSC INT ARS
 BYPASSED WW/DESK _____ DOCLOG TS A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
 Cosgriff			
Rice	<u>1/4</u>	<u>04/17/41</u>	
Davies			
Kernick	<u>2</u>	<u>10/2/10</u>	
Steinberg	<u>3</u>		
Berger			
Situation Room			
West Wing Desk	<u>5</u>	<u>TMA 2-19</u>	<u>D</u>
Records Mgt.	<u>6</u>		<u>D-w/ disk</u>

A = Action I = Information D = Dispatch R = Retain N = No Further Action

98 FEB 16 PM 1:37
cc

COMMENTS: *send only*
 * To State (w/ disk)
 * Treasury has been faxed out.

Exec Sec Office has diskette yes

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

1124

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

February 19, 1998

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia is provided for the information of the Secretary of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Secretary level. It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. ~~(C)~~

PA. 121.
FOR Glyn T. Davies
Executive Secretary

Attachment
Tab A

Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 02/17/08

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By *11/10/10* NARA, Date *11/10/10*
2011-0104-m

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0104-M(1.09)
KBN 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Indonesian President Soeharto

PARTICIPANTS: The President
President Soeharto

Interpreter: Fred Burks
Notetakers: Sandra J. Kristoff, Sean Rice,
David Higgins and George Chastain

DATE, TIME AND PLACE: February 13, 1998, 9:54 - 10:32 p.m. EDT
Camp David

The President: Since we spoke several weeks ago, I have followed developments in Indonesia closely. I wanted to stay in touch and am calling now because I am concerned about the financial situation. (S)

Your personal leadership has produced unprecedented economic growth and prosperity for Indonesia and its people. I am convinced you can get through this present difficulty. (S)

I share your desire to see rapid economic recovery and want to do what I can to work with you. I understand one of the proposals under consideration is establishment of a currency board. I have studied this proposal and have serious concerns about it that I want to share with you. (S)

I have consulted with the IMF and G-7 countries and everyone seems to believe that if you implement a currency board you could put at risk all the progress you have achieved. (S)

If markets go after the board, it could create a run that seriously depletes Indonesia's reserves and complicates the efforts of the IMF and the international community to provide support. It could drive up interest rates, lead to the collapse of banks and the banking system and make it easier for speculators to move against the rupiah. When speculators make a

~~CONFIDENTIAL~~

2

~~CONFIDENTIAL~~

run, it can drive down a country, even as it did Great Britain, and this would worsen the situation for you. (S)

I know these currency boards seem to have worked in a couple of other countries, but everybody I know thinks it will not work for Indonesia. It seems a better course would be to focus on strengthening the banking system, resolving private sector debt and continuing to implement the IMF reforms. (S)

I want to work with you and with the IMF in supporting efforts to stabilize the exchange rate. We are mobilizing a multilateral effort to help restore trade finance lines to Indonesia, working with the IMF and the G-7. We also have a substantial program of food assistance to offer just to help you meet the temporary shortfall you now face. (S)

Mr. President, the task of restoring market confidence also has a political component and that is why it is important to implement the IMF reforms with a leadership team that commands broad public support and respect. And as you and I have discussed many times now, it is important to maintain openness and broad public participation in the political system to maintain growth and your impressive record of accomplishments. It seems to me that in order to complete the difficult economic adjustments you will need public support. Allowing a broad range of viewpoints to be heard will act to help generate that support. (S)

Mr. President, I believe in your leadership record and the fundamental strength of your country. I will do what I can to help. That's why I felt moved as a friend to share with you my concern about this currency board idea. (S)

President Soeharto: Thank you very much for your interest and I appreciate that you are a close friend of Indonesia and are paying close attention to the situation here. (S)

The problem is that after January 15, when I gave the letter of intent to the IMF, and even since November when the IMF started to provide assistance, the situation has gotten worse. (S)

I am trying to implement precisely the letter of intent. First, the state budget is being revised even though some in Parliament are reluctant to do so. Second, we are taking appropriate steps on banking reform, including merging banks and appointing new personnel. Eventually, there will be only three state banks. Third, we have established a restructuring program for private

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

3

~~CONFIDENTIAL~~

banks. The task is to see that mergers take place. In order to restore confidence in the banking system, the government is guaranteeing savings and deposits. But we are not going to liquidate any more banks because we believe this would be disadvantageous. We will set up new rules about minimum accounts and banks that cannot meet those rules will be out of business. (S)

