



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

8 August 1988

Dear Prime Minister,

It was good of you to receive me during my brief stop in Kuala Lumpur and I was very glad that we were able to have a good talk, although in the time available we were unable to go into some of the matters as fully as I would have liked. I was very interested by your full account of recent developments in Malaysia and glad that you felt able to confide in me. I have, as you requested, kept what you told me to myself but have noted the action taken by the King. Your advice on Cambodia was very useful. I have subsequently met Prince Sihanouk and talked to General Prem, whose views were very much the same as yours. I will bear in mind in particular your point about the need to persuade the Chinese government to reduce their support for the Khmer Rouge.

One of the matters which we were not able to discuss as fully as I had hoped is our intention to increase our co-operation. I was glad to be able to confirm the assurance that we have already given your government that seventy million pounds of grant aid in association with one hundred and thirty million pounds of ECGD cover will be available for civil projects. I want to underline that further grant aid will continue to be available on a similar basis for development projects agreed upon between our two governments.

I am looking forward to your visit in September when we can continue discussions over lunch. I hope that the Memorandum of Understanding on the defence package can be signed at that time.

With renewed thanks for your hospitality and warm regards.

Yours sincerely

Rajiv Gandhi

His Excellency Dato' Seri Dr. Mahathir bin Mohamed