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SUBJECT : Indonesia vs Malaysia

REQUESTED BY : RJS-RL

PURPOSE : For the DCI

DESIRED LENGTH : internal and external.

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COORDINATION

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8 January 1965

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INTELLIGENCE MEMORANDUM

INDONESIA VS. MALAYSIA

DIRECTORATE OF INTELLIGENCE

Office of Current Intelligence

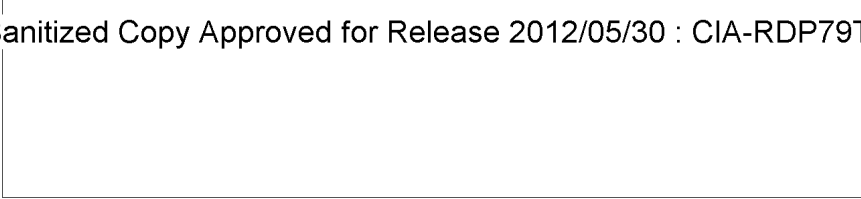
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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
8 January 1965



INTELLIGENCE MEMORANDUM

Indonesia vs. Malaysia


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1. 

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 the Indonesian confrontation of Malaysia is entering a new and probably more dangerous phase. A deployment of Indonesian forces along the Malaysian Borneo border will increase the buildup there by March from about 5,000 to at least 16,000 men. 

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 Paralleling these developments are Indonesia's withdrawal from the United Nations, Sukarno's continuing and probably increased inclination to cooperate with Communist China, and domestic developments favoring the Communists. The latter would probably reap still further gains from escalated military activities against Malaysia.

2. The buildup in Borneo indicates that a higher level of cross-border activity is probable; there is the possibility of open if still undeclared warfare. 

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4. The Indonesian buildup may be another instance of the strategy of international "blackmail" which Indonesia pursued during its campaign to take over West Irian. If this is Sukarno's line, the military buildup is intended to pressure Malaysia, the UK and the US into suggesting new talks toward a peaceful settlement of the Malaysia problem. The Indonesians may well reason that, if the blackmail fails, their troops would in any event be deployed for actual military activity.

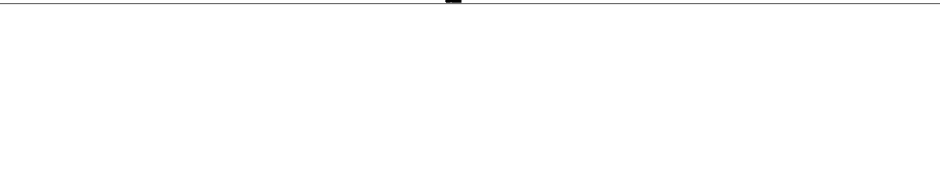
5. Chen I, the Chinese Communist Foreign Minister and Deputy Prime Minister, visited Indonesia from 27 November to 2 December. He held what appears to have been wide-ranging conversations with Sukarno, Subandrio, and a few other top officials. [redacted] the major topics were Afro-Asian affairs, Chou En-lai's visit to Moscow, and the new Soviet leadership. Malaysia was discussed, but we do not know what prominence it had compared to the other topics. The joint communique published at the end of the visit promised that the Chinese would give "full support" to Indonesia's struggle to "crush Malaysia."

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6. Specific reports of Chinese support and possible advice on the Malaysian issue are second-hand and often fragmentary accounts of the discussions. [redacted] Chen I opposed Indonesian military action in mainland Malaysia for the present, but indicated agreement with such action in Borneo, even to the point of supporting Indonesian occupation of all or part of Malaysian Borneo.

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7. Indonesia's withdrawal from the United Nations has been applauded by the Peiping People's Daily. There is no indication that withdrawal



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was prearranged with Peiping, although there is now much after-the-fact speculation that this may have been the case. Indonesia's withdrawal certainly further removes Sukarno from moderate influences, and will tend to enlarge the growing mutuality of interests between the Indonesian and Chinese governments.

