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**CONFIDENTIAL**

**Prime Minister's Visit to Asia**

**4th.-13th. April 1985**

**Briefing for Officials**

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

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Economy.

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a) History, Internal Political, Foreign Policy, Economy.

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

01: ASEAN

Background

1. ASEAN was founded in 1967 by Thailand, Malaysia, Singapore, Indonesia and the Philippines to promote economic, social and cultural cooperation. Brunei joined in 1984; it was previously an observer. Malaysia is the current Chairman of the ASEAN Standing Committee (annual rotation). The Secretariat is based in Jakarta.
2. Political issues, notably Indo-China, have dominated ASEAN activities. ASEAN is the cornerstone of the foreign policy of its members (para 5 below). Is some bilateral cooperation on defence procurement and exercises, but consensus that ASEAN should not become a military alliance.
3. ASEAN countries had an average economic growth rate of 8% from 1975-81. It is now 5% and would be higher without the Philippines. ASEAN joint industrial ventures have made little headway except for the Aceh Rea project in Indonesia. Three more joint ventures were approved in February 1985, for a security paper mill, a potash plant and a meat processing facility.
4. There are a number of unsettled historical issues between ASEAN, mostly to do with territorial disputes (Philippines claim to Sabah, Brunei to Limbang; undetermined sea boundaries). But in general these issues have a low priority, particularly while ASEAN focuses on Cambodia.

/ASEAN

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ASEAN Foreign Policy

5. ASEAN is Western orientated and resistant to Communist influence. The ASEAN countries have achieved an impressive degree of unity in their foreign policies. Differences of perception persist, notably over the roles in the region of the USSR, Vietnam and China. Thailand and Singapore regard the Vietnamese as the major threat. The Indonesians and the Malaysians are more worried about eventual Chinese Expansion. Though ASEAN countries, notably Malaysia, espouse a Zone of Peace, Freedom and Neutrality (ZOPFAN) and are considering establishing a Nuclear Weapons Free Zone in South East Asia, they privately regard the US bases in the Philippines and treaty obligations to Thailand and the Philippines as a necessary reassurance in the face of growing Soviet involvement in the region (eg. Cam Ranh Bay). The ASEAN countries are concerned at the implications of the current ANZUS dispute.

ASEAN "Dialogue" Partner Relations

6. ASEAN has formal "dialogue" relations with the EC (since 1977), USA, Japan, Canada, Australia and New Zealand. In 1984, a new dialogue forum was instituted with certain "Pacific Rim" countries (USA, Canada, Japan, Australia, New Zealand). Some of our European partners (Germans, French) were concerned at the implications for EC/ASEAN links. ASEAN has been at pains to dispel these worries. The EC/ASEAN dialogue involves regular contact at Ambassadorial level mainly in Brussels but also in the capitals of both sides. There is an annual 'dialogue' meeting in the capital of the incumbent President of the ASEAN Standing Committee with representatives of dialogue countries (EC, represented by Presidency, Commission).

/EC/ASEAN

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EC/ASEAN Relations

7. These are generally good, especially in the political field. The EC/ASEAN Foreign Ministers' meeting Dublin November 1984, attended by Sir G Howe, underlined this. It is harder for the EC to be forthcoming on trade and other economic issues of importance to ASEAN. The ASEAN countries are not blameless themselves, impeding access to their markets. The UK, at official level within the Community, is pressing for a more positive approach, eg on training, investment, in the interests of our overall relationship.

8. Britain however has taken the lead within the Ten in opposing ASEAN pressure for access to the European Investment Bank. We favour ways of increasing European investment in ASEAN but the EIB is not the right vehicle. A reference was included in the Dublin Communique to 'drawing upon the experience of the Bank' in studying means of extending cooperation in the financial sector.

9. Britain joined France in opposing the ASEAN proposal at Dublin for a Ministerial Meeting on Economic Matters because of concern about the proliferation of Ministerial meetings but we relented when the French did. The meeting (Autumn 1985, no date) will mark 5 years of the EC/ASEAN Economic and Commercial Cooperation Agreement. ASEAN is working on a paper reviewing EC/ASEAN economic cooperation for discussion with EC officials in June and for inclusion in a joint EC/ASEAN officials paper for the ministerial meeting on economic matters. We understand that ASEAN is unlikely to seek formal negotiations of the Cooperation Agreement but will want it "tightening up" eg through a memorandum. ASEAN will look eg for better market access (as will the EC in ASEAN countries). The EC has not yet taken a decision on representation.

SOUTH EAST ASIAN DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE  
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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

02: Indo-China

Cambodia

1. In April 1975, Khmer Rouge forces entered Phnom Penh. When the Royal Government of National Union, of which Khmer Rouge nominally formed a part, laid claim to Cambodia seat at UN, HMG, in May 1975, announced UK recognition. In early 1976, the RGNU restyled itself the Government of Democratic Kampuchea: this did not affect UK recognition. As a result of Khmer Rouge attacks against Southern Vietnam, coupled with Chinese military pressure in the north, Vietnam invaded Cambodia in December 1978 displacing the Khmer Rouge. In 1979 it installed the client Heng Samrin regime. On 6 December 1979, the UK announced the withdrawal of its recognition of the Government of Democratic Kampuchea. Some 160,000 Vietnamese troops occupy Cambodia, opposed by forces of three resistance groups: Khmer Rouge (some 30,000); Khmer People's National Liberation Front (KPNLF)(14,000) which is politically conservative; and Sihanoukists (6-8,000), a centrist group. These three groups, in July 1982, formed the "Coalition Government of Democratic Kampuchea", led by Prince Sihanouk ("President"), Son Sann ("Prime Minister") of the KPNLF and Khieu Samphan ("Foreign Minister") of the Khmer Rouge. Last November, Vietnamese launched heaviest offensive since 1979 against resistance groups, seizing almost all of the camps on Thai/Cambodian border, causing some 225-250,000 Cambodians to flee into Thailand (these are not classified as refugees and therefore not eligible for resettlement). Serious setback for resistance especially KPNLF though military losses light. Need to reappraise tactics: more guerilla warfare. Vietnamese on border will be vulnerable.

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China/Soviet Union

2. China is main source of military aid to resistance, principally to Khmer rouge. Also non-Communists. Assistance increasing. China has threatened to teach Vietnam a "second lesson" in response to Vietnam's offensive in Cambodia. But has shown no signs of mounting an invasion as in 1979. Has increased pressure on Vietnam's northern border.

Soviet Union provides economic and military aid. (In 1983 some US \$1.2 billion) to Vietnamese, who allow Russians to use air and naval base facilities at Cam Ranh Bay, where Soviet strike as well as reconnaissance aircraft are now deployed, providing Moscow with a new strategic potential in the region.

DK Coalition

3. An uneasy alliance with limited political and military cooperation. Prince Sihanouk, the DK President is an equivocal and mercurial figure whom the Vietnamese occasionally woo, recognising his unique standing. He recently proposed an international colloquium on Cambodia. UK supports aims of Democratic Kampuchea Coalition (formed in 1982 between the three resistance groups), but has no dealings with the Coalition "Government" as a government. Nor do we have dealings with the "People's Republic of Kampuchea" regime in Phnom Penh. We support DK's credentials at UN General Assembly. We have dealings with Son Sann, the DK "Prime Minister", and to a lesser extent Prince Sihanouk, but in their personal not official capacities. Last year, as before, we pledged £100,000 bilateral humanitarian aid to their movements. We support the UN Border Relief Operation on the Thai/Cambodian border, and have already pledged £500,000 to UNBRO's 1985 budget. UK's total contribution to international relief effort during 1984/85: £850,000. We supported recent EC pledge of food aid (2.2 mecu) for refugees in Thailand.

/Military

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Military Aid to Cambodian Resistance

4. Neither ASEANs nor resistance have approached us formally on UK military aid to resistance. As far as we know no Western governments provide this, nor do the ASEAN governments seriously expect it. ASEAN Foreign Ministers in a statement on 11 February 1985 called on the international Community to "increase support (for the) political and military struggle (in Cambodia)". The bulk of their military aid is likely to continue to come from China.

Vietnamese Policy

5. Unyielding: believe subservient Cambodia free of Chinese influence vital to their security. Only substantial improvement in international climate leading to easing of Sino-Vietnamese tensions likely to bring Vietnamese voluntarily to relax grip in Cambodia. Vietnamese, for tactical reasons, have launched numerous political initiatives on Indo-China but never commit themselves on troop withdrawals or meaningful free elections. Equivocal on participation of Khmer Rouge in a settlement (they demand exclusion of Pol Pot "and his associates"). In March, Vietnamese put five points for a Cambodia settlement to Indonesian Foreign Minister Mochtar:

- i) Vietnamese troop withdrawal together with "elimination" of Pol Pot (plus a safety zone straddling Thai/Cambodia border);
- ii) self-determination in Cambodia (Pol Pot to be excluded);
- iii) framework for peaceful co-existence in South East Asia;
- iv) "freeze" on foreign military bases in region;
- v) international guarantee and control to ensure implementation of agreement.

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ASEAN/Western Policy

6. ASEAN, supported by most Western countries, regards the withdrawal of all foreign forces from Cambodia, the holding of internationally supervised elections and the establishment of a neutral, non-aligned and independent Cambodia as indispensable elements of any settlement. A settlement on these lines was proposed at the 1981 UN-organised International Conference on Kampuchea (ICK) and has formed the basis of the annual ASEAN UN Resolution on the "situation in Kampuchea" which we co-sponsored, again in 1984 (result, 110-22-18, best yet). There are differences of emphasis in ASEAN. Thailand "hard liner" on Vietnam; Indonesia, designated ASEAN interlocutor with Vietnam. But have sustained underlying unity in face of Vietnamese wedge-driving. Reaffirmed at ASEAN Foreign Ministers' meeting on 11 February.

UK Policy

7. The Prime Minister announced in July 1979: "There will be no more aid to Vietnam as long as the present circumstances continue". This referred to human rights abuses in Vietnam as well as occupation of Cambodia. We have tried to persuade EC Partners and the Community to withhold aid from Vietnam too. On 23 November, the Secretary of State issued a statement (copy attached) calling on Vietnam to stop its actions in Cambodia. We agreed to a similar joint EC statement adopted on 23 January (copy attached) and summoned the Vietnamese Ambassador to the FCO (18 January).

Refugees

8. Total of 160,000 unresettled Indo-Chinese refugees in South East Asia region. Thailand bears heaviest burden, some 125,000 mainly Laotians and Cambodians. Also has 225-240,000 Cambodians who have fled during current Vietnamese offensive. But not eligible for resettlement. Continuing exodus of boat refugees from Vietnam (some 25,000 in 1984). Orderly Departure Programme (ODP) from Vietnam working reasonably well. UK has taken 2,000 (over 600 in 1984).

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9. There are no easy solutions on resettlement. The best, voluntary repatriation, has worked with some Laotians but offers few possibilities in case of Vietnam. Nor is involuntary repatriation likely to be practicable. Settlement in region warrants attention but, eg Thailand opposed in its own case.

Vietnamese Refugees in Hong Kong

10. Hong Kong has a population of 11,900 Vietnamese refugees, the largest Vietnamese refugee population in the region. Since 1975, refugees from Vietnam have been arriving in Hong Kong. The influx reached its peak in 1979, and fell sharply after the Geneva Conference on Refugees and Displaced Persons from Indo-China in July of that year, but arrivals since then have continued to be substantial. Nearly 100,000 have been resettled, 60,000 to the USA. Hong Kong (with nearly half a million immigrants from China since the late 1970s), has taken 14,500 displaced Indo-Chinese. Since 1982, the resettlement rate has fallen dramatically and with the continuing flow of new arrivals the refugee population has increased. 2,000 have been in Hong Kong camps for over 5 years. In 1982 the Hong Kong Government initiated a new policy to discourage the flow from Vietnam by placing all new arrivals in closed centres. The policy has had a deterrent effect: the rate of new arrivals declined in 1983 and in 1984, in both cases faster than elsewhere in the region.

FOREIGN AND COMMONWEALTH OFFICE  
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TEXT OF STATEMENT MADE IN NAME OF SIR GEOFFREY HOWE  
BY SPOKESMAN AT 23 NOVEMBER 1984 FCO PRESS CONFERENCE:

I am greatly concerned at the renewed Vietnamese military operations along the Thai/Cambodian border. These have resulted in further suffering and hardship among the civilian population there, and constitute a serious violation of the UN Charter. The British Government underline the urgent need for Vietnam to respond positively to the call by the European Community and ASEAN Foreign Ministers in their joint declaration on 16 November for Vietnam to put a stop to actions which serve to increase tension and instability along the border.

Declaration of the ten States members of the European Community  
on Viet Nam's offensive in Kampuchea and incursions into  
Thailand, adopted on 23 January 1985

The Ten are following with very great concern, the latest developments in the situation in the border area between Thailand and Cambodia. They condemn the serious violations of human rights and of the fundamental principles of the United Nations Charter that are occurring as a result of the increasingly intensive attacks made by Vietnamese troops on refugee camps in this area. The Ten also condemn the violations of Thailand's territorial sovereignty committed by Vietnamese troops during the course of their operations.

These developments could lead to an extension of the conflict, which might further aggravate the tensions existing in South-East Asia. In the circumstances, the Ten once again stress the urgent need for a comprehensive political settlement of the Cambodian crisis, which still remains unresolved more than six years after its inception. While confirming the contents of the statement issued by the fifth EEC-ASEAN ministerial meeting, held at Dublin on 15 and 16 November 1984, the Ten make a further appeal to the Vietnamese Government to call a halt to the military activities on the border between Thailand and Cambodia and to seek a political settlement of the crisis in accordance with the relevant United Nations resolutions - adopted by an overwhelming majority of the members of the international community - which call for the withdrawal of all foreign troops from Cambodia and the restoration of the right of the Khmer people to self-determination.

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STATEMENT MADE AT THE 19 MARCH FCO PRESS CONFERENCE  
IN THE NAME OF RICHARD LUCE, MP, MINISTER OF STATE

Her Majesty's Government deplore in the strongest terms the continuing hostilities being conducted by the Vietnamese forces in Cambodia, and in particular their recent serious violations of Thai territory which have caused considerable civilian losses of life. These actions are in defiance of the UN Charter, world opinion and fundamental humanitarian principles. The UK joins with others in calling on Vietnam to put a stop to these acts and to withdraw its forces from Cambodia in compliance with successive United Nations resolutions.

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Brief for Officials

03 China

1. The mood of the present Chinese leadership is more self-confident than it has been at almost any time since the foundation of the People's Republic of China in 1949. China's willingness to deal with the outside world over the last few years stands in remarkable contrast to the inward-looking tendencies of the recent past. A new vigour infuses many aspects of Chinese economic life. For the first time in many years modernisation appears to have real chances of success.

2. Much of this new spirit of enterprise is attributable to the dynamic leadership of Deng Xiaoping. It is essentially his vision of the future that the Chinese are now striving to implement. His basic aim is to change China into a modern developed nation in the forefront of the international community. His means include:

a) Political stability. The continuous upheavals of the Cultural Revolution and of Mao's last years placed immense strains on the Chinese society and economy. Deng ended the forced involvement of the population in these campaigns. The public witch-hunts that used to follow the disgrace of political opponents have been replaced by a quieter but no less resolute approach. Deng has thus tackled one of the primary breeding grounds of the

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factionalism endemic in Chinese politics. At the same time, under his leadership the Party has corrected, or at least acknowledged, many of the injustices it perpetrated in the past. However, distrust of the Party by intellectuals is still strong.

b) Political and institutional reform. To help preserve the system against any recurrence of the Cultural Revolution, which brought near total chaos, Deng has sought to revive and strengthen China's political institutions. Decision making is no longer concentrated in the hands of the Party although it remains the final arbiter. The legal system, long in disuse, has been revived.

c) Personnel reform. In the past, promotion was determined by political acceptability and length of service. Deng is now actively seeking younger, more technically skilled, officials to take over senior positions. At the central level, China's vast and unwieldy bureaucracy has been significantly pruned and many inept or over-aged leaders have been forced into retirement.

d) Emphasis on economic reform. Deng has made it clear that China's primary task for the foreseeable future is economic development. Managers at all levels are to be judged by their efficiency in carrying this out. Material incentives have replaced political ones through the introduction of

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incentives in industry and agriculture.

e) Opening to the Outside World. A measure of foreign technology and assistance are essential if China is to develop at the rate Deng wishes. However his commitment is long-term. He recently looked forward publicly to a time when it would be 'simply impossible' to forego such dealings because 'China's economic and trade ties with other countries have developed and come closer'.

Deng's reforms have never been intended to result in the abandonment of the Communist Party's domination of China. Since Deng's ascendancy some of the more stringent restrictions on the populace have been relaxed, but in general the Party's grip remains firm. Deng is no liberal. He has shown himself capable of quick and decisive action against any sign of dissidence that could threaten, however remotely, the Party's predominance. Last year's sudden crackdown on crime, with 10,000 reported executions, exemplified this.

3. Through a series of astute political manoeuvres, Deng has since his rehabilitation in 1977 gradually neutralised his main political opponents. He is now personally unassailable. He has established supporters in key positions. Zhao Ziyang (Premier) and Hu Yaobang (General Secretary of the Party) are fairly well placed to continue his policies after he is gone. He has had the main elements of his reform programme unanimously endorsed at formal meetings of the Party. Furthermore,

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going the longest, a record grain harvest has just been achieved for the fifth year running. Between 1978 and 1983, in industry, high rates of growth have also been achieved: around 12% expected in 1984. Industrial wages have risen by almost 50% since 1978 and the new emphasis on light industrial production has allowed more consumer goods into the market.

4. Some of the more remarkable changes have taken place in foreign economic relations. The four Special Economic Zones established in 1979 have been followed by the opening last year of a further fourteen coastal cities to preferential treatment for foreign investors. Since 1979 China has attracted US\$8bn in foreign investment. China's foreign trade increased annually between 1978 and 1983 by 14.6%. According to Chinese figures it rose over 20% during 1984 to US\$49.9bn with a rise in imports of 37% to US\$25.5bn. For the first time in recent years, a trade deficit of US\$1.09bn has been recorded. Foreign exchange reserves stand at \$US16.48bn.

5. The Third Plenum of the Central Committee held in October 1984 marked another important stage of reform. Following the acknowledged success in agriculture, the Plenum adopted a general programme for reform in the far more complex urban and industrial side of the economy. Much will depend on the concrete measures to be adopted to implement it. Nonetheless the Plenum document is a devastating indictment of the inefficiency of the industrial planned economy. The remedies it proposes include a limited introduction of market forces. Certain

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sectors will be taken out of the central planning system altogether. Deng Xiaoping has said that the introduction of "some capitalism" under China's open door policy would be conducive to the development of socialist productive forces. Much greater powers of responsibility, including that to dismiss employees, will be given to enterprise managers. The acknowledged key to the package lies in the centrally controlled pricing structure. The Plenum suggested that this "irrational" system should be gradually replaced by one based more on the "law of value" (still a Marxist concept).

6. Difficulties remain. Inside China (as well as abroad) the reforms have provoked suspicions that China's socialist system was straying onto a capitalist road. These ideological criticisms would gain more weight were the programme to falter. They have already induced obstruction by many middle and lower level officials who see their positions threatened by the new policies.

7. Even at the top, Deng does not have things entirely his own way. His economic initiatives have been criticised by some older and more conservatively minded senior leaders. He has still been unable satisfactorily to integrate the armed forces' leadership into his plans for the future. They are suspicious of the new policies on ideological grounds, and have derived little compensatory benefit from them. In the absence of a successor acceptable to both himself and to the military leadership, he has had to remain Chairman of the Military Commissions in charge of the armed forces. In some

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provinces too, there are signs of opposition. There are also wider and more intractable problems. China's vast population acts as a tremendous brake on any attempt at rapid development. There is a desperate shortage of trained managers, engineers and scientists to administer the new policies. If these are successful rising expectations may outpace the capacity of the economy to deliver. The reforms may also create problems of rising inflation and unemployment.

8. Deng's policies still depend considerably on his authority. The longer he stays, the better are the prospects for his proteges. However his presence has inhibited the expressions of resistance to his ideas. Last year's campaign against "spiritual pollution" (the spread of unhealthy manifestations of Western culture) for a short time appeared to threaten crucial aspects of Deng's policies, showing that the "left" wing of the Party was not dead. Even the current rectification campaign, intended to ensure the loyalty of the entire Party membership to Deng's views, has been much watered down. Many of those whose past political activities were anathema to the current leadership may well be allowed to remain members provided they pay lip-service to the reforms.

9. The present leadership has many successes to its credit. Life for the majority of the Chinese people is considerably better than it was before. Deng's mixture of limited political relaxation combined with material appeals has proved an attractive alternative to the chaos

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of Mao's later years. However the Chinese leadership are now embarked on a course for which they have little or no experience, and which is far from fully worked out. Deng, though apparently fit and active, is now 80. When he passes there may well be a period of political infighting and retrenchment as his successors settle themselves. But the basic trend is likely to be maintained. Deng's achievement is that no credible alternative is available.

FAR EASTERN DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA: 4-13 APRIL 1985

Briefs for Officials

04 Non-Aligned Movement (NAM)

1. The Non-Aligned Movement (NAM) was established in 1961, primarily through the efforts of Tito, Nasser and Nehru. It now has 101 members. The Movement holds regular meetings at different levels. There is an annual ministerial meeting in New York at the beginning of each UN General Assembly. Summit conferences of non-aligned Heads of State or Government are generally held every three years (last one Delhi 1983). Other meetings between Summits are held at Foreign Minister level (next one Luanda September 1985). A Co-ordinating Bureau was established in 1973 to co-ordinate the NAM's efforts to implement decisions and programmes adopted at Conferences and meetings.

2. Major non-aligned "principles" include: national independence; the struggle against imperialism, hegemony and racism; peaceful coexistence; freedom of all States to determine their political systems and pursue their economic, social and cultural development; the right to self-determination; peaceful settlement of disputes; permanent sovereignty over natural sources and the non-use of force or the threat of the use of force.

3. The public pronouncements of the NAM are frequently anti-Western. Recent examples:

- i) The Final Declaration of the Seventh NAM Summit (New Delhi, March 1983) included many explicit criticisms of the US and some of the UK but none of the USSR by name (although it did call for 'the withdrawal of foreign troops and full respect for the independence, sovereignty, territorial integrity and non-aligned status of Afghanistan'). It also included objectionable language on the Falklands and Diego Garcia.

ii) The communique of the NAM Ministerial Meeting in New York in October 1984 at the last UN General Assembly attacked the US over the Middle East and Central America. There was also an objectionable Argentine-inspired section on the Falklands.

4. There were however some signs of greater realism and moderation among non-aligned countries at last year's UN General Assembly, most notably manifested by the adoption by consensus of the Declaration on the Critical Economic Situation in Africa. It will be interesting to see whether this trend is confirmed at this year's General Assembly and reflected at the NAM Summit which will be hosted by the new NAM chairman next year. India's successor has not yet emerged, but Iraq is the most likely candidate, with Argentina a possible substitute if NAM members conclude that the war with Iran would make Iraq an unsuitable choice. There is some speculation that Indonesia may enter the contest. The decision will probably be made by NAM Foreign Ministers when they meet in Luanda (provided Angolas's security and economic problems do not lead to cancellation of the meeting).

5. Of the six countries to be visited by the Prime Minister, India, Indonesia and Sri Lanka were founder members of the NAM in 1961. Malaysia and Singapore both joined in 1970.

6. Malaysia has become increasingly active in the NAM. It took the initiative at the 1983 Summit of ensuring that Antarctica was referred to for the first time in a Non-Aligned Declaration.

7. Singapore is something of a maverick within the NAM. Its hard-hitting diplomacy in the cause of moderation has led it sometimes to be regarded by NAM colleagues as more committed to the West than to the Movement. At the 1983 Summit it ensured that Cuban manipulation of procedures at the 1979 Summit to seat Democratic Kampuchea should not be forgotten. The Singaporean campaign ended with Heads of State accepting Foreign Ministers' recommendations that the subject should be brought up at the next Foreign Ministers meeting in Luanda. The Non-Aligned will probably then decide to accept the credentials of either Cambodian candidate.

8. Brunei has not yet joined the NAM following independence in 1984.

9. Indonesia played a radical role in the 1960s but now plays a moderating and more consciously active role. It was host to a conference of Non-Aligned Information Ministers in January 1984. A commemorative meeting will be held in April this year on the 30th anniversary of the Afro-Asian Conference at Bandung. This is likely to be the occasion of a strong declaration of non-aligned principles.

10. Sri Lanka was the Summit host in 1976 and at New Delhi took the lead among a number of moderate countries in trying to change the Indian draft on the Indian Ocean and to omit specific references to Diego Garcia.

11. India played a major role in the foundation and subsequent development of the NAM. It became Chairman of the Movement at the New Delhi Summit in 1983. It has tried to pursue a moderate line on economic matters, and has sought to achieve NAM commitment to economic "immediate measures" rather than global negotiations. But on other questions it has sometimes veered towards the radical end of the NAM spectrum.

UNITED NATIONS DEPARTMENT

8 MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

O5: US AND JAPANESE POLICY IN SOUTH AND SOUTH EAST ASIA

A US Policy

1. US policy towards the Sub-continent dominated by its support for Pakistan, which it sees as mainstay of international opposition to the Soviet occupation of Afghanistan. Relationship centres on massive US military/civil aid programme (\$3.5 billion), under which US is supplying sophisticated arms, including F16 fighter aircraft. US have attempted to use arms supplies to persuade Pakistan to halt its efforts to acquire a nuclear explosives capability. Indian resentment at close US-Pakistan relationship, and in particular arms supplies, has soured Indo-US relations and contributed to India's pro-Soviet stance on many international issues. Since assassination of Mrs Gandhi, US sees opportunity to improve relations given more Western outlook of Rajiv Gandhi. Indo-US Computer Technology Transfer Agreement concluded in draft in November 1984. Rajiv Gandhi due to visit Washington in June (having visited Moscow in May) for Festival of India.

2. US Government share our concern at developments in Sri Lanka. Have urged resumption of negotiations with Tamils and establishment of dialogue with India. US have refused Sri Lankan requests for arms supplies, but have publicly stated support for Sri Lankan unity and sympathy for fight against terrorism.

3. US policy in South-East Asia to be supportive of ASEAN. Strong military ties with Thailand and also Philippines where US has major Naval and Air bases. US worried about instability of Marcos regime and has taken limited steps to distance themselves from him for fear of his overthrow. Isolation of Vietnam and support of ASEAN position in Cambodia is major regional objective. US relations with Indonesia have been at a low ebb since President Reagan cancelled his visit there in 1983 at the same time as cancelling visit to the Philippines.

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B Japanese Policy

4. Japan's interest in South Asia minimal. Thin relationship primarily economic. Trade imbalance heavily in Japan's favour. Prime Minister Nakasone visited Pakistan and India in May 1984, first Japanese Prime Minister to tour subcontinent since Mr Ikeda in 1961.

5. Japan's policy towards South East Asia increasingly positive under Nakasone. Shown a greater willingness to increase technology transfer, expand exchange programmes and grant aid to this area in (vain) effort to defuse criticism of trade imbalance. Measures to alleviate imbalance prevented by interest groups in Japan. Considerable Malaysian criticisms of Japan trade imbalance; her "Look East" policy with Japan as role model has not led to perceptible difference in Japan's export practices. Indonesia is also concerned at Japan's low import propensity towards her products, with the exception of oil. Criticism of Japan is less in Singapore and Brunei.

IMF figures for

1983	Malaysia	Singapore	Indonesia	Brunei
%age of Japan's imports	2.5%	1.2%	8.3%	1.9%
%age of Japan's exports to each country	1.9%	3.0%	2.4%	0.1%
%age of Country's total exports to Japan	19.4%	9.2%	45.8%	67.7%
%age of imports from Japan	25.7%	18.0%	23.1%	19.2%

North America Department  
27 March 1985

PRIME MINISTER'S VISIT TO ASIA : 4-13 APRIL 1985

Briefs for Officials

06 Hong Kong

A. THE HONG KONG AGREEMENT

1. The Agreement on Hong Kong's future which the Prime Minister and the Chinese Premier Zhao Ziyang signed on 19 December 1984 in Peking marked the outcome of two years of intensive negotiations with the agreed common aim of maintaining Hong Kong's stability and prosperity. The international community has welcomed the Agreement as showing how difficult international issues can be resolved peacefully. Following the initialling of the Agreement on 26 September 1984, statements of support for it were made, inter alia, by the governments of Malaysia, Singapore, Brunei, Indonesia and India.

2. We believe that the Agreement provides the best possible framework for the continuing stability and prosperity of Hong Kong up to and after 1 July 1997, when British administrative responsibility for Hong Kong will cease and Hong Kong will become a special Administrative Region (SAR) of the People's Republic of China. As such, it will enjoy considerable autonomy and function essentially as now.

3. UK Legislation is necessary to enable us to ratify the Agreement which states that instruments of ratification shall be exchanged before 30 June 1985. The Hong Kong Bill has now passed through the House of Commons and should also have passed through the House of Lords by the time of the Prime Minister's visit (Third Reading 28 March). The Bill provides for:



- the termination of British sovereignty and jurisdiction over Hong Kong as from 1 July 1997;
- subsequent Orders in Council to amend British Nationality Law and to adapt other laws affecting Hong Kong;
- privileges and immunities to be accorded in the UK to Chinese members of the Joint Liaison Group which will be established in accordance with the terms of the Agreement.

The Joint Liaison Group will be established on the entry into force of the Agreement to continue liaison, consultation and the exchange of information between the British and Chinese sides until 2000. It will meet in Peking; London and Hong Kong, at least once in each place per annum. From 1 July 1988, it will be based principally in Hong Kong.

## B. HONG KONG AFTER THE AGREEMENT

### (i) THE ECONOMY

4. All the indicators show that Hong Kong's economy, having borne the uncertainties of the past two years with resilience, is now expanding with renewed confidence. The Hong Kong Stock Exchange Index stood at 989.19 points on 1 October 1984, just after the initialling of the draft agreement. It now (1 March) stands at 1401.15. The linking of the Hong Kong dollar to the US dollar in October 1983 has stabilised the currency and renewed confidence in it: the Hong Kong dollar on 1 March stood one cent higher against the US dollar than it had five months before, and, like the US dollar, is therefore very strong against other currencies.

5. Hong Kong's Financial Secretary presented his budget for 1985/86 to Hong Kong's Legislative Council on 27 February. His budget projects good economic prospects for Hong Kong in 1985:

- (a) a growth rate in the GDP of 7%;
- (b) a growth in exports of 18%
- (c) a growth of private investment in plant machinery of 16% and in

- building and construction of 2%; and
- (d) an inflation rate of 5.5%.

6. The Financial Secretary forecast a budget deficit of HK\$ 1 billion for the coming year. This follows three years of deficits, produced by a combination of world recession, a fall in Hong Kong property values, and political uncertainty over the future. With uncertainty removed by the agreement, and Hong Kong's economy benefitting from renewed confidence, the Financial Secretary looks forward to a return to balanced budgets in a year's time.

(ii) FURTHER DEVELOPMENT OF REPRESENTATIVE GOVERNMENT

7. Meanwhile, in the aftermath of the agreement a further stage in the development of representative government in Hong Kong will take place this year:

- (a) the second round of elections to the local government District Boards are taking place in March;
- (b) a provisional Regional Council will be established to provide a regional representative body for the New Territories (having the same functions as does the Urban Council for Hong Kong Island and Kowloon); and
- (c) in September the first (indirect) elections to Hong Kong's Legislative Council will take place, to select 24 of the Council's 56 members. A further review of progress towards representative government will take place in 1987, before the next Legislative Council elections scheduled for 1988.

Hong Kong Department  
8 March 1985

## PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials07 East/West RelationsGeneral

1. To seek an overall political relationship based on greater mutual confidence between Soviet Union and West is agreed Alliance and Ten policy and set out in guidelines adopted by Foreign Ministers at the NAC meeting in May 1984 in Washington, and in the statement issued by the European Council in Dublin in December 1984.
2. Efforts to increase contact are useful in helping to defuse potential misunderstandings over regional questions. Help to create the right political framework for arms control negotiations.
3. East/West relations will also be affected by the conduct and outcome of a number of CSCE related events during this year. Conference on Human Rights in Ottawa in May and 10th Anniversary meeting in Helsinki in August.