The problem is that despite all this, the decline in the exchange rate continues. The rupiah was at 15,000 to one dollar; now it is at 10,000. Companies have stopped their work, which has caused layoffs and unemployment and unrest. (S)

To stop this fall in the exchange rate, the government has intervened repeatedly and we have used \$10 billion of our reserves to shore up the rupiah. Continuing to intervene will jeopardize our limited reserves, which are needed to import goods for industry, for example spare parts. If we continue to intervene, we will exhaust our reserves. (S)

One IMF requirement is expediting trade liberalization. I have done that, but a consequence has been that many companies cannot distribute basic goods. There is a scarcity of foodstuffs and supply and demand has driven up prices, which in turn has produced unrest. The public has called on the government to remedy the problem. But because of the continued decline of the rupiah, it is difficult to calculate how much we need to import, even of such items as medicine and powdered milk, which also now are in short supply. Unless we take control and try to stop the fall of the rupiah, I fear all companies will stop all business, even as we are in the process of reforming the banking system. (S)

At the moment we are contemplating introduction of a currency board system. But I share your view that there is a great risk in doing this. I fear, however, that unless we take this step all manner of things will get worse and there will be a great effect on the rest of Southeast Asia. (S)

If the currency board is not introduced, what is the alternative? How do we stop the rupiah's fall? I appeal to you to approach the G-7 and ask them to pay attention to the situation in Indonesia. I will not insist on a currency board in Indonesia. If there is a better alternative, I would be happy to apply it. (S)

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

4

~~CONFIDENTIAL~~

So this is the situation in Indonesia now. I appreciate your help regarding our food shortages. (S)

The President: I hear your message and I understand your frustration. If the rupiah falls, you will lose your reserves. And if the currency board is caught short and falls, you will lose the reserves as well, just quicker. (S)

I want to go back to the G-7 and the IMF and talk to them about alternatives. I want this to work out and am worried the currency board will be an open target. I am worried about collapse. I will talk to the others and get back to you in a few days. (S)

President Soeharto: Thank you for your pledge. We need to make a decision soon as the people are demanding that their President do something to fix the situation and save the country. The Indonesian people see the IMF as a savior too late. (S)

The President: Thank you. I will get to work on it. (S)

President Soeharto: Thank you. (S)

-- End of Conversation --

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9801124
DATE 19 FEB 98

SUBJECT: MEMO OF TELCON W/ SOEHARTO PRES OF INDONESIA ON 13 FEB 98
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:	DATE	TIME	SIGNATURE
MR. WILLIAM J. BURNS ROOM 7224, MAIN STATE 2201 C STREET, N.W. WASHINGTON, D.C. 20520 DEPARTMENT OF STATE	_____	_____	_____
		PRINT LAST NAME:	_____
		COPY: <u>ORIGINAL +</u>	DISK
MR. NEAL COMSTOCK ROOM 3408, MAIN TREASURY BLDG 1500 PENNSYLVANIA AVE, NW WASHINGTON, DC 20220 DEPARTMENT OF THE TREASURY	_____	_____	_____
		PRINT LAST NAME:	_____
		COPY: <u>VIA FAX</u>	

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC RECORDS MGNT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES
UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: ms Date: 11/10/98
2011-0104 m

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

February 17, 1998

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

FROM: SANDRA J. KRISTOFF *SK*

SUBJECT: Telecon with Soeharto, President of Indonesia on
February 13, 1998

Attached at Tab A is the Memorandum of Telephone Conversation between the President and Soeharto, President of the Republic of Indonesia on February 13, 1998.

RECOMMENDATION

That you authorize Glyn T. Davies to transmit the Memorandum of Telephone Conversation at Tab A to State and Treasury. *CS noted*

Approve *SK* Disapprove _____

That the attached Memorandum of Telephone Conversation be filed for the record.

Approve *SK* Disapprove _____

Attachments

- Tab I Memorandum to State and Treasury
- Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

1124

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia is provided for the information of the Secretary of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. (C)

Glyn T. Davies
Executive Secretary

Attachment
Tab A

Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 02/17/08

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By TOP NARA, Date 11/10/00

2011-01-04-m

DECLASSIFIED
PER E.O. 13526
2011-0104-M(1.10)
KBH 9/9/2019

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Indonesian President Soeharto

PARTICIPANTS: The President
President Soeharto

Interpreter: Fred Burks
Notetaker: Sandra J. Kristoff

DATE, TIME: February 13, 1998, 9:54 - 10:32 P.M. 2154 - 2232 EDT
AND PLACE: Camp David

