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Subject: RT: **Indonesia's Chinese at a crossroads**
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Thursday July 16, 5:13 am Eastern Time ANALYSIS-Indonesia's Chinese at a crossroads By Ian MacKenzie

JAKARTA, July 16 (Reuters) - Indonesia's minority Chinese community, the target of vicious attacks during May riots that helped topple Suharto as president, appear to be at a crossroads in a nation where they have traditionally dominated commerce.

Sources close to the Chinese community say they are fearful that violence could erupt again as the nation's year-old economic collapse sends prices and unemployment soaring.

``There is a palpable sense of fear that something may erupt again later this year,'' one source said.

Political analysts say the administration needs to regain the confidence of the Chinese community and woo back billions of dollars in ``flight money'' moved out of the country as the economy tumbled, in order to reassure other foreign investors.

``Without the confidence of the Chinese, it will be very difficult to regain foreign confidence,'' one analyst said.

The Chinese, who established their position as traders during the Dutch colonial era and tightened their grip on the economy in cooperation with Suharto during his 32 years in power, have been traditional targets for attack during times of hardship.

But the riots in May that contributed to Suharto's downfall were different in the way in which they appear to have been orchestrated. It is not yet clear just who was responsible.

Chinese property was looted and burned in Jakarta and other cities, while President B.J. Habibie -- Suharto's vice-president who replaced him on May 21 -- has described the rapes of Chinese women as an ``inhuman episode in the history of the nation.''

About 1,200 people were killed in the riots in Jakarta, many in burning shopping malls, while human rights groups say nearly 170 Chinese women were systematically targeted for rape, of whom about 20 subsequently died.

Tens of thousands of people fled the country. Many returned, but not all.

Habibie has pledged an independent inquiry into the riots, alongside probes already ordered by the military, which had basically stood aside during the three days of mayhem.

But political and economic analysts say that despite statements of government concern, the Chinese community -- comprising only about four percent of the nation's 200

million people -- regards the situation in the country with apprehension.

Even the government in Beijing, which sources say has been under pressure from the Chinese community in Indonesia to react, has finally expressed its concern.

``China is concerned and sympathetic with the suffering experienced by the Indonesians of Chinese origin during the riots which occurred in Indonesia in May,'' Foreign Ministry spokesman Tang Guoqiang said this week.

Diplomatic sources in the region say other Southeast Asian countries -- particularly neighbouring Singapore and Malaysia -- are also deeply concerned over the threat of instability in Indonesia.

Their nightmare scenario is a flood of native Indonesians seeking to escape economic hardship, and of Chinese political refugees fleeing persecution.

Habibie's government has offered the Chinese some concessions. For example, removing codes identifying Indonesian Chinese on their identity cards.

``However, the government must guarantee measures for our safety, meaning that enforcement of anti-discrimination laws must be taken seriously,'' said a Chinese entrepreneur in the North Sumatran capital of Medan -- scene of serious riots in April and May.

But he said that at the moment, the Chinese community in Medan, one of Indonesia's key commodity centres, was still looking to invest in the area.

Top businessmen closely identified with the Suharto era and the accumulation of wealth through their political contacts face problems in the new reformist climate.

Sources close to the Chinese community said some Chinese business leaders were realigning and repositioning themselves following the change in government.

But there are also suggestions that the era of Chinese commercial dominance is over, and that native, primarily Moslem, Indonesians will take advantage of the economic crisis and political change to assert themselves.

``Indonesians won political independence (from the Dutch) 50 years ago. Now native Indonesians are seeking their economic independence,'' one business leader commented.

He predicted that Indonesia's business community would have a different face in 10 years time, with domestic economic control primarily in the hands of native Indonesians.

Higher education levels at home and the return of well-educated Indonesians from abroad, globalisation and the communications revolution were all factors in this.

``The Chinese will be employees, not owners,'' he suggested. ``Big (Chinese) businessmen will migrate and come back as foreign investors, not in management but with equity portfolios or as minority shareholders.''

He added, however, that the Chinese were likely to retain a position in the export trade due to their expertise and overseas contacts.

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