Soviet Union

4. From Soviet point of view, key relationship will be with US and central element, arms control talks in Geneva.
5. Arms talks apart, there is accumulating evidence of more active US/Soviet relations. There have been trade talks in Moscow recently and the US have proposed a meeting later this year of the US/Soviet Joint Commission at trade secretary level, the first since pre-Afghanistan. Talks are in progress on a range of other questions (US/Soviet Maritime Agreement, cultural negotiations, opening of

consulates, etc). On political front two Congressional delegations have been in Moscow (Lantos and Hart). There are to be talks on Middle East. Supreme Soviet delegation led by Shcherbitsky visited Washington in March.

6. US/Soviet grain trade continues at a high level. Soviet Union has bought 7m tonnes since October 1984.

7. In Europe the Soviet line will continue to be that of the "three divisions": Europe from America, Europeans from each other and people from their governments. Connecting theme is arms control.

8. Peace movements will be encouraged (Gromyko on 13 January: "It should be assumed that the movement has far from exhausted its potential. We believe it has not yet spoken its last word".)

9. Meanwhile programme of contacts with Western Europeans likely to be continued (Gromyko has already visited Italy and Spain; French and German Foreign Ministers have visited Moscow). Trade contacts likely to develop. The FRG likely to continue to be attacked (revanchism and INF stationing) in the run up to the May anniversary. The Dutch and Belgians are likely to be given a mixture of threats and blandishments.

#### Eastern Europe

10. Our policy towards Eastern Europe continues to be to increase our contacts both political and general and to treat each country on its merits.

11. The Foreign Secretary will have visited all the non-Soviet Warsaw Pact countries except Hungary by the summer. This underlines our interest in developing dialogue at a senior political level and shows that it is not solely

with Hungarians or Romanians that we are prepared to talk. It should make it easier to work with the historical, cultural and other tendencies in those countries away from centrally planned, one-party state structure which has been imposed on them since end of the Second World War. As with the Soviet Union our political contacts will be supported by a range of trade, cultural and other links.

### China

12. Following agreement on Hong Kong, UK is well placed to develop relations with China. US and other Western countries also taking advantage of China's present desire to develop its raw materials, modernise its industry and make its agriculture more efficient. Any US sale of military equipment will be carefully watched by the Soviet Union and will to some extent, reinforce Soviet mood of isolation. Could also, however, increase pressure on Soviet Union to take seriously the need to consider legitimate security interests of other countries in the area.

### Other Countries

13. The USSR is increasing frequency of bilateral visits with Japan, but otherwise Japan's importance still under-rated and there is little sign of Soviet ability to counter Japanese public's suspicions of Soviet Union's motives. Continue to involve Japanese to greatest degree possible in Western consultations on strategic and other matters.

14. Potentially one of the most divisive issues in West/West relations during coming year could be a super-power clash over Nicaragua. The Soviet Union will continue to supply arms to Nicaragua. But it is unlikely, while arms talks in Geneva are in progress, that the Soviet Union will do anything to precipitate a US pre-emptive

strike. Will wish to continue to warn Russians of the dangers of upsetting local balance in Central America and to counsel caution on US.

15. Since 1980 Soviet Union has made no major gains in the Third World. Relative cost of maintaining gains made in 1970s in Africa has grown and there have been reverses in Angola and Mozambique, and set-backs in Ethiopia.

16. Attractions for the Third World of the West as a provider of trade, aid and technology have increased. Signature of Lomé III on 8 December (Mozambique signed as a new associate) was a significant reminder of the relative compatibility of interest between advanced northern industrial countries and developing southern countries. Soviet Union has very little of comparable value to offer.

17. Western support for regional groupings (ASEAN, the Gulf Cooperation Council etc) continues. The Ten maintain valuable institutional links with various of those groupings. Ways of assisting the most vulnerable small states to improve their ability to resist political or economic pressures are under study by MOD and FCO and resources are being allocated for those purposes.

18. No sign of any fundamental change in Soviet policy towards Afghanistan. In the face of their refusal to agree a timetable for withdrawal of their forces, UN sponsored talks remain stalled. Soviet diplomatic and military pressure on Pakistan to make unrequited concessions at the talks is likely to intensify further, as may military activities against Afghan resistance.

19. The Soviet Union is likely to make considerable efforts to get on good terms with Rajiv Gandhi, who is due to visit the Soviet Union in May. India remains Soviet Union's most important non-aligned partner (although Indians have been

adept at obtaining benefits at minimum political cost). Notwithstanding difficulties in our bilateral relations stemming from activities in the UK of Sikh extremists, it will be the in the UK's as well as the general Western interest to try to influence policies of new Indian Administration towards greater cooperation with and trust in the West.

20. The Soviet Union will continue to press its proposal for an international conference on the future of the Arab-Israeli conflict. Need to use our influence to try to ensure that the possibilities for some forward movement on Arab-Israel are not blocked, because this will encourage moderate Arab countries to turn increasingly towards the Soviet Union.

#### Arms Control

##### Geneva Bilateral Negotiations

21. UK warmly welcomed the resumption of US/Soviet arms control talks in Geneva. Talks likely to be long and difficult, over-optimistic to expect early breakthrough. Russians may try to hold progress on nuclear arms hostage to US concessions on space. UK wishes to see maximum progress in all three sets of talks (space, intermediate range and strategic nuclear arms). HMG's attitude to SDI set out in Four Points agreed between the Prime Minister and President Reagan at Camp David (copy attached).

#### General

22. Of the six countries to be visited India is by far the most vocal on arms control matters and is one of the leading radical non-aligned countries at Conference on Disarmament (CD) in Geneva and at the UN. Indonesia and Sri Lanka are passive members of the CD and are regarded as moderates.

Sri Lanka lead for the non-aligned on space matters are the UN and CD. The others, again moderate non-aligned, should be receptive to UK arguments, but are unlikely to raise arms control questions.

23. India is a persistent critic of the NPT which they regard as discriminatory and have therefore not become parties. Brunei, another non-party have said that they intend to formally succeed to the Treaty. The Treaty will be reviewed in Geneva in September, the NNA Parties and Non Parties are bound to criticise the NWS for their alleged failure to carry out their obligations under Article VI (nuclear disarmament). This criticism is usually linked to calls for immediate negotiations on a CTB Treaty. At the UN, CD and elsewhere the Indians have tabled numerous declaratory proposals particularly on nuclear issues including a draft convention on the prohibition of the use of NW and a nuclear weapons freeze.

#### Six Nation Appeal

24. The heads of Government of the six countries (Argentina, Greece, India, Mexico, Sweden, Tanzania) who signed the joint declaration on nuclear disarmament on 22 May 1984 met in Delhi on 28 January. They issued a further declaration. This repeated the appeal to nuclear weapon states to halt the testing, production and deployment of nuclear weapons and delivery systems. It gave special emphasis to space weapons and a comprehensive test ban (CTB) and further threat posed by nuclear winter. Papandreu was delegated to put the declaration to the Soviet Government during his visit to Moscow 11-14 February. Nyerere was expected to raise it during his visit to UK in March. It is not clear how the other nuclear weapon states have been divided up. Predictably, the Soviet Government have warmly endorsed the Delhi Declaration as they did the original initiative.



25. We greeted the original initiative with little enthusiasm and have no wish to stimulate further activity by the six. The Delhi Declaration has aroused little interest in the UK. In common with the US, France and China, our public reaction has been low key, emphasising the primary responsibility of the superpowers for nuclear disarmament, and welcoming in this context the resumption of US/Soviet negotiations. Both declarations are vaguely drafted, unrealistic and contain a good measure of hypocrisy on the part of the three (Argentina, India and Tanzania) who have refused to sign the NPT.

26. No further plan of action by the six has been announced although they intended to make representations in Geneva on 12 March. The UN and Conference on Disarmament in Geneva are the most obvious targets for their campaign.

Indian Ocean Peace Zone (IOPZ)

27. Proposal stems from Sri Lankan initiative at the UN. Within the UN Ad Hoc Committee which is considering the proposal we pursue a line of constructive criticism designed to maintain our relations with regional states while ensuring that no constraints are put on Western naval forces. The US Naval Support Facility on Diego Garcia is a prime consideration for us and the US.

SOVIET DEPARTMENT  
ARMS CONTROL AND DISARMAMENT DEPARTMENT  
DEFENCE DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE

8 March 1985

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INFO SAVING OTHER US POSTS.

NY TELNO 3897 (NOT TO ALL): S D I.

FOLLOWING IS TEXT OF PRIME MINISTER'S SPEAKING NOTE ON S D I,  
USED IN FULL AT HER ON THE RECORD PRESS CONFERENCE AT ANDREWS  
AIRBASE AT 221930Z, AND AGREED IN ADVANCE WITH THE PRESIDENT,  
VICE-PRESIDENT, SHULTZ AND MACFARLANE DURING HER TALKS AT CAMP  
DAVID ON 22 DECEMBER.

2. BEGINS

QUOTE PRESIDENT REAGAN AND I HAVE HAD A VERY THOROUGH AND EXTENSIVE  
DISCUSSION OF THE PROSPECTS FOR ARMS CONTROL NEGOTIATIONS, IN THE  
COURSE OF WHICH WE ALSO NATURALLY TOUCHED ON THE STRATEGIC DEFENCE  
INITIATIVE (SDI).

I WAS NOT SURPRISED TO DISCOVER THAT WE SEE MATTERS IN VERY MUCH THE  
SAME LIGHT. I TOLD THE PRESIDENT THAT I HAD MADE IT ABSOLUTELY  
CLEAR TO MR GORBACHEV THAT THERE WAS NO QUESTION OF THE SOVIET UNION  
BEING ABLE TO DIVIDE THE UNITED KINGDOM FROM THE UNITED STATES ON  
THESE MATTERS. WEDGE-DRIVING IS JUST NOT ON.

I TOLD THE PRESIDENT OF MY FIRM CONVICTION THAT THE SDI RESEARCH  
PROGRAMME SHOULD GO AHEAD. RESEARCH IS OF COURSE PERMITTED UNDER  
EXISTING US-SOVIET TREATIES: AND WE OF COURSE KNOW THAT THE RUSSIANS  
ALREADY HAVE THEIR RESEARCH PROGRAMME, AND, IN THE US VIEW, HAVE  
ALREADY GONE BEYOND RESEARCH.

/WE

WE AGREED ON FOUR SPECIFIC POINTS:

- 1) THE US, AND WESTERN, AIM WAS NOT TO ACHIEVE SUPERIORITY, BUT TO MAINTAIN BALANCE, TAKING ACCOUNT OF SOVIET DEVELOPMENTS:
  - 2) SDI-RELATED DEPLOYMENT WOULD, IN VIEW OF TREATY OBLIGATIONS, HAVE TO BE A MATTER FOR NEGOTIATION:
  - 3) THE OVERALL AIM IS TO ENHANCE, NOT UNDERCUT, DETERRENCE:
  - 4) EAST-WEST NEGOTIATION SHOULD AIM TO ACHIEVE SECURITY WITH REDUCED LEVELS OF OFFENSIVE SYSTEMS ON BOTH SIDES. THIS WILL BE THE PURPOSE OF THE REQUIRED US-SOVIET NEGOTIATIONS ON ARMS CONTROL, WHICH I WARMLY WELCOME.
- UNQUOTE

ENDS

3. ADVANCE COPIES TO NEWS DEPARTMENT AND NO 10 PRESS OFFICE.

WRIGHT

[ADVANCED AS REQUESTED]

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PLANNING STAFF

PS

PS/MR LUCE

PS/PUS

MR GOODALL

MR WESTON

MR O'NEILL

COPIES TO:

MR CARTLEDGE CABINET OFFICE

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

08 Terrorism

1. Diplomatic action can play a useful role in strengthening co-operation, raising the "level of consciousness" of sympathetic governments to new forms such as that involving abuse of diplomatic immunity (and ways of combatting this) and in encouraging governments to take appropriate national action (eg, adequate national legislation, prevention of easy access by terrorists to arms).
  
2. We have been active in promoting discussion of these matters in the Ten (agreement of the Foreign Ministers last September), the Summit Seven (London Declaration) and Council of Europe. We expect the Bonn Summit to tackle terrorism (President Reagan told the Prime Minister that he wished to see the Summit focus on the increasing international co-operation among terrorists).
  
3. We also tabled proposals, concentrating on abuse of diplomatic immunity, at a meeting of Commonwealth senior officials in December 1984. The paper was sympathetically received. But the variety of national concerns expressed round the table on the general subject of terrorism made it clear that agreement by the Commonwealth on our own proposals was unlikely.
  
4. Sri Lanka welcomed the British proposals and referred to his President's proposed action to be taken by the United Nations against international terrorism. The Sri Lankans wish to point the finger at India who they allege harbour terrorists fighting against the Government of Sri Lanka. We have not attempted to build on the present limited discussion of terrorism matters in the UN. We fear that the topic would inevitably become a political football between East and West or North and South. At the

/Commonwealth

Commonwealth meeting, India referred to the activities of the Sikhs in the United Kingdom; the other Commonwealth countries to be visited did not speak.

5. The Ten have briefed a number of third countries, including India, on the gist of the Ten's agreement. We have proposed that the Community should now brief a wider range of countries including Malaysia, Singapore and Indonesia.

6. On 25 February, the Singapore Foreign Ministry told the High Commission that they wished to make arrangements for a group of senior officials to visit the FRG, the UK and Israel in June to study these countries' methods of dealing with security crises. We hope to be able to give the Singaporeans the help they have requested and are still considering how best to go about this.

Security Coordination Department

11 March 1985

CONFIDENTIAL

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefing for Officials

09(a): Antarctica at the UNGA

Malaysian Initiative

1. The aims of the Antarctica Treaty, 1961 include the demilitarisation of Antarctica; the promotion of research and protection of the Government. It has sixteen consultative parties (including UK, USSR, USA, India, South Africa); is of unlimited duration but may be reviewed after 1991. Any country can accede to the Treaty. It is outside the UN system.
2. Third World concern about Antarctica was aroused by the opening in 1982 of negotiations between Consultative Parties to the Antarctic Treaty on an Antarctic minerals regime yet to be established (and no minerals or hydrocarbons in commercially exploitable quantities have been found in Antarctica).
3. Following a personal initiative of the Prime Minister of Malaysia, the subject of Antarctica was debated for the first time by the United Nations in November 1983, at the joint request of Malaysia and Antigua. Malaysia attempted to have Antarctica declared as part of the "common heritage of mankind" and attacked the Treaty system as being "exclusive" and "secretive". Malaysia's motives have never been entirely clear, but it probably wants a Law of the Sea International Sea Bed Authority type mining consortium with financial benefits coming to Third World from minerals activities. Malaysia's action could also stem from Dr Mahathir's desire to cut a figure on the international stage.

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4. The Consultative Parties to the Antarctic Treaty saw the Malaysian initiative as an attempt to overthrow the Treaty system and replace it by some form of UN control. They succeeded however, through co-ordinated consultations with Malaysia, in achieving an agreed Resolution (38/77) which did not prejudice the Treaty but called on the UN Secretary-General to prepare a study of all aspects of Antarctica and submit it to the 1984 UNGA. The Secretary-General's report (A/39/583) of 1984 was a comprehensive and balanced document.

5. Malaysia failed to gain widespread Third World support against the Antarctic Treaty in the 1984 UNGA debate and a Resolution was passed by consensus, thanking the Secretary-General for his study and placing Antarctica on the agenda at the 40th UNGA. The Malaysians will return to the charge but may recognise they will need to moderate their stance to make progress.

FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

CONFIDENTIAL

# The Antarctic Treaty

The Governments of Argentina, Australia, Belgium, Chile, the French Republic, Japan, New Zealand, Norway, the Union of South Africa, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland, and the United States of America,

Recognizing that it is in the interest of all mankind that Antarctica shall continue forever to be used exclusively for peaceful purposes and shall not become the scene or object of international discord ;

Acknowledging the substantial contributions to scientific knowledge resulting from international co-operation in scientific investigation in Antarctica ;

Convinced that the establishment of a firm foundation for the continuation and development of such co-operation on the basis of freedom of scientific investigation in Antarctica as applied during the International Geophysical Year accords with the interests of science and the progress of all mankind ;

Convinced also that a treaty ensuring the use of Antarctica for peaceful purposes only and the continuance of international harmony in Antarctica will further the purposes and principles embodied in the Charter of the United Nations<sup>(1)</sup> ;

Have agreed as follows :

## ARTICLE I

1. Antarctica shall be used for peaceful purposes only. There shall be prohibited, *inter-alia*, any measures of a military nature, such as the establishment of military bases and fortifications, the carrying out of military manœuvres, as well as the testing of any type of weapons.

2. The present Treaty shall not prevent the use of military personnel or equipment for scientific research or for any other peaceful purpose.

## ARTICLE II

Freedom of scientific investigation in Antarctica and co-operation toward that end, as applied during the International Geophysical Year, shall continue, subject to the provisions of the present Treaty.

## ARTICLE III

1. In order to promote international co-operation in scientific investigation in Antarctica, as provided for in Article II of the present Treaty, the Contracting Parties agree that, to the greatest extent feasible and practicable :

- (a) information regarding plans for scientific programs in Antarctica shall be exchanged to permit maximum economy and efficiency of operations ;
- (b) scientific personnel shall be exchanged in Antarctica between expeditions and stations ;
- (c) scientific observations and results from Antarctica shall be exchanged and made freely available.



2. In implementing this Article, every encouragement shall be given to the establishment of co-operative working relations with those Specialized Agencies of the United Nations and other international organizations having scientific or technical interest in Antarctica.

#### ARTICLE IV

1. Nothing contained in the present Treaty shall be interpreted as :

- (a) a renunciation by any Contracting Party of previously asserted rights of or claims to territorial sovereignty in Antarctica ;
- (b) a renunciation or diminution by any Contracting Party of any basis of claim to territorial sovereignty in Antarctica which it may have whether as a result of its activities or those of its nationals in Antarctica, or otherwise ;
- (c) prejudicing the position of any Contracting Party as regards its recognition or non-recognition of any other State's right of or claim or basis of claim to territorial sovereignty in Antarctica.

2. No acts or activities taking place while the present Treaty is in force shall constitute a basis for asserting, supporting or denying a claim to territorial sovereignty in Antarctica or create any rights of sovereignty in Antarctica. No new claim, or enlargement of an existing claim, to territorial sovereignty in Antarctica shall be asserted while the present Treaty is in force.

#### ARTICLE V

1. Any nuclear explosions in Antarctica and the disposal there of radioactive waste material shall be prohibited.

2. In the event of the conclusion of international agreements concerning the use of nuclear energy, including nuclear explosions and the disposal of radioactive waste material, to which all of the Contracting Parties whose representatives are entitled to participate in the meetings provided for under Article IX are parties, the rules established under such agreements shall apply in Antarctica.

#### ARTICLE VI

The provisions of the present Treaty shall apply to the area south of 60° South Latitude, including all ice shelves, but nothing in the present Treaty shall prejudice or in any way affect the rights, or the exercise of the rights, of any State under international law with regard to the high seas within that area.

#### ARTICLE VII

1. In order to promote the objectives and ensure the observance of the provisions of the present Treaty, each Contracting Party whose representatives are entitled to participate in the meetings referred to in Article IX of the Treaty shall have the right to designate observers to carry out any inspection provided for by the present Article. Observers shall be nationals of the Contracting Parties which designate them. The names of observers shall be communicated to every other Contracting Party having the right to designate observers, and like notice shall be given of the termination of their appointment.

2. Each observer designated in accordance with the provisions of paragraph 1 of this Article shall have complete freedom of access at any time to any or all areas of Antarctica.

3. All areas of Antarctica, including all stations, installations and equipment within those areas, and all ships and aircraft at points of discharging or embarking cargoes or personnel in Antarctica, shall be open at all times to inspection by any observers designated in accordance with paragraph 1 of this Article.

4. Aerial observation may be carried out at any time over any or all areas of Antarctica by any of the Contracting Parties having the right to designate observers.

5. Each Contracting Party shall, at the time when the present Treaty enters into force for it, inform the other Contracting Parties, and thereafter shall give them notice in advance, of

- (a) all expeditions to and within Antarctica, on the part of its ships or nationals, and all expeditions to Antarctica organized in or proceeding from its territory ;
- (b) all stations in Antarctica occupied by its nationals ; and
- (c) any military personnel or equipment intended to be introduced by it into Antarctica subject to the conditions prescribed in paragraph 2 of Article I of the present Treaty.

#### ARTICLE VIII

1. In order to facilitate the exercise of their functions under the present Treaty, and without prejudice to the respective positions of the Contracting Parties relating to jurisdiction over all other persons in Antarctica, observers designated under paragraph 1 of Article VII and scientific personnel exchanged under sub-paragraph 1 (b) of Article III of the Treaty, and members of the staffs accompanying any such persons, shall be subject only to the jurisdiction of the Contracting Party of which they are nationals in respect of all acts or omissions occurring while they are in Antarctica for the purpose of exercising their functions.

2. Without prejudice to the provisions of paragraph 1 of this Article, and pending the adoption of measures in pursuance of sub-paragraph 1 (e) of Article IX, the Contracting Parties concerned in any case of dispute with regard to the exercise of jurisdiction in Antarctica shall immediately consult together with a view to reaching a mutually acceptable solution.

#### ARTICLE IX

1. Representatives of the Contracting Parties named in the preamble to the present Treaty shall meet at the City of Canberra within two months after the date of entry into force of the Treaty, and thereafter at suitable intervals and places, for the purpose of exchanging information, consulting together on matters of common interest pertaining to Antarctica, and formulating and

considering, and recommending to their Governments, measures in furtherance of the principles and objectives of the Treaty, including measures regarding :—

- (a) use of Antarctica for peaceful purposes only ;
- (b) facilitation of scientific research in Antarctica ;
- (c) facilitation of international scientific co-operation in Antarctica ;
- (d) facilitation of the exercise of the rights of inspection provided for in Article VII of the Treaty ;
- (e) questions relating to the exercise of jurisdiction in Antarctica ;
- (f) preservation and conservation of living resources in Antarctica.

2. Each Contracting Party which has become a party to the present Treaty by accession under Article XIII shall be entitled to appoint representatives to participate in the meetings referred to in paragraph 1 of the present Article, during such time as that Contracting Party demonstrates its interest in Antarctica by conducting substantial scientific research activity there, such as the establishment of a scientific station or the despatch of a scientific expedition.

3. Reports from the observers referred to in Article VII of the present Treaty shall be transmitted to the representatives of the Contracting Parties participating in the meetings referred to in paragraph 1 of the present Article.

4. The measures referred to in paragraph 1 of this Article shall become effective when approved by all the Contracting Parties whose representatives were entitled to participate in the meetings held to consider those measures.

5. Any or all of the rights established in the present Treaty may be exercised as from the date of entry into force of the Treaty whether or not any measures facilitating the exercise of such rights have been proposed, considered or approved as provided in this Article.

#### ARTICLE X

Each of the Contracting Parties undertakes to exert appropriate efforts, consistent with the Charter of the United Nations, to the end that no one engages in any activity in Antarctica contrary to the principles or purposes of the present Treaty.

#### ARTICLE XI

1. If any dispute arises between two or more of the Contracting Parties concerning the interpretation or application of the present Treaty, those Contracting Parties shall consult among themselves with a view to having the dispute resolved by negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement or other peaceful means of their own choice.

2. Any dispute of this character not so resolved shall, with the consent, in each case, of all parties to the dispute, be referred to the International Court of Justice for settlement ; but failure to reach agreement on reference to the International Court shall not absolve parties to the dispute from the responsibility of continuing to seek to resolve it by any of the various peaceful means referred to in paragraph 1 of this Article.

## ARTICLE XII

1.—(a) The present Treaty may be modified or amended at any time by unanimous agreement of the Contracting Parties whose representatives are entitled to participate in the meetings provided for under Article IX. Any such modification or amendment shall enter into force when the depositary Government has received notice from all such Contracting Parties that they have ratified it.

(b) Such modification or amendment shall thereafter enter into force as to any other Contracting Party when notice of ratification by it has been received by the depositary Government. Any such Contracting Party from which no notice of ratification is received within a period of two years from the date of entry into force of the modification or amendment in accordance with the provisions of sub-paragraph 1 (a) of this Article shall be deemed to have withdrawn from the present Treaty on the date of the expiration of such period.

2.—(a) If after the expiration of thirty years from the date of entry into force of the present Treaty, any of the Contracting Parties whose representatives are entitled to participate in the meetings provided for under Article IX so requests by a communication addressed to the depositary Government, a Conference of all the Contracting Parties shall be held as soon as practicable to review the operation of the Treaty.

(b) Any modification or amendment to the present Treaty which is approved at such a Conference by a majority of the Contracting Parties there represented, including a majority of those whose representatives are entitled to participate in the meetings provided for under Article IX, shall be communicated by the depositary Government to all the Contracting Parties immediately after the termination of the Conference and shall enter into force in accordance with the provisions of paragraph 1 of the present Article.

(c) If any such modification or amendment has not entered into force in accordance with the provisions of sub-paragraph 1 (a) of this Article within a period of two years after the date of its communication to all the Contracting Parties, any Contracting Party may at any time after the expiration of that period give notice to the depositary Government of its withdrawal from the present Treaty; and such withdrawal shall take effect two years after the receipt of the notice by the depositary Government.

## ARTICLE XIII

1. The present Treaty shall be subject to ratification by the signatory States. It shall be open for accession by any State which is a Member of the United Nations, or by any other State which may be invited to accede to the Treaty with the consent of all the Contracting Parties whose representatives are entitled to participate in the meetings provided for under Article IX of the Treaty.

2. Ratification of or accession to the present Treaty shall be effected by each State in accordance with its constitutional processes.

3. Instruments of ratification and instruments of accession shall be deposited with the Government of the United States of America, hereby designated as the depositary Government.

4. The depositary Government shall inform all signatory and acceding States of the date of each deposit of an instrument of ratification or accession, and the date of entry into force of the Treaty and of any modification or amendment thereto.

5. Upon the deposit of instruments of ratification by all the signatory States, the present Treaty shall enter into force for those States and for States which have deposited instruments of accession(2). Thereafter the Treaty shall enter into force for any acceding State upon the deposit of its instrument of accession.

6. The present Treaty shall be registered by the depositary Government pursuant to Article 102 of the Charter of the United Nations.

#### ARTICLE XIV

The present Treaty, done in the English, French, Russian and Spanish languages, each version being equally authentic, shall be deposited in the archives of the Government of the United States of America, which shall transmit duly certified copies thereof to the Governments of the signatory and acceding States.

#### RATIFICATIONS

	<i>Date of deposit</i>
Argentina .. .. .	23rd June, 1961
Australia .. .. .	23rd June, 1961
Belgium .. .. .	26th July, 1960
Chile .. .. .	23rd June, 1961
France .. .. .	16th September, 1960
Japan .. .. .	4th August, 1960
New Zealand .. .. .	1st November, 1960
Norway .. .. .	24th August, 1960
Republic of South Africa .. .. .	21st June, 1960
U.S.S.R. .. .. .	2nd November, 1960
United Kingdom .. .. .	31st May, 1960
United States of America .. .. .	18th August, 1960

#### ACCESSIONS

Czechoslovakia .. .. .	14 June, 1962
Denmark .. .. .	20 May, 1965
German Democratic Republic .. .. .	17 November, 1974
Netherlands .. .. .	30 March, 1967
Poland .. .. .	8 June, 1961
Romania .. .. .	15 September, 1971
Brazil .. .. .	16 May, 1975
Bulgaria .. .. .	11 September, 1978
Federal Republic of Germany .. .. .	5 February, 1979
Uruguay .. .. .	11 January 1980
Papua, New Guinea .. .. .	16 March 1981
Italy .. .. .	18 March 1981
Peru .. .. .	10 April 1981
Spain .. .. .	31 March 1982
China .. .. .	8 June 1983
India .. .. .	xiv 19 August 1983.
Hungary .. .. .	27 January 1984
Sweden .. .. .	24 April 1984
Finland .. .. .	15 May 1984
Cuba .. .. .	16 August 1984

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

BACKGROUND BRIEF FOR OFFICIALS  
INTERNATIONAL POLITICAL ISSUES (GENERAL)

09(b) Namibia

General

1. SCR 435 is the only internationally agreed basis for Namibian independence. Implementation has been delayed by a number of issues, most recently US and South African insistence on a prior agreement with Angola on Cuban troop withdrawal. US-led negotiations on this now offer the best prospect of progress towards Namibian independence.

Cuban Troop Withdrawal

2. Following proposals on Cuban withdrawal put to the US in September by the Angolans, US had two meetings with the South Africans (Cape Verde, 31 October - 2 November) to discuss Angola's offer. South Africans responded with counter-proposals, which the Americans discussed with Angola on 2-5 December. A further US/Angola meeting took place on 29-31 January to discuss possible common ground between the two sides. Dr Crocker held similar discussions with the SAG in January.

US Approach

3. [NOT FOR USE:] Americans keen to proceed quickly, following recent talks in Angola and South Africa. They plan to put forward a "synthesis paper" in mid-March setting out a package deal which might be acceptable to both sides.

Security Council Action on Namibia

4. A Security Council debate on Namibia would be harmful to the current negotiations. The Angolans recognise this and together with the FLS are resisting pressure for a meeting. NAM meeting on Namibia, due to be held in New Delhi in April, is likely to call for a Security Council Action, echoing calls by SWAPO and the OAU.

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Indian Attitude

5. India display hard and doctrinaire line on Namibia in all international fora. Provide Commissioner for Namibia, ex-UN representative Mishra, who was reinstated this year through SWAPO's support for him.

Southern African Department  
8 March 1985

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

010: International Economic Issues

GENERAL

1. We wish to demonstrate the industrial countries' are committed to sound economic policies and believe that the key to better economic prospects in the developing world is adjustment. Sustained adjustment through prudent macro and structural policies would provide a more effective basis for stimulating and financing development.
2. The US budget deficit and high international interest rates continue to cause concern. We have pressed the US Administration and Congress; both recognise that reduction of the deficit is a major priority.
3. Major themes of Bonn Summit will be World Economy and Trade. World activity increased sharply last year and on the basis of current policies, growth is set to continue. ASEAN countries have sent Summit Foreign Ministers a memorandum on economic matters they hope to see covered at the Summit. Following a similar approach last year, Sir Crispin Tickell visited Jakarta to brief the Indonesians, on behalf of all ASEAN, on the outcome of the Summit. Any similar exercise this year is the responsibility of the Germans as hosts.
4. Major concerns expressed by ASEAN are protectionism, falling commodity prices and indebtedness. The memo also calls for "global negotiations for international cooperation" to solve present problems. We hope to promote more vigorous world activity through liberalising trade, especially via a new GATT round on which ASEAN has indicated a willingness to discuss the agenda. Developing Country Issues will also be discussed at Bonn but details of discussion will depend on outcome of April IMF/IBRD Interim and Development Committee meetings in Washington.



5. May be pressure, especially at IMF/IBRD meetings, for resumption of SDR allocations and for more accommodating stance from developed countries. We reject the case for SDR allocations. No global shortage of reserves. Developing countries are not helped in the long run by unconditional finance - adjustment is a surer route to success.

6. India may revive calls for a conference to discuss world monetary problems. We believe it is better to aim for genuine dialogue in established fora - IMF, IBRD etc. The April meetings in Washington are part of this process.

7. At the 1983 Williamsburg Summit Ministers were asked to consider how the IFS could be improved. Their report is expected later this year. Discussion suggests that radical reform would be counter-productive but there may be some way to improve the system (eg. increased IMF surveillance).

#### Multilateral Trade Issues: New MTNs

8. Focus in 1985 on progress towards new GATT round. President Reagan's State of Union address called on all trading partners to begin it "in the next year": Prime Minister supported in speech to US Congress.

9. Overall UK objective to preserve multilateral trading system represented by GATT. UK objectives within new round include liberalisation of trade in services, agriculture, opening of Japanese and NIC markets. Also to persuade Malaysia, Singapore and Indonesia make their private position on a new GATT round public.

