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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telecon with Soeharto, President of Indonesia (C)

PARTICIPANTS: Soeharto, President of Indonesia

Interpreter: Dan Fietkiewicz
Notetakers: James Smith, Jeffrey Rathke, Lyle Harrison, Robert Ford, James Gagnon

DATE, TIME AND PLACE: January 15, 1998, 11:27 - 11:36 a.m. EST
Oval Office

The President: Hello, Mr. President. (U)

President Soeharto: Good morning, Mr. President. Thank you for this opportunity to talk to you on the telephone. (U)

The President: I am glad to hear your voice. Thank you again for taking time to meet with Treasury Deputy Secretary Summers. (U)

President Soeharto: Thank you very much indeed. The last two days of discussions with Deputy Managing Director Stanley Fischer of the IMF have been very good indeed. These discussions were followed by a meeting with the Managing Director of the IMF, Michel Camdessus. This morning, I signed a letter of intent and presented the letter to the Managing Director. And soon after that, Mr. Camdessus held a press conference at which he mentioned his very good impression with the agreements that have been reached. (C)

As a follow-on to implementation of the agreement, I have established a Council of National Economic and Financial Resilience over which I will preside. I will be assisted by Dr. Widjojo Nitisastro who will be the Secretary General. The members of the Council will come from the economic ministries and have two representatives from the private sector. They will immediately begin to carry out the task of implementing plans

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and programs in accordance with the letter of intent that I presented to Mr. Camdessus this morning. (C)

With the view of maintaining better contact between Indonesia and the IMF, I have requested the Managing Director to assign a senior IMF official to Jakarta to assist me in implementing the program. Mr. Camdessus has appointed temporarily the Director for Asia Pacific Affairs of the IMF. He will be succeeded later by a more senior IMF official. Every three months, we will conduct a review of the development of the program and plan what is to be done. (C)

I would like to take this occasion to express my gratitude for your assistance, Your Excellency, and I believe it appropriate to ask you to make a statement to the world that Indonesia and the IMF have reached an agreement. I also met with the Deputy Secretary, Mr. Summers, and received your messages, Your Excellency. At almost the same time, I received the Secretary of Defense of the United States. These two high-ranking officials of the United States were both able to see close up the real situation in Jakarta. (C)

The President: Well, thank you very much Mr. President. First of all, I think the agreement is good, but I am most encouraged by the explanation of how it will be implemented. That is the next big step. Investors will be looking at this. You obviously have a very good plan for doing that. I will release a statement saying you called me and that I welcomed these steps, and I am encouraged by them. We intend to continue our involvement and to work with you in this difficult time. I hope the statement will have a positive effect. (C)

President Soeharto: Thank you very much, Your Excellency. The most important thing is implementation of this program; the world is anxiously waiting to see what will happen. The most immediate action will be the revision of the state budget I presented to the parliament several days ago. Secondly, we are committed to the reform of the banking system, not only the central bank and state banks, but also private banks. (C)

The President: Thank you. This is very good news. We will keep working with you. Goodbye. (U)

-- End of Conversation --

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