

CONFIDENTIAL

David Nargore
CDD

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FM KUALA LUMPUR
TO DESKBY 020900Z FCO
TELNO 524

OF 020430Z NOVEMBER 85

AND TO DESKBY 020630Z BANGKOK

TO IMMEDIATE JAKARTA, TOKYO, CANBERRA

INFO PRIORITY BRASILIA, LA PAZ, UKMIS GENEVA, WASHINGTON, ATHENS,

INFO PRIORITY BONN, BRUSSELS, UKREP BRUSSELS, COPENHAGEN, DUBLIN,

INFO PRIORITY THE HAGUE, LUXEMBOURG, PARIS, ROME.

FOR RESIDENT CLERK

FCO TELNOS 470 AND 471 TO KUALA LUMPUR: INTERNATIONAL TIN AGREEMENT.

1. MET THE DEPUTY SECRETARY-GENERAL OF THE MINISTRY OF PRIMARY INDUSTRIES THIS MORNING, GAVE HIM A COPY OF THE TEXT OF THE STATEMENT MADE ON 1 NOVEMBER BY THE SECRETARY OF STATE FOR TRADE AND INDUSTRY AND WENT OVER THE SPEAKING POINTS IN YOUR TELNO 470.

2. YUSOF SAID THE MALAYSIAN GOVERNMENT HAD NOT YET DECIDED WHAT TO DO ABOUT THE TIN CRISIS. THEY HAD BEEN DISHEARTENED BY THE NON-COMMITTAL ATTITUDE OF OTHER DELEGATES AT THE ITC MEETINGS IN LONDON EARLIER THIS WEEK. YUSOF WOULD HAVE MEETINGS WITH THAI AND INDONESIAN COLLEAGUES LATER TODAY TO DISCUSS THE PROBLEM FURTHER. THE CABINET WOULD MEET ON 4 NOVEMBER TO REVIEW THE OPTIONS. AHEAD OF THAT MEETING, YUSOF COULD NOT GIVE AN OFFICIAL REACTION TO OUR PROPOSALS.

3. HIS PERSONAL VIEW HOWEVER WAS THAT OUR IDEAS WERE ATTRACTIVE. THERE WAS ALSO THE POINT THAT MALAYSIA HAD EXISTING COMMITMENTS TO ITC AND WOULD NOT WANT TO LOSE CREDIBILITY (IE BY RENEGING ON THESE COMMITMENTS). HE THOUGHT THE EFFECT OF OUR PROPOSALS WOULD BE TO "FREEZE" THE BUFFER STOCK. THIS WOULD BE MUCH BETTER THAN HAVING IT UNLOADED ONTO THE MARKET, AS WOULD HAPPEN IF THE AGREEMENT COLLAPSED COMPLETELY. THE INEVITABLY PAINFUL READJUSTMENT IN OUTPUT WOULD ALSO BE EASIER TO MANAGE. HE NOTED THAT UP TO 90% OF MALAYSIAN TIN PRODUCERS WOULD BE WIPED OUT IN THE EVENT OF COLLAPSE.

4. YUSOF ADDED HOWEVER THAT THE VIEWS OF THE MALAYSIAN TIN INDUSTRY WOULD ALSO NEED TO BE CANVASSED. AN ASSESSMENT WOULD HAVE TO BE MADE OF THE COSTS OF OUR PROPOSALS. SOME ARGUED THAT THE ITA WAS ALREADY DEAD AND THERE WAS NO POINT IN DEVOTING FURTHER RESOURCES TO IT.

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/s. we.

5. WE WILL CONTACT YUSOF (WHO IS THE OFFICIAL DIRECTLY CONCERNED WITH THE TIN PROBLEM) AFTER THE CABINET MEETING ON 4 NOVEMBER.
6. FCO RESIDENT CLERK PLEASE PASS TO DTI DUTY OFFICER AND INFORM HEADS OF ERD AND SEAD.

DAVIES

FIZAME EXTERNAL

ERD
SEAD
SAND
WAD
CARD
LEGAL ADVISERS.
FED
SAD
NAD
UND
PUSD
SIR. W. HARDING.
MR. WILSON
MR. DAVID THOMAS.

COPIES TO.

MR. M. LUNN, MM
MR. J. DENISON CROSS
MR. K. HALL, MM
MR. T. VENESS, ITP2
MR. TAYLOR, ITP2 } DTI

MR. THOMAS.
MR. D. FRY } MAFF.

MR. MOUNTFIELD } TSY
MR. REDLEY }

MR. GUNN, B/ENGLAND.

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