10. Most developing countries in GATT, including NICs, are suspicious of a new round. Hostile to liberalisation of trade in services; "graduation" of NICs and LDCs from current privileged position in GATT, a major developed country objective in MTNs; developing countries, although benefiting from successive GATT rounds (in which concessions by developed countries have been on most-favoured-nation basis ie. available to all), have done little to liberalise their own markets, and continue to exclude many

manufactured products by high, unbound tariffs, quantitative restrictions, import licensing procedures, etc. Additional NIC and LDC complaints about restraint on textiles/clothing exports under Multi-Fibre Arrangement, due to expire in July 1986: no clear line yet on what form successor regime (if any) will take. Important to show LDCs that they have much to lose from disintegration of open trading system (alternative to new round). India, as leader (with Brazil) of developing countries' group in GATT, emphasises existing GATT work rather than preparations for new round, and unrealistic pre-conditions for latter; generally unhelpful, but has not ruled out progress. Indonesia and Singapore publicly support India's hard line; Malaysia has remained silent. Privately all three countries support trade liberalisation, especially Singapore which has most to gain from a new round.

11. All countries on Prime Minister's visit are members of GATT (except Brunei, to which it applies de facto pending final decision on future commercial policy).

#### IDA and Special African Facility

12. Seventh Replenishment raised only \$9 billion. UK and other donors agreed to provide further \$3 billion pro rata. Not pursued as FRG and Japan (as well as US) refused to participate.

13. World Bank's Special Facility has \$1.2 billion pledged. UK contribution £75 million. Money to support economic reform in Africa. This additional IDA resource should protect Asian countries' share of its general funds; IDA flows to them inevitably lower. India's share reduced to accommodate China; some compensation through increased IBRD lending.

#### OIL

##### World Market

14. The Minister of State for Energy (Mr Buchanan-Smith) announced in Parliament on 13 March that BNOC is to be abolished. This will mean the phasing out of the Corporation's involvement in the buying (under participation contracts) and selling of more than half the oil produced from the UK Continental Shelf. A copy of the Minister's statement has been passed to the Indonesian Government.

15. BNOC traditionally operated by purchasing and selling oil under term contracts at prices fixed quarterly in advance (although prices could be changed during a quarter). Over recent years, however, there has been a major change in the structure of the oil market away from term contracts and towards spot and similar short-term transactions.

16. In these changed circumstances BNOC's prices acquired a symbolic importance in OPEC's eyes. When the market weakened other producers tended to match or exceed BNOC's price cuts. In anticipation of this the market reacted by drawing on stocks and postponing purchases, thus reducing demand and exacerbating the existing weakness of the market. A downward price spiral with no clear floor could not be ruled out.

17. HMG's announcement to abolish BNOC prompted no significant market reaction. Dr Subroto, the Indonesian Energy Minister and currently OPEC's conference President, commented that the liquidation of BNOC would remove a destabilising factor from the market and prevent a recurrence of "the chaos" which BNOC's October price cuts had created in the international oil market.

#### UKCS Prices

18. Following the decision to abolish BNOC, it is important in the interests of market stability to ensure that the run down of the volumes of participation oil proceeds as quickly and smoothly as possible.

19. To this end BNOC will be negotiating with its suppliers to terminate its lifting by the beginning of the third quarter. There will be a transitional period during the second quarter as volumes are progressively reduced.

20. For the remainder of the first quarter, (ie. to the end of March) BNOC's term price will remain in place. BNOC has therefore proposed to its suppliers that the price of \$28.65 for January and February liftings should be continued for March.

21. During the transitional period, from the beginning of the second quarter, there will be no term price. In order to facilitate the rapid and orderly run down of volumes, which has to be agreed with the suppliers, BNOC has told its suppliers that it will agree prices from time to time by reference to prices actually realised in the market.

22. We do not believe this transitional arrangement will have a significant impact on the market: it does not affect the prices actually realised by BNOC, only the prices which it pays to its suppliers. For BNOC to pay \$28.65 to its suppliers during the transitional period would delay the run down of volumes, since suppliers would be reluctant to discontinue sales to BNOC at such prices. And prolonging the run down of BNOC would not help market stability.

#### Government Oil and Pipelines Agency

23. A small Government Oil and Pipelines Agency will be established to take on some of BNOC's residual functions (maintenance of the Government pipeline system, disposal of any oil received as Royalty in kind, and custody of the participation arrangements).

#### UKCS Production

24. Faced with the prospect of a continuing weak market, OPEC attention may now switch from UKCS prices to UKCS production levels.

25. UKCS production in 1984 averaged 2.48 mbd - within the published forecast range of 2.2-2.6 mbd, but OPEC are concerned that at a time of new stagnant demand increases in UK and other non-OPEC production leave less room for their own output. The forecast range for 1985 as a whole is 2.4-2.7 mbd.

26. HMG does not control the level of production, which is in the hands of oil company licensees who would be disinclined to invest in high capital cost North Sea if they thought production controls would be introduced. This is especially important for the UK now, when UKCS production is already at its peak and is expected to be in decline next year.

Dialogue between OPEC and non-OPEC producers

27. We welcome informal bilateral exchanges with OPEC producers, in order to exchange views and avoid misunderstandings. But we have constantly opposed calls for a formal multilateral dialogue which would lead to demands which could not be met (eg to help administer the market).

ECONOMIC RELATIONS DEPARTMENT  
Foreign and Commonwealth Office  
March 1985



PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

010: International Economic Issues: Supplementary Brief

Non-Oil Commodities

1. Several countries on the Prime Minister's visit are important primary commodity producers: Malaysia and Indonesia (tin, rubber); India and Sri Lanka (tea).
2. Overall non-oil commodity prices have stagnated over the last year, following some recovery in 1983. But the picture has been varied. Food and beverage prices (notably tea) have fared better than the metals and non-food agricultural crops (such as rubber). Prospects for the future will depend both on the strength of demand in consumer countries, and thus the pace of recovery, and on supply factors.
3. The UK is a member of the International Tin and Natural Rubber Agreements, both designed to stabilise prices. Malaysia and Indonesia attach considerable importance to these Agreements. Both are scheduled for renegotiation, later in April in the case of rubber (which has its headquarters in Kuala Lumpur) and next year for tin (headquarters in London). The UK will be playing a full part in these negotiations.
4. Malaysia and Indonesia have expressed some concern at expanding UK tin production (mainly in Cornwall). This is an entirely commercial matter for the companies involved. Furthermore, the UK remains an overall net consumer of tin.

ECONOMIC RELATIONS DEPARTMENT  
Foreign and Commonwealth Office  
March 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

BRIEF NO. 11: BRITISH COUNCIL: ASIA

1. BACKGROUND

The British Council has offices in India, Pakistan, Nepal, Sri Lanka, Bangladesh, Thailand, Malaysia, Indonesia and the Philippines. Burma is covered by a Council officer serving as Cultural Attaché in the British Embassy. Brunei, Bhutan and the Maldives are covered from East Malaysia, India and Sri Lanka respectively. Only the 3 communist countries of Indo-China are not covered. The scale and scope of the Council's operation varies widely from country to country of the tour, as the statistical annexe shows.

Throughout the region, libraries and information services have long been the Council's best known activity. Nowadays, however, technical cooperation training and professional visits in both directions absorb the lion's share of the operational funds deployed by the Council. Except for India, there appears to be an expanding demand throughout the region for assistance with the Teaching of English. Activity in the cultural field, on the other hand, is comparatively low key in South Asia, but local sponsorship has boosted the Council's programmes in some countries.

2. MALAYSIA

The British Council has offices in Kuala Lumpur and Penang in West Malaysia and in Kuching and Kota Kinabalu in East Malaysia. The chief activity is the interchange of persons, which went through a bleak period when Britain raised overseas student fees, followed by a sunnier period when extra funds were made available to alleviate the effects of the increase on Malaysia. Recent expansion of Council activity has centred on the opening of a successful Direct Teaching of English operation in Kuala Lumpur, and an Educational Counselling Service aimed at advising and placing Malaysians who wish to study in Britain. The Government of Malaysia is also interested in setting up a collaborative system between British and Malaysian universities leading to joint degrees

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for undergraduates splitting their studies between the two countries.

3. SINGAPORE

Opened in 1947, this is the oldest British Council office in the region. As Singapore no longer rates as a developing country, technical cooperation training does not dominate activity as it does in so many other parts of the region. Instead Direct English Language Teaching dominates and revenue from the classes started in 1979 now covers half the Council's gross budget for Singapore. The Council is also earning revenue providing consultancies, staff and training for a Computer Studies Centre and a College of Physical Education. As in Malaysia, a new development is the Educational Counselling Service.

4. BRUNEI

The Council has hitherto covered Brunei from its offices in East Malaysia, but it is aware that a separate office in Brunei would be welcome to the authorities there. Shell have offered a contribution, but there is reason to hope that additional outside sponsorship will make possible the opening of a small Council office in Brunei late in 1985. Initial fields of activity would be English Language Teaching support and an Educational Counselling Service as in Malaysia and Singapore.

5. INDONESIA

The Council's headquarters are in Jakarta and there are branch libraries in Surabaya and Medan. It has no diplomatic status, but is recognised by the Indonesian authorities as a Technical Cooperation Agency. At present the chief activities are evenly balanced between the information field, ODA-financed technical cooperation training and public-sector English Language Teaching. Some revenue has been earned - providing consultancies and training to World Bank-financed projects of the Government of Indonesia, but the hoped for big expansion in this field has yet to materialise.



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6. SRI LANKA

In 1981 HM the Queen opened the Council's new office in Colombo. The libraries there and in Kandy have long been outstandingly successful, but technical cooperation training is the main activity in financial terms. Other important activities financed by ODA are in-country training (agriculture, water management) and UK/SL university links (statistics, veterinary). During the past 4 years the Council has managed a very large World Bank-financed construction industry training project for the Sri Lankan housing ministry, but this is now drawing to a close. The current field for expansion is English Language Teaching with a new and flourishing Direct Teaching Operation in Colombo, and several island-wide projects for the Sri Lankan education ministries to improve teaching in schools and technical colleges.

7. INDIA

This Commonwealth giant has long been the scene of the Council's largest overseas operation. Although sited separately from the British High Commission in each of the key cities of Delhi, Bombay, Calcutta and Madras, in 1972 the Council took on diplomatic status as a Division of the High Commission in order to reduce its tax liability and conform with Indian Government regulations. In financial terms the most important activity is the interchange of persons, dominated by ODA-financed visiting specialists and awards for technical training in Britain. In addition the Council also administers a number of projects on ODA's behalf (offshore technology, family welfare, fertilizer education etc). However, the Council is probably best-known in India for its libraries, both the main Council Libraries in the four main cities (39,000 members) and the nine smaller British Libraries (36,000 members) administered by the Indian Council for Cultural Relations (ICCR) but financed by the British Council. Unlike in other parts of Southern Asia, the Council has not been encouraged to undertake much activity in English Language Teaching in India. The Council collaborates with ICCR to present various cultural events and exhibitions. The Indian

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insistence on collaboration with ICCR followed the Indian Government ban in February 1984 on commercial sponsorship of cultural events in India, which is likely to reduce, at least in the immediate future, the number and profile of cultural events which the Council can arrange there.

Cultural Relations Department

7 March 1985

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	<u>Malaysia</u>	<u>Singapore</u>	<u>Indonesia</u>	<u>Sri Lanka</u>	<u>India</u>
84/5 BUDGET £'000					
From FCO	782	310	183	87	638
From ODA	522	78	732	349	2552
Revenue	75	1001	420	95	245
Agency	3393	615	1456	2130	9432
Aid administration	288	51	209	183	982
TOTALS	5060	2055	3000	2844	13849
83/4 INTERCHANGE OF PERSONS					
Tech Co-operation training	111	19	108	108	746
BC fellowships	6	5	3		13
FCO scholarships	330			3	
Commonwealth awards	90			25	134
Visits to Britain	152	27	38	43	302
Specialists from Britain	149	33	85	60	616
TOTALS	838	84	234	239	1811
83/4 ENGLISH LANGUAGE TEACHING					
Class hours	1560	24040	12128	2430	
83/4 ARTS PROGRAMMES					
Exhibitions	4		2		5
Drama and dance	2	1	2	2	3
Music ensembles	10	8	4	2	4
Film festivals		1			2
83/4 INFORMATION					
Libraries	4	1	3	2	13
Membership	7989	5682	16540	10916	74881
Stock	52253	17750	64185	72865	448810
Issues	154846	38866	257726	368388	2208401
84/5 STAFF					
London-appointed	8	4	7	3	17
Locally engaged	63	29	42	71	325
KELT contracts	4		2	9	
Educational contracts				4	
Teachers of English	8	32	5	5	

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

012: South East Asia: Defence Sales

1. British companies are actively pursuing major defence sales opportunities in Malaysia, Singapore and Indonesia (a priority market) and a Memorandum of Understanding about defence equipment procurement with Brunei. Proposals involve direct sales, the transfer of technology, the establishment of repair and component manufacturing facilities, and the assembly of aircraft. Defence Sales Organisation, MOD, is supporting British bids, with the provision of Loan Service Personnel where appropriate.
3. There is strong competition for British defence equipment suppliers in all South East Asian markets.
4. Details of the most significant defence sales opportunities in Malaysia, Singapore, Brunei and Indonesia are in annexes below.

FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Brief for Officials

Defence Sales

Malaysia: Helicopters

The Royal Malaysian Navy are establishing an Air Wing. Pilots are currently undergoing training with the Royal Malaysian Air Force. Requirement for 10 land, and limited ship-based, helicopters, primarily in the Anti-Surface Vessel role with secondary Anti-Submarine Warfare.

RN assistance offered if Westlands helicopter purchased. Lynx 2 is favoured contender although fierce competition expected especially from the French.

The Deputy Secretary General of MOD (Datuk Haji Amir) and Lt General Taib (ex CAF now MD Aerospace International Malaysia) visited Westlands late last year. Westlands have offered considerable transfer of technology. Initial order likely to be followed by further 30 helicopters for Malaysian Air Force over next 5 years.

In addition to establishing a blade repair capability (currently blades are returned to country of origin), Westlands offer local manufacture of component parts and aircraft assembly. Aerospace International Malaysia would also be established as regional centre for Westland sales

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and marketing.

This sale is vital to Westlands. Its loss would effectively close South East Asian market to Westlands. Decisions are anticipated early-1986. DSO/MOD offering strong support for Westlands with training packages etc.

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PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985Briefs for OfficialsDefence SalesMalaysia: Submarines

The Malaysian Navy considering the establishment of a Submarine Service. Vickers have been actively promoting their 550 class boat. Strong competition by the Germans and Swedes. A RMN project team visited the UK from May-August last year to ascertain the support available from the RN, MOD and industry. This offer of support has since been forwarded by the DSO to the RMN. It includes sufficient RN training to provide the operators and infrastructure for the creation of a submarine service. This support, amounting to approx £8 million, is available free of charge to the RMN should they purchase the Vickers submarines.

Dr Mahathir commissioned a study from RDA(USA) on how best to proceed with the requirement including the feasibility of Sabah Shipyards in Labuan establishing a submarine repair and construction capability. This study also involved A and P Appledore who currently manage the Sabah Shipyards. The study is now complete and it is understood it recommends the creation of the service and collaboration with Vickers. This will now be the subject of a further feasibility study lasting 6 months.

The concept at present is that RDA will provide the overall Programme Management Team, Appledore will manage the dockyard and provide technological know how and back up.

Vickers, whilst recognised as the leading submarine construction shipyard in the world, are considered the weakest link in the chain due to their poor record in the export field. But they are prepared to transfer technology whereas their principal competitors, the Germans, are not as they do not wish to establish another source in the world market for small submarines. Vickers/Malaysians will receive support from the RN/MODUK and this will be essential to establish confidence with the Malaysians.



PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985Briefs for OfficialsDefence SalesMalaysia: Hawk 200 Aircraft

The Malaysian Air Force currently upgrading some of its A4 Skyhawk aircraft. Programme designed to extend their life through to the early/mid nineties.

BAe are currently developing the single-seat Hawk 200 which is scheduled to fly in Spring 1986. It will be the most sophisticated aircraft of its type yet still retaining 80% commonality with the two-seat Hawk trainer. Its sophisticated look-down/shoot-up capability coupled with excellent range makes it ideally suited to meet Malaysian Air Defence requirements whilst retaining a ground attack capability.

Indonesia has similar requirements to Malaysia for such an aircraft albeit in a slightly earlier timeframe. Proposals already made in Indonesia for transfer of technology on this aircraft and whilst Indonesia's aerospace industry is in advance of Aerospace International Malaysia (AIM) believe there is scope for a co-operative venture between Malaysia/Indonesia and BAe with support being provided by DSO/MOD.

Prime Minister should enquire into the possibility of such co-operation it being an excellent opportunity for inter-Asean collaboration in a high technology field.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985Briefs for OfficialsDefence SalesMalaysia: Rapier

The Malaysian Army has a requirement for a short range airfield defence missile system.

Indonesia purchased Rapier in December 1984. All the indications are that the Malaysians will also procure within the next year. But competition is expected from the Roland system. Rapier has the distinct advantage of being the only system of its type that actually hits its target; Roland uses a close proximity fuse and therefore has to have a much larger and heavier missile to produce the explosive force necessary to inflict damage. This makes Roland less easy to transport whereas Rapier is easily deployed across country and can be airlifted by a C130.

Malaysians can be assured of receiving British Army/RAF training, including the expertise available from the Falklands campaign at no cost to themselves should they purchase Rapier.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Malaysia: GEMAS Military Workshop Project

Understood to have a high operational priority but has been constantly deferred owing to lack of funds. Now become urgent as the size of the Malaysian Army armoured vehicle fleet outstripped the capacity of the present workshop facilities.

IMS has created a financial package which would allow the Malaysians to lease the completed workshop complex over a period of 10 years and acquire title to the whole facility at the end of that period. In essence a consortium of British and Malaysian banks would provide the funds which would be managed by a Malaysian company formed for this project, to whom IMS would be head contractor.

Understood that the Malaysian Prime Minister is attracted by the novelty of this suggested arrangement and this privatised approach is much in line with his political aims.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Singapore: Rolls Royce RB199 Engine

The Singapore Air Force (SAF)/Singapore Aircraft Industry (SAI) have procured some 100 A4 Skyhawks from the USA for approx \$0.5Million each. Currently they are out to tender for re-engining some 54 of these aircraft.

The engine programme is between Rolls Royce and GE(USA). Believed that Rolls Royce will be cheaper; will have the advantage of a better technology transfer package and will be more fuel efficient and offer greater range than the GE engine (F404).

The F404 has marginally greater thrust than the RB199 and is likely to be the one supported by the SAF pilots. This only becomes really important in a dog-fight at high level (ie 30,000 ft). But that is not the Skyhawk's role which is primarily ground-attack.

The RB199, of which over 1000 have already been built, offers the best all-round performance and Rolls Royce technology transfer package offers the most attractive long-term solution for Singapore.

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The Rolls Royce bid is fully supported by the DSO who have offered RAF training and technical assistance at no cost to the Republic of Singapore.

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PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Singapore: Fast Patrol Boats

The Singapore Navy is currently seeking offers to assist with the design and build of 6 Fast Patrol Boats and associated supply of weapons systems and engines.

Primary areas of UK interest are:-

a. HULLS

Vosper Thornycroft are only UK firm on a short-list of 4 yards. The others come from Germany, Israel and Singapore. Considerable transfer of technology is involved and Vospers have been highly successful in the field in Brazil in particular.

b. ENGINES

Paxman Diesels offering their Valenta engine which is widely in service with the Royal Navy. Competition is from MTU (Germany) but the Valenta engine offers superior performance and economy and is a more modern engine.

c. WEAPON SYSTEMS

Plessey bidding for the radar/AIO system and sonars. Marconi Underwater Systems offering the Stingray torpedo this is highly regarded by the RSN. BAe offering ship-launched Sea Wolf.

d. HMG/DSO SUPPORT

Offers of training at RN establishments on related courses, free of cost, have been made to the RSN in support of UK industry. These offers include the possibility of a RN ASW expert on secondment to the RSN for 2 years.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985Briefs for OfficialsDefence SalesBrunei: Memorandum of Understanding (MOU)

Prior to independence and in an effort to maintain long term interest in British equipment, the DSO informally proposed in the Autumn of 1983 the establishment of a General MOU between Brunei and UK. MOU covered the type of assistance that would be offered by MODUK in support of procurement of defence equipment from UK suppliers. (eg Training, In-Service support, etc).

Offer not taken up as the procurement regulations required open competition.

MOU has since been amended to assure the Brunei's that agreement to the MOU is not on 'a priori' commitment to buy British.

When the Sultan visited London recently he confirmed his wish that such an MOU be established. He also, supported by Al Fayed his financial adviser, intimated to Mr Heseltine and CDS that he wished to procure some £250M of British defence equipment. But advice was required on how best this sum could be spent to meet Brunei's operational needs.



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Since the Sultan's visit the DSO, through the British High Commission, have been seeking local agreement to proceed with the MOU with the intention that it be ready for signature during the Prime Minister's visit. Following signature our team of operational experts from the UK would visit Brunei to advise on immediate and future operational concepts with the view of maximising, in accordance with the Sultan's stated wish, procurement from UK defence industry.

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PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Indonesia: Scorpion

Over the past two years Alvis have been in discussion with Dr Habibie for the establishment of a technology transfer and manufacture under licence arrangement to provide the Scorpion family of fighting vehicles to the Indonesian Armed Forces.

The Alvis proposal demonstrates that the capability to manufacture vehicles can be transferred and established within 6 years of contract signature.

It is understood that Habibie's plan assumes 3 distinct phases for a 15 years production plan, involving some 960 vehicles including a number to be manufactured by Alvis in the UK, a number to be supplied in kit form and the remainder being 100% manufactured in Indonesia.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Indonesia: Rapier

A contract (£100M) for 2 batteries of Optical Rapier for the Indonesian Army was signed on 12 December 1984. Primary competition was provided by Euromissile with the Roland System.

The contract has been supported by a Memorandum of Understanding between Indonesia and MODUK whereby the introduction of Rapier into Indonesia will be assisted by a team of approx 5 Loan Service Personnel (Army and RAF) and specialist training in the UK. MODUK will also be providing Project Management Support.

A key aspect of the contract is BAe's willingness to transfer technology over this and future procurements.

It is believed that a further order, of the same magnitude, will be forthcoming later this year (possibly for the Indonesian Air Force) and will be again supported with specialist training.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Indonesia: Air Defence Study

In July 1983, HDS offered the services of the RAF Air Defence Advisory Team to undertake, at no cost, an Air Defence Study on behalf of the Indonesian Authorities.

The offer was accepted at the end of 1983 and the study completed in July 1984. Its essence was realism. It clearly stated the infrastructure and capabilities today; and used these as the base for development of an all-round air defence capability over a 10-15 year period. Throughout constant attention was given to the likely availability of funds.

Its principle recommendations were:-

- a. That there is no foreseen external threat to Indonesia until the early nineties.
- b. That there is a need to develop a surface to air missile capability to defend airfields and key installations.
- c. That Indonesia's territory is so widespread there is a need to obtain large quantities of aircraft to undertake a policing, air defence role in peacetime.

d. That there is an immediate requirement to provide an efficient Command, Control, Communication and Information system.

The study has been extremely well received at all levels and its conclusions in b. above were instrumental in progressing the Rapier contract.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Indonesia: Tribal Class Frigates

The Indonesian Navy purchased 3 ex-RN Tribal Class Frigates (Gurkha, Zulu and Tartar) in January 1984 for a total cost of £32 million which included refits by Vosper Thornycroft.

The sale was supported by a large RN training package and at this moment some 150 Indonesian officers and men are training at Portsmouth.

Admiral Romly, the Commander in Chief of the Indonesian Navy, is planning to visit the UK to accept the first ship.

This sale has been instrumental in establishing strong links between the Indonesian Navy and the Royal Navy.

PRIME MINISTER'S VISIT TO ASIA: 4 - 13 APRIL 1985

Briefs for Officials

Defence Sales

Indonesia: Hawk/Hawk 200

The Indonesian Air Force (IAF) purchased 20 Hawk trainers in 1980. Within a short period of time 5 had crashed. The RAF provided an officer (Wg Cdr Hemmings) on secondment for 18 months to assist training. This coupled with BAe's own efforts and visits by the Central Flying School quickly re-established confidence in the aircraft and the UK's efforts to assist have been very well received locally.

The IAF need to replace their A4 Skyhawk aircraft in the late 1980s/ early 1990s. BAe are developing the single-seat Hawk 200 due to fly next year. In November 1984 a joint DSO/RAF/BAe team gave a presentation on the aircraft in Jakarta. This was followed by a joint offer to assist in November by US of S(DP) (John Lee) and Ivan Yates (Chief Executive BAe). BAe are prepared to transfer technology into Indonesia and MOD have offered a large training package by the RAF.

Competition will be provided by the F5E(USA). The IAF already possess two squadrons. But the Hawk 200 will offer a far superior look down/shoot-up capability and, as such, will be

much better suited than the F5E to the Air Defence role.

Likely that the IAF will procure some supersonic interceptors, probably the F16. To satisfactorily train their pilots they will require more Hawk trainers.

Indonesia's requirements are likely to be paralleled by Malaysia albeit probably 2-3 years later. The Hawk 200 is 80% common to the twin-seat Hawk trainer. Should the opportunity arise, and in the spirit of Britain's wish to invest locally and develop inter-Asean co-operation, discreet enquiries should be sought regarding the possibility of a joint Indonesian/Malaysian/BAe programme on the Hawk 200.



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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

013 : South East Asia : Defence Agreements Involving Britain

Five Power Defence Arrangements

1. The Five Power Defence Arrangements, established in 1971, commit the UK, Australia and New Zealand, to consult together with Malaysia and Singapore in the event of an attack or threat to either of the last two countries. Malaysia and Singapore attach continuing importance to the FPDA.

2. The FPDA's main practical manifestation is the Integrated Air Defence System (IADS). Suspicion between Malaysia and Singapore limited the effectiveness of IADS but the situation has improved lately. Australia supplies the Commander. We contribute three RAF personnel. IADS is based at Butterworth in Malaysia, where Australia maintains a substantial RAAF presence, comprising a Mirage squadron and P3 Orion maritime reconnaissance aircraft. In 1988 the Mirages will be superseded by F18s. These will be based in Australia, deploying periodically to Butterworth. New Zealand has an infantry battalion in Singapore.

3. Britain looks to regional partners to play the leading roles but participates in FPDA exercises on an opportunity basis. The annual naval exercise (STARFISH 85) takes place in May. RN patrol craft from Hong Kong will participate. No other vessels are available. The Hong Kong garrison participates in the annual FPDA land exercises, held alternately in Australia and New Zealand. The Garrison will participate in this year's exercise (PLATYPUS 85). A suggestion that the 1988 land exercise be held in UK is being investigated, but is unlikely to prove practicable. Participation by RAF combat and tanker aircraft in IADS exercises is under study.

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A Canberra aircraft successfully acted as an exercise target in 1984. A similar offer has been made for this year.

The Manila Pact

4. Britain is a signatory of the 1954 Manila Pact with the USA, France, Australia, New Zealand, Thailand and the Philippines. The pact remains in force, though the South East Asian Treaty Organisation, its political embodiment, was dismantled in 1977 at the request of the Philippines and Thailand. Under the Pact, each contracting party agreed to "act to meet the common danger in accordance with its constitutional processes" in the event of armed attack in the Treaty area (South East Asia including the territories of the Asian parties to it and the general area of the South West Pacific).

5. In 1980, Sir Peter Blaker, when FCO Minister of State, publicly affirmed in Bangkok that the Pact continued in force and that the U would meet its obligations if approached by any signatory under threat.

Brunei: Treaty of Friendship and Cooperation

6. (See also Brunei Country Briefs). The 1979 Treaty of Friendship and Cooperation with Brunei (copy attached) which came into force on Brunei's independence on 31 December 1984 commits Britain to "consult together on matters of mutual concern".

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FREEDOM OF INFORMATION  
ACT 2000

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ACT 2000

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FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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DEPARTMENT/SERIES ..... <i>PREM 19</i> ..... PIECE/ITEM ..... <i>1500</i> ..... (one piece/item number)	Date and sign
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MISSING	
NUMBER NOT USED	

Dr Carter.

BRUNEI



Miscellaneous No. 5 (1979)

Treaty  
of Friendship and Co-operation  
between Her Majesty The Queen  
of the United Kingdom of  
Great Britain and Northern Ireland  
and His Highness Paduka Seri Baginda  
Sultan and Yang Di-Pertuan of Brunei  
with Exchanges of Notes

Bandar Seri Begawan, 7 January 1979

[The Treaty is not in force]

*Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty  
March 1979*

LONDON  
HER MAJESTY'S STATIONERY OFFICE

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TREATY OF FRIENDSHIP ...

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IN BRUNEI ... ..

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EXCHANGE OF NOTES CON  
ASSISTANCE IN RELATION

EXCHANGE OF NOTES CON  
DIPLOMATIC SERVICE ...

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**OF FRIENDSHIP  
HER MAJESTY THE  
GREAT BRITAIN  
HIS HIGHNESS PA  
YANG**

Her Majesty The Queen  
Northern Ireland and of  
Commonwealth (hereinafte  
the Right Honourable the  
Ogwen, Minister of State  
Highness Paduka Seri B  
Hassanal Bolkiah Mu'izz  
Most Esteemed Family O  
Order of Islam of Brunei,  
of Laila Jasa Keberanian C  
Order of Keberanian Lai  
Gallant Order of Pahlaw  
Most Blessed Order of Pa  
the Most Distinguished C  
Chief of the Most Honou  
and Chief of the Most F  
Honorary Knight Grand  
Michael and Saint Georg  
the Most Esteemed Fam  
Saifuddin Sa'adul Khairi  
and Territory of Brunei De

Considering that the S  
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Determined that the  
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Desiring to give expr  
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Have agreed as follow:

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shall:

- (a) consult together or
- (b) settle all their disp



**TREATY  
OF FRIENDSHIP AND CO-OPERATION BETWEEN  
HER MAJESTY THE QUEEN OF THE UNITED KINGDOM OF  
GREAT BRITAIN AND NORTHERN IRELAND AND  
HIS HIGHNESS PADUKA SERI BAGINDA SULTAN AND  
YANG DI-PERTUAN OF BRUNEI**

Her Majesty The Queen of the United Kingdom of Great Britain and Northern Ireland and of Her other Realms and Territories, Head of the Commonwealth (hereinafter referred to as "Her Majesty") represented by the Right Honourable the Lord Goronwy-Roberts of Caernarvon and of Ogwen, Minister of State for Foreign and Commonwealth Affairs and His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan Sir Muda Hassanal Bolkiah Mu'izzaddin Waddaulah, Sovereign and Chief of the Most Esteemed Family Order, Sovereign and Chief of the Most Eminent Order of Islam of Brunei, Sovereign and Chief of the Most Illustrious Order of Laila Jasa Keberanian Gemilang, Sovereign and Chief of the Most Exalted Order of Keberanian Laila Terbilang, Sovereign and Chief of the Most Gallant Order of Pahlawan Negara Brunei, Sovereign and Chief of the Most Blessed Order of Paduka Setia Negara Brunei, Sovereign and Chief of the Most Distinguished Order of Paduka Seri Laila Jasa, Sovereign and Chief of the Most Honourable Order of the Crown of Brunei, Sovereign and Chief of the Most Faithful Order of Perwira Agong Negara Brunei, Honorary Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, the Most Esteemed Family Order (Kelantan), the Most Esteemed Family Order (Johore), Ibni Sir Muda 'Omar 'Ali Saifuddin Sa'adul Khairi Waddin, Sultan and Yang Di-Pertuan of the State and Territory of Brunei Darul Salam, and All Its Dependencies;

Considering that the State of Brunei has agreed to resume full international responsibility as a sovereign and independent State;

Determined that the long standing and traditional relations of close friendship and co-operation between the United Kingdom and the State of Brunei shall continue henceforth;

Desiring to give expression to this intention in the form of a Treaty of Friendship and Co-operation;

Have agreed as follows:

**ARTICLE 1**

The relations between the United Kingdom of Great Britain and Northern Ireland and the State of Brunei shall continue to be governed by a spirit of close friendship. In recognition of this, the High Contracting Parties, conscious of their common interest in the peace and stability of the region, shall:

- (a) consult together on matters of mutual concern;
- (b) settle all their disputes by peaceful means.