The President: Since we spoke several weeks ago, I have followed developments in Indonesia closely. I wanted to stay in touch and am calling now because I am concerned about the financial situation. (C)

Your personal leadership has produced unprecedented economic growth and prosperity for Indonesia and its people. I am convinced you can get through this present difficulty. (C)

I share your desire to see rapid economic recovery and want to do what I can to work with you. I understand one of the proposals under consideration is establishment of a currency board. I have studied this proposal and have serious concerns about it that I want to share with you. (C)

I have consulted with the IMF and G-7 countries and everyone seems to believe that if you implement a currency board you could put at risk all the progress you have achieved. (C)

If markets go after the board, it could create a run that seriously depletes Indonesia's reserves and complicates the efforts of the IMF and the international community to provide support. It could drive up interest rates, lead to the collapse of banks and the banking system and make it easier for speculators to move against the rupiah. When speculators make a run, it can drive down a country, even as it did Great Britain, and this would worsen the situation for you. (C)

TIME OF TRANSMISSION:

TIME OF RECEIPT:

**WHITE HOUSE
SITUATION ROOM**

PRECEDENCE: _____
 X

IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____
DTG: _____

MESSAGE NO: _____ CLASSIFICATION: ~~CONFIDENTIAL~~ PAGES: 6
 (Including Cover)

FROM: NSC West Wing Desk (NAME) (202) 456-9425 (PHONE NUMBER) WH Situation Room (ROOM NO.)

MESSAGE DESCRIPTION: Telcon btw Pres + Pres Soeharto
of Indonesia 13 Feb 98 NSC LOG# 1124

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
<u>Treasury</u>	<u>Executive Secretary</u>	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

REMARKS:

UNCLASSIFIED UPON REMOVAL
 OF CLASSIFIED ATTACHMENTS
 Initials: pm Date: 4/11/02
2011-0104-m

MIR MARKER

This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Original OA/ID Number: 2017				
Document ID: 9801286				
Row: 45	Section: 4	Shelf: 6	Position: 3	Stack: V

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. telcon	Telecon with President Soeharto of Indonesia, February 20, 1998 (6 pages)	02/20/1998	P1/b(1) KBH 2/5/2020
001b. telcon	[Duplicate of 001a, incomplete copy] (3 pages)	02/20/1998	P1/b(1) KBH 2/5/2020
001c. telcon	[Duplicate of 001a, incomplete copy] (3 pages)	02/20/1998	P1/b(1) KBH 2/5/2020

COLLECTION:

Clinton Presidential Records
 NSC Records Management
 ([Soeharto])
 OA/Box Number: 2017

FOLDER TITLE:

9801286

2011-0104-M

rs599

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

~~CONFIDENTIAL~~
NSC/RMO PROFILE

RECORD ID: 9801286
RECEIVED: 21 FEB 98 11

TO: BURNS, W
COMSTOCK, N

FROM: DAVIES

DOC DATE: 23 FEB 98
SOURCE REF:

KEYWORDS: INDONESIA

TELCON

PERSONS:

SUBJECT: MEMO OF TELCON W/ SOEHARTO PRES OF INDONESIA ON 20 FEB 98

ACTION: DAVIES SGD MEMO

DUE DATE: 27 FEB 98 STATUS: C

STAFF OFFICER: GAGNON

LOGREF:

FILES: WH

NSCP:

CODES:

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO

EXECSEC
FICKLIN
GAGNON
NSC CHRON

COMMENTS:

DISPATCHED BY

JP

DATE

2/24

BY HAND

W/ATTCH

OPENED BY: NSRCB

CLOSED BY: NSGP

DOC 2 OF 2

~~CONFIDENTIAL~~

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS

Initials: *Jm* Date: *11/10/12*
2011-0104-n

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001 BERGER
001
002

Z 98022313 FOR DECISION
X 98022406 STEINBERG APPROVED RECOM
X 98022406 DAVIES SGD MEMO

DISPATCH DATA SUMMARY REPORT

DOC DATE DISPATCH FOR ACTION

DISPATCH FOR INFO

002 980223 BURNS, W
002 980223 COMSTOCK, N

National Security Council
The White House

2/20/98
@ 2:40 PM

PROOFED BY: _____ LOG # 1286
 URGENT NOT PROOFED: _____ SYSTEM PRS NSC INT ARS
 BYPASSED WW DESK: _____ DOCLOG SMD A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>JKP</i> Cosgriff	_____	_____	_____
Rice	_____	_____	_____
Davies	<u>1/3</u>	<u>G 2/21/98 2/23</u>	_____
Kerrick	_____	_____	_____
Steinberg	<u>2</u>	<u>G</u>	_____
Berger	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>4</u>	_____	<u>D</u>
Records Mgt.	_____	_____	_____
_____	_____	_____	_____

