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DATE: JUL 2002

WESTERN EUROPE

3. Dutch Suggest Deferment of
Talks on Western Aid to
Indonesia

In discussions with US officials in The Hague concerning a program of Western economic aid to Indonesia, a high official of the Dutch Ministry of Finance indicated that he did not know whether the Netherlands would participate.

The Dutch official pointed out that Indonesia had stopped payments on external debts to the Netherlands in 1956, and had subsequently nationalized Dutch properties without compensation. He said that the Netherlands Government hoped that, as a result of the West New Guinea settlement, Indonesia's attitude would change and that it would express willingness to discuss the matter of debt payments and compensation for nationalized properties. Until Djakarta did so, he noted, the Netherlands felt it would be undesirable even to hold international discussions regarding government aid to Indonesia.

The Dutch Government appears to be taking a harder line on this question than are private business and commercial interests in the Netherlands, some of whom are prepared to forego compensation for capital seized by Indonesia. They insist, however, that the resumption of diplomatic relations is a prerequisite to the re-establishment of economic relations, since Indonesia took the initiative in breaking the former in 1960.

KLM Royal Dutch Airlines is one of the commercial interests most active in pressuring the government to restore relations. On 16 October a deputy director of the airline left for Djakarta to discuss "civil aviation." [redacted]

EO 12958 3.4(b)(1)>25Yrs
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