## ARTICLE 2

Her Majesty's Government shall, until the Government of the State of Brunei can make alternative arrangements, and in such manner as shall in no way affect the sole responsibility of the Government of the State of Brunei for the external relations of the State, give sympathetic consideration to any specific request by the Government of the State of Brunei for diplomatic or consular assistance in the conduct of those relations and in particular Her Majesty's Government shall, in appropriate cases, if the Government of the State of Brunei so request:

- (a) act as the channel for communications between the Government of the State of Brunei and the governments of states with which the State of Brunei is not in direct diplomatic communication, or between the Government of the State of Brunei and international organisations;
- (b) employ their good offices, as appropriate, to promote the admission of the State of Brunei to any international organisation which it may wish to join;
- (c) afford protection to a citizen of the State of Brunei through their diplomatic and consular representatives in a foreign country where there is no Brunei representative;
- (d) assist with the establishment and training of the Brunei Diplomatic Service;
- (e) offer advice on the printing and supply of new Brunei passports.

## ARTICLE 3

The High Contracting Parties shall encourage educational, scientific and cultural co-operation between the two States in accordance with arrangements to be agreed. Such arrangements shall include:

- (a) the promotion of mutual understanding of their respective cultures, civilisations and languages;
- (b) the promotion of contacts among professional bodies, and cultural institutions in their countries;
- (c) the encouragement of educational, scientific and cultural exchanges.

## ARTICLE 4

The High Contracting Parties shall maintain the close relations already existing between them in the field of trade and commerce.

## ARTICLE 5

Her Majesty's Government shall, at the request of the Government of the State of Brunei and within its capability, continue to assist in the recruitment of persons for service in civil posts in Brunei and in the training of Brunei officials.

This Treaty shall enter

In witness whereof TI of Caernarvon and of Og wealth Affairs, has hereto Majesty The Queen of th Ireland and of Her other I and His Highness Paduk Muda Hassanal Bolkiah M Most Esteemed Family ( Order of Islam of Brunei, of Laila Jasa Keberania Exalted Order of Kebera Most Gallant Order of l the Most Blessed Order Chief of the Most Disting and Chief of the Most H and Chief of the Most Honorary Knight Grand Michael and Saint Geor the Most Esteemed Far Saifuddin Sa'adul Khairi and Territory of Brunei set his hand and seal this

Done in duplicate at January 1979 in the Eng authoritative.

ARTICLE 6

This Treaty shall enter into force five years from 31st December 1978.

In witness whereof The Right Honourable The Lord Goronwy-Roberts of Caernarvon and of Ogwen, Minister of State for Foreign and Commonwealth Affairs, has hereto set his hand and seal for and on behalf of Her Majesty The Queen of the United Kingdom of Great Britain and Northern Ireland and of Her other Realms and Territories, Head of the Commonwealth and His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan Sir Muda Hassanah Bolkuah Mu'izzaddin Waddaulah, Sovereign and Chief of the Most Esteemed Family Order, Sovereign and Chief of the Most Eminent Order of Islam of Brunei, Sovereign and Chief of the Most Illustrious Order of Laila Jasa Keberanian Gemilang, Sovereign and Chief of the Most Exalted Order of Keberanian Laila Terbilang, Sovereign and Chief of the Most Gallant Order of Pahlawan Negara Brunei, Sovereign and Chief of the Most Blessed Order of Paduka Setia Negara Brunei, Sovereign and Chief of the Most Distinguished Order of Paduka Seri Laila Jasa, Sovereign and Chief of the Most Honourable Order of the Crown of Brunei, Sovereign and Chief of the Most Faithful Order of Perwira Agong Negara Brunei, Honorary Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, the Most Esteemed Family Order (Kelantan), the Most Esteemed Family Order (Johore), Ibni Sir Muda 'Omar 'Ali Saifuddin Sa'adul Khairi Waddin, Sultan and Yang Di-Pertuan of the State and Territory of Brunei Darul Salam, and All Its Dependencies has hereto set his hand and seal this 7th day of January 1979.

Done in duplicate at Bandar Seri Begawan, Brunei, on the 7th day of January 1979 in the English and Malay languages, both texts being equally authoritative.

Signed and sealed by:

THE RIGHT HONOURABLE THE LORD GORONWY-ROBERTS OF  
CAERNARVON AND OF OGWEN, Minister of State for Foreign and  
Commonwealth Affairs, for and on behalf of HER MAJESTY:

*Goronwy - Roberts of  
Caernarvon & Ogwen.*

In the presence of:

Mr. A. C. Watson, C.M.G., High Commissioner for the United Kingdom of  
Great Britain and Northern Ireland:

*Watson*

Signed and sealed by:

HIS HIGHNESS PADUK  
SULTAN AND YA  
SIR MUDA HASS.  
MU'IZZADDIN WADI  
Yang Teramat Mulia P  
Sultan Sir Muda 'Omar '  
Khairi Waddin, D.K., ]  
D.P.K.T., P.S.P.N.B.,  
S.P.M.B., P.A.N.B., G.C.M  
D.K. (Johore), Sultan a  
Negeri Brunei Darul Sal

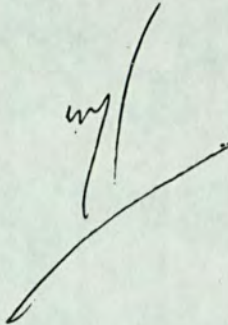
In the presence of:

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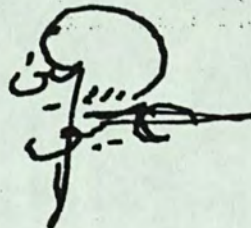
Signed and sealed by:

HIS HIGHNESS PADUKA SERI BAGINDA  
SULTAN AND YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH  
MU'IZZADDIN WADDAULAH Ibni Duli  
Yang Teramat Mulia Paduka Seri Begawan  
Sultan Sir Muda 'Omar 'Ali Saifuddin Sa'adul  
Khairi Waddin, D.K., P.S.S.U.B., D.P.K.G.,  
D.P.K.T., P.S.P.N.B., P.S.N.B., P.S.L.J.,  
S.P.M.B., P.A.N.B., G.C.M.G., D.K. (Kelantan),  
D.K. (Johore), Sultan and Yang Di-Pertuan  
Negeri Brunei Darul Salam:

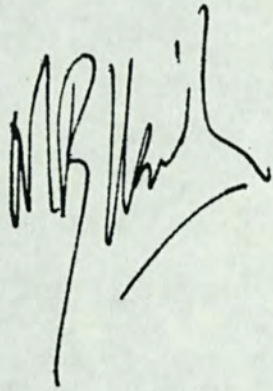


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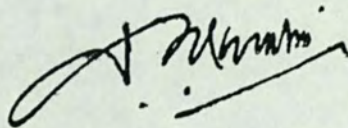
Duli Yang Teramat Mulia Paduka Seri Begawan Sultan Sir Muda 'Omar  
'Ali Saifuddin Sa'adul Khairi Waddin Ibni Al-Marhum Sultan Muhammad  
Jamalul 'Alam, D.K., G.C.V.O., K.C.M.G., P.S.S.U.B., P.H.B.S.



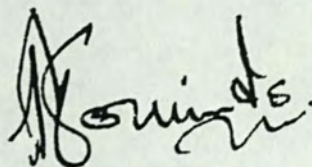
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Himmah Wal-Waqar Pengiran Muda Mohamed Bolkiah Ibni Duli Yang  
Teramat Mulia Paduka Seri Begawan Sultan Sir Muda 'Omar 'Ali  
Saifuddin Sa'adul Khairi Waddin, D.K., S.P.M.J. (Johore), C.V.O.,  
P.H.B.S., P.J.K.




Yang Teramat Berhormat Pehin Orang Kaya Laila Setia Bakti Di-Raja  
Dato Laila Utama Awang Isa bin Pehin Datu Perdana Menteri Dato  
Laila Utama Awang Haji Ibrahim, D.K., S.P.M.B., D.S.N.B., C.V.O.,  
O.B.E., P.H.B.S., P.J.K., General Adviser to His Highness Paduka Seri  
Baginda Sultan and Yang Di-Pertuan.



Yang Amat Mulia Pengiran Dipa Negara Laila Di-Raja Pengiran Abdul  
Momin bin Pengiran Haji Ismail, D.K., D.S.N.B., D.P.M.B., M.V.O.,  
P.H.B.S., P.O.A.S., P.J.K., Menteri Besar.



Yang Teramat Mulia S  
Walmashuarah Pengiran  
Pengiran Bendahara Pe  
D.S.N.B., O.B.E., P.O.A.



Yang Amat Mulia Peng  
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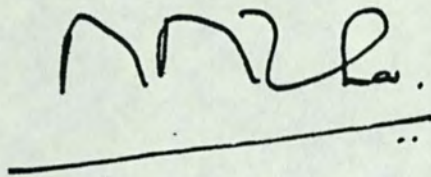
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Yang Teramat Mulia Seri Paduka Pengiran Pemancha Sahibol Rae'  
Walmashuarah Pengiran Muda Haji Mohamed 'Alam Ibnu Al-Marhum  
Pengiran Bendahara Pengiran Anak Abdul Rahman, D.K., S.P.M.B.,  
D.S.N.B., O.B.E., P.O.A.S., P.H.B.S., P.J.K.

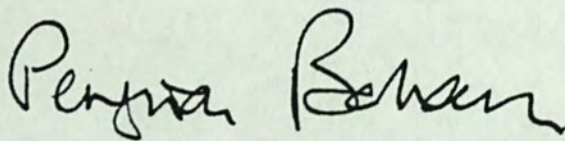
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D.P.M.B., S.L.J., P.J.B., P.H.B.S., P.J.K.

Yang Amat Mulia Pengiran Lela Cheteria Sahibun Najabah Pengiran Anak  
Haji Abdul Aziz bin Pengiran Jaya Negara Pengiran Haji Abu Bakar,  
D.K., P.H.B.S.

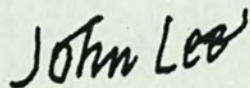
The Honourable Pehin Orang Kaya Laila Wijaya Dato Seri Setia Awang  
Haji Abdul Aziz bin Begawan Pehin Udana Khatib Dato Seri Paduka  
Awang Haji Umar, P.S.N.B., D.P.M.B., S.L.J., P.J.K., State Secretary.



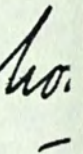
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Pengiran Haji Abas, P.S.N.B., P.H.B.S., Attorney-General.



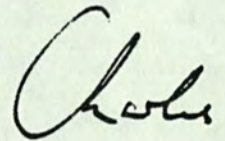
The Honourable Pehin Orang Kaya Khazanah Negara Laila Di-Raja Dato  
Laila Utama Awang John Lee, D.K., S.P.M.B., D.S.N.B., C.B.E., P.H.B.S.,  
P.B.L.I., P.J.K., State Financial Officer.



Yang Mulia Brigadier Dato  
C.B.E., Commander Royal



Dato Seri Paduka C  
Constitutional Adviser  
dan Yang Di-Pertuan.



The Honourable Pehin Ja  
Awang Haji Abdul Ra  
Haji Mohd. Taha, D.K.  
P.O.A.S., P.H.B.S., P.J.



Yang Mulia Brigadier Dato Seri Pahlawan Norman Roberts, P.S.P.N.B.,  
C.B.E., Commander Royal Brunei Malay Regiment.

Norman Roberts

Dato Seri Paduka Charles Fletcher-Cooke, S.P.M.B., Q.C., M.P.,  
Constitutional Adviser to His Highness Paduka Seri Baginda Sultan  
dan Yang Di-Pertuan.

Charles Fletcher-Cooke

The Honourable Pehin Jawatan Dalam Seri Maharaja Dato Laila Utama  
Awang Haji Abdul Rahman bin Pehin Orang Kaya Shahbandar Awang  
Haji Mohd. Taha, D.K., S.P.M.B., D.S.S.U.B., D.S.L.J., P.S.B., M.V.O.,  
P.O.A.S., P.H.B.S., P.J.K.

Abdul Rahman

The Honourable Pehin Datu Temenggong Dato Seri Paduka Awang Lim  
Cheng Choo, S.P.M.B., S.N.B., P.O.A.S., P.H.B.S.

*L. Cheng Choo*

The Honourable Pehin Orang Kaya Ratna Di-Raja Dato Seri Utama Awang  
Haji Mohd. Zain bin Haji Serudin, D.K., P.S.S.U.B., D.S.L.J., P.H.B.S.

*Mohd. Zain*

The Honourable Orang Kaya Pekerma Dewa Awang Lukan bin Uking,  
P.O.A.S.

*Pekerma Dewa*

**PERSAHABATAN  
YANG MAHA MULI  
UNITED KINGDOM  
IRELAND DENGAN J  
BAGINDA SULTAN I**

Duli Yang Maha M  
Kingdom of Great Brit  
Baginda yang lain, Kepala  
Baginda Queen) di-wal  
Goronwy-Roberts of Cae  
Ehwal Luar dan Commo  
Baginda Sultan dan y  
Mu'izzaddin Waddaulah,  
Di-Hormati, Raja dan Ke  
Yang Amat Bersinar, Ra  
Gemilang Yang Amat Ch  
Laila Terbilang Yang  
Pahlawan Negara Brunei  
Paduka Setia Negara Br  
Darjah Paduka Seri Lail  
Darjah Mahkota Brunei  
Perwira Agong Negara )  
Cross of the Most Distir  
Darjah Kerabat Yang A  
Amat Di-Hormati (Joh  
Khairi Waddin, Sultan  
serta sekalian Jajahan T

Dengan mempertim  
mengambil aleh semula  
sebagai sa-buah Negara y

Dengan berazam bal  
bagi persahabatan yang  
dengan Negeri Brunei he

Dengan hasrat unt  
Perjanjian Persahabatan

Telah bersetuju saper

Perhubungan2 di-ant  
Ireland dengan Negeri B  
persahabatan yang rapat  
kapada Perjanjian ini  
dalam keamanan dan ke

**PERJANJIAN**  
**PERSAHABATAN DAN KERJASAMA DI-ANTARA DULI**  
**YANG MAHA MULIA PADUKA SERI BAGINDA QUEEN BAGI**  
**UNITED KINGDOM OF GREAT BRITAIN DAN NORTHERN**  
**IRELAND DENGAN DULI YANG MAHA MULIA PADUKA SERI**  
**BAGINDA SULTAN DAN YANG DI-PERTUAN NEGERI BRUNEI**

Duli Yang Maha Mulia Paduka Seri Baginda Queen bagi United Kingdom of Great Britain dan Northern Ireland dan Jajahan Ta'alok Baginda yang lain, Kepala bagi Commonwealth (selepas ini di-sebut sebagai Baginda Queen) di-wakili oleh Yang Amat Berhormat The Lord Goronwy-Roberts of Caernarvon and of Ogwen, Menteri Negara bagi Hal Ehwal Luar dan Commonwealth dan Duli Yang Maha Mulia Paduka Seri Baginda Sultan dan Yang Di-Pertuan Sir Muda Hassanal Bolkiah Mu'izzaddin Waddaulah, Raja dan Kepala bagi Darjah Kerabat Yang Amat Di-Hormati, Raja dan Kepala bagi Darjah Seri Ugama Islam Negara Brunei Yang Amat Bersinar, Raja dan Kepala bagi Darjah Laila Jasa Keberanian Gemilang Yang Amat Chemerlang, Raja dan Kepala bagi Darjah Keberanian Laila Terbilang Yang Amat Gemilang, Raja dan Kepala bagi Darjah Pahlawan Negara Brunei Yang Amat Perkasa, Raja dan Kepala bagi Darjah Paduka Setia Negara Brunei Yang Amat Bahagia, Raja dan Kepala bagi Darjah Paduka Seri Laila Jasa Yang Amat Berjasa, Raja dan Kepala bagi Darjah Mahkota Brunei Yang Amat Mulia, Raja dan Kepala bagi Darjah Perwira Agong Negara Brunei Yang Amat Setia, Honorary Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Darjah Kerabat Yang Amat Di-Hormati (Kelantan), Darjah Kerabat Yang Amat Di-Hormati (Johor), Ibni Sir Muda 'Omar 'Ali Saifuddin Sa'adul Khairi Waddin, Sultan dan Yang Di-Pertuan Negeri Brunei Darul Salam serta sekalian Jajahan Ta'alok Rantau dan Pesisir-nya.

Dengan mempertimbangkan bahawa Negeri Brunei telah bersetuju mengambil alih semula dengan sechara penuh tanggung-jawab antarabangsa sebagai sa-buah Negara yang berdaulat lagi merdeka;

Dengan berazam bahawa perhubungan<sup>2</sup> yang lama lagi turun-temurun bagi persahabatan yang rapat dan kerjasama di-antara United Kingdom dengan Negeri Brunei hendak-lah di-teruskan mulai sekarang;

Dengan hasrat untuk mendzahirkan niat ini dalam bentuk satu Perjanjian Persahabatan dan Kerjasama;

Telah bersetuju seperti berikut :

**FASAL 1**

Perhubungan<sup>2</sup> di-antara United Kingdom of Great Britain dan Northern Ireland dengan Negeri Brunei hendak-lah seterusnya di-kawal oleh semangat persahabatan yang rapat. Pada mengakui keadaan ini maka kedua<sup>2</sup> pihak kepada Perjanjian ini dengan menyedari kepentingan<sup>2</sup> mereka bersama dalam keamanan dan kestabilan bagi rantau ini, hendak-lah :

- (a) bersama2 berunding mengenai dengan perkara2 yang membabit kepentingan bersama;
- (b) menyelesaikan segala pertikaian2 mereka dengan chara yang damai.

## FASAL 2

Kerajaan Baginda Queen akan, sehingga Kerajaan Negeri Brunei dapat membuat urusan2 yang lain, dan dengan chara yang sama sekali tidak akan membabit tanggung-jawab tunggal Kerajaan Negeri Brunei mengenai dengan perhubungan2 luar negeri, memberikan pertimbangan yang bersimpati terhadap mana2 permohonan yang tertentu dari Kerajaan Negeri Brunei bagi mendapatkan pertolongan diplomatik atau konsular dalam menjalankan perhubungan2 itu dan khusus-nya Kerajaan Baginda Queen akan, dalam perkara2 yang sesuai, jika Kerajaan Negeri Brunei memohonkan sedemikian :

- (a) bertindak sebagai saluran perhubungan2 di-antara Kerajaan Negeri Brunei dengan Kerajaan2 Negeri2 yang mana Negeri Brunei tidak mempunyai perhubungan diplomatik sechara langsung, atau di-antara Kerajaan Negeri Brunei dengan badan2 antarabangsa;
- (b) menggunakan jasa2 baik mereka bila2 sesuai untuk menganjorkan kemasokkan Negeri Brunei ka-dalam mana2 badan antarabangsa yang Brunei ingin untuk memasokki;
- (c) memberikan perlindungan kepada warganegara Negeri Brunei melalui wakil2 diplomatik dan konsular di-sesabuaah negeri asing di-mana tidak ada wakil Brunei;
- (d) membantu mengenai penubohan dan latehan Perkhidmatan Diplomatik Brunei;
- (e) menawarkan nasehat mengenai dengan penchetakan dan pembekalan paspot2 Brunei yang baharu.

## FASAL 3

Kedua2 pihak kepada Perjanjian ini hendak-lah menggalakkan kerjasama di-bidang pelajaran, sains dan kebudayaan di-antara kedua2 buah negara menurut susunan2 yang akan di-persetujui. Susunan2 sedemikian akan termasuk :

- (a) mengembangkan saling faham-memahami mengenai dengan kebudayaan, temaddun dan bahasa masing2;
- (b) mengembangkan hubungan2 di-antara badan2 professional dan institusi2 kebudayaan di-negeri2 mereka;
- (c) menggalakkan pertukaran2 pelajaran, sains dan kebudayaan.

## FASAL 4

Kedua2 pihak kepada Perjanjian ini hendak-lah memelihara perhubungan yang rapat yang sudah pun wujud di-antara mereka dalam bidang perniagaan dan perdagangan.

Kerajaan Baginda Queen Negeri Brunei dan sejauh orang2 untuk berkhidmat c pegawai2 Brunei.

Perjanjian ini hendak 31 haribulan December 1979

Sebagai menyaksikan Lord Goronwy-Roberts of Hal Ehwal Luar dan Cor dan meterai-nya bagi per Queen bagi United Kingd Jajahan Ta'alok Baginda Yang Maha Mulia Paduk Muda Hassanal Bolkiaah Darjah Kerabat Yang Amat Ugama Islam Negara Brunei Darjah Laila Jasa Kebesaran dan Kepala bagi Darjah I Raja dan Kepala bagi Perkasa, Raja dan Kepala Amat Bahagia, Raja dan Amat Berjasa, Raja dan Mulia, Raja dan Kepala Amat Setia, Honorary Knight of Saint Michael and Saint George (Kelantan), Darjah Kerabat 'Omar 'Ali Saifuddin Saifuddin Negeri Brunei Darul Salam Pesisir-nya dengan ini m 7 haribulan January 1979.

Di-perbuat di-Bandar Seremban 7 haribulan January 1979 yang mana kedua2 bahasa

#### FASAL 5

Kerajaan Baginda Queen hendak-lah, di-atas permintaan Kerajaan Negeri Brunei dan sejauh mana ia boleh, terus membantu pada mengambil orang2 untuk berkhidmat dalam jawatan2 awam di-Brunei dan pada melateh pegawai2 Brunei.

#### FASAL 6

Perjanjian ini hendak-lah berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Sebagai menyaksikan Perjanjian ini maka Yang Amat Berhormat The Lord Goronwy-Roberts of Caernarvon and of Ogwen, Menteri Negara bagi Hal Ehwal Luar dan Commonwealth dengan ini menurunkan tandatangan dan meterai-nya bagi pehak Duli Yang Maha Mulia Paduka Seri Baginda Queen bagi United Kingdom of Great Britain dan Northern Ireland dan Jajahan Ta'alok Baginda yang lain, Kepala bagi Commonwealth dan Duli Yang Maha Mulia Paduka Seri Baginda Sultan dan Yang Di-Pertuan Sir Muda Hassanal Bolkiah Mu'izzaddin Waddaulah, Raja dan Kepala bagi Darjah Kerabat Yang Amat Di-Hormati, Raja dan Kepala bagi Darjah Seri Ugama Islam Negara Brunei Yang Amat Bersinar, Raja dan Kepala bagi Darjah Laila Jasa Keberanian Gemilang Yang Amat Chemerlang, Raja dan Kepala bagi Darjah Keberanian Laila Terbilang Yang Amat Gemilang, Raja dan Kepala bagi Darjah Pahlawan Negara Brunei Yang Amat Perkasa, Raja dan Kepala bagi Darjah Paduka Setia Negara Brunei Yang Amat Bahagia, Raja dan Kepala bagi Darjah Paduka Seri Laila Jasa Yang Amat Berjasa, Raja dan Kepala bagi Darjah Mahkota Brunei Yang Amat Mulia, Raja dan Kepala bagi Darjah Perwira Agong Negara Brunei Yang Amat Setia, Honorary Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Darjah Kerabat Yang Amat Di-Hormati (Kelantan), Darjah Kerabat Yang Amat Di-Hormati (Johor), Ibni Sir Muda 'Omar 'Ali Saifuddin Sa'adul Khairi Waddin, Sultan dan Yang Di-Pertuan Negeri Brunei Darul Salam serta sekalian Jajahan Ta'alok Rantau dan Pesisir-nya dengan ini menurunkan tandatangan dan Mohor Baginda pada 7 haribulan January 1979.

Di-perbuat di-Bandar Seri Begawan, Brunei, dalam dua salinan pada 7 haribulan January 1979, dalam bahasa Inggeris dan bahasa Melayu, yang mana kedua2 bahasa Inggeris dan bahasa Melayu hendak-lah di-pakai.

Di-tandatangani dan di-meterai oleh:

YANG AMAT BERHORMAT THE LORD GORONWY-ROBERTS OF  
CAERNARVON AND OF OGWEN, Menteri Negara bagi Hal Ehwal  
Luar dan Commonwealth buat dan bagi pihak DULI YANG MAHA  
MULIA PADUKA SERI BAGINDA QUEEN di-hadapan:

*Goronwy - Roberts of  
Caernarvon & Ogwen.*

Di-saksikan oleh:

Yang Terutama Awang A. C. Watson, C.M.G., Pesuruhjaya Tinggi Duli  
Yang Maha Mulia Baginda Queen di-Brunei:

*Awang A. C. Watson*

Di-tandatangani dan di-  
Kerajaan oleh:

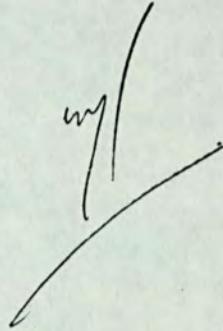
DULI YANG MAHA  
SERI BAGINDA SU  
DI-PERTUAN SIR  
BOLKIAH MU'IZZAH  
Ibni Duli Yang Teram  
Begawan Sultan Sir Mu  
Sa'adul Khairi Wadd  
D.P.K.G., D.P.K.T.,  
P.S.L.J., S.P.M.B., P.A  
(Kelantan), D.K. (Joh  
Di-Pertuan Negeri Bru

Di-saksikan oleh:

Duli Yang Teramat Mul  
'Ali Saifuddin Sa'adul F  
Jamalul 'Alam, D.K., (

Di-tandatangani dan di-meterai dengan Mohor  
Kerajaan oleh :

DULI YANG MAHA MULIA PADUKA  
SERI BAGINDA SULTAN DAN YANG  
DI-PERTUAN SIR MUDA HASSANAL  
BOLKIAH MU'IZZADDIN WADDAULAH  
Ibni Duli Yang Teramat Mulia Paduka Seri  
Begawan Sultan Sir Muda 'Omar 'Ali Saifuddin  
Sa'adul Khairi Waddin, D.K., P.S.S.U.B.,  
D.P.K.G., D.P.K.T., P.S.P.N.B., P.S.N.B.,  
P.S.L.J., S.P.M.B., P.A.N.B., G.C.M.G., D.K.  
(Kelantan), D.K. (Johor), Sultan dan Yang  
Di-Pertuan Negeri Brunei Darul Salam :

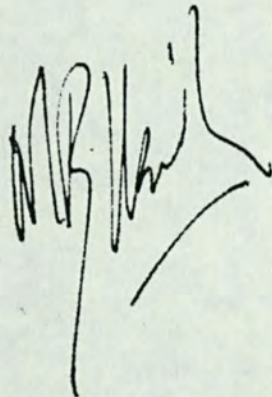


Di-saksikan oleh :

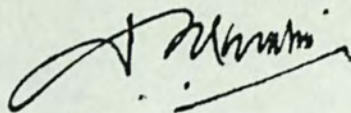
Duli Yang Teramat Mulia Paduka Seri Begawan Sultan Sir Muda 'Omar  
'Ali Saifuddin Sa'adul Khairi Waddin Ibni Al-Marhum Sultan Muhammad  
Jamalul 'Alam, D.K., G.C.V.O., K.C.M.G., P.S.S.U.B., P.H.B.S.



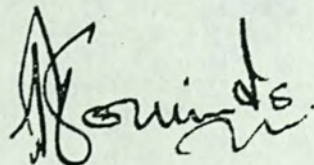
Yang Teramat Mulia Paduka Seri Duli Pengiran Perdana Wazir Sahibol  
Himmah Wal-Waqar Pengiran Muda Mohamed Bolkiah Ibnu Duli Yang  
Teramat Mulia Paduka Seri Begawan Sultan Sir Muda 'Omar 'Ali  
Saifuddin Sa'adul Khairi Waddin, D.K., S.P.M.J. (Johor), C.V.O., P.H.B.S.,  
P.J.K.



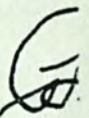
Yang Teramat Berhormat Pehin Orang Kaya Laila Setia Bakti Di-Raja  
Dato Laila Utama Awang Isa bin Pehin Datu Perdana Menteri Dato  
Laila Utama Awang Haji Ibrahim, D.K., S.P.M.B., D.S.N.B., C.V.O.,  
O.B.E., P.H.B.S., P.J.K., Penasehat Umum Kebawah Duli Yang Maha  
Mulia Paduka Seri Baginda Sultan dan Yang Di-Pertuan.



Yang Amat Mulia Pengiran Dipa Negara Laila Di-Raja Pengiran Abdul  
Momin bin Pengiran Haji Ismail, D.K., D.S.N.B., D.P.M.B., M.V.O.,  
P.H.B.S., P.O.A.S., P.J.K., Menteri Besar.



Yang Teramat Mulia  
Walmashuarah Pengira  
Pengiran Bendahara I  
D.S.N.B., O.B.E., P.O.



Yang Amat Mulia Pen  
Nabalah Pengiran Haj  
D.P.M.B., S.L.J., P.J.B

Yang Amat Mulia Pen  
Anak Haji Abdul Azi  
Bakar, D.K., P.H.B.S.



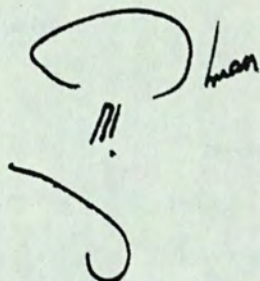
Yang Mulia Brigadier Dato Seri Pahlawan Norman Roberts, P.S.P.N.B.,  
C.B.E., Pemerintah Askar Melayu Di-Raja Brunei.

Norman Roberts

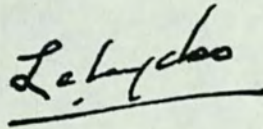
Dato Seri Paduka Charles Fletcher-Cooke, S.P.M.B., Q.C., M.P., Penasehat  
Perlembagaan Kebawah Duli Yang Maha Mulia Paduka Seri Baginda  
Sultan dan Yang Di-Pertuan.

Charles Fletcher-Cooke

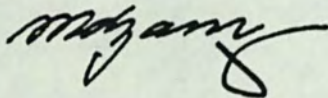
Yang Berhormat Pehin Jawatan Dalam Seri Maharaja Dato Laila Utama  
Awang Haji Abdul Rahman bin Pehin Orang Kaya Shahbandar Awang  
Haji Mohd. Taha, D.K., S.P.M.B., D.S.S.U.B., D.S.L.J., P.S.B., M.V.O.,  
P.O.A.S., P.H.B.S., P.J.K.

A handwritten signature in black ink, consisting of a large, stylized initial 'D' with a horizontal line through it, followed by the name 'Rahman' written in a cursive script.

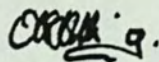
Yang Berhormat Pehin Datu Temenggong Dato Seri Paduka Awang Lim  
Cheng Choo, S.P.M.B., S.N.B., P.O.A.S., P.H.B.S.



Yang Berhormat Pehin Orang Kaya Ratna Di-Raja Dato Seri Utama Awang  
Haji Mohd. Zain bin Haji Serudin, D.K., P.S.S.U.B., D.S.L.J., P.H.B.S.



Yang Berhormat Orang Kaya Pekerma Dewa Awang Lukan bin Uking,  
P.O.A.S.