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:

Jim
Can we release?
G

'98 FEB 21 09 1:11

Exec Sec Office has diskette yes

National Security Council
The White House

2/20/98
@ 2:40 PM

PROOFED BY: _____ LOG # 1286
 URGENT/NOT PROOFED: _____ SYSTEM ERS NSC INT ARS
 BYPASSED WW DESK: _____ DOCLOG SMD A/O _____

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
<i>SLP</i> Cosgriff	_____	_____	_____
Rice	_____	_____	_____
Davies	<u>1/3</u>	<u>G 2/21/98 2/23</u>	_____
Kerrick	_____	_____	_____
Steinberg	<u>2</u>	<u>G</u>	_____
Berger	_____	_____	_____
Situation Room	_____	_____	_____
West Wing Desk	<u>4</u>	_____	<u>D</u>
Records Mgt.	_____	_____	_____

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc:

COMMENTS:

Jim
Can we release?
G

'98 FEB 21 PM 1:11

Exec Sec Office has diskette yes

~~CONFIDENTIAL~~

1286

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia is provided for the information of the Secretary of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Secretary level. (C)



Glyn T. Davies
Executive Secretary

Attachment
Tab A

Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 02/21/08

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By SP2 NARA, Date 11/10/02
291-004-1

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0104-M(1.11)
KBH 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with President Soeharto of Indonesia,
February 20, 1998

PARTICIPANTS: The President
President Soeharto

Interpreter: Dan Fietkiewicz
Notetaker: Pat O'Shaughnessy, Anthony
Campanella, Joel Schrader, Doug Erdahl, Jim
Gagnon

DATE, TIME AND PLACE: February 20, 1998, 2340-0008 EST, Residence

The President: Hello, President Soeharto? (U)

President Soeharto: Your Excellency Mr. President, I am here listening. (U)

The President: Thank you very much for taking my call. I wanted to follow up on a number of the economic issues you spoke to me about last Friday. (U)

I understand you have decided to defer the decision on a currency board; that is a good step. It gives us time to work together on alternatives and I think there are some promising alternatives. (S)

First, you said you were worried about shortages and high prices for necessities like food and medicines. We are working to make sure adequate supplies reach Indonesia and to provide direct U.S. bilateral credits to help finance these imports and to encourage the World Bank and the IMF to support these efforts. (S)

Second, I know you're concerned about the financing for trade. We're working with the EU, Japan and others to provide, over the

next few months, several billion dollars of short-term insurance and credit guarantees to help your companies get back in business. (S)

Third, I know your banking system can't provide the financing needed to support economic recovery. We want to work with you on bank restructuring and on speeding up the resolution of the corporate debt problem. (S)

Fourth, we will work with the IMF to help achieve a stronger and more stable exchange rate. I know several of your regional partners are prepared to support a stronger, more stable exchange rate through intervention. (S)

Secretary Rubin, I think you know, is meeting with the G-7. I believe that tomorrow our time -- later in the day your time -- they will have an announcement to make on this. I think all these steps will help. But, I think the lack of international confidence about Indonesia is not a reflection of concern over the details of the economic reform program. It comes more from a sense that recent personnel and policy decisions do not create certainty about the strength of Indonesia's commitment to reform. (S)

So Mr. President, if I might in addition to the four steps we and the international community are prepared to take, I would like to suggest four steps you can take immediately. (S)

First, I think you have to deliver, once more, a clear, convincing message that you will put your whole authority behind implementing reforms. Second, I think it will help if it is reinforced by the choice of a knowledgeable, experienced economic reform team with the authority and independence to do what is needed without interference. That will do a great deal to restore confidence in the markets. (S)

I would like to mention two other things. Because there will be a lot of hardship for many citizens, it's important to reach out to a broad range of opinions. This will give all your citizens a stake in the success of economic reform efforts. Finally, I think it is important, that even though in difficult times people look for scapegoats, I hope you will do what you can to avoid scapegoating and take the necessary steps to prevent the escalation of violence and to protect legitimate expressions of opinion. This will do a lot to reinforce confidence in the markets. (S)

Mr. President, I think, if you take these steps and make clear there will be stability in economic reform and we in the international community take the steps I outlined, growth can return to Indonesia. I am very much committed to doing what we can to help and getting the rest of the world to do the same.

