

TR: 1.11.66

**TALKING POINTS FOR  
THE DEPUTY PRIME MINISTER  
WHEN MR. EUGENE BLACK  
CALLS ON 7TH NOVEMBER, 1966.**

OPENING REMARKS

We are happy that you have come to discuss with the Malaysian Government about ways and means of assisting us in economic and social development of our country. We are facing critical financial position in 1967 and the next few years and we need financial assistance to carry out our development programmes as envisaged in the First Malaysia Plan.

My Government has already done everything possible to mobilise our own domestic resources to finance the Plan but there is a gap of \$1,900 million which has to be filled. Our determination in development and our self-help efforts need to be supported by external assistance. If economic assistance is not forthcoming, then we will be forced with cutting back the plan drastically which will lead to stagnation and undesirable political consequences not only for Malaysia but also for the stability and growth of democracy in this region.

Alternatively, we may be forced to act-down our reserves to finance the Plan. This is also unfortunate because World Bank thinks this is not advisable and will affect our credit worthiness.

Therefore, I hope you would use your tremendous influence and good offices to find ways and means of helping Malaysia with economic assistance. In addition to the help required for regional-type of projects, we need general programme assistance to finance projects which are not usually of interest to foreign donor countries.

TIN

During the next five years, the value of tin exports is expected to

decline from M\$823 million in 1965 to M\$670 million in 1970. It was assumed that prices will be stable over the period at about M\$11,760 per ton. However production is likely to decline from 70,000 tons in 1965 to 57,000 tons in 1970 because known reserves are being depleted. The production estimates however may be better if prospecting in Malay reservation areas and off-shore prospecting are successful. But at this stage this factor cannot be taken into account firmly.

For 1966, present indications are that price of tin will be lower than that estimated in the First Malaysia Plan. It will probably be in the region of M\$11,080 per ton as compared with \$11,760 per ton assumed previously. However, output is estimated to be slightly higher than that assumed in the Plan.

The export of tin is the second largest foreign exchange earner for Malaysia. Therefore significant reductions in the prices of the commodity will affect Malaysia adversely. One contributing factor to such a fall could be stockpile disposals by the U.S.

Tin experts believe that supply and consumption at present are roughly in balance. Therefore stockpile disposals which do not take this fact into account will result in a sharp deterioration in price. Malaysia therefore needs an assurance that disposals will be regulated in such a way so as not to disturb the market.