I  
BETWEEN THE GO  
OF GREAT BRITAIN  
HIGHNESS PADUKA  
DI-PERTUAN OF BRUNEI  
RELATIONS BETWEEN

*The Minister of State  
His Highness Paduka Seri*

Your Highness,

I have the honour to refer to  
Your Highness and Her Majesty the Queen  
concerning the termination of the  
Kingdom of Great Britain in relation to  
to the desire of Your Highness to  
exercise its full international  
State. The following are the  
discussions:

1. The existing special arrangements  
the State of Brunei, which  
as a sovereign and independent  
years from 31 December

2. The Treaties signed between the  
Agreement signed on 26  
Highness Sultan Abdul Muzaffar  
on 17 September 1888<sup>(1)</sup>,  
amended by the Agreements,  
agreements, engagements,  
Kingdom and the State  
between the two States shall be  
that:

(a) the termination of the  
1847 shall not affect the  
way;

(<sup>1</sup>) Not published.  
(<sup>2</sup>) Published in State Paper No. 12 (1)  
(<sup>3</sup>) Published in State Paper No. 12 (1)  
(<sup>4</sup>) Published in State Paper No. 12 (1)  
(<sup>5</sup>) Published in State Paper No. 12 (1)  
(<sup>6</sup>) Published in State Paper No. 12 (1)  
(<sup>7</sup>) Miscellaneous No. 12 (1)

**EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM  
OF GREAT BRITAIN AND NORTHERN IRELAND AND HIS  
HIGHNESS PADUKA SERI BAGINDA SULTAN AND YANG  
DI-PERTUAN OF BRUNEI TERMINATING THE SPECIAL TREATY  
RELATIONS BETWEEN THE UNITED KINGDOM AND THE  
STATE OF BRUNEI**

No. 1

*The Minister of State for Foreign and Commonwealth Affairs to  
His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei*

*British High Commission,  
Bandar Seri Begawan,  
Brunei.*

Your Highness,

7 January 1979.

I have the honour to refer to the discussions which have taken place between Your Highness and Her Majesty's Government in the United Kingdom concerning the termination of the special treaty relations between the United Kingdom of Great Britain and Northern Ireland and the State of Brunei, and to the desire of Your Highness's Government that the State of Brunei should exercise its full international responsibility as a sovereign and independent State. The following conclusions were reached in the course of these discussions:

1. The existing special treaty relations between the United Kingdom and the State of Brunei, which are inconsistent with full international responsibility as a sovereign and independent State, shall terminate with effect from five years from 31 December 1978.

2. The Treaties signed on 18 December 1846<sup>(1)</sup> and 27 May 1847<sup>(2)</sup>, the Agreement signed on 26 November 1856<sup>(3)</sup>, the Declaration made by His Highness Sultan Abdul Mumin on 17 August 1878<sup>(4)</sup>, the Agreement signed on 17 September 1888<sup>(5)</sup>, the Agreement signed on 29 September 1959<sup>(6)</sup> as amended by the Agreement signed on 23 November 1971<sup>(7)</sup>, and all the other agreements, engagements, undertakings and arrangements between the United Kingdom and the State of Brunei flowing from the special treaty relations between the two States shall terminate with effect from the same date, provided that:

- (a) the termination of the said agreements of 18 December 1846 and 27 May 1847 shall not affect the status of Labuan and its dependencies in any way;

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<sup>(1)</sup> Not published.

<sup>(2)</sup> Published in State Papers, vol. 35, p. 14.

<sup>(3)</sup> Published in State Papers, vol. 65, p. 1170.

<sup>(4)</sup> Published in State Papers, vol. 69, p. 18.

<sup>(5)</sup> Published in State Papers, vol. 79, p. 240.

<sup>(6)</sup> Published in State Papers, vol. 164, p. 38.

<sup>(7)</sup> Miscellaneous No. 12 (1972), Cmnd. 4932.

(b) the Public Officers' Agreement of 19 September 1973<sup>(8)</sup> shall not be terminated but shall continue in force;

(c) any arrangements between the State of Brunei and the States of Sarawak and of Sabah and their successors in title for the payment of cession money shall not be affected.

3. The relations between the United Kingdom and the State of Brunei shall continue to be governed by a spirit of close friendship and cooperation, and to this end a Treaty of Friendship and Cooperation concerning the future relations between the two States shall be signed this day.

4. If the foregoing correctly represents the conclusions reached between Your Highness and Her Majesty's Government I have the honour to suggest that the present Note and Your Highness's reply to that effect shall be regarded as constituting an Agreement between the two Governments in this matter which shall enter into force five years from 31 December 1978.

I avail myself of this opportunity to renew to Your Highness the assurance of my highest consideration.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

[Text of No. 1 in Malay]

Duli Yang Maha Mulia,

Patek dengan hormat-nya merujuk kepada perundingan2 yang telah diadakan di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen di-United Kingdom mengenai dengan penamatan perhubungan2 perjanjian yang istimewa di-antara United Kingdom of Great Britain dan Northern Ireland dengan Negeri Brunei, dan kapada hasrat Kerajaan Duli Tuan Patek supaya Negeri Brunei akan menjalankan dengan sepenoh-nya tanggung-jawab antara bangsa sebagai sa-buah Negara yang berdaulat lagi merdeka. Kesimpulan2 berikut telah di-chapai dalam masa perundingan2 itu:

1. Perhubungan2 perjanjian yang istimewa yang ada sekarang di-antara United Kingdom dengan Negeri Brunei, yang mana ada-lah bertentangan dengan tanggung-jawab antarabangsa yang sepenoh-nya sebagai sa-buah Negara yang berdaulat lagi merdeka, hendak-lah di-tamatkan mulai dari lima tahun dari 31 haribulan December 1978.

2. Perjanjian2 yang telah di-tandatangani pada 18 haribulan December 1846 dan 27 haribulan May 1847, Perjanjian yang telah di-tandatangani pada 26 haribulan November 1856, Pengishtiharan yang telah di-buat oleh Duli Yang Maha Mulia Sultan Abdul Mumin pada 17 haribulan August 1878, Perjanjian yang telah di-tandatangani pada 17 haribulan September 1888, Perjanjian yang telah di-tandatangani pada 29 haribulan September 1959 sebagaimana yang telah di-pinda oleh Perjanjian yang telah di-tandatangani pada 23 haribulan November 1971, dan kesemua lain2 perjanjian2, persetujuan2,

<sup>(8)</sup> Miscellaneous No. 33 (1973), Cmnd. 5456.

janji2 dan susunan2 di-  
dari perhubungan2 perje  
hendak-lah di-tamatkan

(a) penamatan perjan  
dan 27 haribulan  
wilayah2-nya deng

(b) Perjanjian Pegaw  
tidak akan di-t  
kuatkuasa-nya;

(c) sebarang susunan  
Negeri Sabah dan  
pajakkan tidak ak

3. Perhubungan2 d  
hendak-lah terus di-kaw  
rapat dan bagi maksud  
mengenai dengan perhu  
Negara hendak-lah di-tar

4. Jika perkara2 ya  
kesimpulan2 yang telah c  
Baginda Queen, patek d  
jawapan Duli Tuan Pa  
sebagai menjadi satu Perj  
ini yang akan berjalan k  
1978.

Patek mengambil kes  
Patek pengakuan terhad

GORONWY

*His Highness Paduka  
to the Minister of*

Tuan,

Menyusol kepada Not  
nya berbunyi seperti beri

Pada menjawab Nota  
yang terkandung di-dal  
di-chapai dalam perund

janji2 dan susunan2 di-antara United Kingdom dengan Negeri Brunei hasil dari perhubungan2 perjanjian yang istimewa di-antara kedua2 buah Negara hendak-lah di-tamatkan mulai dari tarikh yang sama, dengan syarat bahawa:

- (a) penamatan perjanjian2 yang tersebut pada 18 haribulan December 1846 dan 27 haribulan May 1847 tidak akan membabit taraf Labuan dan wilayah2-nya dengan apa chara jua pun;
- (b) Perjanjian Pegawai2 Awam bertarikh 19 haribulan September 1973 tidak akan di-tamatkan akan tetapi hendak-lah terus berjalan kuatkuasa-nya;
- (c) sebarang susunan2 di-antara Negeri Brunei dengan Negeri Sarawak dan Negeri Sabah dan pengganti2-nya mengenai dengan pembayaran hasil pajakkan tidak akan terjejas.

3. Perhubungan2 di-antara United Kingdom dengan Negeri Brunei hendak-lah terus di-kawal oleh semangat persahabatan dan kerjasama yang rapat dan bagi maksud ini satu Perjanjian Persahabatan dan Kerjasama mengenai dengan perhubungan2 di-masa hadapan di-antara kedua2 buah Negara hendak-lah di-tandatangani pada hari ini.

4. Jika perkara2 yang di-sebutkan di-atas tadi dengan betul merupakan kesimpulan2 yang telah di-chapai di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen, patek dengan hormat-nya menshorkan supaya Nota ini dan jawapan Duli Tuan Patek pada mempersetujui-nya hendak-lah di-anggap sebagai menjadi satu Perjanjian di-antara kedua2 buah Kerajaan dalam perkara ini yang akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Patek mengambil kesempatan ini untuk membaharui kepada Duli Tuan Patek pengakuan terhadap penghormatan patek yang setinggi2-nya.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

No. 2

*His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei  
to the Minister of State for Foreign and Commonwealth Affairs*

*Istana Darul Hana,  
Brunei.*

Tuan,

7 January 1979.

Menyusol kepada Nota tuan bertarikh hari ini yang mana dalam terjemahannya berbunyi seperti berikut:

[As in Malay Text of No. 1]

Pada menjawab Nota itu, Beta dengan sukachita bersetuju bahawa shor2 yang terkandung di-dalam-nya dengan betul merupakan persetujuan yang telah di-chapai dalam perundingan2 Beta dengan Kerajaan Baginda Queen dan

bahawa Nota tuan dan jawapan Beta hendak-lah merupakan satu Perjanjian di-antara kedua2 buah Kerajaan kita mengenai dengan perkara ini, yang mana hendak-lah berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Sila-lah tuan terima pengakuan terhadap penghormatan Beta yang setinggi2-nya.

Sekian.

SULTAN DAN YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

[Translation of No. 2]

Your Lordship,

With reference to Your Lordship's Note of today's date which in translation reads as follows:

[As in No. 1]

In reply to your Note, I have pleasure in agreeing that the proposals contained in it accurately represent the agreement reached during my discussions with Her Majesty's Government and that your Note and my reply shall constitute an Agreement between our two Governments on this matter, which shall enter into force five years from 31 December 1978.

Please accept, Your Lordship, the assurance of my highest consideration.

SULTAN AND YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

BETWEEN THE GOVERNMENT  
OF GREAT BRITAIN AND  
HIS HIGHNESS PAUL  
DI-PERTUAN OF BRUNEI BY THE  
PROVISION OF ASSISTANCE  
BRUNEI BY THE GOVERNMENT  
FACILITIES IN THE STATE OF  
IRELAND

*The Minister of State  
His Highness Paduka Seri*

Your Highness,

I have the honour to refer to the agreement concluded today between Ireland and the State of Brunei which provides for the continuation of treaty relations between the two States and the transfer of all residual responsibilities threat to the State of Brunei to the State of Ireland. I have the pleasure to inform you that the continued provision of assistance to the Kingdom of Brunei and the continuation of training facilities for the Kingdom of Brunei reached in the course of the

1. Her Majesty's Government of Brunei continue to provide within the capability of the State of Brunei arrangements to be decided

- (a) the loan of personnel of those Forces;
- (b) providing advice and maintenance of the Forces;
- (c) providing assistance in the maintenance of the Forces;
- (d) providing assistance in the maintenance of military posts in the State of Brunei;
- (e) providing expert assistance in the maintenance of the Forces.

EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM  
OF GREAT BRITAIN AND NORTHERN IRELAND AND  
HIS HIGHNESS PADUKA SERI BAGINDA SULTAN AND YANG  
DI-PERTUAN OF BRUNEI CONCERNING THE CONTINUED  
PROVISION OF ASSISTANCE TO THE ARMED FORCES OF  
BRUNEI BY THE UNITED KINGDOM AND TRAINING  
FACILITIES IN THE STATE FOR THE ARMED FORCES OF  
THE UNITED KINGDOM

No. 1

*The Minister of State for Foreign and Commonwealth Affairs to  
His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei*

*British High Commission,  
Bandar Seri Begawan,  
Brunei.*

Your Highness,

7 January 1979.

I have the honour to refer to the Treaty of Friendship and Cooperation concluded today between the United Kingdom of Great Britain and Northern Ireland and the State of Brunei, following agreement to terminate the special treaty relations between the United Kingdom and the State of Brunei including all residual responsibilities of the United Kingdom in the event of an external threat to the State of Brunei, and to the discussions which have taken place between Your Highness and Her Majesty's Government concerning the continued provision of assistance to the Armed Forces of the State by the United Kingdom and the continued use by elements of the Armed Forces of the United Kingdom of training facilities in the State. The following conclusions were reached in the course of these discussions:

1. Her Majesty's Government will at the request of the Government of the State of Brunei continue to assist the Armed Forces of the State of Brunei within the capability of the United Kingdom, in accordance with detailed arrangements to be decided, by:

- (a) the loan of personnel to assist in the staffing, administration and training of those Forces;
- (b) providing advice and assistance in connection with the provision and maintenance of the equipment of those Forces;
- (c) providing assistance for training those Forces;
- (d) providing assistance in recruitment of persons for service in police and military posts in the State;
- (e) providing expert advice and training for the Police Force of the State.





2. Kerajaan Negeri Brunei akan mengadakan kemudahan2 yang sesuai untuk latihan dalam Negeri Brunei bagi Anggota2 dari Pasokan2 Bersenjata United Kingdom menurut susunan2 berbutir yang akan di-tentukan.

Jika perkara2 yang di-sebutkan di-atas tadi dengan betul merupakan kesimpulan2 yang telah di-chapai di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen, maka patek dengan hormat-nya menshorkan supaya Nota ini dan jawapan Duli Tuan Patek pada mempersetujui-nya akan menchatetkan persefahaman oleh kedua2 buah Kerajaan kita mengenai dengan perkara2 ini yang mana akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Patek mengambil kesempatan ini untuk membaharui kepada Duli Tuan Patek pengakuan terhadap penghormatan patek yang setinggi2-nya.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

No. 2

*His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei  
to the Minister of State for Foreign and Commonwealth Affairs*

*Istana Darul Hana,  
Brunei.*

Tuan,

7 January 1979.

Pada menyusol Nota tuan bertarikh hari ini yang mana dalam terjemahannya berbunyi seperti berikut:

[As in Malay text of No. 1]

Pada menjawab Nota tuan itu, Beta dengan sukachita bersetuju bahawa syarat2 sebagaimana yang di-huraikan dalam Nota itu ada-lah dengan betul merupakan kesimpulan2 yang telah di-chapai dalam perundingan2 Beta dengan Kerajaan Baginda Queen dan bahawa Nota tuan itu dan jawapan Beta ini akan menchatetkan persefahaman di-antara kedua2 buah Kerajaan kita mengenai perkara ini yang mana akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Sila-lah tuan terima pengakuan terhadap penghormatan Beta yang setinggi2-nya.

Sekian.

SULTAN DAN YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

[Translation of No. 2]

Your Lordship,

With reference to Your Lordship's Note of today's date which in translation reads as follows:

[As in No. 1]

In reply to Your Note, I have pleasure in agreeing that the terms set out therein correctly represent the conclusions reached during my discussion with Her Majesty's Government and that Your Note and my reply will place on record the understanding between our two Governments on this matter which will come into operation five years from 31 December 1978.

Please accept, Your Lordship, the assurance of my highest consideration.

SULTAN AND YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

BETWEEN THE GOVERNMENT OF  
GREAT BRITAIN AND  
HIS HIGHNESS  
YANG DI-PERTUAN  
MUHAMMAD ALI AL-KHAYRI  
RUMAH KUNINGA

*The Minister of State  
His Highness Paduka*

Your Highness,

I have the honour to refer to the understanding concluded today between the Government of Ireland and the State of Brunei concerning the termination of the special provisions of the Constitution of the State of Brunei, including those relating to the foreign-born persons protected in relation to the foreign-born persons.

As a consequence of this understanding, Brunei will cease five years from 31 December 1978. During this period, the persons protected by the Constitution of Brunei are named in the Schedule to the Nationality Act of 1961.

It is the understanding that persons who are not nationals of Brunei but who will continue to have residence in Brunei will be granted International Travel Documents for the purposes of travel to and from Brunei on application if they fulfil the requirements of the Nationality Act of 1961.

The issue of passports for the Government of Brunei: it will be the responsibility of the Government of Brunei to issue passports to the persons named in the Schedule to the Nationality Act of 1961.

If the foregoing course of action is agreed, I have the honour to reply to Your Highness's reply to that effect that our two Governments will place on record the understanding between our two Governments on this matter which will come into operation five years from 31 December 1978.

I avail myself of the assurance of your highest consideration.

GORONW

**EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF  
GREAT BRITAIN AND NORTHERN IRELAND AND  
HIS HIGHNESS PADUKA SERI BAGINDA SULTAN AND  
YANG DI-PERTUAN OF BRUNEI CONCERNING THE  
QUESTION OF NATIONALITY**

No. 1

*The Minister of State for Foreign and Commonwealth Affairs to  
His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei*

*British High Commission,  
Bandar Seri Begawan,  
Brunei.*

Your Highness,

7 January 1979.

I have the honour to refer to the Treaty of Friendship and Cooperation concluded today between the United Kingdom of Great Britain and Northern Ireland and the State of Brunei, which will enter into force following the termination of the special treaty relations between the United Kingdom and the State of Brunei, including all residual responsibilities of the United Kingdom in relation to the foreign affairs of the State of Brunei.

As a consequence British responsibility for British protected persons of Brunei will cease five years from 31 December 1978 whether or not such British protected persons are nationals of Brunei under the Brunei Nationality Enactment of 1961.

It is the understanding of Her Majesty's Government that those persons who are not nationals of Brunei but who have permanent residence in Brunei, will continue to have residence there subject to the laws of Brunei; that they will be granted International Certificates of Identity by the Brunei Authorities for the purposes of travel; and that they will be granted nationality upon application if they fulfil the appropriate qualifications under the Brunei Nationality Enactment of 1961.

The issue of passports to Brunei nationals will be the responsibility of the Government of Brunei: the issue of passports to UK nationals in Brunei will be the responsibility of the British High Commission in Brunei.

If the foregoing corresponds to Your Highness's understanding of the situation, I have the honour to suggest that the present Note and Your Highness's reply to that effect should be regarded as an understanding between our two Governments on these matters which will come into operation five years from 31 December 1978.

I avail myself of the opportunity to renew to Your Highness the assurance of my highest consideration.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

Malay]

Duli Yang Maha Mulia,

Patek dengan hormat-nya merojok kepada Perjanjian Persahabatan dan Kerjasama yang telah di-tandatangani hari ini di-antara United Kingdom of Great Britain dan Northern Ireland dengan Negeri Brunei, yang mana akan berjalan kuatkuasa-nya berikutan dengan penamatan perhubungan2 Perjanjian yang istimewa di-antara United Kingdom dengan Negeri Brunei, termasuk semua baki tanggong-jawab2 United Kingdom yang berkaitan dengan hal ehwal luar Negeri Brunei.

Sebagai satu kesan-nya maka tanggong-jawab British terhadap orang2 naongan British (British protected persons) di-Brunei akan tamat lima tahun dari 31 haribulan December 1978 sama ada atau tidak orang2 naongan British yang sedemikian ada-lah warganegara Brunei di-bawah Undang2 Taraf Kebangsaan Brunei 1961.

Ada-lah fahaman Kerajaan Baginda Queen bahawa orang2 yang bukan warganegara Brunei akan tetapi yang mempunyai kediaman tetap di-Brunei, akan terus mempunyai kediaman di-Brunei terta'alok kepada Undang2 Brunei; bahawa mereka akan di-berikan Surat2 Pengenalan Antarabangsa oleh Pihak Yang Berkuasa di-Brunei bagi maksud2 keluar negeri, dan bahawa mereka akan di-berikan taraf kera'ayatan apabila mereka memohonkan-nya jika mereka memenohi syarat2 yang tertentu di-bawah Undang2 Taraf Kebangsaan Brunei 1961.

Pengeluaran paspot2 kepada warganegara2 Brunei akan menjadi tanggong-jawab Kerajaan Brunei; pengeluaran paspot2 kepada warganegara2 United Kingdom di-Brunei akan menjadi tanggong-jawab Surohanjaya Tinggi British di-Brunei.

Jika apa yang di-nyatakan di-atas tadi sa-chuchok dengan fahaman Duli Tuan Patek mengenai dengan kedudukan perkara ini, maka patek dengan hormat-nya menshorkan supaya Nota ini dan jawapan Duli Tuan Patek pada mempersetujui-nya hendak-lah di-anggap sebagai satu persefahaman di-antara kedua2 buah Kerajaan kita mengenai dengan perkara2 ini yang mana akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Patek mengambil kesempatan ini untuk membaharui kepada Duli Tuan Patek pengakuan terhadap penghormatan patek yang setinggi2-nya.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

*His Highness Paduka S  
to the Minister of*

Tuan,

Menyusul Nota tuan  
berbunyi seperti berikut:

Pada menjawab Nota  
shor2 yang terkandung d  
pulan2 yang telah di-cl  
Baginda Queen dan baha  
chatetkan persefahaman  
dengan perkara ini, yang  
31 haribulan December 1

Sila-lah tuan terima  
setinggi2-nya.

Your Lordship,

With reference to You  
reads as follows:

In reply to your Note  
in it correctly represent  
Her Majesty's Governm  
record the understanding  
will come into operation

Please accept, Your

REFERENCE  
HERE

No. 2

*His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei  
to the Minister of State for Foreign and Commonwealth Affairs*

*Istana Darul Hana,  
Brunei.*

Tuan,

7 January 1979.

Menyusol Nota tuan bertarikh hari ini yang mana dalam terjemahan-nya berbunyi seperti berikut:

[As in Malay text of No. 1]

Pada menjawab Nota tuan itu, Beta dengan sukachita bersetuju bahawa shor2 yang terkandung di-dalam-nya adalah dengan betul merupakan kesimpulan2 yang telah di-chapai dalam perundingan2 Beta dengan Kerajaan Baginda Queen dan bahawa Nota tuan itu dan jawapan Beta ini akan menchatetkan persefahaman di-antara kedua2 buah Kerajaan kita mengenai dengan perkara ini, yang mana akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Sila-lah tuan terima pengakuan terhadap penghormatan Beta yang setinggi2-nya.

Sekian.

SULTAN DAN YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

[Translation of No. 2]

Your Lordship,

With reference to Your Lordship's Note of today's date which in translation reads as follows:

[As in No. 1]

In reply to your Note I have pleasure in agreeing that the proposals contained in it correctly represent the conclusions reached during my discussions with Her Majesty's Government and that your Note and my reply will place on record the understanding between our two Governments on this matter, which will come into operation five years from 31 December 1978.

Please accept, Your Lordship, the assurance of my highest consideration.

SULTAN AND YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

**EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF  
GREAT BRITAIN AND NORTHERN IRELAND AND  
HIS HIGHNESS PADUKA SERI BAGINDA SULTAN AND  
YANG DI-PERTUAN OF BRUNEI CONCERNING THE  
CONTINUED PROVISION OF ASSISTANCE IN RELATION  
TO JUDICIAL MATTERS**

No. 1

*The Minister of State for Foreign and Commonwealth Affairs to  
His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei*

*British High Commission,  
Bandar Seri Begawan,  
Brunei.*

Your Highness,

7 January 1979.

I have the honour to refer to the Treaty of Friendship and Co-operation concluded today between the United Kingdom of Great Britain and Northern Ireland and the State of Brunei and to the discussions that have taken place between Your Highness and Her Majesty's Government concerning the continued provision of assistance in relation to judicial matters. The following conclusions were reached in the course of these discussions:

1. The arrangements at present in effect under which the Government of Hong Kong makes the Chief Justice and other judges of the Supreme Court of Hong Kong available to Your Highness for the purpose of staffing the High Court and the Court of Appeal of Brunei will continue as hitherto.

2. The arrangements at present in effect under which appeals lie from the Courts of Brunei to Her Majesty in Council will continue as hitherto.

If the foregoing correctly represents the conclusions reached between Your Highness and Her Majesty's Government, I have the honour to suggest that the present Note and Your Highness's reply to that effect should place on record the understanding between our two Governments on these matters, which will come into operation five years from 31 December 1978.

I avail myself of the opportunity to renew to Your Highness the assurance of my highest consideration.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

[Text of No. 1 in Malay]

Duli Yang Maha Mulia,

Patek dengan hormat-nya merojok kepada Perjanjian Persahabatan dan Kerjasama yang telah di-tandatangani hari ini di-antara United Kingdom of

Great Britain dan Northern Ireland yang telah di-ada-kan dengan Baginda Queen mengenai perkara-perkara berkaitan dengan perkara-perkara yang di-chapai dalam perundingan-perundingan.

1. Susunan2 yang sedia ada di-Hong Kong membolehkan Mahkamah Besar Hong Kong di-gunakan sebagai Mahkamah Tinggi dan Mahkamah Majlis Sesampul sebagaimana yang berjalan.

2. Susunan2 yang sedia ada di-teruskan dari Mahkamah Besar Seri Baginda Queen dalam perkara-perkara yang di-teruskan sebagaimana yang berjalan.

Jika apa yang di-nyatakan dalam Nota yang telah di-chapai di-antara Duli Tuan Patek dan Duli Baginda Queen, maka patek dengan hormat-nya mengemukakan jawapan Duli Tuan Patek kepada Duli Baginda Queen persefahaman di-antara kedua-dua pihak ini, yang mana akan berkuatkuasanya pada 31 December 1978.

Patek mengambil kesempatan ini untuk mengucapkan terima kasih kepada Duli Baginda Queen atas perkenan Duli Baginda Queen.

GORONWY-

*His Highness Paduka Seri Baginda Sultan  
to the Minister of State*

Tuan,

Menyusol kepada Nota yang telah di-chapai di-antara Duli Tuan Patek dan Duli Baginda Queen pada 7 Januari 1979.

Pada menjawab Nota yang telah di-chapai di-antara Duli Tuan Patek dan Duli Baginda Queen pada 7 Januari 1979, Duli Baginda Queen telah mengemukakan perkenan Duli Baginda Queen mengenai perkara-perkara yang di-chapai dalam perundingan-perundingan pada 31 December 1978.

Great Britain dan Northern Ireland dengan Negeri Brunei dan kepada perundingan2 yang telah di-adakan di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen mengenai dengan pemberian sechara berterusan bantuan yang berkaitan dengan perkara2 kehakiman. Kesimpulan2 yang berikut telah di-chapai dalam perundingan2 itu.

1. Susunan2 yang sedang berjalan sekarang di-bawah mana Kerajaan Hong Kong membolehkan Chief Justice dan hakim2 yang lain dari Mahkamah Besar Hong Kong di-gunakan oleh Duli Tuan Patek bagi maksud menganggotai Mahkamah Tinggi dan Mahkamah Rayuan Negeri Brunei akan di-teruskan sebagaimana yang berjalan sekarang.

2. Susunan2 yang sedang berjalan sekarang di-bawah mana rayuan2 di-tujukan dari Mahkamah2 Brunei kepada Duli Yang Maha Mulia Paduka Seri Baginda Queen dalam Majlis Mashuarat (Her Majesty in Council) akan di-teruskan sebagaimana yang berjalan sekarang.

Jika apa yang di-nyatakan di-atas tadi dengan betul merupakan kesimpulan2 yang telah di-chapai di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen, maka patek dengan hormat-nya menshorkan supaya Nota ini dan jawapan Duli Tuan Patek pada mempersetujui-nya hendak-lah menchatetkan persefahaman di-antara kedua2 buah Kerajaan kita mengenai dengan perkara2 ini, yang mana akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Patek mengambil kesempatan ini untuk membaharui kepada Duli Tuan Patek pengakuan terhadap penghormatan patek yang setinggi2-nya.

#### GORONWY-ROBERTS OF CAERNARVON AND OGWEN

No. 2

*His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei  
to the Minister of State for Foreign and Commonwealth Affairs*

*Istana Darul Hana,  
Brunei.*

Tuan,

*7 January 1979.*

Menyusol kepada Nota tuan bertarikh hari ini yang mana dalam terjemahannya berbunyi seperti berikut:

[As in Malay text of No. 1]

Pada menjawab Nota tuan itu, Beta dengan sukachita bersetuju bahawa shor2 yang terkandung di-dalam-nya adalah dengan betul merupakan kesimpulan2 yang telah di-chapai dalam perundingan2 Beta dengan Kerajaan Baginda Queen dan bahawa Nota tuan itu dan jawapan Beta ini akan menchatetkan persefahaman di-antara kedua2 buah Kerajaan kita mengenai dengan perkara ini, yang mana akan berjalan kuatkuasa-nya lima tahun dari 31 haribulan December 1978.

Sila-lah tuan terima pengakuan terhadap penghormatan Beta yang setinggi2-nya.

Sekian.

SULTAN DAN YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

[Translation of No. 2]

Your Lordship,

With reference to Your Lordship's Note of today's date which in translation reads as follows:

[As in No. 1]

In reply to your Note, I have pleasure in agreeing that the proposals contained in it correctly represent the conclusions reached during my discussions with Her Majesty's Government and that your Note and my reply will place on record the understanding between our two Governments on this matter, which will come into operation five years from 31 December 1978.

Please accept, Your Lordship, the assurance of my highest consideration.

SULTAN AND YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

BETWEEN THE GOV  
GREAT BRITAIN  
HIGHNESS PADUKA  
DI-PERTUAN OF BR  
OF A I

*The Minister of State  
Highness Paduka Seri*

Your Highness,

I have the honour to reinitialled today between Ireland and the State of between Your Highness establishment of a Brunei

With regard to Article Majesty's Government the affairs, Your Highness in the United Kingdom, in any of the Asean countries is also the understanding these Missions will need guidance, by an integrated

Her Majesty's Government petent to discuss in detail and recruitment of a Force of the Government of Brunei of members of a Brunei British training staff, by institutions of higher learning on courses for Foreign British official establishments would also be possible.

Her Majesty's Government agreement, to assist the members of the British Diplomatic Service which the Government expatriates.

Implementation of the convenient. It is the wish of the Government of Brunei to



**EXCHANGE OF NOTES  
BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF  
GREAT BRITAIN AND NORTHERN IRELAND AND HIS  
HIGHNESS PADUKA SERI BAGINDA SULTAN AND YANG  
DI-PERTUAN OF BRUNEI CONCERNING THE ESTABLISHMENT  
OF A BRUNEI DIPLOMATIC SERVICE**

No. 1

*The Minister of State for Foreign and Commonwealth Affairs to His  
Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei*

*London.*

Your Highness,

*28 September 1978.*

I have the honour to refer to the draft Treaty of Friendship and Co-operation initialled today between the United Kingdom of Great Britain and Northern Ireland and the State of Brunei and to discussions which have taken place between Your Highness and Her Majesty's Government concerning the establishment of a Brunei Diplomatic Service.

With regard to Article 2 (d) of the Treaty, it is the understanding of Her Majesty's Government that, on assumption of full responsibility for foreign affairs, Your Highness may wish to establish diplomatic Missions initially in the United Kingdom, in the United States of America and in Singapore or in any of the Asean countries amongst Brunei's immediate neighbours. It is also the understanding of Her Majesty's Government that the operations of these Missions will need to be co-ordinated in Brunei, under Your Highness's guidance, by an integrated Foreign Ministry.

Her Majesty's Government will be pleased to provide senior officers competent to discuss in detail, in London or in Bandar Seri Begawan, the structure and recruitment of a Foreign Service cadre which might suit the requirements of the Government of Brunei. Assistance can also be provided for the training of members of a Brunei Diplomatic Service by assisting in the recruitment of British training staff, by advising on training which may be available in British institutions of higher learning, and by offering places, within British resources, on courses for Foreign and Commonwealth Office staff. Attachment to British official establishments including British diplomatic and consular missions would also be possible.

Her Majesty's Government will be pleased, subject to Your Highness's agreement, to assist the Government of Brunei in recruiting recently retired members of the British Diplomatic Service to fill posts in the Brunei Diplomatic Service which the Government of Brunei may be prepared initially to fill with expatriates.

Implementation of the foregoing programme will begin as soon as mutually convenient. It is the understanding of Her Majesty's Government that the Government of Brunei will be prepared to defray the programme's entire cost.

The British High Commissioner in Bandar Seri Begawan will be most pleased to maintain liaison with the Government of Brunei on the British proposals.

If the foregoing correctly represents the conclusions reached between Your Highness and Her Majesty's Government I have the honour to suggest that the present Note and Your Highness's reply to that effect should place on record the understanding between our two Governments on these matters which will come into operation on today's date, being the date of initialling of the Treaty.