(S)

With your permission, I would like to send a personal representative to discuss the ideas we have talked about today. I would like to send a very close personal friend of mine, Walter Mondale, our former vice president. If you would see him, that would guarantee my personal involvement and I will stay in close touch with you. (S)

President Soeharto: Thank you very much Mr. President. It is very encouraging that after our last conversation you have devoted so much time and attention to find the best possible alternatives for helping Indonesia. For that, I am highly appreciative. Indeed, there have been some shortages of food stuffs and basic commodities, because of scarcities and the high cost of importing these commodities -- the result of the low rupiah exchange rate against the dollar. This has caused great anger on the part of the public. (S)

Indeed, there have been efforts to expedite distribution of basic commodities by the government. There has been some looting and some burning and arson by the public, because they want to express their frustration with the distributors, many of whom are ethnic Chinese. (S)

These looters and people, who have gotten angry and attacked ethnic Chinese shops and districts, are remnants of the formally banned Indonesian communist party. They have instigated this anger. At this moment, I am in Solo in central Java where the people are protecting the ethnic Chinese community from the frustration and anger of the mobs. (S)

The President: Good. (U)

President Soeharto: So, I can assure you the security situation is under control. Of course, this will depend on follow-up measures taken by the government to continue imports of basic commodities and spare parts. The government is obliged to fix the exchange rate against the dollar to enable importers to import commodities at reasonable prices so the people can purchase them at reasonable prices. (S)

This measure I have just mentioned is apart from the currency board system which is still under study and scrutiny. At the same time, we are making the best possible effort to look for better alternatives should they be more convenient and suitable. You are right, I have not made a final decision on the currency board and at this very last minute I am trying to find the best possible alternatives. (S)

As far as banking reforms are concerned, we are committed to carrying them out because the banking system is very weak. Whatever happens, we will continue these banking reforms. One thing is clear, Mr. President, the banks need liquidity to provide credit lines to finance imports, not only for corporations but for small businessmen. (S)

I am appreciative, Mr. President, that you are making the best possible effort and have pledged to help Indonesian banks gain acceptance for their letters of credit. Prime Minister Hashimoto has made the same pledge and Chancellor Kohl has promised he will bring this issue to the G-7. (S)

With regard to the servicing of the public debt, over the years Indonesia has always honored and paid its debt on time and on schedule. In view of these difficulties, I am wondering if the G-7 might possibly allow us to defer our debt payment while we are facing this financial crisis. (S)

As far as private corporation debt is concerned, there are some bright prospects that a solution can be achieved. Today, bankers, creditors and lenders are negotiating with the steering committee we call contact committees. (S)

As far as personnel and personalities of the Indonesian government are concerned, I would like to emphasize, Mr. President, that we are now trying to develop principles of democracy, where the voices and aspirations of the majority are heard. For this reason, the people should elect and choose the best possible candidates to serve the interests of the nation while adhering to principles of democracy. The decisions and expressions of the people will be expressed through their delegates to the Peoples Consultative Assembly in accordance with the 1945 constitution. I will take whatever measures are necessary in the interests of the nation as long as I am President, and I will see that there are no unconstitutional or unlawful acts committed by my staff and administration or by the armed forces. (S)

I myself have great respect for defending the national interest. I still have the confidence of the people and the armed forces and will take the necessary steps, with their support, to see to it that no elements or groups of people destabilize the nation. I will do my best to defend the people and the nation and to give my firm commitment to the country. (S)

As far as I am concerned, I have never looked to scapegoats. On the contrary, I have tried to embrace them; to welcome them back into the fold of the country, unless they commit unlawful acts. If they commit unlawful acts, I will take necessary, firm actions. Therefore, whatever actions the government takes will be based purely on the facts and will be taken against unlawful and unconstitutional deeds; not against persons having different political or ideological views. (S)

As far as regeneration of the armed forces is concerned, I can tell you we have completed that process. Only a few days ago the command of the armed forces was transferred to the hands of the new generation. They stand behind the constitution, not me, President Soeharto, but behind the constitution. As long as they stand behind the constitution they will stand united and cohesive. (S)

I can assure you, your excellency, as long as I have the confidence of the people I will adhere to the constitution and defend the nation and the sovereignty of the nation. (S)

I would like, on this occasion, to refute the news in the international community that says the situation in Indonesia is out of control and chaotic. I can assure you this news is unfounded and untrue and does not reflect the condition of the country. Today, I received the President of The Republic of Yemen. After seeing the situation with his own eyes, he said the international press has exaggerated its reports on conditions in Indonesia. He saw the situation is completely under control and he expressed his support for Indonesia. (S)

