

NARA 611-98

Ch. 5

DECLASSIFIED
Authority MND949629
By W NARA Date 5/25/09

FE:SPA:EJThrasher:ysa:3/13/62
(Drafting Office and Officer)

OFFICIAL USE ONLY
DEPARTMENT OF STATE

898.2553/3-1262

xR 897.2553

656.9813

611-98

898.0511

DATE: March 12, 1962

Memorandum of Conversation

SUBJECT: Courtesy Call by Mr. J. V. Pickering

PARTICIPANTS: Mr. J. V. Pickering, President of Esso Standard Eastern and a director of Standard-Vacuum Oil Company (Stanvac)
Mr. T. P. Nock, Executive Assistant for Far East, Stanvac
Mr. M. A. Mitchell, Stanvac representative in Washington
SPA - Mr. Bell
Mr. Jarvis
Mr. Thrasher

COPIES TO:
FE - 2
SPA - 3
E:FSD - 1
Amembassy Djakarta - 1

10

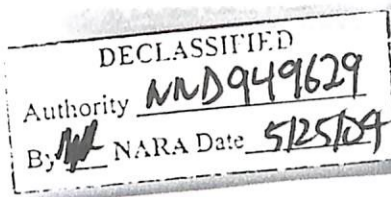
Mr. Pickering was introduced as the head of the Far Eastern Division of Esso, i. e. Standard Oil Company of New Jersey, which hereafter will be operating Stanvac's holdings in Indonesia and Malaya. On November 14, 1960 Esso and Socony Mobil Oil Company, Inc., the joint owners of Standard-Vacuum Oil Company (Stanvac), entered into a consent decree to dissolve such joint ownership. Mr. Pickering said Stanvac has already sold its headquarters building at White Plains, N. Y., to I. B. M. In Malaya Esso will be the owning and operating company but a reorganization is under consideration that may offer 45 percent participation to Malayan capital. In Indonesia, Esso will be the operating company but will share ownership 50-50 with Socony in a locally registered company, P. T. Stanvac Indonesia. Responding to a question, he said he could not say definitely that the negotiations with the Government of Indonesia (GOI) are improving because conditions fluctuate so much from day-to-day it is hard to be sure where they stand.

Mr. Bell expressed the hope that agreement between the GOI and the companies can soon be reached, and remarked that if the West New Guinea issue could be settled the GOI would be able to take a better look at its program for economic development. He said if the Indonesians commence hostilities the issue in all likelihood will be brought before the Security Council of the United Nations, and in such event the United States would have to denounce the GOI as it did the Government of India at the time of the invasion of Goa. Were this to happen, a certain amount of anti-American resentment might be generated, and in anticipation the USG has been considering plans for evacuation of American women and children. He wondered whether oil company planes might be used. Mr. Pickering said the company has two or three DC-3's which could be used provided the Indonesians

OFFICIAL USE ONLY

would

none
copy 2's sent to CIA destroyed



OFFICIAL USE ONLY

- 2 -

would permit. He gave the opinion that if the Indonesians are to invade they must do so in the near future, as weather conditions after March would be extremely unfavorable to any invasion attempt.

Mr. Pickering speculated whether President Sukarno intends to turn on British Borneo after achieving his objective in West New Guinea. Some people think that Sukarno, being unable to deal with domestic issues, must have an external issue to offer the Indonesians in order to stay in power. It has also been said that a possible Indonesian move against Borneo is one reason underlying the desire of Prime Minister Tunku Abdul Rahman of Malaya to achieve a "greater Malaysia" embracing Malaya, Singapore and the North Borneos. Mr. Bell said that while such a move is a possibility, it seems unlikely. No hints or indications have been seen that the GOI contemplates moving on British Borneo, and indeed Foreign Minister Subandrio stated in the United Nations last fall that Indonesia has no designs on Borneo. If the GOI were looking for further fields after West New Guinea a more plausible spot would be Portuguese Timor, but even here no evidence has been found that the GOI has such plans.

Mr. Pickering noted that Indonesia is the normal source of oil supplies for Laos, Cambodia, Thailand and Viet Nam. One problem that his company may have to face is that an Indonesian offensive against New Guinea would tend to interfere with these normal supply channels.

Clearances:

SPA - Mr. Jarvis

- Mr. Bell

OFFICIAL USE ONLY