PREM 19/1498

PART 3

MT.

—SECRET—

CONFIDENTIAL FILIN

Prime Minister's Visit to South-East Asia 4-14 April 1985 Policy.

FOREIGN POLICY

PART 1: December 1984
PART 3: APRIL 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~5/4/85~~							
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~~6.5.85~~							
~~14.5.85~~							
~~22.5.85~~							
24/7/85							

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 13th Meeting, item 2	18/04/1985

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed J. Gray Date 10/1/2014

PREM Records Team

32/227/5726 (2)

CC PC

Prime Minister
CDP
24/7.

PRIME MINISTER

VISIT TO SOUTH EAST ASIA: 19 JUNE - 9 JULY 1985

I led a trade promotion visit to four ASEAN countries - Thailand, Singapore, Indonesia and Malaysia - between 19 June and 9 July. I have reported in detail to Norman Tebbit. You may care to know the results since the main purpose of the visit was to follow-up your visit to the region in April. I was also able to visit Thailand.

2 During the visit to Indonesia I was received by the President of Indonesia, who expressed high appreciation of your visit, and asked me to pass on to you his highest regards, and General Prem, Prime Minister of Thailand, who also asked me to pass on his high regards to you. The President of Indonesia particularly wanted you to know that the Parliamentary legislation relating to the aims of his Government, which was being debated in Indonesia while you were there, had now been passed. I also met many other Ministers in the four countries and visited a number of companies, the majority of them British-owned or managed. I was accompanied by a group of businessmen, whose companies had project interests in the region. These included British Aerospace, Hawker Siddeley, Kleinwort Benson, British Rail Engineering Ltd, NEI and Leyland Bus.

3 These countries are clearly determined to industrialise rapidly. It is clearly essential for British industry to be encouraged to seize the opportunities which this provides. I believe we can only do so effectively by getting the financing terms right, so that we are not overtaken by competitors such as Japan, France and Germany, who are prepared to offer flexible financing terms in order to secure project business. This is particularly true in the Indonesian market. I was able to say in Indonesia that, in principle, we were prepared to offer soft loans. The details are now being worked out.

4 All four countries gave me the impression that they are willing to buy British goods, provided they are competitive. I had no complaints at all about British quality, or reliability. More generally, there seemed to be considerable reserves of goodwill towards Britain for historical and other reasons. I believe that our relations with Malaysia, in particular, are getting back to a more even keel now that the air services dispute appears to be moving towards an amicable solution. These indications are all encouraging, but our competitors are already fully alert to the opportunities which the region offers, and I believe we must ensure we are not left behind. The economic outcome for the ASEAN Region is in general good, and a contrast to Latin America, Africa and even the Middle East. There are vast resources, both human and physical yet to be tapped in the region. So British exporters must take an active role.

5 In the annex I give details of the various meetings I had. It was encouraging that in at least Thailand, a number of contracts have been brought to a satisfactory conclusion shortly after the visit. We are following up all the contacts made.

6 I am copying this minute to Geoffrey Howe and Peter Rees.

P.C.

PAUL CHANNON

THAILAND: 20-25 JUNE 1985

I had a number of useful discussions with various Ministers on particular projects. These projects which were under consideration at the time of my visit - the sale of two Shorts 360s, the Westinghouse Signalling Contract for Thai Railways and the sale of Railbuses - have since been approved by the Thai Cabinet. I believe that useful progress was also made on the Bangkok Bus Project, although this has not yet come to a head. During the visit I met the Ministers of Foreign Affairs, Finance, Commerce and Communications, as well as the Deputy Minister of the Interior, the Minister in the Office of the Prime Minister and the Secretary General of the National Economic and Social Development Board. General Prem, the Prime Minister, received me for a courtesy call. I also visited the Boots Company (Thailand) Ltd factory.

2. Nearly all of the major projects in Thailand need to be processed through the Government machine, including its various evaluation committees. For this reason I believe that continued Ministerial contact is essential in order to steer project business through critical stages. Our competitors certainly make use of such contracts.

