

TELEGRAM

Foreign Service of the
United States of America

OUTGOING AMEMBASSY DJAKARTA

P-1229

FILES
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Charge: Embassy
Classification: CONFIDENTIAL
Control: 25A
Date: Nov 1, 1965
8 PM

ACTION TO: SECSTATE WASHINGTON 1290
INFO : AMEMBASSY MANILA 367
MANILA FOR FELG

1. General.

a. In contrast relaxed situation Central Sumatra (Embtel 1272) LabAtt visiting Palembang, S. Sumatra Oct 28-29 found atmosphere tense. Reportedly 600 communists already jailed and arrests continuing. Top SOBSI officials at both Shell and Stanvac refineries and at PUSRI Fertilizer Plant among those picked up. Some domestic servants of foreign staff at both refineries also arrested. Local staff both companies voluntarily remaining indoors at night. Stanvac foreign staff forbidden to visit Palembang City as Army and police contacts say skirmishes occurring among communist and anti-communist elements.

b. Maj Gen Ibnu Sutowo, Minister of State for Oil and Natural Gas Affairs, inspecting

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refineries Oct 27-28 warned both managers if communists turn to violence their installations will be focal points of attack as means denying government foreign currency earnings and gasoline on which military and economy are dependent. Army security guards increased by Ibnu to provide better protection against sabotage. Shell official told by Indo authorities Army found lists both of persons communists would "butcher" and those assigned to do the butchering. Former list said to include no foreigners but both military and civilians including some Shell Indo staff. Latter list included two Shell-employed security guards.

2. Stanvac.

Most

a. ~~PERSONNEL~~ Americans in area are Stanvac employees and dependents; 46 families, most at refinery Sungaigerong others at Lirik and Pendopo fields. Sumatra Manager Tongish desirous of reducing number dependents. Plans underway to

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bring all families into refinery camp and employees "not discouraged" from returning dependents to point of hire and collecting separation allowance.

b. Tongish reported Gen. Ibnu feels one type of sabotage could be incidents against foreign staff which would both discredit Army and disrupt production. 120 additional Army troops being assigned as security guards at Ibnu's direction. Six families (four American two of 3rd state nationals) departing immediately. German and Swiss employees old enough to recall WW II and subsequent communist activities in Europe also appear on verge of leaving. (There are 11 families of 3rd state nationals at Stanvac.)

c. Army has picked up about 30 Indo employees including all leaders communist oil workers union, PERBUM. Some domestic servants and/or their relatives living in the camp were also arrested. Indo personnel manager at Stanvac and Dutch Shell officer both feel enough PERBUM leadership picked

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up to prevent launching effective ~~XXXXXX~~ or slow-down, but that not all hard-core communists yet arrested so potential for sabotage remains. Each official independently estimated another 50 to 75 were such individuals/still at work.

d. To reduce further opportunities for sabotage Gen. Ibnu considering Stanvac plan whereby excess refinery employees (at least 1000 out of 3500 see Emb A-527 and A-536 Dec '63) should be transferred to make-work projects outside refinery area leaving remaining workers much more easily supervised.

e. While Tongish working hard to reduce number total/foreign dependents aboard, thus minimizing problem if total evacuation necessary, he does not intend relying on USG assistance in evacuation since always six to ten ships, at least half non-Indo, loading or waiting to load at refineries. Assuming Indo military forces friendly, especially Air Force and Navy, ~~XXXX~~ evacuation/~~XXXXXXXX~~ would be relatively simple and safe.

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3. Shell.

a. Two American employees in foreign staff of 20; both have wives with them but no other dependents. Fifth American is wife of Dutch employee. Unlike Stanvac neither the management nor Americans were concerned over Indo political situation. Latter not considering sending wives home. Shell imposed no restrictions on travel to Palembang. Management now Dutch, most with many years Indo experience, look for favorable trend in future. Thievery not sabotage they claim is main problem. Gen. Ibnu's contention that recent refinery fire was sabotage they categorically deny. (They confirm production not affected by fire since what crude Pladju couldn't handle because of accident Shell refinery in Balikpapan did. By mid-Nov all damage caused by fire will have been repaired.) On Oct 29, 40 additional Army guards had been assigned to Pladju.

b. 24 PERBUM members picked up by Army at the Pladju refinery and ³⁵~~33~~ at Prabumulih oil fields.

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In Shell two domestic servants were picked up but here again the Dutch were complacent. Army respectfully told Dutch official his cook was suspect and would be arrested. "But not till after lunch," said Dutchman, "I've a big party planned." Arrest made after lunch.

4. Oil Company Relations with GOI.

a. Both companies are hampered in their operations by GOI supervisory teams. Any tendency towards a responsible attitude on problems brought up by the teams was strenuously fought by union members even though PERBUM no longer represented. However teams have not interfered in personnel management or labor relations matters as much as could be expected. Both companies report teams' major preoccupation is securing more prerogatives for their members.

b. Stanvac officials in Sumatra believe the coup and subsequent events will have no effect on progress of negotiations with GOI on sale of refinery,

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feeling the Army is sensitive to possible criticism should it attempt to alter or slowdown takeover plans. Shell management more optimistic hoping for return to a "rational approach" recognizing the importance of foreign management in maintaining production levels.

5. PUSRI Fertilizer Plant. Two Americans employed under GOI contract with W. C. Shroeder Co. One employee has wife and daughter at plant. Contractor ^{provides} ~~proves~~ no separation plan and employee not considering return of dependents. Indo labor force 1300 of which Army has arrested 15 SOBSI union leaders.

6. Contingency Planning for Evacuation. Stanvac agreeable to serving as focal point thru which Emb can maintain contact with Americans in Palembang area. Choice natural since refinery has continuing voice radio contact with Djakarta office close to Embassy. Company's Sumatra personnel chief accompanied LabAtt

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on visits to American employees in Shell and PUSRI.
If evacuation necessary, Stanvac could not only pass
word promptly thru community but help all Americans
to find transportation aboard tankers.

GP-3.

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Clearance: H.
ECON/P. McCusker (in draft)

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