I would certainly welcome warmly your special envoy, former Vice President Walter Mondale, who I know personally. I will be happy to meet with him and hope his delegation will see other leaders Indonesia to exchange views on these issues. Once again, Mr. President, I would like to thank you very much for your great attention and efforts in making the proper approaches to the G-7. Rest assured, Mr. President, the Indonesian people will never forget your great support in this time of difficulty. (S)

The President: Thank you Mr. President. I will raise the debt question you mentioned with our people and have them discuss it with others at the G-7 and have them work on the other issues we discussed. There will be an announcement later in the day. ~~(C)~~

President Soeharto: Thank you Mr. President. (U)

The President: Thank you, goodbye. (U)

-- End of Conversation --

NATIONAL SECURITY COUNCIL
DISTRIBUTION RECEIPT

LOG 9801286
DATE 23 FEB 98

SUBJECT: MEMO OF TELCON W/ SOEHARTO PRES OF INDONESIA
DOCUMENT CLASSIFICATION: ~~CONFIDENTIAL~~

EXTERNAL DISTRIBUTION:	DATE	TIME	SIGNATURE
MR. WILLIAM J. BURNS ROOM 7224, MAIN STATE 2201 C STREET, N.W. WASHINGTON, D.C. 20520 DEPARTMENT OF STATE	_____	_____	_____ PRINT LAST NAME: _____ COPY: <u>ORIGINAL +</u> DISK
MR. NEAL COMSTOCK ROOM 3408, MAIN TREASURY BLDG 1500 PENNSYLVANIA AVE, NW WASHINGTON, DC 20220 DEPARTMENT OF THE TREASURY	_____	_____	_____ PRINT LAST NAME: _____ COPY: <u>1</u>

DATE, TIME, SIGN THE RECEIPT AND RETURN TO: NSC RECORDS MGNT, ROOM 379 OEOB

PAGE 01 OF 01 PAGES
UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ATTACHMENTS
Initials: PN Date: 11/10/98

2011-0104-m

February 21, 1998

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: SANDRA J. KRISTOFF *SJK*

FROM: JAMES M. GAGNON *JMG*

SUBJECT: Telecon with Soeharto, President of Indonesia on February 20, 1998

Attached at Tab A is the Memorandum of Telephone Conversation between the President and Soeharto, President of the Republic of Indonesia on February 20, 1998.

RECOMMENDATION

That you authorize Glyn T. Davies to transmit the Memorandum of Telephone Conversation at Tab A to State and Treasury.

Approve *JMG* ^{4/21/97} Disapprove _____

That the attached Memorandum of Telephone Conversation be filed for the record.

Approve *JMG* Disapprove _____

Attachments

- Tab I Memorandum to State and Treasury
- Tab A Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

1286

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia is provided for the information of the Secretary of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. ~~It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. (U)~~

Glyn T. Davies
Executive Secretary

Attachment
Tab A

Memorandum of Telephone Conversation

~~CONFIDENTIAL~~

Classified by: Glyn T. Davies
Reason: 1.5 (b) (d)
Declassify On: 02/21/08

DECLASSIFIED
E.O. 12958, As Amended, Sec. 3.5 (b)
White House Guidelines, August 28, 1997
By Jim NARA, Date 11/12/10

2010 0104-~

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2011-0104-M(1.12)
KBH 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with President Soeharto of Indonesia,
February 20, 1998

PARTICIPANTS: The President
President Soeharto

Interpreter: Dan Fietkiewicz
Notetaker: Pat O'Shaughnessy, Anthony
Campanella, Joel Schrader, Doug Erdahl, Jim
Gagnon

DATE, TIME AND PLACE: February 20, 1998, 2340-0008 EST, Residence

The President: Hello, President Soeharto? (U)

President Soeharto: Your Excellency Mr. President, I am here listening. (U)

The President: Thank you very much for taking my call. I wanted to follow up on a number of the economic issues you spoke to me about last Friday. (U)

I understand you have decided to defer the decision on a currency board; that is a good step. It gives us time to work together on alternatives and I think there are some promising alternatives. (U)

First, you said you were worried about shortages and high prices for necessities like food and medicines. We are working to make sure adequate supplies reach Indonesia and to provide direct U.S. bilateral credits to help finance these imports and to encourage the World Bank and the IMF to support these efforts. (U)