SINGAPORE: 25-27 JUNE 1985

3. I spent two days in Singapore, during which I met Dr Richard Hu, Acting Minister for Trade and Industry, Mr Chandra Das, Chairman of the Trade Development Board, and Mr Philip Yeo, chairman of the National Computer Board. I also visited Beechams Pharmaceuticals (Pte) Ltd, The Pulau Seraya Power Station site, which includes major items of British equipment, and the Jurong Town Corporation.

4. In contrast to Thailand, my impression was that contact at Government level did very little to advance project or other interests in Singapore. It is a very competitive market where the Government is at pains to avoid accusations of partiality and where businessmen are best advised to pursue business direct with the firms involved. It would, nevertheless, have seemed strange for me to avoid visiting Singapore, following the Prime Minister's visit, and I took the opportunity to raise the issue of copyright piracy with the Acting Minister for Trade and with Chandra Das. They both assured me that they supported protection of intellectual property and would be legislating on piracy.

INDONESIA: 27 JUNE - 3 JULY 1985

5. Whilst in Indonesia, I met the President, the Ministers of Finance, Communications, Tourism, Posts and Telecommunications, Mines & Energy, Co-operatives, and other Ministers and officials. As well as attending meetings in Jakarta, I visited Northern Sumatra and saw the Blue Circle Cement bagging plant, the P T Arun Liquefied Natural Gas plant and the London & Sumatra plantation, in addition to courtesy calls on local officials. Northern Sumatra is developing rapidly and should not be neglected by UK firms.

6. I discussed with Indonesian Ministers Presidential Instruction No 8. My impression was that whilst they wished to give an impression of rigid adherence to the Instruction, they are willing to be flexible on individual projects where it suits them. I said that HMG had agreed the principle of soft loans and officials would be discussing the details of a suitable mechamism.

MALAYSIA: 3-8 JULY 1985

7. I met a range of Ministers and officials in Malaysia, including the Acting Minister of Trade and Industry, the Minister of Energy, the Minister of Transport, the Deputy Minister of Defence and the Heads of the Malayian Railways Administration, the Heavy Industries Corporation of Malaysia and the National Electricity Board. I also visited Sabah in East Malaysia, where I met the Governor and the Chief Minister, as well as the management of the Gas and Electricity Boards. In addition, I visited an ICI paint factory and a plantation owned by Harrisons near Kuala Lumpur.

8. The air services dispute was raised by the Malaysian side in a couple of my meetings, but not in an overtly hostile way. I believe we are now moving towards an amicable solution on it.

KJ/PCA

BUSINESSMEN ACCOMPANYING MINISTER FOR TRADE ON VISIT TO SOUTH EAST ASIA

Mr P L Lockton, Managing Director, NEI International Ltd

Mr D P Bleakley, Director, Tarmac Overseas Ltd

Mr R T Fox, Vice Chairman, Kleinwort Benson Ltd

Mr I B McKinnon, Managing Director, Leyland Bus

Mr R M Arblaster, Resident Director, South East Asia, Leyland Bus

Mr M Goldsmith, Director, Civil Projects (Aircraft), BAe

Mr S E Iddles, Executive Director, Sales and Product Support, BAe Woodford

Mr G Checketts, Managing Director, Hawker Siddeley International

Mr N R Jones, Executive Director, Hawker Siddeley International

Mr I Todd, Joint Managing Director, Davy British Rail International

Mr M Taylor, Sales Director for Far East, British Rail Engineering Limited

L03 A HK

10 DOWNING STREET

18 July 1985

From the Private Secretary

Thank you for your letter of 9 July and I am sorry that I have not been in touch with you since the Prime Minister's visit. The Prime Minister decided at the time that the atmosphere at her meeting with the Sultan was not propitious for raising the possibility of a donation to your Archives Centre. She hopes, however, that there will be a future opportunity for her or another Minister to do so.

I am so sorry not to have let you know this before.

CHARLES POWELL

Professor Sir Hermann Bondi, K.C.B., F.R.S.

