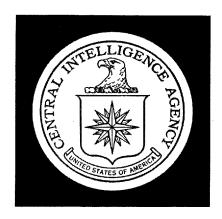
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DIRECTORATE OF INTELLIGENCE

Intelligence Report

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SUPPLEMENT

INDONESIA - COMMUNIST CHINA

Sino-Indonesian tensions have increased sharply but neither government appears inclined to push matters to a complete diplomatic break at this point.

The latest round of incidents and recriminations began with the death of a pro-Peking Overseas Chinese leader who was being interrogated by the Djakarta police. This was followed by a massive campaign in Peking denouncing the Djakarta government and the mutual expulsion of the ranking diplomats in the Indonesian and Chinese embassies on 24 April.

The violence of the demonstrations last week in front of the Indonesian Embassy in Peking suggests that the Chinese Communists have written off the possibility of any improvement in relations with the Suharto government and are now apparently willing to risk provoking a diplomatic break. Peking is probably reluctant to give the appearance of abandoning the Overseas Chinese to their fate, however, and it seems likely that the Chinese will seek to avoid the onus of initiating a break.

To some extent the virulence and bravado of the current Chinese outcry are a reflection of Peking's inability to influence events in Indonesia. It thus feels compelled to make a dramatic public gesture of support for the Overseas Chinese. Peking's leaders may also hope to capitalize on the current situation to whip up nationalistic fervor within China.

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