Second, I know you're concerned about the financing for trade. We're working with the EU, Japan and others to provide, over the

~~CONFIDENTIAL~~

Classified by: Sandra J. Kristoff
Reason: 1.5 (b) (d)
Declassify On: 02/21/08

next few months, several billion dollars of short-term insurance and credit guarantees to help your companies get back in business. (C)

Third, I know your banking system can't provide the financing needed to support economic recovery. We want to work with you on bank restructuring and on speeding up the resolution of the corporate debt problem. (C)

Fourth, we will work with the IMF to help achieve a stronger and more stable exchange rate. I know several of your regional partners are prepared to support a stronger, more stable exchange rate through intervention. (C)

Secretary Rubin, I think you know, is meeting with the G-7. I believe that tomorrow our time -- later in the day your time -- they will have an announcement to make on this. I think all these steps will help. But, I think the lack of international confidence about Indonesia is not a reflection of concern over the details of the economic reform program. It comes more from a sense that recent personnel and policy decisions do not create certainty about the strength of Indonesia's commitment to reform. (C)

So Mr. President, if I might in addition to the four steps we and the international community are prepared to take, I suggest four steps you can take immediately. (C) I would like to

First, I think you have to deliver, once more, a clear, convincing message that you will put your whole authority behind implementing reforms. Second, I think it will help if ~~this~~ ~~it~~ ~~message~~ is reinforced by the choice of a knowledgeable, experienced economic reform team with the authority and independence to do what is needed without interference. That will do a great deal to restore confidence in the markets. (C)

I would like to mention two other things. Because there will be a lot of hardship for many citizens, it's important to reach out to a broad range of opinions. This will give all your citizens a stake in the success of economic reform efforts. Finally, I think it is important, that even though in difficult times people look for scapegoats, I hope you will do what you can to avoid scapegoating ~~against the ethnic Chinese community~~ and take the necessary steps to prevent the escalation of violence and to protect legitimate expressions of opinion. This will do a lot to reinforce confidence in the markets. (C)

Mr. President, I think, if you take these steps and make clear there will be stability in economic reform and we in the international community take the steps I outlined, growth can return to Indonesia. I am very much committed to doing what we can to help and getting ^{the} rest of ^{the} world to do the same. (S)

With your permission, I would like to send a personal representative to discuss the ideas we have talked about today. I would like to send a very close personal friend of mine, Walter Mondale, our former vice president. If you would see him, that would guarantee my personal involvement and I will stay in close touch with you. (S)

President Soeharto: Thank you very much Mr. President. It is very encouraging that after our last conversation you have devoted so much time and attention to find the best possible alternatives for helping Indonesia. For that, I am highly appreciative. Indeed, there have been some shortages of food stuffs and basic commodities, because of scarcities and the high cost of importing these commodities -- the result of the low rupiah exchange rate against the dollar. This has caused great anger on the part of the public. (S)

Indeed, there have been efforts to expedite distribution of basic commodities by the government. There has been some looting and some burning and arson by the public, because they want to express their frustration with the distributors, many of whom are ethnic Chinese. (S)

These looters and people, who have gotten angry and attacked ethnic Chinese shops and districts, are remnants of the formally banned Indonesian communist party. They have instigated this anger. At this moment, I am in Solo in central Java where the people are protecting the ethnic Chinese community from the frustration and anger of the mobs. (S)

The President: Good. (U)

President Soeharto: So, I can assure you the security situation is under control. Of course, this will depend on follow-up measures taken by the government to continue imports of basic commodities and spare parts. The government is obliged to fix the exchange rate against the dollar to enable importers to import commodities at reasonable prices so the people can purchase them at reasonable prices. (S)

MEMORANDUM FOR

MR. WILLIAM J. BURNS
Executive Secretary
Department of State

MR. NEAL COMSTOCK
Executive Secretary
Department of the Treasury

SUBJECT: Memorandum of Telephone Conversation with
Soeharto, President of Indonesia (U)

The attached Memorandum of Telephone Conversation between the President and Soeharto of Indonesia is provided for the information of the Secretary of State and Treasury. It must be distributed via NODIS channels and not below the Deputy Assistant Secretary (DAS) level. ~~It may also be sent to our embassy in Indonesia for the Ambassador and/or Deputy Chief of Mission (DCM) only. (U)~~

Glyn T. Davies
Executive Secretary

Attachment
Tab A Memorandum of Telephone Conversation

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526

2011-0104-M(1.13)
KBH 9/9/2019

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with President Soeharto of Indonesia,
February 20, 1998