(1)

PROFESSOR SIR HERMANN BONDI, K.C.B., F.R.S.
MASTER

TELEPHONE 0223 61200

CHURCHILL COLLEGE
CAMBRIDGE
CB3 0DS

Prime Minister
Do you recall, at this distance, whether you mentioned this to the Sultan over lunch?
CDP 16/7.

HB/WGD/JAW

9 July 1985

C. D. Powell, Esq.,
The Private Secretary to The Prime Minister,
10 Downing Street,
London S.W.1.

No – the subject was not raised.
MT

Dear Mr Powell,

You will recollect your letter to me of 14 March letting me know that the briefing of the Prime Minister for her recent visit to Brunei would include the desirability of her raising with the Sultan the possibility of a donation to our Archives Centre in recognition of his father's deep affection for Sir Winston Churchill.

I should be pleased if you could let me know whether or not the Prime Minister found an opportunity to raise this matter and, if so, whether the Sultan showed a favourable reaction to it.

Yours sincerely,

Hermann Bondi

RW

Taylor Woodrow International Limited

Building Civil and Mechanical Engineering Contractors

REGISTERED OFFICE:

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INCORPORATED IN ENGLAND REGISTERED NO. 374634

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YOUR REF

OUR REF WH:sjw

20th May, 1985.

CDP
23/5

Charles Powell Esq.,
Private Secretary,
10 Downing Street,
London SW1

Dear Mr. Powell,

I write both to thank you for your letter dated 6th May and more particularly for your kind assistance in ensuring that the landing rights issue was effectively dealt with during Mrs. Thatcher's visit to Malaysia.

In requesting your involvement in the first place I was very much aware of the political sensitivity of the matter and am therefore extremely pleased by the result which seems to have satisfied honour on both sides. With the barrier to our negotiations in pursuit of the railway project now removed we are pressing forward urgently with arrangements to make a formal presentation of our study to the Malaysian Minister of Transport and sincerely hope that we may make further effective progress towards securing this important project for Britain.

Thank you once again for your assistance.

Kind regards,

Yours sincerely,

W. HOGBIN.

Visit to Asia : FOR POL Pt 3.

2 PPS

Blue Circle Industries PLC
Portland House Stag Place London SW1E 5BJ
Telephone 01-828 3456
from the Chairman

JDM/PD

14th May, 1985

Charles Powell, Esq.,
Private Secretary,
10 Downing Street,
London, S.W.1.

CDP 15/5

Dear Mr. Powell,

Thank you so much for your letter of 6th May.

We have indeed been appreciative of the assistance and support we have received from the Office of the Prime Minister and from the Department of Trade and Industry regarding Indonesia.

We shall do our best to keep the Ambassador and his staff fully in the picture and are hopeful that the immediate problems may be successfully overcome in the not too distant future.

Yours sincerely,

J. D. Milne

FOREIGN OFFICE A3
PHISUISK TO S.E.A.A

THORN EMI
THORN EMI House,
Upper Saint Martin's Lane,
London WC2H 9ED
telephone 01-836 2444
telex Thorn London 24184/5

CDP
175

14th May 1985

Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
London
SW1

Dear Mr Powell,

Thank you for your letter of 6 May. It was good of you to write and tell me about the Singapore discussions.

The situation in respect of the contract for which our Software Sciences Company is bidding is that a team has given presentations in Singapore and the company will continue to send out representatives until the decision is made, probably in July. It seems that our main rivals are American, but I hope that the Singapore authorities will show their gratitude for their extra flights into Manchester by giving us the edge - which we deserve on merit anyway!

Many thanks again,

Yours sincerely,
Derek Empson.

Admiral Sir Derek Empson, G.B.E.,K.C.B.

FOREIGN POLICY PT 3

PM'S VISIT TO SE ASIA

15 MAY 1985

(4)

UNITED SCIENTIFIC HOLDINGS PLC

Prime Minister

CDP 13/5

TELEPHONE:
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SCODIL LONDON W.1.
TELEX: 262748/265403
TELEFAX: 01-388 5766

10 FITZROY SQUARE
LONDON W1P 6AB

Our ref: FC/EAC/2658/85

10th May 1985

Rt. Hon. Margaret Thatcher MP FRS
10 Downing Street,
Whitehall,
London. S.W.1.