I avail myself of this opportunity to renew to Your Highness the assurance of my highest consideration.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

[Text of No. 1 in Malay]

Duli Yang Maha Mulia,

Patek dengan hormat-nya merujuk kepada rang Perjanjian Persahabatan dan Kerjasama yang telah di-initial hari ini di-antara United Kingdom of Great Britain dan Northern Ireland dengan Negeri Brunei dan kepada perundingan2 yang telah di-adakan di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen mengenai dengan penubohan Perkhidmatan Diplomatik Brunei.

Berkenaan dengan Fasal 2 (d) dari Perjanjian itu ada-lah fahaman Kerajaan Baginda Queen bahawa, manakala Brunei mengambil alih tanggung-jawab sepenoh-nya mengenai dengan hal ehwal luar, maka Duli Tuan Patek mungkin pada mula-nya ingin untuk menubuhkan Perwakilan2 diplomatik di-United Kingdom, di-Amerika Sharikat dan di-Singapura atau di-mana2 Negeri Asean yang berhampiran dengan Brunei. Ada-lah juga fahaman Kerajaan Baginda Queen bahawa pengendalian2 Perwakilan2 ini akan berkehendakkan supaya di-selaraskan di-Brunei, di-bawah bimbingan Duli Tuan Patek, oleh satu Kementerian Hal Ehwal Luar yang lengkap.

Kerajaan Baginda Queen dengan gembira akan memberikan pegawai2 kanan yang cekap untuk membinchangkan sechara berbutir di-London atau di-Bandar Seri Begawan, susunan dan pengambilan satu kumpulan Pegawai Perkhidmatan Luar (Foreign Service) yang harus bersesuaian dengan kehendak2 Kerajaan Brunei. Pertolongan boleh juga di-berikan bagi latehan ahli2 Perkhidmatan Diplomatik Brunei dengan menolong dalam pengambilan pegawai2 jurulateh British, dengan memberikan nasihat mengenai dengan latehan yang mungkin terdapat di-institusi2 pelajaran tinggi British, dan dengan menawarkan tempat2, yang ada pada British, dalam kursus2 bagi Pegawai2 Pejabat Luar dan Commonwealth. Latehan pegawai2 Brunei di-badan2 rasmi British termasuk perwakilan2 diplomatik dan Konsul British juga akan boleh di-adakan.

Kerajaan Baginda Queen akan bergembira, terta'alok kepada persetujuan Duli Tuan Patek, untuk menolong Kerajaan Brunei pada mengambil ahli2 yang baharu bersara dari Perkhidmatan Diplomatik British untuk mengisikan jawatan2 dalam Perkhidmatan Diplomatik Brunei yang Kerajaan Brunei bersedia supaya pada mula-nya di-isikan oleh pegawai2 dari luar negeri.

Perlaksanaan ranch dengan seberapa awal fahaman Kerajaan Bagi untuk membiayai perbel

Pesuruhjaya Tinggi bergembira untuk mene dengan shor2 British ini.

Jika perkara2 yang kesimpulan2 yang telah Baginda Queen, maka ini dan jawapan Duli T chatetkan persefahaman dengan perkara2 ini yan ini, ya'ani tarikh mengini

Patek mengambil ke Patek pengakuan terhad

GORONW

*His Highness Paduka  
to the Minister of*

Tuan,

Menyusol kepada No nya berbunyi saperti beri

Pada menjawab Not ia-nya ada-lah sa-chucho perkara ini dan bahawa persefahaman di-antara ini, yang mana akan ber menginitial-nya.

Sila-lah terima penga

Perlaksanaan ranchangan yang tersebut di-atas tadi akan di-mulakan dengan seberapa awal yang sesuai kepada kedua2 belah pihak. Ada-lah fahaman Kerajaan Baginda Queen bahawa Kerajaan Brunei akan bersedia untuk membiayai perbelanjaan keseluruhan-nya bagi ranchangan ini.

Pesuruhjaya Tinggi British di-Bandar Seri Begawan akan sesungguhnya bergembira untuk meneruskan hubungan dengan Kerajaan Brunei mengenai dengan shor2 British ini.

Jika perkara2 yang di-nyatakan di-atas tadi dengan betul merupakan kesimpulan2 yang telah di-chapai di-antara Duli Tuan Patek dengan Kerajaan Baginda Queen, maka patek dengan hormat-nya menshorkan supaya Nota ini dan jawapan Duli Tuan Patek pada mempersetujui-nya hendak-lah menchatetkan persefahaman di-antara kedua2 buah Kerajaan kita mengenai dengan perkara2 ini yang mana akan berjalan kuatkuasa-nya dari tarikh hari ini, ya'ani tarikh menginital-nya.

Patek mengambil kesempatan ini untuk membaharui kepada Duli Tuan Patek pengakuan terhadap penghormatan patek yang setinggi2-nya.

GORONWY-ROBERTS OF CAERNARVON AND OGWEN

No. 2

*His Highness Paduka Seri Baginda Sultan and Yang Di-Pertuan of Brunei  
to the Minister of State for Foreign and Commonwealth Affairs*

*Istana Darul Hana,  
Brunei.*

Tuan,

28 September 1978

Menyusol kepada Nota tuan bertarikh hari ini yang mana dalam terjemahan-nya berbunyi seperti berikut:

[As in Malay text of No. 1]

Pada menjawab Nota tuan itu, Beta dengan sukachita bersetuju bahawa ia-nya ada-lah sa-chuchok dengan fahaman Beta mengenai dengan kedudukan perkara ini dan bahawa Nota tuan dan jawapan Beta ini akan menchatetkan persefahaman di-antara kedua2 buah Kerajaan kita mengenai dengan perkara ini, yang mana akan berjalan kuatkuasa-nya dari tarikh hari ini, ya'ani tarikh menginital-nya.

Sila-lah terima pengakuan terhadap penghormatan Beta yang setinggi2-nya.

Sekian.

SULTAN DAN YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

[Translation of No. 2]

Your Lordship,

With reference to Your Lordship's Note of today's date which in translation reads as follows:

[As in No. 1]

In reply to your Note, I have pleasure in agreeing that it corresponds to my understanding of the situation and that your Note and my reply will place on record the understanding between our two Governments on this matter, which will come into operation on today's date, being the date of initialling of the Treaty.

Please accept, Your Lordship, the assurance of my highest consideration.

SULTAN DAN YANG DI-PERTUAN  
SIR MUDA HASSANAL BOLKIAH

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs of Officials

014: UK/Malaysia and UK/Singapore Air Services

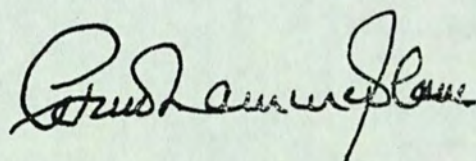
Malaysia

1. British Airways and Malaysian Air System each operate four services a week between the UK and Malaysia under an Air Services Agreement dated 24 May 1973 which is amplified by a Memorandum of Understanding containing more detailed provisions dated 26 March 1982. Under these arrangements both sides are entitled to operate additional services when a joint seat load factor of more than 67% has been achieved over a previous period of six months.
2. The Malaysians claim that they have achieved a 67% seat factor but we dispute that. The underlying statistics are not seriously in dispute. The problem arises because the agreed arrangements provide for the Malaysians to count 'a reasonable amount' of through passengers between London and Australia not breaking their journey in Kuala Lumpur other than to change planes (if that). This imprecise phrase (originally part of an airline agreement) lies at the root of the trouble. The Malaysians argue that 25% is perfectly reasonable; we do not and cannot agree. BA and QANTAS between them already have less than 60% of London/Australia passengers, the remainder being carried on the connecting services of intermediate carriers like MAS. There is no shortage of healthy competition from carriers based in Singapore, the Philippines, Indonesia, Hong Kong, Thailand, not to mention several of our European neighbours. If they were all entitled to increase their capacity to London when a quarter of their passengers were simply travelling between London and Australia, the share of traffic available to BA and QANTAS would shrink still further, and the day when a second British carrier could be licensed to compete on the Australian route (one of BCal's ambitions) would recede still further into the distance.

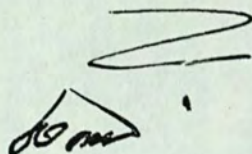
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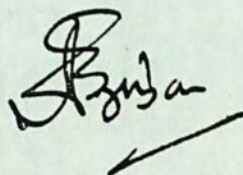
Yang Teramat Mulia Seri Paduka Pengiran Pemancha Sahibol Rae'  
Walmashuarah Pengiran Muda Haji Mohamed 'Alam Ibni Al-Marhum  
Pengiran Bendahara Pengiran Anak Abdul Rahman, D.K., S.P.M.B.,  
D.S.N.B., O.B.E., P.O.A.S., P.H.B.S., P.J.K.



Yang Amat Mulia Pengiran Perdana Cheteria Laila Di-Raja Sahibon  
Nabalah Pengiran Haji Damit bin Pengiran Metussin, D.K., D.S.N.B.,  
D.P.M.B., S.L.J., P.J.B., P.H.B.S., P.J.K.



Yang Amat Mulia Pengiran Lela Cheteria Sahibun Najabah Pengiran  
Anak Haji Abdul Aziz bin Pengiran Jaya Negara Pengiran Haji Abu  
Bakar, D.K., P.H.B.S.



Yang Berhormat Pehin Orang Kaya Laila Wijaya Dato Seri Setia Awang  
Haji Abdul Aziz bin Begawan Pehin Udana Khatib Dato Seri Paduka  
Awang Haji Umar, P.S.N.B., D.P.M.B., S.L.J., P.J.K., Setiausaha  
Kerajaan.

AWA

Yang Mulia Brigadier D  
C.B.E., Pemerintah Asl

ho

Dato Seri Paduka Charle  
Perlembagaan Kebawal  
Sultan dan Yang Di-P

Yang Amat Mulia Pengiran Laila Kanun Di-Raja Pengiran Bahrin bin  
Pengiran Haji Abas, P.S.N.B., P.H.B.S., Peguam Negara.

Pengiran Bahrin

Chole

Yang Berhormat Pehin Orang Kaya Khazanah Negara Laila Di-Raja Dato  
Laila Utama Awang John Lee, D.K., S.P.M.B., D.S.N.B., C.B.E., P.H.B.S.,  
P.B.L.I., P.J.K., Pegawai Kewangan Negara.

John Lee

Yang Berhormat Pehin J  
Awang Haji Abdul Ra  
Haji Mohd. Taha, D.I  
P.O.A.S., P.H.B.S., P.J



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3. The Malaysians have a long history of bringing political pressures to bear in support of their air services negotiators. They made a major advance in 1979 when we needed their support within the Commonwealth for our handling of the Rhodesia question. They made a further advance in 1980-82 when they bought new Boeing 747s with Rolls Royce engines which had been ordered by BA, and used this deal to extract a promise of sympathetic consideration for their requests to have additional capacity in order to make economical use of the larger new aircraft. The negotiations took place in March 1982 at a time when we were trying to persuade the Malaysians to abandon their 'buy British last' policy, so again we may have been more generous than was strictly justified on aviation grounds. At all events the Malaysians went away satisfied at the time, though now they are claiming that even then we did not honour our undertaking to give their request for additional capacity 'sympathetic consideration'.

4. Since the dispute commenced, British firms seeking major contracts in Malaysia, particularly in the transport sector, have reported that they will not get any business until the dispute is resolved in favour of MAS. British Steel certainly lost an £8m contract for steel rails to Poland despite the fact that they were the lowest bidder. Dr Mahathir has publicly denied any such policy, but reports continue to reach us that it is being applied.

5. Another factor in all this is Malaysia's deep seated jealousy of Singapore.. SIA operate daily flights to London, and also make no secret of the fact that they carry passengers between London and Australia. But London/Singapore traffic is also more than double the traffic between London and Malaysia.

6. [redacted] we have encouraged BA to enter into discussions with MAS about a fifth frequency on terms consistent with the Air Services Agreement. Abandoning the old approach based on achieved traffic patterns, the airlines have made quite good progress towards agreeing how the market might expand in future, based on cooperation to stimulate both business travel and

/tourism

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tourism in both directions. These forecasts might justify a fifth service for MAS in about 1987, but their whole basis has been undermined by the adoption of discriminatory tax arrangements in Malaysia.

7. The Malaysian Government announced last October that in future the tax concession available to Malaysian residents on annual leave journeys would be available only to passengers travelling on MAS. This is a flagrant breach of the commitment to fair and equal opportunity which is fundamental to all Air Services Agreements, and it is already costing BA £4m per annum in lost revenue. Cathay Pacific are even harder hit on Kuala Lumpur-Hong Kong services where they are losing up to £8m per annum. Both airlines reckon that the tax concession affects about 30% of their available market.

8. Reasoned protests have been made through the Board of Airline Representatives in Kuala Lumpur, and discussion between BA and MAS continued without interruption on the assumption that the tax measure would be withdrawn; but on the contrary the Malaysian Finance Minister confirmed his intention to maintain it on 18 February.

9. As a result BA have understandably not been disposed to move from their discussion of forecasts to any question of when additional frequencies might be justified. Nor could such discussions now be held at official level. The Malaysian action has both breached the agreement and distorted the market on which forecasts were being based. Until fair competition is restored there is no basis for further discussions about additional frequencies.

10. Indeed if the Malaysians do not themselves take action to deal with the taxation issue we will have to call for consultations with them to discuss the effect on the market, and to decide what action to take in defence of our rights under the agreement.

/Singapore

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Singapore

11. British Airways and Singapore Airlines each operate seven services a week between the UK and Singapore under an Air Services Agreement dated 12 January 1971. Both airlines are entitled to mount whatever services they consider appropriate, but there has been an informal understanding that neither side will operate more than a daily service without prior approval.

12. SIA are currently interested in operating three services a week via intermediate points in the Gulf and Europe to Manchester, in addition to their daily services to London. They first expressed interest in serving Manchester in 1983 when we agreed that 'as and when SIA wants to operate to Manchester the application will be approved provided that any SIA service to Manchester is in substitution for an SIA service to London. The same constraint was applied to any services which BA might wish to operate from Manchester to Singapore. Consequently when SIA applied for these services in September last they were turned down. It is only this month (letter dated 13 March 1985) that SIA's application, widely canvassed in the Press, has actually been formally supported by the Singapore authorities. There will have to be consultations about it.

13. In strict air services terms Singapore have no case for additional services. They first operated a daily B747 service between London and Singapore in 1976, though at that time their services called at three or even four intermediate stops. Since then with increasing traffic and improved technology they have progressively reduced the number of intermediate stops, so that this summer for the first time they will be operating daily direct non-stop services south-bound from London to Singapore. In the opposite direction one stop is still necessary (in the Gulf) on essentially technical grounds. Moreover the new 'Big Top' jumbos have about 10% more seats than the earlier aircraft. In consequence SIA's available capacity for services between London and Singapore will have increased by more than the 67% traffic growth which they say has taken place since 1976.

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14. We do not begrudge either SIA or the passenger the improvements in service which have resulted, but it is much more doubtful whether SIA really have a case for additional services.

15. An important consideration however is the lobby of North West MPs who have opposed the development of London's airports on the grounds that growth should be funnelled to the regional airports, particularly Manchester. There is no way that Manchester could handle a sufficient proportion of London's traffic to seriously affect the need for development in the London area, but it may well prove necessary to make some concessions to the Manchester lobby in order to gain their support. Despite the likely cost to BA, SIA's services to Manchester may have to be part of that package, but it is a concession which, if it has to be made, should be made as near as possible to the time of publication of the White Paper on Airports Policy in order to have the maximum political effect on the Manchester lobby. We therefore need to play our consultations with Singapore long enough to delay any decision until close to the date of publication of the proposed White Paper.

FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

015: South Pacific Security: The Soviet Threat

1. The Singaporeans have expressed concern about the situation in New Caledonia and the possible threat to other territories in the South West Pacific from the Soviet Union.
  
2. The South Pacific is not an area which is seen as a strategic priority by the Soviet Union. However, the Soviet Pacific fleet is now its largest and the expansion of its port facilities at Cam Ranh Bay has given it greater potential to intervene in the area. The Soviets will exploit any opportunities which arise to extend its influence.
  
3. Potential trouble-spots which the Soviets will be watching include New Caledonia, Vanuatu, Fiji and Papua New Guinea. The problems in New Caledonia have been entirely internal and there has been no evidence of Soviet interference, although some of the more extreme members of the FLNKS independence movement have had contacts with Libya. Vanuatu had a shaky start to independence but the internal situation is now more stable and the potential for unrest is receding. Vanuatu, which has a Vietnamese community, has diplomatic relations with Hanoi, and a Treaty of Friendship between Vanuatu and Vietnam has been signed. Vietnam has undertaken to provide Vanuatu with doctors. The threat to stability in Fiji stems from the racial mixture: 45% Fijian, 50% Indian. However the Indian community is less active politically and

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this has so far prevented inter-communal disharmony. The potential source of trouble in Papua New Guinea is over the border with Indonesia. However, both governments are determined to restrict this to a bilateral problem.

4. The external threat in the Pacific is greatest for the smaller independent states, such as Kiribati and Tuvalu, which because of their smaller populations scattered over large groups of islands, their lack of defence or security forces and their economic vulnerability would be less able to resist Soviet overtures. The Soviet Union has recently made approaches to most of the independent Pacific states to try to negotiate fisheries agreements. Most have been rebuffed though the Kiribati government are still negotiation. Fisheries agreements, particularly if they include shore facilities, would give the Soviets an unwelcome opportunity to meddle in internal affairs. At present they do not have any resident diplomatic representation in the Pacific outside Australia and New Zealand.

FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

016: Malaysia

History

1. Malaya, independent 1957. State of Malaysia created in 1963, composed of peninsular Malaysia (Malaya) Singapore (until 1965), and the Borneo territories of Sabah and Sarawak.
2. The peninsula was settled by immigrants from the north and later came under Indian and Islamic influence. A series of indigenous trading empires culminated in that of Malacca. This fell in the 16th century to the Portuguese. They were ousted by the Dutch, then came the British under whom 'Malaya' was grouped into three: the Straits Settlements (the city-states of Malacca, Penang and Singapore), the Federated Malay States, and the Unfederated Malay States. The British preserved the Malay system, working through the Sultans.
3. In the 19th and early 20th centuries, thousands of Chinese settled in Malaya to work as labourers on new rubber plantations and in tin mining. From 1942-1945, Malaya was occupied by the Japanese who encouraged Malay nationalism. Anti-Japanese resistance was led by the predominantly Chinese communists, who, after the restoration of British rule, attempted to seize power. The Malayan Emergency, of 1948-60, was suppressed with the help of British and Commonwealth forces. In 1963 Indonesia, which was hostile to the new Federation of Malaysia, launched its "confrontation" campaign to bring down the Federation. Malaysia sought UK help under our defence agreement. UK and Commonwealth forces fought the Indonesians. Confrontation failed. Reconciliation came in 1965.

/Internal

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Internal Political

4. The key to the political stability of Malaysia is the maintenance of an alliance between the country's two major ethnic groups - Malays 53%; Chinese 34%. This was reflected by the formation in 1953 of the Coalition Government of the United Malays National Organisation (UMNO), the Malaysian Chinese Association (MCA) and an Indian party which continues to run the country.

5. A special position for the Malays was enshrined in the constitutional arrangements enacted on independence in 1957: the traditional Malay rulers take turns in acting as Constitutional monarch. The formation in 1963 of the Federation of Malaysia incorporating Sabah and Sarawak, populated by ethnically similar Malay peoples, and the subsequent exclusion of Singapore from the Federation, also reflected the concern of Malay politicians to preserve Malayan numerical predominance.

6. In 1969 there was an outbreak of serious racial rioting because of Chinese electoral gains in the Kuala Lumpur area. The riots led to major changes including the launching of the New Economic Policy (1970) designed to increase the Malay (Bumiputra) share of the corporate sector to 30% by 1990 (about 20% now). This was to be achieved by economic expansion and not at the expense of Chinese interests.

7. Dr Mahathir, as Minister of Trade and Industry from 1977 and Prime Minister since 1981 has played a central role in the New Economic Policy. He was regarded in the 1960's as an extreme Malay chauvinist. His book, The Malay Dilemma (1970), was banned as inflammatory. It was deeply critical of Britain: accused of cheating Malays of their birthright. His style contrasted sharply with his predecessors. The minority communities are wary of him and concerned at the priority he accords Bumiputras in order to protect his political following and avoid being outflanked by the fundamentalist Islamic Party (PAS). The resurgence of Islam in Malaysia is exacerbating communal differences.



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8. The Sultans provide a continuing focus for Malay identity. Their powers are now much reduced but they command widespread respect. They may exercise a restraining influence on their people who, without them might turn to extremist Islamic politicians. Dr Mahathir considers the power of the Sultans as an obstacle to his goal of strengthening central government. Accordingly, in 1983, he sought to curb their constitutional authority but was obliged to accept a compromise under which the Agong (King) continues to have limited rights to delay legislation. The election of the Sultan of Johore as the new Agong in May 1984 was a set-back for the government.

#### Foreign Policy

9. Dr Mahathir's hallmark is also evident in Malaysia's foreign policy. His priorities are ASEAN, the Non-Aligned Movement, ties with the Islamic world. Dr Mahathir, unlike his predecessors, accords the Commonwealth a low priority. He has an innate suspicion of the "developed world" and is critical of their alleged failure to act in partnership with Third World countries. This view is reflected in his ill-considered initiative to "internationalise" Antarctica (Brief no 09(a)) though this has brought Malaysia into disagreement with the non-aligned parties to the Antarctic Treaty.

10. In general, successive Malaysian Governments have been wary of the Communist world, particularly China (which has supported the Malaysian Communist Party). Malaysia's links are mostly with the West. Malaysia, along with Indonesia, has since 1971 publicly espoused the idea of a Zone of Peace, Freedom and Neutrality in South East Asia (ZOPFAN) which calls for guarantees of non-interference by the great powers and the institution of a nuclear free zone. In practice, Malaysia takes a pragmatic view of ZOPFAN. Malaysia's relations with its immediate neighbours are good. Although there has been animosity between Dr Mahathir and Lee Kuan Yew in the past, they are now on relatively good terms. Both Malaysia and Singapore are members of the Five Power Defence Arrangements (FPDA), with Australia, New Zealand and UK. Malaysia's /relations

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relations with Brunei are cordial. Malaysia has abandoned its plans (1960's) to incorporate Brunei into the Federation and has shown willingness to assist Brunei.

UK/Malaysia relations

11. Relations were not good even before Dr Mahathir became Prime Minister (1981). The withdrawal in 1979 of subsidies for foreign students was strongly criticised in Malaysia. Given Dr Mahathir's make-up, it was almost inevitable that Anglo-Malaysian relations should further deteriorate when he assumed charge. Unlike his predecessor he had few personal links with Britain and a grudge against us (eg allegation his father was humiliated by British; that he himself was badly treated when heading an investment mission here in 1979). Dr Mahathir announced "Buy British Last" October 1981. Main grievances: UK complacency; continuing view of Malaysia in colonial light; tightening of stock exchange rules following "dawn raid" by Malaysia's investment agency to take control of Guthries; the sale of Dunlop Estates to Chinese Malaysians; hardship in UK for Malaysian students; alleged UK discrimination against Malaysian airlines (MAS) in favour of BA and to some extent SIA. Dr Mahathir relented April 1983 following meeting in March with Mrs Thatcher. Relations since helped by extra UK funds for Malaysian students, concessions to MAS, restructuring of large UK firms in Malaysia.

UK/Malaysia Trade

12. Recent UK/Malaysia trade statistics are:

	1982 (£ million)	1983 (£ million)	1984 (£ million)
UK exports to Malaysia	£211	£248	£283
UK imports from Malaysia	£185	£223	£320

UK investment in Malaysia approximately £1.7 billion.

/13.

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13. According to Malaysian statistics the net balance in favour of UK from profits remitted and other invisible earnings stood at £400 million in 1983. Over 60% of Malaysian exports to UK in 1983 were manufactured goods (mainly electrical goods, machinery and transport equipment). The UK was the leading investor in Malaysia's new manufacturing industries in 1983 and our investment record in Malaysia over recent years has been outstanding especially given that around £1 billion of our investments were wiped out by the restructuring of plantation companies in 1981/82.

14. Dr Mahathir's "Look East" policy, designed to encourage Malays to adopt Japanese and Korean work ethics, attracted more Japanese involvement in the Malaysian economy but there is criticism of Japanese protectionism and reluctance to transfer technology. "Look East" is no longer mentioned as such.

Economy

15. In the 1970s Malaysia made remarkable strides. Real output increased at an annual rate of 8% and price increases were restrained to only 6% per annum. The balance of payments and international reserve position showed continuous strength. The economy diversified. Growth of manufactures was particularly impressive. Underpinning the success, were the effective exploitation of natural resources and prudent economic policies.

16. During 1980-82, economic growth was adversely affected by the international recession. The Government pursued an expansionary fiscal policy aimed at accelerating development in pursuit of the goals of the New Economic Policy. This prevented a more serious slowdown in the growth of GDP but there was a severe deterioration in Malaysia's fiscal deficit and balance of payments. In 1982 the current account deficit rose to a record level of over US \$3 billion. The Malaysian authorities reined in fiscal policy in 1983, cutting the deficit to 10.3% of GNP in 1983 from 17.2% in 1982 and securing some improvement in the balance of payments. The rapid expansion of investment expenditure by public enterprises funded outside the Federal budget remains a matter of continued concern.

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17. Real GDP grew by 6.9% in 1984 and only slightly lower growth is expected by the Malaysian authorities for 1985. The outcome will depend on the price of key commodities such as rubber, tin, oil and natural gas. Although there was a substantial trade surplus in 1984, this was more than offset by the large deficit on the services account.

Prospects

18. In the medium-term the maintenance of dynamic performance will depend upon correcting the large public sector deficit as well as undertaking measures aimed at expanding the export base. The relative strength of the Malaysian economy, with its rich endowment of natural resources, and the still moderate burden of external debt, should, however, allow time for such necessary adjustment, provided the Malaysians pursue prudent policies.

Consular Cases

19. Au King Chor and Eight Others

Nine British Dependent Territories Citizens (from Hong Kong) are currently on trial in the High Court in Penang, five charged with trafficking heroin and four with aiding and abetting. They have been detained since 30 October 1982, and those charged with trafficking face a mandatory death sentence. There is provision for appeal from the High Court to the Supreme Court and from there to the Governor of Penang. Ministers have agreed that we should if necessary and at an appropriate stage appeal to the Malaysian authorities for the death sentence to be commuted on humanitarian grounds. Verdict now expected on 5 April.

20. Derrick Gregory

British national arrested 7 October 1982 awaiting trial for possession and trafficking 576 grams of heroin. Held in Penang Prison. His lawyer is endeavouring to obtain a psychiatric report on him. It would not be in Gregory's interest at this stage for us to press for him to be brought to trial.

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21. Kevin Barlow

A dual Australian/British national being handled as an Australian. Charged with trafficking heroin.

22. Deaths of British Nationals

We are not satisfied with the way the Malaysian authorities handled two death cases:

a) Mr Douglas Hurst's decomposing body was discovered in a hotel septic tank on 2 February 1981. At an inquest concluded on 26 November 1984 the Malaysian magistrate gave an open verdict (murder by person or persons unknown); she noted that the post-mortem report established it was fairly certain that Mr Hurst was already dead before entering the septic tank. Police enquiries at the time were evidently inadequate; but the further investigations now required by the magistrate's verdict seem unlikely to be productive.

b) Mr Alan Williams was found stabbed in his hotel room in Kuala Lumpur on 17 July 1983. The case remains open but the Malaysian police have no leads. The Oxford Coroner closed his inquest on 23 January 1985 and concluded it was an unlawful killing.

FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

CONFIDENTIAL

## QUICK GUIDE TO MALAYSIAN POLITICS

### Agong/Sultans/Governors

The Head of State of the Federation is the Yang Di-Pertuan Agong (ie King), elected every five years by his peers from among the Malay rulers. The present Agong is the Sultan of Johor. The Sultan of Perak is the Deputy Agong. The head of the Malay States in the Peninsula (ie all except Malacca and Penang) is the respective Sultan ("Raja" in the case of Perlis, "Yang Di-Pertuan Besar" in Negri Sembilan). In Malacca, Penang, Sabah and Sarawak the head of State is the Yang Di-Pertuan Negeri (Governor), appointed by the Federal Government.

### Government

Malaysia is a federation of the eleven States of Peninsula Malaysia and the two north Borneo states of Sabah and Sarawak. At the Federal level, Malaysia is governed by a bi-cameral parliament, based on the Westminster model. The National Front parties dominate the Lower House (Dewan Rakyat) where they hold a majority of 132 seats out of a total of 154. MPs are elected by a simple majority.

The Upper House (Dewan Negara) consists of 26 members elected by the 13 states (two Senators from each state) and 32 members nominated by the King on the advice of the Government. The Senate can delay Bills (other than money Bills) up to one year.

Each state also has its own State Assembly. Whilst the balance of power is heavily weighted in favour of the Federal parliament, the State Assemblies retain certain powers (the most important being land allocation) and the East Malaysian states of Sabah and Sarawak continue to control their own immigration (although this may lapse in due course). Executive authority in the states is vested in the Head of State, but he is advised by an Executive Council (ExCo) in the exercise of his functions. The head of each ExCo is the Chief Minister (Menteri Besar) who is appointed by the Federal government in consultation with the Ruler. The Chief Minister then appoints his own ExCo. All the State Governments are at present controlled by the National Front.

### Political Parties

The National Front (Barisan Nasional) coalition currently (and since Independence) dominates both Federal and State assemblies. It consists of the following parties:

#### Peninsula Malaysia:

United Malays National Organisation (UMNO)

A

Malaysian Chinese Association (MCA)  
Malaysian Indian Congress (MIC)  
Gerakan Rakyat Malaysia (Gerakan)  
People's Progressive Party (PPP)  
Berjasa

Sabah

Berjaya

Sarawak

Partai Pesaka Bumiputra Bersatu (PBB)  
Sarawak United People's Party (SUPP)  
Sarawak National Party (SNAP)  
Parti Bangsa Dayak Sarawak (PBDS)

The National Front was founded in 1973 as a successor organisation to the Malaysian Alliance. The Alliance was founded in 1952 and held power from Independence in 1957 until its transformation into the National Front; at the time of this transformation the Alliance consisted of UMNO, MCA, MIC and the then Sarawak and Sabah Alliances (although other parties voted with the Alliance in Parliament). The National Front contests elections as a single body - candidates of constituent parties are not supposed to stand against each other. (Although see Berjaya below).

The United Malays National Organisation (UMNO) was founded in 1946 under the leadership of Datuk Onn bin Jaafar, the father of the last Prime Minister, Tun Hussein Onn. It is dedicated to the advancement of the Malays and the preservation of the special rights and privileges provided for them under the Constitution. UMNO is by far the largest and most influential political party in Malaysia with a membership of about 1 million and effectively controls the reins of political power.

The Malaysian Chinese Association (MCA) was founded in 1949 and joined the Malayan Alliance in 1952. Suffered a serious set-back in the 1969 General Election and a further loss of support in 1973 when many of its younger members - the so-called "Young Turks" - joined Gerakan (qv). MCA's electoral experience has since been erratic but in the 1982 elections, MCA increased its vote by more than 50%. It now holds 24 parliamentary seats.

The Malaysian Indian Congress (MIC) was founded in 1949 to represent the interests of the Indian communities (about 10% of the population). It holds four parliamentary seats.

Gerakan Rakyat Malaysia (Malaysian People's Movement - "Gerakan") is a predominantly Chinese party which advocates multi-racialism. It was founded in 1968 to succeed the United Democratic Party. Gerakan split in 1971, one part retaining the title Gerakan, the

/other

other becoming the Social Justice Party (Pekemas). Gerakan doubled its membership in early 1974 when rebel MCA members joined the party but still remains subordinate to MCA. Gerakan's strongholds are the northern States of Penang, where Dr Lim Chong Eu is Chief Minister, and Perak. Gerakan joined the National Front in 1974 and holds five parliamentary seats.

People's Progressive Party (PPP) is a small party based in the Ipoh area of Perak. It lost its only remaining seat in the 1978 election.