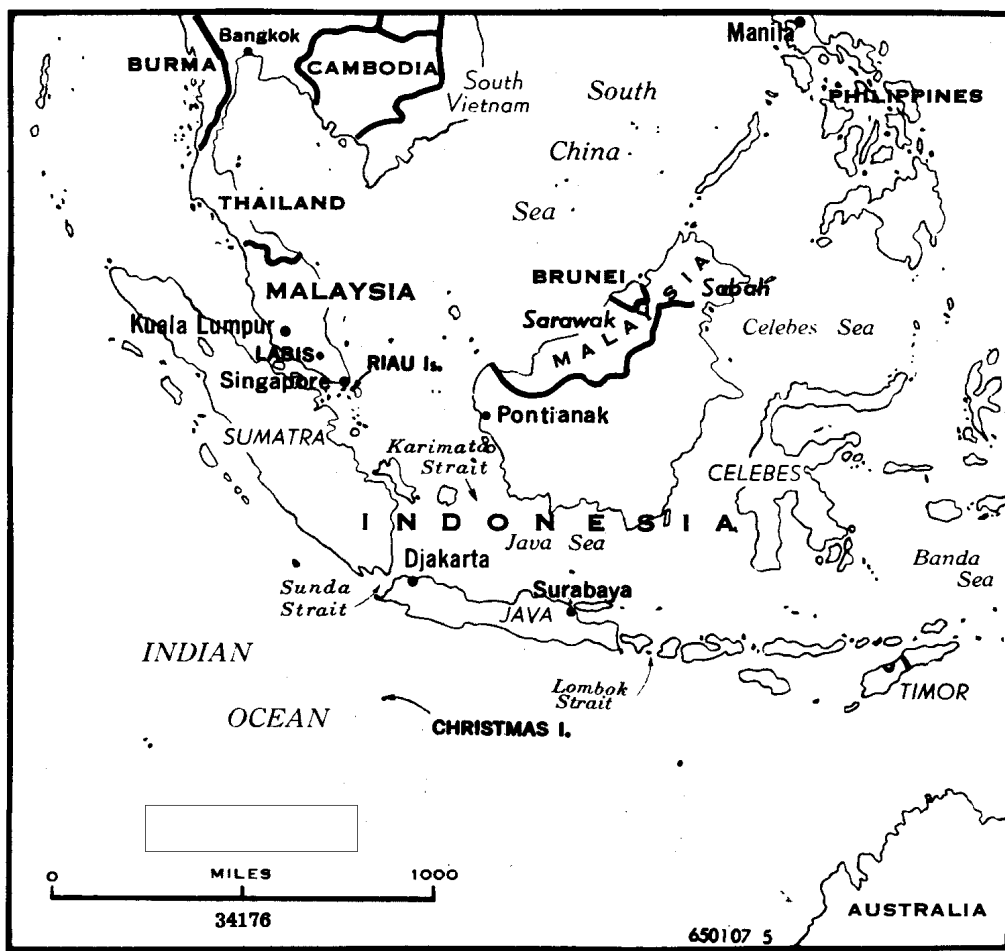
8. In relation to Malaysian confrontation, Sukarno perhaps chose the dramatic withdrawal gesture to show the world what it means to "cross Indonesia" and to give expression to his contention that the UN is a "tool of the old established forces." Withdrawal also presumably enables Indonesia to avoid answering charges before the Security Council. There is still no firm information as to whether Sukarno's announcement was the result of caprice or is part of a calculated effort, in conjunction with the military buildup in Borneo, to pressure the UK and the US.

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9. Domestically, the government is taking action against individuals and organizations involved in the now banned anti-Communist "Sukarnoist" movement. A reportedly imminent cabinet reshuffle almost certainly will further assist Communist interests. Escalation of the military situation in Borneo would also play into Communist hands. With Indonesians absorbed in an intensified confrontation campaign, the Communists could be expected to press for and probably achieve an increased political role at both national and local levels.

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