Dear Prime Minister,

Thank you very much for your letter of the 7th May. We were very grateful indeed to you for talking about the Scorpion during your visit to Indonesia. We have since heard that it was very well received and we shall certainly press ahead as fast as possible. There are at the moment encouraging signs from Indonesia itself and we are sending one of our people out in about ten days time to start drawing up basic heads of a contract in the hope that we may be able to get these agreed within the next six weeks.

I will certainly let you know how we get on and we are very grateful indeed for your help.

Yours sincerely

Frank Cooper

Frank Cooper

Foreign Policy : PM's visit to SE Asia
A3

Foreign and Commonwealth Office

London SW1A 2AH

14 May 1985

Dear Charles,

Visit of the Prime Minister to Sri Lanka

I enclose a copy of the despatch on the Prime Minister's visit to Sri Lanka submitted by our High Commissioner at Colombo, Mr Stewart.

You will have seen from Colombo telegram No 298 that, when Mr Stewart delivered the Prime Minister's message to President Jayewardene urging him to seek an understanding with Mr Gandhi, the President promised to let us have 'within a few days' a full account of the further steps which his Government proposed to take to try to improve relations between the Tamil and Sinhalese communities. We have since heard nothing further and cannot, I fear build too much hope on the President's promise. Since the Prime Minister's visit, the Sri Lankan Government have shown no evidence of wishing to relaunch their efforts to achieve a political settlement or increase cooperation with the Indian Government. Indeed in the past few days there have been disturbing signs that they may be trying deliberately to pick a quarrel with the Indians. This is both unfortunate and inept, given Mr Gandhi's apparent wish to be more helpful. It also suggests that President Jayewardene has paid little heed to the Prime Minister's message, probably because of the pressure he is under from his own right wing.

We shall continue to watch developments in Sri Lanka closely. In the meantime, you may like to know that the training visits to this country by two senior Sri Lankan policemen have gone ahead without problem.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

SRI LANKA

26 April 1985

VISIT OF PRIME MINISTER TO SRI LANKA

The British High Commissioner at Colombo to the Secretary of State for Foreign and Commonwealth Affairs.

SUMMARY

1. The Prime Minister, accompanied by Mr Thatcher, visited Sri Lanka from 11 to 13 April 1985. The main purpose of the visit was to attend the commissioning of the Victoria Dam, one of the largest individual British aid projects. (Paras 1-4)

2. In speeches at the State Banquet President Jayewardene maintained that the current problem in Sri Lanka was one of terrorism rather than of ethnic conflict, and was critical of India; and the Prime Minister condemned terrorism and advocated a peaceful solution and reconciliation. In her speech to Parliament the Prime Minister announced a further aid grant of twenty million pounds and a special aid grant to help rehabilitate those affected by the present troubles in Sri Lanka. She called for a settlement of these troubles through dialogue and reconciliation, and for the recognition of the interests of all. (Paras 5-9)

3. In private talks the President claimed that he had gone as far as he could in making concessions to the Tamils and that his first priority now was to defeat terrorism. He claimed that the Government of India could do more to help. The Prime Minister expressed regret that the likelihood of a political solution had temporarily declined and urged the Government of Sri Lanka to improve their publicity overseas, and to try to improve relations with India. The Sri Lankans admitted some excesses by their armed forces and said they were doing their best to deal with the offenders. (Paras 10-11)

4. The Prime Minister was asked for British aid towards the Samanalawewa dam project and promised to consider it. There were brief but inconclusive discussions about shipping and air services. (Para 12)

5. The visit achieved our aims of reinforcing the friendship between the two governments, commissioning Victoria Dam, and making it clear that the British Government would neither give support to nor treat with terrorists. The Sri Lankans also achieved their aims of obtaining prestige by being hosts to the Prime Minister, and of stating their case that they were victims of organised terrorism rather than of inter-communal strife. But they also exploited the Prime Minister by imposing on her an unnecesarily heavy programme. (Paras 13-16)

BRITISH HIGH COMMISSION
COLOMBO

26 April 1985

The Rt Hon Sir Geoffrey Howe, QC MP
Secretary of State for Foreign
and Commonwealth Affairs

Sir,

THE PRIME MINISTER'S VISIT TO SRI LANKA

The Programme

1. I have the honour to report that the Prime Minister, accompanied by Mr Denis Thatcher, visited Sri Lanka from 11 to 13 April 1985. A copy of the programme is enclosed at Annex A.