Partai Pesaka Bumiputra Bersatu (United Traditional Bumiputra Party - PBB)

A basically Malay/Melanau/Dayak party in Sarawak. Eight parliamentary seats.

Sarawak United People's Party (SUPP)

A mainly Chinese party with some Iban following. Five parliamentary seats.

Sarawak National Party (SNAP)

A multi-racial party. SNAP was a member of the Alliance until 1966 when it went into opposition. It joined the National Front in 1976. In 1983 SNAP was seriously split when a group of discontented Dayak politicians in SNAP resigned to form their own party, the PBDS (qv). SNAP's influence is now much reduced.

Parti Bangsa Dayak Sarawak (Dayak Party of Sarawak - PBDS)

Formed in 1983 by dissident members of SNAP (qv). The PBDS campaigns on a platform of representing Dayak (the largest ethnic group in Sarawak) interests. Won seven seats in the State elections of 1983.

Berjaya (means "success" in Malay) formed in Sabah in 1975. In the 1982 elections, Berjaya won ten parliamentary seats campaigning under its own name and five more unofficially through "Independent" candidates. Four of these "Independents" have since crossed the floor to officially join Berjaya. Berjaya holds 44 out of 48 State parliamentary seats. State elections in Sabah will be held on 20 and 21 April 1985.

### The Opposition

There are two main Opposition parties and a host of smaller parties, most of them regionally based and none holding State or parliamentary seats.



The two largest opposition parties are:

The Democratic Action Party (DAP) is the successor to the PAP (People's Action Party) which existed in Malaysia as an off-shoot of the Singapore PAP before Singapore seceded in 1965. The DAP is a member of the Socialist International. DAP gained 16 parliamentary seats in the 1978 elections, but suffered large defeats in 1982 and now holds only 9 seats (including one in Sabah).

Partai Aislam Semalaysia (Pan-Malaysian Islamic Party - Pas) or Partai Islam (PI)

An Islamic, Malay nationalist party, Pas' main support comes from the rural Malay States of Trengganu, Kelantan and Kedah. Joined the National Front in 1973, returned to opposition in 1977. Its tally of 12 seats from the 1974 election was reduced to five in 1978 and 1982 elections. In 1982, the former and longstanding Pas President, Datuk Asri, was ousted from the party through a vote of no confidence, and has now formed his own new party, the Hisbun Muslimim (Hamim).



**IN CONFIDENCE**

OFFICIAL VISIT OF THE PRIME MINISTER TO MALAYSIA

SEPARATE PROGRAMME FOR MR DENIS THATCHER -

5/6 APRIL 1985

SUMMARY OF BRIEFS

BRIEF NO.

DETAILS

- 1 VISIT TO CASTROL - PROGRAMME
- 2 CASTROL IN MALAYSIA
- 3 PERSONALITY NOTE - MR MIKE DEARDEN
- 4 VISIT TO BRITISH COUNCIL LANGUAGE CENTRE - PROGRAMME
- 5 BRITISH COUNCIL LANGUAGE CENTRE
- 6 VISIT TO CAREY ISLAND - PROGRAMME
- 7 HARRISONS MALAYSIAN PLANTATIONS BERHAD
- 8 PERSONALITY NOTES:
  - (a) TUNKU DATO' MANSUR YAACOB
  - (b) MR HUGH MCKEAG
  - (c) MR MUNCHAR JAJULI
  - (d) MR R SHEPHERD
  - (e) MR TEOH CHENG HAI
  - (f) MR YEOW KHENG HOE
  - (g) MR G C EASTAUGH
  - (h) MR J A HOGG
  - (i) ENCIK MOHD ALI HAJI AHMAD
  - (j) MR ONG SEE BOON

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BRIEF NO. 1

## IN CONFIDENCE

MR DENIS THATCHER'S VISIT TO CASTROL, FRIDAY 5 APRIL

### Accompanying Party

Mr Choo Siew Kioh, Deputy Chief Protocol Officer  
Tun Syed Munshe Afdzaruddin bin Syed Hassan, Protocol Officer  
Encik Mohd Zamri bin Mohd Kassim, Secretariat Officer  
Mr Keith Harris, British High Commission  
Medical Officer  
Medical Orderly  
Police Security Officer  
Det Sgt R Kingston

### Time-table and Programme

14.55        Leave hotel

15.05        Arrive Castrol Offices, Jalan Dungun.  
             Met by Mr Mike Dearden, General Manager.

15.10 -       Private briefing by Mr Dearden with Mr Choo  
15.30        and Mr Harris.

15.30 -       Mr Thatcher to meet Castrol staff in reception  
15.55        area.

             Mr Dearden will present momento.

             Refreshments will be served.

16.00        Depart for British Council Language Centre

IN CONFIDENCE



BRIEF NO. 2

**IN CONFIDENCE**

CASTROL IN MALAYSIA

Castrol (Malaysia) is a specialised lubricants producer and marketer, supplying a full range of products for passenger cars, trucks, the marine market, aviation and manufacturing industry. The company is the largest independent lubricants supplier in Malaysia, holding a market share in excess of 25%. Only Shell holds a greater share. 1984 turnover was some M\$65 million (£31.7 million).

Castrol's operations in Malaysia started in 1924 when a branch was formed in Penang. In 1951 a further branch was established in Kuala Lumpur and in 1967 all Castrol's Malaysian operations were centralised in Kuala Lumpur. Until 1973 the company was a branch of Castrol Ltd in the UK. In that year Castrol (Malaysia) was incorporated. 40% of the company's equity is held by Permodalan Nasional Berhad (PNB).

Over 95% of products sold by Castrol (Malaysia) are produced in Malaysia at the Port Dickson plant. Castrol has depots at Segambut, Ipoh, Johor Bahru, Butterworth, Kuantan and Malacca in addition to the plant at Port Dickson. Sabah and Sarawak (East Malaysia) are serviced by Castrol's company in Singapore.

The company employs a total of 160 staff. Only one is an expatriate.

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BRIEF NO. 3

## IN CONFIDENCE

### PERSONALITY NOTE

MIKE DEARDEN, MANAGING DIRECTOR, CASTROL (MALAYSIA)

Born at Grappenhall, Cheshire in 1942

Educated at Manchester Grammar School and Merton College, Oxford where he obtained an Honours Degree in Chemistry.

Career details: 1966-70 - BP Chemicals, Market Research Officer, later Sales Assistant.

1970-72 - Steetley Co Ltd, Marketing Manager (Ceramics).

1972-73 - Phil Black Ltd, Deputy General Sales Manager.

1973-80 - P A Management Consultants, Consultant

1980 - Joined Castrol as Marketing Manager. Appointed Managing Director, Castrol (Malaysia) in 1984.

Mr Dearden is married with two children.

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BRIEF NO. 4

## IN CONFIDENCE

### MR DENIS THATCHER'S VISIT TO BRITISH COUNCIL LANGUAGE CENTRE (BCLC), FRIDAY 5 APRIL

#### Accompanying Party:

As for Castrol visit

#### Time-table and Programme

- 16.15 Arrive BCLC, Jalan Marsh.  
Met by Mr Jack Phillips, British Council Representative (BCR) at entrance to Methodist College. BCR introduces:
- Mrs Bhupalan, Principal, Methodist College  
Dr Alan Moller, Deputy Representative, British Council and English Language Officer  
Mr Ian Anderson, Director of Studies, BCLC  
Miss Joan Anderson, Assistant Director of Studies, BCLC
- At entrance to BCLC, (3rd Floor), Mr Phillips will introduce Miss Er Ee Lui, BCLC Office Manager, and Cik Asmeat binte Sheikh Ahmad who will present buttonhole to Mr Thatcher.
- 16.20 Briefing by Mr Anderson
- 16.30 Tour of establishment to include classrooms, Language Laboratory and Resource Centre (Meet Librarian - Cik Kartini).
- 17.00 Meet teaching staff
- 17.30 Depart for sight seeing tour
- 18.15 Return to hotel

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BRIEF NO. 5

## IN CONFIDENCE

### BRITISH COUNCIL LANGUAGE CENTRE (BCLC)

The BCLC was established in 1984. It is one of over 30 such centres run by the British Council worldwide.

The Centre occupies the third floor of the Methodist College in Brickfields, Kuala Lumpur. It has 6 air-conditioned classrooms each catering for up to 18 students, a 20 booth language laboratory and a resource centre which holds book and cassettes for loan or reference. English is the only subject taught.

There are currently 12 English teachers, all British, on the Centre's staff.

In its first year of operation over 2,000 students were enrolled.

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**IN CONFIDENCE**

MR DENIS THATCHER'S VISIT TO HARRISONS  
MALAYSIAN PLANTATIONS BERHAD'S (HMPB)  
PLANTATION AT CAREY ISLAND, SATURDAY  
6 APRIL

Accompanying Party

As for Castrol Visit.

Time-table and Programme

- 0830 Leave hotel.
- 0840 Arrive Sungei Besi Base.
- Met by Base Commander, Col. Amat Azizah, who will introduce senior HMPB's representatives accompanying party on helicopter:
- Tunku Datuk Mansur Yaacob, Executive Director.
- Mr Hugh McKeag, Group General Manager.
- 0845 Take off by helicopter for Carey Island.
- 0910 Land at Carey Island Sports Club,
- Met by Mr Geoff Eastaugh, Manager, West Estate.
- 0915 Briefing and static display in Club House.
- 0950 Depart by car for North Estate cocoa factory, stopping en route to see cocoa harvesting.
- 1010 Arrive cocoa factory.
- Met by Mr J A Hogg, Manager, North Estate.
- Briefing; tour of plant.
- 1030 Depart by car for East Estate oil mill.
- 1040 Arrive oil mill.
- Met by Encik Mohd Ali Haji Ahmad, Manager, East Estate. Oil palm harvesting demonstration; briefing; tour of plant.
- 1120 Depart by car for Sports Club.

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1145 Arrive Club House for drinks followed by lunch.  
1255 Depart Club House.  
1300 Take off by helicopter for RMAF base.  
1330 Arrive RMAF base.  
Take leave of Tunku Mansur.  
1335 Depart RMAF base.  
1345 Arrive hotel.  
1415 Leave hotel for Carcosa to rejoin Prime Minister's party.  
1430 Arrive Carcosa.

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**IN CONFIDENCE**

## HARRISONS MALAYSIAN PLANTATIONS BERHAD (HMPB)

The Company

Harrisons Malaysian Plantations Berhad (HMPB) became operational in October 1982 following a Scheme of Arrangement, negotiated over a number of years, whereby the share capital of Harrisons Malaysian Estates (HME), an 80% subsidiary of Harrisons & Crosfield, was acquired by a Malaysian company, HMPB. As a result of the Scheme, Permodalan Nasional Berhad (PNB), gained majority control, holding 58% of the shares while Harrisons & Crosfield held 30%. The remaining 12% was held in the market. PNB is the National Equity Corporation set up by the Malaysian Government to select and purchase a portfolio of investments to be held for the Bumiputra community.

HMPB has subsequently extended its operations through the acquisition of Barlow Plantations Sdn Bhd and 10 UK registered companies associated directly or indirectly with Harrisons & Crosfield.

HMPB's principal business is the production of rubber, palm oil, palm kernels, cocoa and copra on its plantations in Malaysia. Group turnover in 1984 (April-December) was M\$851 million (£284 million).

Carey Island

The island lies off the West Coast of Peninsular Malaysia to the south of Port Klang. It was first planted in 1905 when a Mr Carey was granted 5000 acres to seed.

/In 1961

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In 1961 Harrisons & Crosfield established their plantation and HMPB now have some 24,000 acres of oil palm and 2,000 acres of cocoa/coconut on the island. There are two oil mills and a cocoa factory operated by HMPB.

The island has a population of 5,000 of whom some 1,700 are employed by HMPB.

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**IN CONFIDENCE**PERSONALITY NOTE

Tunku Dato' Mansur Yaacob, DSDK, KMN, ADK.

Executive Director, Harrisons Malaysian Plantations Berhad.

Age : 46

Education: Cheltenham College  
Queens College, Cambridge. (BA Agriculture)

Career : 1959 - 1962 Agricultural Officer in the Department  
of Agriculture.

1962 - 1970 Federal Land Development Authority (FELDA);  
joined as Estate Manager and promoted to  
Planting Director.

1970 - 1974 Chief Executive, Sabah Land Development  
Board (SLDB)

1974 Joined the Harrisons & Crosfield Group and  
is currently the Chairman of the Harrisons  
& Crosfield Companies in Malaysia.

Tunku Mansur's father, Tunku Yaacob was Malaysian High  
Commissioner in London from 20 February 1958 to 31 December 1965,  
and Tunku Mansur is a cousin of the present Sultan of Kedah and a  
nephew of Tunku Abdul Rahman.

Mr Hugh McKeag

Group General Manager, Harrisons Malaysian Plantations Berhad.

Age : 46

Education: Shrewsbury School  
St Johns College, Cambridge (MA)

Career : 1956 - 1958 Short Service Commission in Royal  
Inniskillin Fusiliers.

1961 Joined Harrisons & Crosfield Ltd, London.

1962 Posted to Kuala Lumpur.

1978 Appointed Chief Executive of Harrisons  
& Crosfield (M) Sdn Bhd

1982 Transferred to Harrisons Malaysian  
Plantations Berhad

**IN CONFIDENCE**

**IN CONFIDENCE**Munchar Jajuli

Director, Estates

Age : 50

Munchar started his planting career in 1959. He was promoted to Manager in 1965 and after serving on a number of estates was appointed a Visiting Agent in Head Office in 1983. In February 1985 he was appointed to his present post of Director, Estates, and is now responsible for the administration of all estates in the Group.

R Shepherd

Director of Research.

Age : 51

Educated at Aberdeen and Cambridge. Mr Shepherd arrived in Malaysia in 1957 as a Research Officer. In early years he concentrated on rubber and is acknowledged as one of the most knowledgeable scientists in this crop in the country. He was appointed Director of Research in 1965 since when he has broadened his scope to include oil palms, coconuts and cocoa. The latter being a comparatively new crop to Malaysia, Mr Shepherd has spearheaded the industry's research effort into cocoa.

Mr Teoh Cheng Hai

Assistant Director of Research - Prang Besar Research Station.

Age : 40

Mr Teoh gained a B.Agr.Sc. degree from the University of Malaya and joined the Group as a Research Officer in 1968. He has been involved primarily in rubber, and latterly in cocoa and was appointed to his present position of Assistant Director of Research in 1978. A well respected figure in the plantation



## IN CONFIDENCE

industry, Mr Teoh is President of the Malaysian Plant Protection Society and has presented many papers at conferences both in Malaysia and overseas.

### Mr Yeow Kheng Hoe

Assistant Director of Research - Oil Palm Research Station.

Age : 50

Mr Yeow obtained his B.Agri.Sc. at Canterbury University, New Zealand and after a spell as a Lecturer at the Agricultural University, Malaya, and at the Rubber Research Institute he joined Guthries as a research Officer. He joined Harrisons in 1974 and was posted to the Oil Palm Research Station, being appointed Assistant Director of Research in 1978. A recognised authority in oil palm Mr Yeoh has been particularly engaged of late in the utilisation of agricultural wastes.

### Mr G C Eastaugh

Manager, West Estate.

Age : 47

Educated in Scotland, Mr Eastaugh came to Malaysia in 1960 as a Junior Estate Assistant. He was appointed Acting Manager in 1969, confirmed as Manager in 1972 and was posted to his current position on Carey Island in 1981.

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## IN CONFIDENCE

Mr J A Hogg

Manager, North Estate

Age : 47

Mr Hogg joined Harrisons & Crosfield in Malaysia in 1959 as a Junior Estate Assistant, and was appointed Acting Manager in 1966 and confirmed Manager in 1971. He was posted to North Estate in 1983.

Encik Mohd Ali Haji Ahmad

Manager, East Estate.

Age : 44

Ali joined the Group in 1960 and got his first acting managership in 1972 and was confirmed as Manager in 1976. He was posted to East Estate in 1980.

Mr Ong See Boon

Resident Engineer, East Estate Oil Mill

Age : 33

After obtaining a B.Eng. degree from the University of Malaya, Mr Ong joined the Group in 1977 as a Trainee Engineer. He was promoted to Acting Resident Engineer in 1981, confirmed as Resident Engineer in 1982 and has been on East Estate for two and a half years supervising the construction and then commissioning of East Oil Mill.

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

017: Singapore

History

1. Named Singapura ("Lion City" by 14th century Sumatran prince) was virtually deserted when Sir Stamford Raffles identified it as a suitable British base on the India-China trade route in the early 19th century. He laid the foundations of modern Singapore. The Sultan of Johore ceded the island in 1824. It formed part of the Straits Settlements until World War II. It remained a British possession, until 1963.
2. In the 19th century, the Island's prosperity grew rapidly. It attracted many settlers, chiefly Chinese. It became the commercial and financial centre for the Malay peninsula and the major outlet for Malaya's rubber and tin. Singapore was a vital link in the chain of British bases from Gibraltar to the Far East. Its fall to the Japanese in 1942 was a traumatic experience.
3. In 1945, Singapore became a Crown Colony. In 1959 it was granted internal self-government. During the Malayan Emergency of 1948-60 communist activity in Singapore also increased. It was not until the early 1960s that Lee Kuan Yew, Singapore's first Prime Minister, successfully curbed communist influence. On Independence, Singapore joined the Federation of Malaysia. Political rivalries and resentment between the Malays of the peninsula and Singapore's Chinese led to Singapore's virtual expulsion from the Federation in 1965 when it became a separate state (Republic).

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Internal Political

4. Singapore has remained stable and prosperous. Mr Lee Kuan Yew has been Prime Minister since self-government in 1959. He has created a nation with a sense of community, proud of being Singaporean. He is out-spokenly anti-Communist. Now 62 years old, he has recently begun to speak of the need to prepare for a change of leadership. In December 1984, frustration with the Government surfaced in the general elections when the electorate, although returning the ruling Peoples Action Party with a massive majority at the elections (winning 77 of the 79 seats), delivered a rebuff to Mr Lee's authoritarian style of government through a 13% swing of votes to the opposition parties. This was keenly felt. The opposition had focussed successfully on the Government's compulsory savings scheme, its controversial educational policy, (the graduate mother's scheme which provides incentives for bright parents to produce bright children) and the housing programme. Mr Lee re-shuffled his Cabinet bringing young blood into the senior ranks of Government. Mr Goh Chok Tong, the new First Deputy Prime Minister, is Mr Lee's heir apparent. The new administration has committed itself to more open and responsive government but Mr Lee now as in the past will not tolerate indiscipline or brook opposition on matters of substance. The signs are that he does not intend to relinquish all power when he steps down. New legislation is being enacted which will create an elected President who will be empowered to limit the freedom of future governments in certain fields. Mr Lee may well have it in mind to fill the post himself.

Foreign Policy

5. In external affairs, Singapore exerts an influence out of proportion to her size. ASEAN is the cornerstone of Singapore's foreign policy. It plays a leading role in maintaining the coherence and credibility of ASEAN. An active member of the Commonwealth and of the Five Power Defence Arrangements (FPDA).

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What happens in China and how Singapore/Chinese relations progress are matters of great importance to Mr Lee. China may now be looking upon Singapore as an appropriate model for its own economic modernisation. (Dr Goh Keng Swee is reported to have been offered a senior economic adviser position with the Chinese government). Singapore regards the Soviet Union and Vietnam as the greatest threat in the area and is the most hawkish of the ASEAN countries towards Vietnam on the Cambodia question. Singapore's relations with its immediate neighbours are good. Energetically seeks to exert a moderating influence on other third world countries in international fora, notably the NAM.

6. Singapore recently announced notice of withdrawal from membership of UNESCO, ostensibly on cost grounds although mismanagement and politicisation of UNESCO's programmes is the more likely reason.

Economy

7. From an unpromising beginning in the early 1960s, Singapore has experienced rapid growth over the past two decades, averaging 10% a year during 1965-83, with relatively low inflation and a strong balance of payments position. At the outset of independence, the authorities adopted an export-oriented development strategy. The economy has been built upon manufacturing, Singapore's traditional role as an entrepot port, and its emergence as a regional and financial banking centre. Singapore has long enjoyed full employment.

8. Apart from its strategic position and expert leadership, the major sources of Singapore's economic successes include the provision of appropriate incentives and continuous efforts by the authorities to upgrade the economy (from entrepot activity and labour-intensive exports, to high-technology and high-skill exports, and, finally, to an economy increasingly oriented toward

/internationally

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internationally tradeable services), backed up by prudent financial policies.

9. The world recession led to a slowdown in GDP growth in 1982 to 6.3% whilst growth in the manufacturing sector fell by 5%. The fall in external demand was to some extent offset by an expansion in domestic demand, partly stimulated by government construction activity. With the beginnings of world recovery in 1983, external demand picked up. Real GDP growth has averaged just over 8.5% per annum in the last two years whilst inflation has fallen below 2%.

10. Growth is, however, expected to fall this year to between 5% and 7% in response to the expected slowdown in the US economy. The construction and petroleum refining industries are now having to be cut back in response to diminishing demand. Mr Lee, in his Chinese New Year message, warned about growing difficulties ahead with business prospects poor. However, these comments should be seen in the context of Singapore whose economy and prospects are the envy of most other countries. Investment commitments remain at a high level and most service industries are recording rapid growth. The key to Singapore's future prospects lies with its success in adapting the economy to the changing pattern of external demand.

FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

018: Brunei

History

1. Brunei became an independent Islamic sultanate towards the end of the fourteenth century, extending its influence through the coastal areas of Borneo. In 1847 the Sultan entered a Treaty with Britain for the furtherance of commercial relations and the suppression of piracy. A Treaty of 1888 placed Brunei under British protection. A British Resident was appointed in 1906. In the 1920s oil was discovered. After the end of the Japanese occupation (1941-45), Brunei again became a British protected territory. In 1959 under a new UK/Brunei Agreement, Brunei assumed responsibility for most of its internal affairs but HMG kept responsibility for defence and foreign affairs. A Constitution was introduced. In Elections in 1962 the radical Partai Rakyat Brunei (PRB) won almost all the seats for election. The PRB which had links with Indonesia (then involved in confrontation with Malaya) was strongly opposed to the envisaged incorporation of Brunei in the putative Federation of Malaysia. The PRB's victory was unwelcome to the Sultan who delayed summoning the Council. In December 1962, the PRB responded by launching an armed rebellion. The then Sultan, Sir Omar, called for British troops and the rebellion was quickly put down. The PRB was banned and the elective provisions of the Constitution suspended. Brunei did not join the Federation of Malaysia (1963). Relations between the two countries were strained. Brunei's claim to the Limbang River Valley separating the two "wings" of the country was a continuing source of friction. Brunei viewed Indonesia which had backed the PRB rebellion with deep suppression.

2. In 1967 the Sultan, Sir Omar, abdicated in favour of his eldest son the present Sultan

In 1971 Brunei ceased to be a British Protected State. Britain continued to be responsible /for

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for foreign affairs and undertook to consult with the Brunei Government in the event of external attack or threat of such attack. In January 1979 a Treaty of Friendship and Cooperation was signed. It came into effect on Brunei's independence on 31 December 1983.

Internal Political

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5. There are also ethnic strains. The Chinese minority (25% of population) face increasing discrimination in business and education though the Sultan said on the eve of Independence that the Chinese had a role to play in Brunei. The issue is of particular concern to Britain because most of the Chinese community were, till 1979 British protected persons when they became stateless but with rights of residence in Brunei (set out in an Exchange of Notes between Britain and Brunei published with the Treaty of Co-operation and Friendship). The Home Secretary is concerned that if the situation in Brunei deteriorated the community would seek admission to Britain. But, as yet, there is no sign of this.

Brunei's Economy

6. The economy derives its wealth from oil and natural gas. This sector contributes about four-fifths of GDP. Oil and LNG contributed about 95% of export earnings in 1983. Petroleum products contributed another 4%. Known reserves of hydrocarbons are expected to last for several decades at current rates of production.

7. After peaking in 1980, GDP declined in both real and nominal terms due to lower export earnings from oil and gas in 1981 and 1982. Real growth, however, is thought to have increased by about 3-4% in the last two years, mainly due to increases in gas output and energy-related activities. Inflation has fallen from 8% in 1981-82 to about 5% last year. Attempts to diversify the economy have met with only limited success. At present, Brunei imports 80% of its food requirements. Only about 10% of the land is cultivated.

8. The balance of trade and payments have shown impressive surpluses. Official foreign reserves were estimated at \$14 billion at end-1983. The government budget is characterised by substantial surpluses. For 1984 the surplus is estimated at \$1.8 billion, or 60% of total revenue.

/Brunei

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Brunei Foreign Policy

9. Brunei is moderate, pro-Western, anti-Communist. It now has generally good relations with its neighbours. Brunei has joined ASEAN (its first priority), the UN, the Organisation of Islamic Conference (OIC), and the Commonwealth. Observer Status in OPEC. The Bruneians have made a cautious start in foreign relations reflecting their inexperience in international affairs.

The Permanent Secretary of the Brunei MFA, Mr Zakariah visited Britain in March 1985 to study the workings of the FCO.

UK/Brunei Relations

10. Relations are generally good but we face strong competition from the Japanese and others keen to benefit from Brunei's wealth (and inexperience). The Crown Agents lost their financial management role in August 1983; they later also lost their procurement function on behalf of the Royal Brunei Armed Forces (RBAF). But about 30% of Brunei's investments are managed by British firms and following the Sultan's visit in January there are prospects that this will increase. There were 1,600 Brunei students in the UK in 1984. Many British expatriates work in the Brunei Government.

11. Discussions are underway between two partners in Brunei Shell - the Brunei Government and Shell.

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12. Defence links are particularly strong. A battalion of British Gurkhas is stationed in Brunei at the Sultan's expense, remaining there under present agreement until 1988. There are also some 130 British Loan Service Personnel attached to the Royal Brunei Armed Forces (RBAF).

13. The RBAF Commander, General Friedberger is British. His appointment ends in December 1985, when a Bruneian is due to take command.

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Our policy remains to slim down the numbers of LSP (and our resulting potential commitment) while encouraging the Bruneis to look to ASEAN partners for any possible necessary future military assistance.

14. British companies active in Brunei:

Shell, Kleinwort Benson (Sultan's Financial Advisers), John R Harris Architects (discussing proposed International Trade Centre); Morgan Grenfell & Co Ltd, James Capel & Co (Fund Managers, 14% Brunei reserves each), John Brown Engineering (£30 million contract, generating plant at Brunei Shell's refinery at Lumut), McLintock (Audit of Brunei Investment Agencies US \$14 billion assets), Hussar Brammar (bidding for Brunei Master Plan), GKN Vickers (for Armoured Personnel Carriers), British Aerospace (Rapier).

FOREIGN AND COMMONWEALTH OFFICE

MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Briefs for Officials

019: Indonesia

History

1. The Indonesian archipelago is a cultural and racial mixing pot. From the 7th to 14th centuries two great empires (Sri Vijaya in North Sumatra and Majapahit in Java) dominated the area laying the foundation for the modern day concept of "greater Indonesia". Islam was introduced by Arab and other traders and merged with local beliefs producing a relatively moderate Islamic faith which persists.

2. From 16th century a succession of European traders, first Portuguese, then Dutch established themselves in the Indonesian archipelago. In 1811 the British took over Dutch possessions in South East Asia - Stamford Raffles, appointed Lieutenant Governor of the Dutch East Indies, introduced profound reforms of colonial administration and is still highly regarded in Indonesia. The East Indies reverted to the Dutch in 1816 and were held by them till the Japanese occupied the Islands, 1941-45. Following the Japanese surrender, 10 August 1945, British and Indian forces under Lord Mountbatten assumed control. A week later Soekarno proclaimed Indonesia's "independence" and announced a constitution based on the five principles of Pancasila (belief in supreme God, humanity, national unity, democracy and social justice). Serious conflict ensued between the allied forces and Soekarno's troops. The battle at Surabaya (1945), in which British and Indian forces used tanks and aircraft to overcome Indonesian resistance, became a watchword for the Indonesian revolution and is commemorated annually at the Heroes' Cemetery (where the Prime Minister is to lay a wreath). Independence was eventually granted by the Dutch on 27 December 1949.

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3. President Soekarno's era 1949-1965. Independence did not bring unity. 1950-59 saw a series of unstable governments and the proliferation of secessionist movements. The Indonesian Communist Party (PKI) grew in influence and the country became increasingly chaotic. From 1963-66, Indonesia engaged in a fruitless confrontation against Malaysia (which had the support of British forces). On 30 September 1965 there was an attempted coup, never fully explained, which the Indonesian government attributes to the PKI and China. General Soeharto, then Commander of the Army Strategic Command, acted swiftly to stifle the rebellion. The Indonesian army struck against communist forces in Java. Throughout the country people thought to be "Communist" were massacred and imprisoned. Some remain in detention.

Internal Political

General

4. Soeharto became executive Head of Government in 1966 and President in 1968. He was reelected in 1983 for a further 5 years. Indonesia has been stable throughout this period though there were serious anti-Government riots in 1974 and unrest in 1984. East Timor was annexed in 1975; low level conflict continues there (para 9) and in Irian Jaya (para 10).

Government

5. Power lies with the President and his ministers and advisers who have the support of the armed forces and the assistance of a handful of highly trained technocrats. The army play a prominent, but not always dominant, role in both political and administrative affairs, which is sanctioned in the constitution. The official philosophy of Pancasila underlies a genuine attempt to unify a nation that has great geographical, racial, and religious diversity. The Parliament

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is partly elected and partly nominated. The government party, GOLKAR, won 65% of the vote in the 1982 elections (next due 1987). Minor opposition parties are permitted, notably the PPP, an alliance of old Muslim parties. But the government is concerned to prevent a resurgence of communism or the evolution of Muslim fanaticism and extremist minority groups are actively suppressed.

6. Disturbances: 1984

In 1984 five draft bills were introduced aimed at restructuring some of Indonesia's political institutions. The most controversial of these, still to be approved, embodies the philosophy of Pancasila as the sole basis ("asas tunggal") of "social organisations" and societies. This caused anxiety and resentment amongst religious, particularly Muslim, organisations. Old communal tensions resurfaced. This was an important factor in the outbreak in September 1984 of an anti-regime and anti-Chinese riot in Jakarta. At least 28 people (probably many more) were killed and more than 70 injured. This was followed in October by a series of bombings and major fires aimed in part at Chinese interests in the city. There have been subsequent incidents. These have been the most serious outbreaks of violence for some years. But the situation has been contained by the authorities and the country remains stable.

Foreign Policy

7. Indonesia's overriding priority is to preserve stability in South East Asia, and to strengthen the political cohesion of ASEAN without dominating it too obviously. Indonesia is a committed and increasingly active member of the Non-Aligned Movement, where it exercises a moderating and generally helpful influence.

8. A key element, still, in Indonesian thinking is the perceived threat to the whole region from China which they judge to be more serious than that from the Soviet Union. Indonesia has no

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diplomatic relations with China though there is a prospect, now, of direct trading links. The Indonesians are concerned at what they see as a developing Washington-Peking-Tokyo axis. Relations with the United States are cordial, but the cancellation in 1983 of President Reagan's visit (for extraneous reasons concerning the Philippines) rankles. Moreover Indonesia, increasingly, is concerned to protect its non-aligned status and image and thus not to be seen to be over-close to the United States. Japan is Indonesia's principal trading partner but it is viewed warily, as in other ASEAN countries. Relations with Australia are complicated by strains over East Timor and Irian Jaya. Indonesia would welcome closer contacts with Europe to balance the influence of Japan and the United States. They attach value to the development of EC-ASEAN relations, welcome European support for self-determination in Cambodia, and would like to see much more European investment in Indonesia.

