

E. R.
PRIME MINISTER

You may want to report on your South East Asia visits.
The most important points are:-

- (i) settlement of the air services dispute with Malaysia. The prospects for British there.
- (ii) the particular warmth of your reception in Indonesia. The need to consider whether we should divert more aid there in support of British companies.
- (iii) the degree to which communal problems dominate in Sri Lanka and whether we need to give President Jaywardene more help.
- (iv) Mr Gandhi's continuing concern about Sikh extremists in the UK. The difficulties over the Westlands helicopter deal.
- (v) the cordial reception by King Fahd in Saudi Arabia, where we are chasing important orders including Tornado.

CDP

17 April 1985

DRAFT STATEMENT

Mr. Speaker.

With permission, I shall make a statement on the overseas visits which I undertook in the Easter Recess. These visits were originally planned for last September but postponed then because of the situation in the coal industry.

I visited Malaysia, Singapore, Indonesia and Sri Lanka and made brief stops in Brunei, India and Saudi Arabia. I had most useful conversations with the Heads of Government of each of the countries I visited.

In my talks with Dr. Mahathir of Malaysia we were able to settle the issue of a Fifth Frequency for the Malaysian airline system which has been an obstacle in our relations. My talks with Mr. Lee Kuan Yew in Singapore ranged widely over international issues. As always, it was of the greatest interest to hear his views. My visit to Indonesia was the first by a British Prime Minister and enabled me to see at first hand the remarkable development of this large and important country.

I was very struck by the rapid and exciting economic growth of the South East Asian countries which I visited.

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I am certain that there are good opportunities for co-operation and trade between them and Britain which it was my purpose to promote.

In Sri Lanka I was able, with President Jayewardene, to commission the Victoria Dam, the largest single British aid project in any country. It will bring material benefits to many of Sri Lankan citizens and is also a mark of the British people's concern for the economic well-being and progress of the developing countries. I was also able to discuss with the Sri Lankan government the communal conflict. I agreed with President Jayewardene that terrorism must not be allowed to succeed but that efforts should be made to achieve a political solution by consultation and reconciliation with those members of the Tamil community who are prepared to pursue their objectives peacefully.

In India I was able to continue the exchanges which I have already had with the Indian Prime Minister, Mr. Rajiv Gandhi. I expressed to him directly my concern at the activities of the small number of extremists among the Sikh community in Britain and the Government's willingness to do everything within our powers to prevent Britain being used as a base for incitement or support of intercommunal tension in India. In Saudi Arabia I was able to hear directly from His Majesty King Fahd his

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views on developments and problems in the Middle East and other matters.

Mr. Speaker, all the countries I visited have important links with Britain, either through trade or as members of the Commonwealth. They include some of the fastest growing countries of the world, both economically and in terms of their political significance. I have no doubt that my tour deepened Britain's relations with them and will have helped to create new opportunities for British trade.