2. The Prime Minister and Mr Thatcher were welcomed on arrival by Mr Gamini Dissanayake, Minister of Lands and Land Development and Mahaweli Development, and Mrs Dissanayake, and by myself and my wife. Security precautions at the airport, already tight, were further enhanced following a terrorist bomb attack on a train at the airport station on the evening before her arrival. The Prime Minister arrived suffering from a severe cold and so was unable to attend the small supper party which I later gave for Mr Thatcher and the official members of Mrs Thatcher's team.

3. After a formal welcome by the President of Sri Lanka on the following morning, the Prime Minister travelled to the Victoria Dam Site by helicopter with the President where she formally inaugurated the Victoria Dam Project after inspecting

/the

the dam and its power station and unveiling a commemorative monolith. The Victoria project at the time it was agreed was the largest single British Aid project ever granted. The dam was completed within the scheduled time and has been a major triumph of British engineering. At the inauguration, speeches were made by Mr Dissanayake, by Mr Ronnie de Mel, Minister of Finance and Planning, and by the Prime Minister. Mr Dissanayake spoke of the help given to the country in general and the Victoria project in particular by Britain, and thanked the Prime Minister who had helped to bring the project to fruition. Mr de Mel's speech, which was in Sinhala, was in similar vein. The Prime Minister's speech briefly sketched the history of Sri Lankan irrigation works and expressed her confidence in the economic policies pursued by the Sri Lanka Government. She gave an assurance of continued co-operation as long as the Sri Lanka Government continued to pursue sound development policies. She concluded with a tribute to the British companies Sir Alexander Gibb & Partners, Balfour Beatty Nuttall, and Preece Cardew Rider, as well as to those who worked on the
/ project and those who will operate it (text at Annex B).

4. From Victoria Mrs Thatcher travelled with the President by car to Kandy where she was received by the Mayor of the Municipal Council before being entertained to lunch at the Presidential Lodge. After lunch she gave a press conference in the Queen's Hotel before returning to Colombo, again by helicopter. The press conference was conducted under some difficulty. The room chosen was like an oven and its acoustics

/terrible.

terrible.

Replying to a flurry of questions on the problems of international and local terrorism the Prime Minister firmly stressed that terrorism should be stamped out. She said that we would do everything in our power to stop the purchase of arms for terrorists. She believed that the Commonwealth has an important role to play in maintaining links between its members but that she did not see the Commonwealth as a whole playing a meaningful role in solving Sri Lanka's problems although individual members could play a part.

5. In the evening she attended a State Banquet at which President Jayewardene made the only substantive public speech on the Sri Lankan side during the visit (text at Annex C). It was a strange discourse during which he rehearsed at some length the democratic history of Sri Lanka and of the disturbances of the past few years. He maintained, as he often has during recent months, that the problem in Sri Lanka is one of terrorism rather than of ethnic difficulties, and he included a bitter attack on the Government of India for allowing terrorists to move freely and issue propaganda in Tamil Nadu. There was an apparently irrelevant reference to British troops being stationed in Belize, Cyprus and other countries which immediately raised speculation in India as well as Colombo that he was about to ask the Prime Minister to station troops here in Sri Lanka. He also mentioned moneys being collected in Britain to buy narcotics and weapons to kill Sri Lankans.

6. In her reply the Prime Minister, after some warm references

/to

to the reception that she had received and to the democratic tradition in Sri Lanka, condemned terrorism and violence and expressed her pleasure that the President would continue to work for a peaceful solution and reconciliation. She also hoped that this reconciliation could become the basis for joint efforts with India to reduce tension. She referred to the interdependence of even distant countries and to the links between our two countries.