East Timor

9. Indonesia annexed East (Portuguese) Timor in 1975 following Portuguese withdrawal from the colony and a declaration of UDI by the left-wing guerilla group Fretilin. Sporadic resistance by the guerillas (now a small hard core of perhaps a few hundred) against the Indonesian forces continues. The Indonesians are making strenuous efforts to develop the province. Following the annexation there were numerous reports of infringements of human rights by the Indonesian armed forces, but the situation appears markedly to have improved in the past two years. The UK has never recognised Indonesia's annexation of East Timor. In 1975, Britain supported the UN Security Council Resolution deploring Indonesia's annexation of East Timor. But, following consultations with EC Partners, we abstained on resolutions in the General Assembly, 1976-82, since when discussion of East Timor at the UN has been postponed in the light of the UN Secretary-General's initiative to explore with Indonesia and Portugal possibilities for the settlement of the Timor

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problem. This continues - we support it. We adopt a low profile in the dispute and argue it is for the parties directly concerned to resolve.

Irian Jaya

10. In the 1950's, Indonesia began pressuring the Dutch to transfer Irian Jaya (West Papua) to its control. In 1962, the Dutch handed Irian Jaya to a UN "Temporary Authority". The UN retained nominal control until 1968 when a UN supervised "Act of Free Choice" led to the formal transfer of the territory to Indonesia. There is a small Melanesian-oriented independence movement (OPM) in the province conducting minor guerilla activities. Despite a border agreement in 1984 with Papua New Guinea, difficulty over refugees/border crossers into PNG remains. There are still in excess of 10,000 refugees from Irian Jaya on the PNG side of the border.

Human Rights

11. The conduct of Indonesia's forces in East Timor and Irian Jaya have evoked international criticism. So have extrajudicial killings of alleged criminals in recent years and the continued detention of communists. Indonesia's policy on 'transmigration' (inherited from the Dutch) which has led to the movement, since 1950, of more than 2 million people from heavily populated (e.g. Java) to less developed areas (e.g. Irian Jaya) has also been criticised on the grounds that coercion has sometimes been used. There is a strong human rights lobby in the UK spearheaded by TAPOL (British Campaign for the Defence of Political Prisoners and Human Rights in Indonesia) which has some cross-party support, mainly from the Parliamentary Human Rights Group. They criticise UK arms sales to Indonesia on human rights grounds.

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United Nations Law of the Sea Convention (UNLOSC)

12. Parts of the Convention are helpful, e.g. those relating to navigation, the continental shelf and pollution. The provisions on deep sea mining are unsatisfactory, as they would establish a cumbersome, expensive, over-regulatory regime with an extravagant international enterprise and burdensome provisions on transfer of technology. UK, FRG and USA are among the 15 non-signatories. Only 14 out of the required 60 ratifications have occurred. Indonesia is especially interested in its "archipelagic waters", a new regime with which Mochtar (Foreign Minister) was closely involved. We are studying it. It gives Archipelagic states a large measure of control over waters within the archipelago, but gives special rights of passage to other states in specific sea lanes.

We do not regard ourselves as required to give the Indonesians notification before warships pass through their waters. Indonesia, Malaysia and Singapore have been negotiating on delimitation in the waters between them.

Economy

13. President Soeharto ensures that the economy is properly managed. Since 1969 a series of five year plans have helped restore national prosperity. Indonesia has begun to create a modern infrastructure on a strong industrial base.

14. As a major oil producer Indonesia was able to sustain growth at about 7% per annum in the period from 1973-82. The opportunities that oil revenues gave were fully grasped; manufacturing output rose rapidly, agricultural production showed steady gains and living standards improved. The country as a whole is now self-sufficient in food production, a major achievement for a country which for many years was the world's largest rice importer.

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15. In 1982, the economy suffered a substantial fall in demand for its major exports, especially oil (which accounts for 75% of foreign exchange earnings). Imports, however, continued to increase, and the current account balance moved from a surplus of just under \$3 billion in 1980/81 to a deficit of almost \$7 billion in 1982/83. Growth slowed markedly and the budgetary balance was put under severe strain. The Government acted promptly with a series of far reaching measures (including a 28% devaluation of the Rupiah, a major rephasing of the public sector investment programme, a cut back on foreign borrowing and financial and tax reforms). There has been a significant improvement both in the external and domestic balance and a resumption of output growth, though the Debt Service Ratio is still high at some 20% of net exports (1983/84). Inflation has fallen from a peak of 13.3% following the devaluation, to 8.75% in 1984. The economy grew by 4.5% last year.

16. There remains much under-utilisation in the manufacturing sector and investment activity is slack. Longer-term recovery remains dependent on external developments, especially in the oil market, as well as on the ability of the authorities to implement tax and trade reforms and stimulate the private sector. The balance of payments will continue to be a significant constraint on growth, as will the debt service ratio.

Relations with OPEC

(See oil/gas Profile on fact sheet)

17. Indonesia's current OPEC quota is 1.18 mbd, down from production of 1.6 mbd in 1981. In practice, the Indonesians produce slightly above their quota.

18. Energy Minister Soebroto is a member of OPEC's new Ministerial Executive, set up to monitor OPEC cheating. He usually takes a moderate line in OPEC, advocating the need for stable oil prices and

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for members to adhere to their pricing and production agreements. He has also called for more cooperation between OPEC and non-OPEC producers. He takes a keen interest in HMG's policy.

Energy - UK interests

19. Coal reserves are estimated at over 19,000 million tonnes. Output in 1983 was 0.5 million tonnes, planned to reach 9.3 million tonnes per annum by 1993. Exploration and Development projects are underway in Sumatra and Kalimantan. The government plans to expand the Ombalin mine in Sumatra in three phases, boosting production to 2 million tonnes per annum by the end of Phase II. Under Phase I a Dowty-Meco led consortium is supplying £20 million of underground mining equipment. British Mining Consultants Ltd act as sub-contractors to Dowty for training of Indonesian personnel.

20. In 1958 the Indonesian Government set up an Institute for Atomic Energy. They are a party to the Non-Proliferation Treaty with NPT safeguards in force. The Italians have been heavily involved in nuclear energy plans. The Indonesians have a 50 MW research reactor (from FRG) and are said to wish to order 5 reactors over the next 10 years. UKAEA has tendered for experimental equipment for the research reactor and training of personnel - response awaited. As a result of a visit by officials in March, a seminar is being arranged in London in October to present the breadth of UK nuclear experience and to promote export opportunities.

Proposed Science and Technology Agreement

21. Indonesia favours such agreements and has them with Japan, Germany, France, Netherlands and Australia. The agreements facilitate collaboration (e.g. in Habibie's field), simplify administrative procedures within Indonesia and offer improved access.



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22. We considered last summer the possibility of a broad agreement covering science and technology, aid, commercial and educational matters. Postponement of PM's visit and announcement of Presidential Instruction No 8 (on mixed credits) led to shelving of this idea. HM Ambassador Jakarta has pressed for reconsideration. Officials have concluded broad agreement as previously envisaged is not worth pursuing, but a narrower S and T agreement could have some presentational value and be of marginal commercial use.

SOUTH EAST ASIAN DEPARTMENT  
FOREIGN AND COMMONWEALTH OFFICE  
MARCH 1985

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PRIME MINISTER'S VISIT TO ASIA: 4-13 APRIL 1985

BRIEF FOR OFFICIALS (Revised 2 April 1985)

SRI LANKA

HISTORY, INTERNAL POLITICAL, FOREIGN POLICY, ECONOMY, BILATERAL ISSUES

### History

1. Over 2500 years ago migrants from Northern India established three separate Kingdoms in Sri Lanka. By 137 BC these were united in the Kingdom of Anuradhapura.
2. In the 16th century the Portuguese founded a Tamil kingdom at Jaffna and two Sinhalese at Kotte and Kandy. Control of the first two was taken by the Dutch in 1658 and by the British in 1796. In 1802, Ceylon became a Crown Colony. Kandy remained independent until ceded to the British in 1815. Real unification came only in 1832.
3. Under British rule, Ceylon made constitutional advances well ahead of most colonies. Universal suffrage was introduced in 1931 and internal self-government in 1946. Independence came in 1948, and Ceylon, reverting to its traditional name in the process, became the Republic of Sri Lanka in 1972.

### Internal Political

4. Terrorist activity is increasingly effective and since January has included large scale attacks on military installation in Northern province. It is becoming more difficult for security forces to maintain even their present weak grip on north and north east. Recent reports indicate that terrorists have also penetrated most Tamil areas in Eastern province. Government introduced internal censorship on 1 February (in effort to avoid Sinhalese backlash) and as a consequence there are few reported incidents involving terrorist activity.

5. Prospects for political settlement not good since collapse of All-Party Conference on 21 December. During visits to UK in January and February Sri Lankan Ministers indicated Government would now concentrate on military solution to terrorist problem. President Jayewardene said publicly for first time on 20 February that there could be no negotiations with Tamil representatives until the terrorists were defeated.

6. In an address to Government Parliamentary Group on 5 March President Jayewardene uncompromisingly reiterated Government position, and claimed position was similar to that "taken by Indian Government as regards the separatists in Punjab and North east of India and the British Government on the issue of Northern Ireland".

7. However, President Jayewardene offered an amnesty to terrorists in late March if they would lay down their arms. It is unlikely that the terrorists, who are suspicious of Government intentions, would respond positively to such conditions.

8. Opposition party, SLFP, lead in Parliament by Anura Bandaranaike, has confirmed that they will oppose any concessions made by President Jayewardene in order to win Indian Government support for his policies. View motivated by hostility to President Jayewardene's UNP and by need to win Sinhalese chauvinist vote.

9. Mr Bandaranaike referred in Parliament during March to what he called "Mr Amirthalingam's treacherous duty and deniable request for Indian military intervention" and has called for ban on TULF. He claims support for hardline policy from sections of ruling UNP including Mr Cyril Matthews (ex Minister of Industries sacked in December 1984).

10. Elections are not due until 1989 but President may hold general elections sooner to seek justification for his policies for dealing with Tamil problem, proposals to privatise university education and re-settlement.

#### Foreign Policy

11. Sri Lanka is a keen member of the Commonwealth (supports our

Proposed timing for CHOGM 85 Bahamas 17-20 October) a co-founder and firm but moderate adherent of Non-Aligned Movement (Chairman 1976-79). Few substantive dealings with Soviet bloc but President Jayewardene is to make visit to USSR in May. Virtually all aid comes from the West. Close economic ties with India, but relations have been strained in recent months over the Tamil issue. Has sought to build up contacts with Arab countries. Large Sri Lankan expatriate labour force in Middle East, remitting valuable foreign currency. Also seeking increased support from Islamic countries for policies against Tamil terrorists and President Jayewardene has accepted invitation to visit Pakistan (29 March - 3 April) which has agreed to provide some assistance with military training using commercial companies. The President is also likely to seek active Pakistan assistance in seeking aid/financial support from other Islamic states. Plays an active role in the South Asian Regional Co-operation forum (SARC) and in Ad Hoc committee on Indian Ocean (Sri Lankan Chairman).

#### Falklands

12. Supported us consistently in UN.

#### NAM Issues

13. Generally moderate, often pro-Western line. Sri Lanka author of IOPZ (Indian Ocean Peace Zone) proposal. Has expressed support for Arab position in Middle East and PLO (PLO has office in Colombo) most recently at UNGA in September, but this has not prevented Sri Lanka turning to Israel for help with internal security problems. Has voted consistently for withdrawal of foreign troops from Kampuchea and Afghanistan.

#### Relations with India

14. Close economic ties with India, but relations severely strained in recent months. Indians seriously concerned about recent events in Tamil areas of Sri Lanka which has resulted in large scale flow of Tamil refugees (60,000 to southern India). Sri Lankans resent interest, which they see as interference, and fear an Indian military intervention if there was a renewed large-scale outbreak of violence. Bitterness increased by reports that Tamil terrorists are being trained in South India. Meeting between Mr Rajiv Gandhi and

Sri Lankan Minister of National Security, Mr Athulathmudali, on 8 February appears to have gone well but little evidence of practical co-operation since. Considerable difficulties exist for both, eg President Jayewardene told us on 12 March that he was under constant pressure from Rajiv Gandhi to pay a visit to New Delhi to discuss Indo-Sri Lankan relations, but felt unable to go until Rajiv Gandhi publicly condemns the violence and terrorism in Sri Lanka. The Indian Foreign Secretary, Romesh Bhandari, visited Colombo 24-27 March. Our High Commissioner in New Delhi reported that Bhandari was generally optimistic about progress. The Indian Government have asked that the Prime Minister emphasise to President Jayewardene the need for parallel de-escalatory steps by both Governments and that Mr Gandhi is acting in good faith. On the other hand, President Jayewardene's visit to Pakistan, likely to be misinterpreted by Indians and cause further strain.

#### Economy

15. Continuing political problems in Sri Lanka have not significantly affected economic performance because of high tea prices and recovery in industrial output. GDP growth estimated at 5.5 per cent in 1984. Tourism and business investment have suffered due to the political uncertainty and state intervention in the economy. Ambitious development programme will require large aid inputs and without major structural changes in the Government's economic management, the prospects for the economy's current progress is not good. IMF continue to press for reform in key areas of over-valued exchange rate, inflation and credit control, which are combining to undermine the competitiveness of Sri Lanka's non-tea exports. There are signs that development resources are directed to security budget at expense of social and economic plans.

#### Bilateral Issues

##### Visit to Sri Lanka

16. Britain's relations with Sri Lanka have remained exceptionally close. The last visit by a British Prime Minister was by Mr Macmillan in 1958. The Queen visited Sri Lanka in 1954 and 1981.

Sri Lankan Community in Britain

17. The Sri Lankan community in Britain is thought to number about 45,000, of which some 25,000 are Tamil and the remainder Sinhalese.

Application for political asylum/refugee status

18. During the period 1 July 1983 to 31 December 1984 about 700 applications for asylum or refugee status received from Sri Lankan nationals, of which 505 remained outstanding at 31 December 1984. Decisions were reached on 159 applications (51 others were withdrawn): two were granted refugee status, 28 were granted exceptional leave to remain in the UK and 143 were refused. Since April 1984, no Sri Lankan Tamil who has expressed a fear of return to Sri Lanka has been returned there.

Aid

19. UK contributed £113m for Victoria Dam project (two-thirds of cost) between 1979 and 1985. Aid programme 1984/85 approximately £19m (including £2.8m within ATP) falling to approximately £7m including £1.8m in TC programme, in 1985/86 (figures should not be revealed). ODA have proposed a new £20 million aid agreement for expenditure over next 2-3 years. It is hoped that this, with the agreement of Sri Lankan Government, will be announced on 13 April. Central objective of future aid programme will be to improve existing infrastructure, eg transport, power transmission systems. This is Sri Lanka's most pressing need. Cannot agree to use bilateral funds for the Samanala Wewa project (see 21 below). ODA have also approved a special contribution of £250,000 to the Save the Children Fund to help make good some of the damage in the fishing areas in the North and to provide food aid for Jaffna Peninsula (Tamil area). Agreement reached with Sri Lankan Government at official level that Prime Minister should announce this special aid on 13 April.

Trade

20. Figures for 1983 and 1984 are:

	Imports	Exports
	£'000	£'000
1983	39,784	70,136
1984	77,163	61,179

Balance of trade swung in Sri Lanka's favour during 1984 due to high tea prices and a slow down in machinery shipped from UK for Victoria Dam project.

Commercial opportunities

21. Balfour Beatty, who led the Victoria Dam consortium, are leading a tri-national consortium (UK, France and Japan) bidding for the £250m 120MW hydro-electric Samanala Wewa power station. Sri Lankan Government have consistently pressed for HMG to provide aid for the project. [HMG have been asked to provide £14.4m ATP to supplement £22.6m ECGD credit and £20.2m commercial finance.] A formal application is awaited.

22. Cable and Wireless convinced Sri Lankan Government of need to privatise telecommunications department and have pursued contract for implementing the decision since 1980. Sri Lankan Government decision to privatise announced 13 February 1985. Strong interest by Japan who offered aid, but offer frozen as a result of privatisation decision. Sri Lankan Government have told Cable and Wireless that their proposed financial stake insufficient. British Teleconsultant invited in late 1984 to consider bidding.

23. In March 1984, GEC Electrical Projects Ltd leading the UK Airports Group (UKAG) were awarded a £24m contract (UK content £18m) for the supply of equipment and services for the development of Colombo International Airport. Work includes the construction of new control tower, navigational/meteorological building, and installation of air traffic control and navigational aid system; airfield lighting and general utilities. Support from the Aid and Trade Provision (ATP) was provided and ECGD made available a UK buyer credit loan. GEC has very recently been offered the opportunity of extending the scope of the existing contract (estimated value is £10m - UK content £6.5m) to cover the construction of a fire and rescue building, road and services for the terminal building and supply of airport support vehicles. Sri Lankans are looking for similar financing terms to those given on the existing contract ie ATP plus ECGD. Discussions have commenced between the GEC and the DTI.



24. A Sri Lankan company approached the Blue Circle Group in early March seeking assistance in putting up a proposal to privatise the Cement Corporation of Sri Lanka. It would be premature to mention Blue Circle's interest but the Government of Sri Lanka should know that British commercial firms would be interested in offering their expertise if any attempt is made to de-nationalise Sri Lanka's public sector companies.

25. Commercial opportunities are limited by uncertainty about the Sri Lankan economy and commitment of all available ECGD cover.

#### Air Services

26. Air Lanka capacity is larger than traffic to and from its territory justifies and therefore seeks to attract 6th freedom traffic to justify excessive capacity. Bilateral traffic has been declining because of Sri Lanka's political troubles, 1982 Agreement allows Air Lanka to carry 690 passengers per week in and out of Colombo to UK. However, weekly capacity now 795 in each direction. Any request for additional capacity should be put formally to the Department of Transport in London.

FOREIGN AND COMMONWEALTH OFFICE

APRIL 1985



PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

## BRIEF FOR OFFICIALS

## SIKH EXTREMISTS

1. The activities of Sikh extremists in the UK, and what the Indians see as HMG's lenience towards them, have placed considerable strain on Indo-British relations. This led to the postponement of visits by the Secretary of State for Defence and Mr Lamont; the postponement of two important commercial and defence exhibitions; and a halt to important commercial negotiations. On 16 January Dr Alexander, Mr Gandhi's Principal Secretary, said that ministerial visits and commercial negotiations could resume. But he resigned over the New Delhi espionage scandal on 19 January and these assurances bore no fruit until repeated by Mr Gandhi himself on 8 February. Indian doubts about our performance persist.

2. Indian concerns focus primarily, but by no means exclusively, on Dr Jagjit Singh Chauhan, self-styled "President" of the Sikh "Republic of Khalistan". In a broadcast on BBC Radio, he predicted Mrs Gandhi's assassination in June 1984, and he recalled the prediction in a broadcast on a BBC local radio station after her death; there is a widespread belief in India that he offered a reward for her death, but the evidence for this is flimsy and would not stand up in court. The Attorney-General and Director of Public Prosecutions have concluded that there are no grounds for bringing a prosecution against Chauhan. Although Chauhan is an Indian citizen, he is exempt from deportation under the Immigration Act 1971, having been ordinarily resident in the UK since before 1973.

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4. Chauhan, a former (Congress party) Finance Minister in Punjab, fell foul of Mrs Gandhi and entered the UK as a "missionary" in 1971. In 1972 his passport was revoked by the Indian Government. The Home Office, as is their normal practice with Commonwealth citizens resident in the UK who are unable to obtain passports from their national authorities, issued Chauhan with a travel document. In 1975 Chauhan made a broadcast on the BBC attacking Mrs Gandhi over her proclamation of an Emergency and called for all democrats to unite against her. In 1976 the Indians requested Chauhan's "return" to India. It was explained to them that powers of deportation were not a substitute for extradition. Chauhan returned to India, between 1977 and 1979, under the Janata Government, but his absence from the UK was shorter than the two years which would have invalidated his claim to "ordinary residence" in the UK. The Indians again revoked his passport in 1982.

5. Chauhan enjoyed little support during this period: in 1975 Mrs Gandhi said that he was "a one man band". His followers in the "Khalistan National Organisation" remain few in number, probably less than a thousand activists. Following the storming of the Golden Temple in June 1984 their numbers have however risen, and moderate Sikhs are less willing to publicly oppose them. This is particularly the case because elections to the executive committees of Sikh temples are prone to manipulation by activists. Sikh Temples if taken over by extremists in this way, are potentially a source of considerable funds which could be used to support Sikh terrorists in Punjab: but we have no hard evidence that funds from the UK have so far been used in this way.

6. Prominent Sikhs in the factions owing allegiance to Chauhan tend to be either British citizens or Indians who have been in the UK sufficiently long to be exempt from deportation. Another faction, "Dal Khalsa", is led by Sikhs who have come to the UK more recently, and whom we believe to have been associated with acts of violence in India. The Indians, unsurprisingly, feel that the UK should not harbour these people, and we do not wish to do so; several of them have however applied for political asylum, and we have been unable to gain sufficient evidence to warrant refusal.

7. Where circumstances warrant, the Home Secretary has used his immigration powers to refuse Sikh extremists entry to the UK. He excluded Talwinder Singh Parmar, a prominent Canadian extremist, in August 1984, and Jasbir Singh, a nephew of the late terrorist Sant Jarnail Bhindranwale in December 1984. Rupinder Singh Anghi, another Sikh extremist, was refused entry in February 1985; and an oral warning - the first of its kind to be authorised by the Home Secretary - has been given to the American Sikh, Ganga Singh Dhillon, against whom there was insufficient evidence to justify the use of exclusion. A Sikh resident in Canada, Bodh Singh Bowal, was caught at Heathrow in March 1985 with half an Uzi sub-machine gun; he was sent back to Canada, where another Sikh, suspected of homicide, had been arrested with the other half of the gun.

## PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

## BRIEF FOR OFFICIALS

## INDIA: GENERAL

Internal Background

1. Mr Gandhi was appointed Prime Minister on 31 October 1984, the same day as his mother's assassination. In general elections on 24-27 March, his party, Congress (I), secured 78% of the seat at stake: in subsequent elections to eleven state assemblies Congress (I) secured majorities in eight states. In both general and state assembly elections large numbers (25% and 50% respectively) of sitting Congress (I) MPs were dropped, often because they were incompetent or corrupt. The result is that Mr Gandhi dominates both his party and the country - contrary to the general belief before his mother's death that Congress (I) would do badly in the elections, and that Rajiv Gandhi would not prove a good politician.
2. The elections dominated the political scene until March and allowed little scope for substantive initiatives. The major exception was legislation to prohibit Members of Parliament or state assemblies from changing party without losing their seats; although this legislation increase central party control, Congress (I) has frequently benefitted in the past from such floor-crossing. The legislation is seen by the public as a useful means of preventing corruption, in line with Mr Gandhi's campaign promises.
3. Since the state assembly elections, Mr Gandhi's government has announced a widely-acclaimed budget which has accelerated Mrs Gandhi's moves towards liberalising the Indian economy, and is aimed partly at bringing the "black" economy, which forms a very substantial part of the Indian economic structure into the open.
4. In a major initiative in Punjab, the Government has released most of the leadership of the Sikh Akali Dal party, appointed a new governor, and announced that students assessed of non-violent crimes may be released. But Sikh emotions still run high from the storming

the Golden Temple in Amritsar in June 1984 and the inter-communal riots in Delhi after Mrs Gandhi's assassination: the chances of an early solution are not high.

#### External Affairs

5. India's foreign policy is determined by her interests as the regionally predominant power and by aspirations to influence within the Non-Aligned Movement. From the UK's point of view, it is generally tiresome; for example, India avoids direct criticism of the Soviet Union whenever possible (eg over Afghanistan) but feels free to criticise the West. This is unlikely to change radically under Rajiv Gandhi. There is a strong thread of continuity.

6. India's principal concerns are, in the short term, the situation in Sri Lanka; and, as more permanent features:

(a) to preserve her position as the dominant power in the region: hence, her concern about Pakistan's acquisition of arms and nuclear intentions, and her often overbearing attitude towards her other neighbours.

(b) the Non-Aligned Movement: India's efforts as Chairman of the NAM have been directed towards sustaining the flow of western concessionary development finance.

#### Indo-Soviet Relations

7. The Russians have consistently supported India in her disputes with her neighbours, and are the obvious counter-weight to China. India takes largest share of Soviet Union's aid to non-communist LDCs, and Soviet Union India's main arms supplier. India gets more modern arms than NSWP countries and manufactures some of them under licence. Trade with Soviet Union approximately in balance in 1983, thanks to Soviet oil exports (more than 3/4 of total Soviet exports to India of 1.27 bn roubles). Soviet Union would like to increase trade in next Five Year Plan. It is symptomatic that recent tension over spy scandal (some Russian/East Europeans implicated) smoothed over rapidly. Rajiv Gandhi is to visit Moscow on 16-19 May.

Indo-American Relations

8. The USA by contrast has tended to favour Pakistan and has not concealed her irritation with India's third world rhetoric. Relations with the USA may now improve - India and the USA have recently concluded a far-reaching agreement on technology transfer - but the Indians will ensure that such an improvement is not at the expense of their relationship with USSR.

Western Europe

9. To balance ties with Soviet Union, Mrs Gandhi emphasised India's links with the UK and France. India needs Western technology and has purchased Western arms to avoid total dependence on the Soviet Union. These policies are unlikely to change.

Sino-Indian Relations

10. After long periods of strained relations following the 1962 border conflict, China and India exchanged Ambassadors in 1976. The two countries are at odds over Vietnam and Afghanistan. Nonetheless border talks opened in Peking in December 1981, with three further rounds since. Little progress on issues of substance but both sides seem content for dialogue to continue.

Indo-Pakistan Relations

11. Tone of India/Pakistan relations has recently improved. Foreign Secretaries met on fringes of South Asian Regional Co-operation meeting in February. Mr Gandhi and President Zia met on 13 March. Indian Foreign Secretary may visit Pakistan soon to resume Joint Commission talks. But India suspicious about Pakistan's nuclear programme, the influx of US arms, and Pakistani policies on Kashmir and the Sikh problem. Any improvement in relations likely to be slow. Zia's recent criticism of the treatment of Muslims in India elicited a strong protest.

Economy

12. Rajiv Gandhi has inherited a reasonably strong economic position, at 10% in 1983, has fallen back to 5% in 1984. Growth rose from 1.5% in 1982/83 to 7.6% in 1983/84, and should be over 4% in 1984/85. The trade deficit is forecast to fall from about \$6bn to \$4bn in 1984/85, due to a surge in exports.

13. Rajiv Gandhi aims to boost industrial growth by improving productivity, absorbing modern technology, and reducing infrastructure constraints. In foreign trade, he will concentrate on opening up the economy to foreign competition. More realistic pricing will be introduced into the nationalised industries, and a more flexible interest rate policy may be introduced. Such measures would do much to remove structural constraints on growth. But in some areas there are grounds for more pessimism: the fiscal deficit is high (about 10% of GDP), and, having achieved 70% self-sufficiency in oil in recent years, India's oil production may be about to stabilise or even decline.

#### Indo/UK trade

14. British exports in 1984 were £781m,, 3% down on 1983's peak of £804.8m. The UK favourable balance dropped to £209.5m - or a negative balance if uncut diamonds are excluded. Major UK exports are electronics (£43m), power equipment (£40.5m), electrical machinery (£22m), metal parts/equipment (£23m) and chemicals (£23m). Defence sales are estimated at £200m+.

#### Bilateral aid relationship

15. The UK is India's largest bilateral aid donor, and India the UK's largest aid recipient. In 1982, when Mrs Gandhi visited London, the Prime Minister agreed to use her best endeavours to maintain the then level of aid (ie £110 million). Actual aid flows have been £106 million in 1982/83; £92 million in 1983/84, due to Indian delay in signing the BALCO contract; and are expected to be £110 million in 1984/85. The aid framework is 1985/86 and 1986/87 is £115 million.

16. A grant of aid does not provide any advantage to the receiving organisation, which has to pay the central government, counterpart rupees equal to the aid figure. Consequently aid gives us only limited leverage in winning contracts.

#### Multilateral aid relationship

17. The International Development Association (IDA) provides interest bearing loans (currently 9.29%) as well as concessionary credits - no interest, repayment over 50 years. As a 'blend'

country Indian receives both types of loan.

18. Under the Sixth Replenishment (IDA 6), she received some 34% of \$12 billion. The UK has been a strong advocate for a high share for India and pressed for 40%. Lower IDA flows to India now inevitable because (i) IDA 7 (effective 1.7.84) fixed at only \$9 billion and (ii) China must now have a share.

19. HMG had been prepared to supplement \$9 billion IDA 7 if other donors had done likewise. Japan and FRG, as well as the United States, declined to participate: a meaningful IDA 7 supplementation therefore not possible.

20. We have been foremost in arguing against abrupt changes in IDA resource allocation. Essentially a matter for the Executive Board, but India's likely share appears to us to be around 22% against China's 13%. These shares could grow if Sub-Saharan Africa is unable to absorb the predicted 35% of IDA 7. The IBRD Special African Facility should ease pressure on IDA 7 resources.

21. We are prepared quietly to continue to support India's case. We believe that Bank Management are doing their best in difficult circumstances. Bank lending itself has increased to compensate for the IDA shortfall, but the Indians will come up against the Bank's country portfolio ceiling in a few years. By then we hope the firm proposals to expand the Bank's capital base will have been agreed. HMG is prepared to support another IBRD General Capital increase when the time comes.

22. India had not sought loans from the Asian Development Bank (ASDB) until circumstances described above forced her to request loans of up to \$2 billion for lending period 1983-87. That was considered too high in context of Bank's resources and claims of traditional recipients. A compromise of \$600 million was proposed but the USA and Japan (ASDB's joint biggest shareholders) would not accept more than \$200 million. GOI considered this derisory and may not now seek loans at all. We have told GOI we will continue to support reasonable lending programme for India in appropriate fora.



Defence Sales

23. India is one of the best potential markets for British defence equipment in the world. Over the past ten years the UK has sold £1.3 billion to India.

24. When the embargo on major commercial negotiations was lifted at the beginning of February 1985, the Indians agreed to restart negotiations on their immediate requirements, the second batch of Sea Harriers; the successful conclusion of the contract is important, both in its own right and to pave the way for other defence business. Major current prospects are:

(a) Sea Harrier: 8 already purchased. Further quantity of 11 under negotiation with BAe as well as 3 spare Pegasus engines with Rolls Royce. MOD (Defence Sales) is supporting industry in their discussions as well as re-negotiating the Sea Harrier Memorandum of Understanding. Difficulties remain over the price of the aircraft. Value in the region of £150m.

(b) FH70: India requires between 200-400 155mm towed howitzers. IMS promoting the trilateral FH70 (UK, Germany, Italy) in competition with France, Austria and Sweden. Short list of two countries expected March 1985. UK trying to ensure FH70 remains in the competition although current indications are not promising. Total value in the region of £800m.

(c) Sea Eagle: 20 missiles already purchased. First tranche of 24 from option quantity of 60 due to be agreed mid 85 for Sea Harrier. Remaining 36 to be taken up within the next 2 years. Value of contract for the next 20 missiles approx £20m.

(d) Tank Refit: Both fleets of Vijayanta (1900) and T55 (800) tanks require refit. The CV12 Perkins engine is a strong contender for Vijayanta - initial value £100m but long term £1000m. Many UK companies competing for fire control systems, thermal imagers, gun sights, and bore sights. Short term value £200m long term £500m.

(e) Light combat aircraft/RB199: The Indians are due to decide on their collaborative partner(s) in the first half of 1985, (BAe;

Cozier: MBB; Marcel Dassault). Engine likely to be RB199. Short term value minimal but long term value over the next decade could be in excess of £1 billion.

25. The other major activities outside direct defence sales are:

(a) Scientific Collaboration: A general 'umbrella' Memorandum of Understanding has been proposed covering collaboration and transfer of technology over the next decade; the agreed UK text is with the Indians for consideration. A 'Heads of Agreement' covering four specific areas (tank collaboration; thermal imaging; computery and software; electronic materials) is also under consideration.

(b) Collaboration between Royal Ordnance and Indian Ordnance Factories: The Indian Ordnance Factories are keen to collaborate with Royal Ordnance in a number of areas. A high level delegation from India has been invited to the UK, but no dates have yet been confirmed.

(c) Symposiums: Three defence trade associations are planning symposiums in India in 1985/86. Dates are subject to confirmation but current plans are: British Naval Equipment Association (BNEA) - May 1985; Society of British Aircraft Constructors (SBAC) - November 1985; Defence Manufacturers' Association (DMA) - February 1986.

