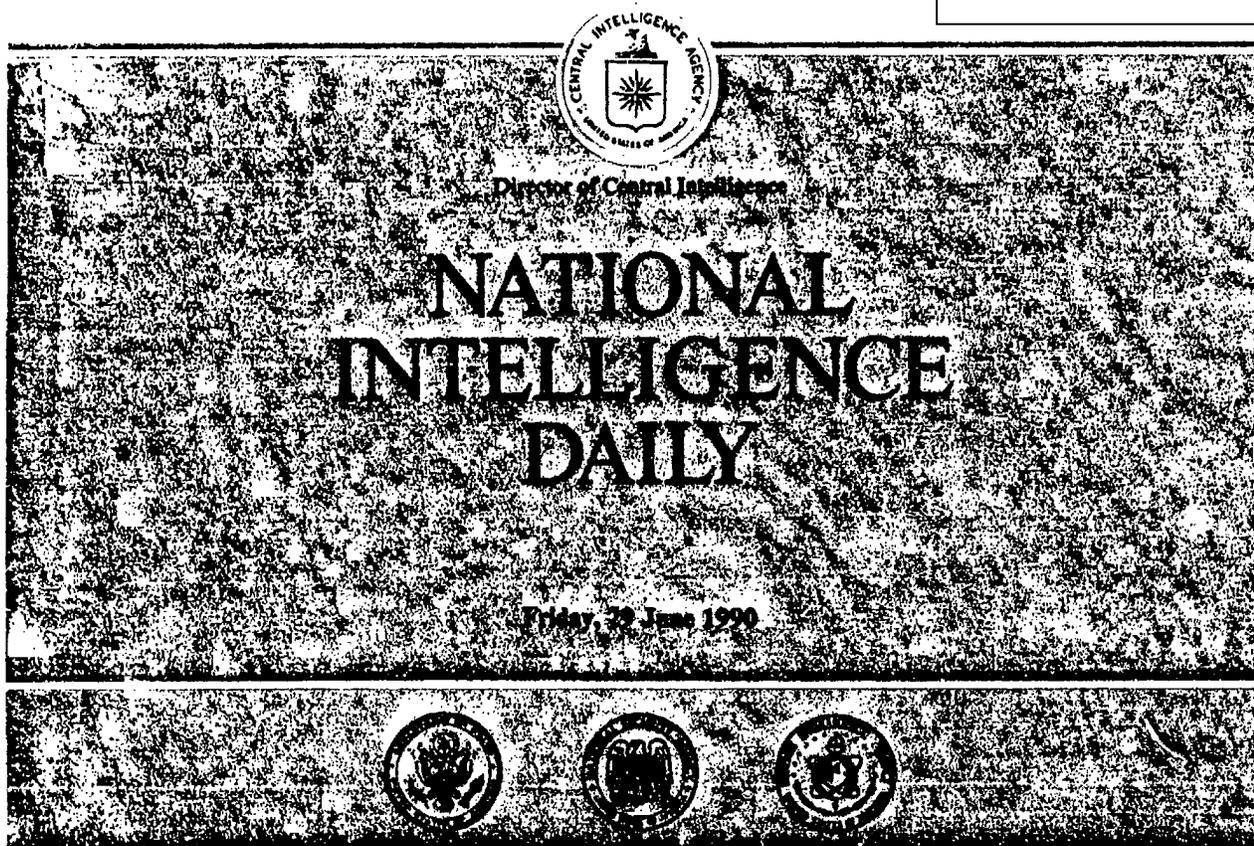
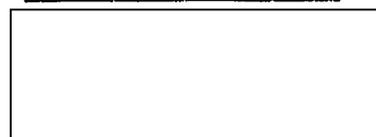
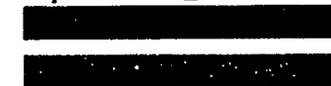




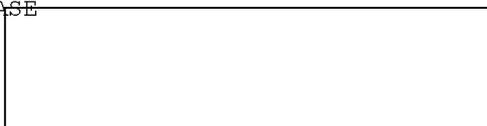
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(b) (3)



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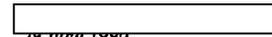


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~~Top Secret~~**INDONESIA-CHINA: To Renew Diplomatic Ties**

During his visit to Beijing next week, Indonesian Foreign Minister Alatas plans to discuss the timing for a restoration of diplomatic relations, possibly late this year, and to sign a payment agreement on Jakarta's \$84 million debt to China.

Alatas and Chinese Foreign Minister Qian Qichen will also discuss the Cambodian conflict; they are expected to work out the status of stateless ethnic Chinese living in Indonesia,

Comment: Jakarta believes normalization will bring international and regional prestige and enhance its image of itself as a leader of the Third World and the Nonaligned Movement. Both sides hope the move will increase trade, although Jakarta will not forsake lucrative trade and investment ties to Taiwan. Beijing is eager to restore relations, in part because Singapore has indicated it will follow suit, and to demonstrate that Western sanctions have failed to isolate China. It has been obliging on the debt issue in the hope of announcing the normalization before the Asian Games at Beijing in September, but Jakarta probably will push for late this year or early next year because of military and public resistance to restoring ties with Beijing.

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