7. The Prime Minister began the following day by meeting privately at my house Dr Tiruchelvam, a member of the Tamil United Liberation Front (TULF), an ex-MP who had lost his seat when, in common with other TULF members, he had refused to take the oath called for by the Sixth Amendment to the Constitution pledging all holders of public office to oppose the establishment of a separate state within Sri Lanka. The meeting was brief and cordial. The Prime Minister again expressed her unremitting opposition to terrorism and violence and Dr Tiruchelvam, after a description of the disabilities suffered by the Tamil people in Sri Lanka, confirmed his party's publicly expressed opposition to violence also. He maintained that the failure of the All Party Conference was due to the refusal of the Sri Lanka Government to implement proposals which had already been agreed during the Conference. The widely held opinion that it was the TULF which ended the negotiations was not true.

8. After a brief meeting with the British staff of this Mission and of the British Council, the Prime Minister addressed

the Sri Lankan Parliament. This was the first time that any non-member of the Parliament had been invited to make such an address in the Parliamentary chamber, and the Prime Minister's speech was of course the most important political event of her visit. The Prime Minister rehearsed the history of democratic representation in Sri Lanka, described briefly her visits to other countries during the current tour, and after a brief survey of Britain's foreign and aid policy, announced a further aid grant of £20 million sterling and a special aid grant to the Save the Children Fund to help in the rehabilitation of those affected by the recent troubles. She sympathised with Sri Lankan efforts to combat terrorism and supported a firm response to those who use violence. She went on to call for a settlement through dialogue and reconciliation and recognition of the interests of all those involved. The full text of her speech is attached at Annex D. The Prime Minister had arrived in Sri Lanka suffering from a heavy cold and her speech to Parliament was interrupted by a bout of coughing. The cough attracted widespread international press attention, but here in Sri Lanka it only caused a widespread wave of sympathy for the Prime Minister who was seen to have comported herself superbly throughout a cruelly tough programme at the hottest time of the year.

9. After Parliament the Prime Minister opened the Mahaweli Museum and then went on to talks with President Jayewardene and some of his Ministers at the Presidential Lodge. Mr Thatcher meanwhile visited the British Council premises and met their staff. The programme concluded at a formal farewell ceremony,

with a Guard of Honour mounted by the Sri Lanka Navy and a drive to the airport for which President Jayewardene disregarded protocol to accompany the Prime Minister personally.

The Private Talks

10. The Prime Minister was alone in a car with the President on several occasions, during which time I understand he made an impassioned appeal for understanding of the Government of Sri Lanka's point of view on the communal and terrorist problems. He emphasised again and again that he had to give priority to overcoming the terrorism. He maintained that he had gone as far as was politically possible in making concessions to the Tamils. Although acknowledging that the Government of India had gone some way to prevent the transport of arms and terro[illegible] to Sri Lanka, he insisted that the Government of India could do much more by closing training camps for example. The formal talks, which were truncated because of slippage in Saturday morning's programme, were again largely concerned with the terrorist menace. The Prime Minister mentioned her disappointment that the political solution, which seemed in sight when she last met President Jayewardene in Delhi in November, now seemed to have receded. She mentioned the efficiency of the propaganda put out by the Tamil separatist groups and urged the Government of Sri Lanka to publicise their own case more effectively. She instanced the recent seizure of arms bound for Sri Lanka in Madras as an indication of the good faith on the part of the Government of India, and hoped that the Sri Lankans would be able to establish a more effective co-operation with Mr Gandhi's Government. She had been struck by the fact that a Tamil

Parliamentary candidate had been assassinated by terrorists while campaigning.

11. The question of excesses by the Sri Lankan armed forces was raised. Mr Athulathmudali, Minister of National Security, explained that although it had been impossible to find witnesses to testify against members of the armed forces at courts martial, nevertheless administrative action by discharge or cashiering had been taken against some 300 of those known to have committed excesses.

