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Undersecretary and Director ICA have agreed that ICA line of credit of \$25 million Development Assistance should be made available for Indonesia over period more than one year with understanding no repeat no more than \$15 million this sum will be available for obligation in FY '57. Availability balance subject appropriation by Congress. This matter as you know under consideration for some time. This would be in addition to \$4 million Development Assistance for special programs, and \$7 million Technical Cooperation for 1957. Reduction FY 1957 TC from \$8 million previously contemplated to \$7 million necessary because of cut in appropriations below requested amount. Since offer would involve use of \$10 million funds not yet appropriated we initiating, as required by 22C-1350, request for Executive Determination to seek such funds.

Department in process studying timing of substantive approach to Indonesian Government which will be decided on basis political determination. Before reaching decision this question timing, would appreciate ICA views significance of following among others: (1) Sukarno handling of himself in Moscow, (2) question of timing in light of Soviet

WFI: Cameron

SPA: HEardach; FGJarvis/pd
HP: Jones
8/10/56

Telegraphic transmission and distribution approved by:

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Mr. Turnage (in draft)
U/MCA - Mr. Frechtling (in draft)
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SPA - Mr. Ball
Mr. Underhill
HE - Mr. Jones
Mr. Cameron

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Telegram to ~~Washington, D.C.~~ ~~BAKATA, THE AGENT~~

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Soviet aid discussions, (3) Indonesian reputation Dutch debt, and The Nagus's views
on (3) and Dutch reaction.

Above for your information only and should not be revealed respective govern-
ments.

" DULLES "

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