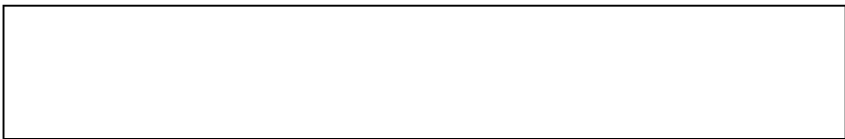
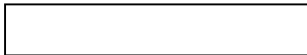
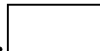


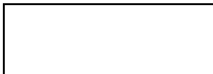


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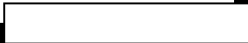
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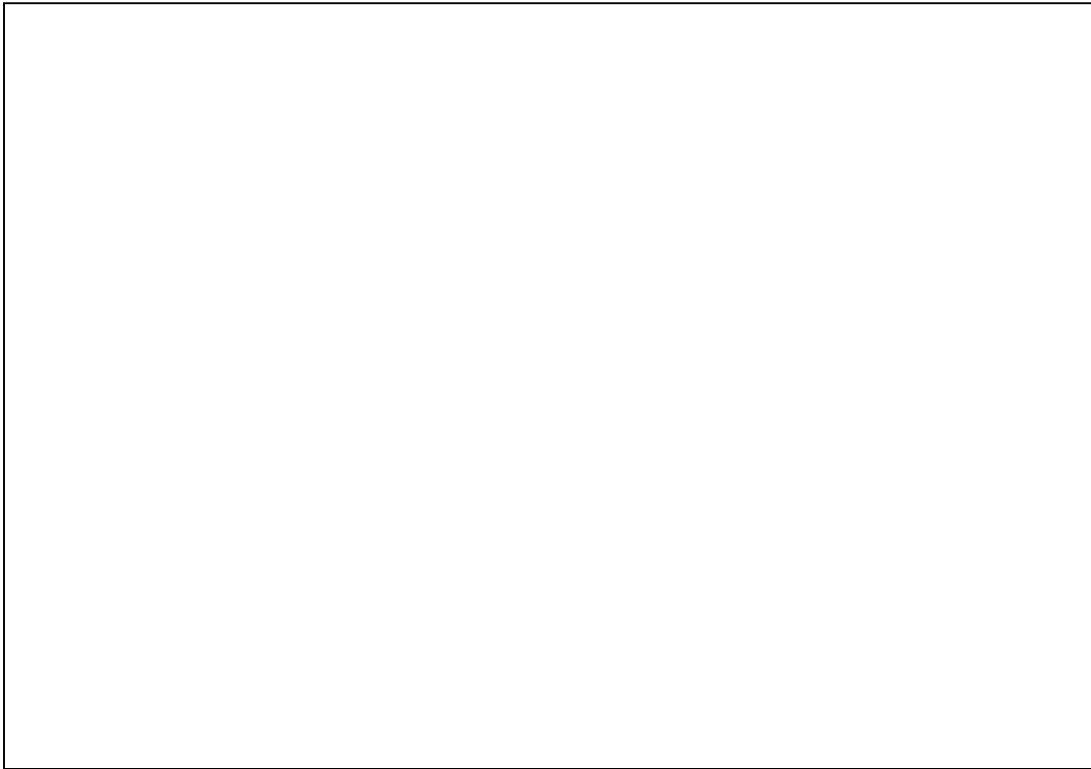
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*Indonesia and China  
Moving Toward  
Normalizing Relations*

[redacted] a Chinese delegation to Indonesia next week will discuss reestablishing diplomatic relations between the two countries. The talks are the first substantive discussions since February when Chinese Foreign Minister Qian Qichen and Indonesian President Soeharto agreed to closer ties and will probably focus on establishing embassies in Beijing and Jakarta and reviewing economic and cultural agreements that were signed before relations soured more than 20 years ago. A Chinese mission is currently in Indonesia to discuss trade in plastics, pharmaceuticals, machinery, and handicrafts. Indonesia probably expects considerable economic benefits from closer ties to China—including new markets for its nonoil exports. In addition, [redacted]

[redacted] Jakarta believes that establishing normal diplomatic relations with China would encourage Hong Kong investors to invest in Indonesia because these investors would probably believe their assets would be more secure after Hong Kong reverts to China in 1997. [redacted]

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