12. There was a brief submission by Mr de Mel on the Samanalawewa project. He asked that a maximum amount (he mentioned up to 30%) of concessional aid be made by HMG to finance the British component of this project. The Prime Minister mentioned the problems of ECGD cover for Samanalawewa and the difficulty of committing the whole of British aid to one further project. She made no commitment but promised to consider the proposal further in London. The questions of shipping rights and the Air Services Agreement were raised briefly, but were referred to further discussions between the appropriate authorities.

Conclusion

13. Our aims for this very brief visit were further to reinforce friendship between our two governments and two peoples, formally to commission the Victoria Dam, the second largest individual project for which British aid has been granted, and to make it clear that the Prime Minister and her Government would never give support nor treat with terrorist movements. All of these objectives were brilliantly achieved, and

/there

there is no doubt that British prestige in Sri Lanka - always high - has now reached a new level. The Prime Minister's bearing and consistent charm won the hearts of all those whom she met, and since she left I have been bombarded with sincere congratulations by my diplomatic colleagues and Sri Lankan friends, including many Sri Lankan Ministers.

14. From the Sri Lankan point of view the visit has also been a great success. They wanted above all the prestige of having probably the best known head of government in the world to visit them and they wanted the opportunity to show the Prime Minister that they were the victims of organised terrorism; according to them, a far more important factor in the current troubles which beset Sri Lanka than differences between the Tamil and Sinhalese communities. They were greatly encouraged by the Prime Minister's reiterated condemnation of terrorism and violence, by her promise of continuing aid and co-operation and by her increased understanding of the whole situation here in this country.

15. I have written above that the visit was a great success from the point of view of both governments. However, I and others were struck by the ruthlessness of the Sri Lankan Government in forcing the Prime Minister to follow an inhumanly gruelling programme in temperatures up to 100°, and their determination to squeeze every possible drop of advantage from the visit. I had battled vainly before the Prime Minister's arrival to try and fit some rest periods into the programme and to ensure that the travel arrangements were such as to

/impose

impose the least strain on the Prime Minister and Mr Thatcher. In particular, I was unable to persuade President Jayewardene to give up the idea of the drive from Victoria to Kandy over thirty miles of largely unmade road in the heat of the day and at an enhanced security risk. He was determined to have this hour alone with the Prime Minister without officials in order to lobby her on his own points of view. The Prime Minister coped admirably and apart from one bout of coughing during her speech to Parliament, betrayed no evidence either of fatigue nor of distress from the heavy cold with which she arrived. I shall not recount the number of times we experienced intransigence at all levels in drawing up the programme, but I must record that at official level we were told adamantly that the Prime Minister could not see Dr Tiruchelvam; I finally had to settle the matter with the President himself.

16. The Prime Minister of Sri Lanka, Mr Premadasa, was not present during the visit. He had previous commitments in Japan and Jamaica, but his absence had raised widespread speculation about the reasons for it. It is widely believed that because of the nature of the visit, he knew that he would be pushed into the background by the President and the Ministers immediately concerned with Victoria, and he decided that he would be better off away.

17. I am sending copies of this despatch to HM Representatives

/at

at New Delhi, Dhaka, Islamabad, Washington, UKMIS New York, to the Minister of Overseas Development and to the Governor of the Bank of England.

I am Sir

Your obedient servant

John Stewart

J A B Stewart

ANNEX A

PRIME MINISTER'S VISIT: PROGRAMME

THURSDAY 11 APRIL

2025	Arrive Colombo (Katunayake Airport). Met by Gamini Dissanayake as Minister in Attendance and by High Commissioner.
2035	Leave airport by car.
2115	Arrive President's House.
2140	Private Dinner for Mr Thatcher and officials at Westminster House.