PARTICIPANTS: The President
President Soeharto

Interpreter: Dan Fietkiewicz
Notetaker: Pat O'Shaughnessy, Anthony
Campanella, Joel Schrader, Doug Erdahl, Jim
Gagnon

DATE, TIME AND PLACE: February 20, 1998, 2340-0008 EST, Residence

The President: Hello, President Soeharto? (U)

President Soeharto: Your Excellency Mr. President, I am here listening. (U)

The President: Thank you very much for taking my call. I wanted to follow up on a number of the economic issues you spoke to me about last Friday. (U)

I understand you have decided to defer the decision on a currency board; that is a good step. It gives us time to work together on alternatives and I think there are some promising alternatives. (U)

First, you said you were worried about shortages and high prices for necessities like food and medicines. We are working to make sure adequate supplies reach Indonesia and to provide direct U.S. bilateral credits to help finance these imports and to encourage the World Bank and the IMF to support these efforts. (U)

Second, I know you're concerned about the financing for trade. We're working with the EU, Japan and others to provide, over the

next few months, several billion dollars of short-term insurance and credit guarantees to help your companies get back in business. (S)

Third, I know your banking system can't provide the financing needed to support economic recovery. We want to work with you on bank restructuring and on speeding up the resolution of the corporate debt problem. (S)

Fourth, we will work with the IMF to help achieve a stronger and more stable exchange rate. I know several of your regional partners are prepared to support a stronger, more stable exchange rate through intervention. (S)

Secretary Rubin, I think you know, is meeting with the G-7. I believe that tomorrow our time -- later in the day your time -- they will have an announcement to make on this. I think all these steps will help. But, I think the lack of international confidence about Indonesia is not a reflection of concern over the details of the economic reform program. It comes more from a sense that recent personnel and policy decisions do not create certainty about the strength of Indonesia's commitment to reform. (S)

So Mr. President, if I might in addition to the four steps we and the international community are prepared to take, I suggest four steps you can take immediately. (S) I would like to

First, I think you have to deliver, once more, a clear, convincing message that you will put your whole authority behind implementing reforms. Second, I think it will help if ~~this~~ ~~it~~ ~~message~~ is reinforced by the choice of a knowledgeable, experienced economic reform team with the authority and independence to do what is needed without interference. That will do a great deal to restore confidence in the markets. (S)

I would like to mention two other things. Because there will be a lot of hardship for many citizens, it's important to reach out to a broad range of opinions.. This will give all your citizens a stake in the success of economic reform efforts. Finally, I think it is important, that even though in difficult times people look for scapegoats, I hope you will do what you can to avoid scapegoating ~~against the ethnic Chinese community~~ and take the necessary steps to prevent the escalation of violence and to protect legitimate expressions of opinion. This will do a lot to reinforce confidence in the markets. (S)

Mr. President, I think, if you take these steps and make clear there will be stability in economic reform and we in the international community take the steps I outlined, growth can return to Indonesia. I am very much committed to doing what we can to help and getting ^{the} rest of ^{the} world to do the same. (U)

With your permission, I would like to send a personal representative to discuss the ideas we have talked about today. I would like to send a very close personal friend of mine, Walter Mondale, our former vice president. If you would see him, that would guarantee my personal involvement and I will stay in close touch with you. (U)

President Soeharto: Thank you very much Mr. President. It is very encouraging that after our last conversation you have devoted so much time and attention to find the best possible alternatives for helping Indonesia. For that, I am highly appreciative. Indeed, there have been some shortages of food stuffs and basic commodities, because of scarcities and the high cost of importing these commodities -- the result of the low rupiah exchange rate against the dollar. This has caused great anger on the part of the public. (U)

Indeed, there have been efforts to expedite distribution of basic commodities by the government. There has been some looting and some burning and arson by the public, because they want to express their frustration with the distributors, many of whom are ethnic Chinese. (U)

These looters and people, who have gotten angry and attacked ethnic Chinese shops and districts, are remnants of the formally banned Indonesian communist party. They have instigated this anger. At this moment, I am in Solo in central Java where the people are protecting the ethnic Chinese community from the frustration and anger of the mobs. (U)

The President: Good. (U)

President Soeharto: So, I can assure you the security situation is under control. Of course, this will depend on follow-up measures taken by the government to continue imports of basic commodities and spare parts. The government is obliged to fix the exchange rate against the dollar to enable importers to import commodities at reasonable prices so the people can purchase them at reasonable prices. (U)