

# PM: Observer report is mischievous

KUALA LUMPUR, Sun. — Datuk Seri Dr Mahathir Mohamad today described as mischievous the recent report in the British weekly newspaper *Observer* that Malaysia's purchase of British arms was tied to economic aid.

The Prime Minister said the report could have resulted from the newspaper's owner's disappointment in failing to secure the arms contract from Malaysia.

He said the owner represented another firm which was selling the same type of aircraft which Malaysia was buying.

In its report last week, the *Observer* said British Prime Minister Margaret Thatcher personally pledged economic aid to Malaysia to secure a £1 billion (about M\$4 billion) arms order last year.

The weekly said talks on a £100 million civil aid package coincided with the deal for artillery, radar, submarine and missiles.

Mrs Thatcher and Dr Mahathir signed a memorandum on the deal on Sept 27. The *Observer* report was attributed to "sources close to

the negotiations" in London and Kuala Lumpur.

Dr Mahathir said Malaysia would not take any action against the *Observer*, adding that "we will not get anywhere with such an action."

"Although we have the right to reply, it will not make any difference. We can reply once, but they can write any number of articles."

To a question, the Prime Minister said Malaysia would not take any action against foreign journals that gave the country a bad Press and tarnishes its image.

"They (the Press) have a powerful propaganda machine and we don't. We cannot have access to that propaganda machine and if we try to fight them, we fight against a powerful propaganda machine.

"They can spread bad words about us all over the world. It is better if we accept that we are not ever going to get fair reports.

I accept this."

On the offer by Kamunting Corporation Berhad to buy all assets of Koperasi Serbaguna Malaysia (KSM) for \$592 million, Dr Mahathir said it was a commercial transaction. KSM's main asset is a 28.9 per cent stake in Multi-Purpose Holdings Bhd.

He said the offer was a better one and the parties concerned had to consider its benefits.

"They can make their own decision. The Government is not going to interfere in this."

The Kamunting offer came on the back of a general offer by Hume Industries (M) Bhd for the entire shareholdings in Multi-Purpose.

On the failure of the anti-palm oil lobbyists to introduce labelling that would discredit palm oil and coconut oil in California, the Prime Minister said the California State legislature health standing committee comprised "fair-minded people who know what they are doing."