FRIDAY 12 APRIL

0740	Formal welcome by the President at President's House.
0810	Leave President's House for SLAF sports ground.
0815	Leave Colombo for Adhikirigama by helicopter with President Jayewardene!
0850	Arrive Adhikirigama. Drive to power station.
0905	Arrive Power Station.
0940	Arrive Dam Site. Commissioning ceremony.
1140	Leave Victoria for Kandy by road.
1230	Greeting by Mayor of Kandy.
1300	Arrive President's Pavilion at Kandy.
1315	Lunch at President's Pavilion
1515	Press conference.
1600	Leave President's Pavilion for Police Grounds, Kandy.
1615	Leave Police Grounds for Colombo by helicopter.
1700	Arrive Colombo.
1710	Arrive President's House.
200	State dinner. Overnight at President's House.

/SATURDAY 13 APRIL

SATURDAY 13 APRIL

0800	Leave President's House for Westminster House.
0810	Arrive Westminster House.
0840	Leave Westminster House.
0850	Arrive Parliament building.
1030	Leave Parliament.
1040	Arrive Mahaweli Centre.
1110	Leave Mahaweli Centre for President's House.
1120	Arrive President's House.
1125	Final talk with President.
1145	Departure ceremonies.
1215	Leave Colombo for Katunayake by road.
1250	Arrive Katunayake.
1300	Departure.

Annex B

SPEECH BY THE RT HON MRS MARGARET THATCHER F.R.S., M.P.

AT THE INAUGURATION OF THE VICTORIA DAM, SRI LANKA

ON 12 APRIL 1985

Mr President, Ministers, distinguished guests, friends.

I am proud to be present at an historic moment in Sri Lanka's development. For centuries the Mahaweli Ganga has flowed unchecked through these hills. With the commissioning today of the Victoria Dam, its energy is harnessed to a noble cause: the development of the full potential of your land, your natural resources and your people.

This breathtaking engineering feat is a product of the modern age. But it rests on a tradition stretching back some 2000 years. In the days of your ancient kings, mighty irrigation works were at the heart of a flourishing civilization.

Mr President, of one thing I am certain. Together we have given birth to a project which will stand for decades as an example of what development co-operation can achieve.

When we set our hand to the task of helping you with this project, it was not only because the economists told us the investment was justified. Nor was it simply because we supported your decision to accelerate the Mahaweli development programme. It was because we felt we could with confidence endorse the economic policies your Government was committed to pursuing, and to the success of which the Victoria Dam will contribute.

The measure of that confidence was our largest ever contribution to a single aid project.

I am sure that confidence will prove to have been well placed. And that you will continue to pursue policies which will lead you towards self-sustaining growth.

Resources are now more limited than they were when we committed ourselves to this project. Victoria has been unique. But I can assure you that we hope to continue our co-operation with you, for as long as you continue to pursue sound development policies.

Mr President, Victoria also exemplified the contribution that British consultants, manufacturers and contractors can make to development.

Sir Alexander Gibb and partners have designed and supervised the construction of dams throughout the world, many of them, like Victoria, breaking new ground in structure and technology.

Balfour Beatty Nuttall successfully poured three quarters of a million cubic metres of concrete into Victoria. They have a record of achieving their objectives on time and within budget.

/Preece Cardew and Ryder

Preece Cardew and Ryder have designed and supervised the construction of what is already the largest power station in Sri Lanka, with potential for substantial further development.

These companies, and others like them, have a track record of success. They compete with the best the world has to offer. I am confident that they will win further business here in Sri Lanka.

Mr President, visitors from many countries will marvel at the Victoria Dam, at the functional elegance of the design and the quality of the engineering skills which went into it.

But development is not about concrete, however carefully poured, nor about power stations, however efficiently run; it is about people.

It is people who have brought this project into being, people who will operate it and people who have made sacrifices to achieve it. Above all, it is people who will benefit. Their land will be irrigated and their homes provided with electricity.

So Mr President, it gives me great pleasure to declare the Victoria Dam and Hydro-Electric Project well and truly commissioned. May it fulfil its promise of a better life for your people.

Annex C

SPEECH BY HIS EXCELLENCY MR J R JAYEWARDENE, PRESIDENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA AT A STATE BANQUET IN HONOUR OF THE RT HON MRS MARGARET THATCHER FRS, MP, AND MR DENNIS THATCHER MBE, ON 12 APRIL 1985 AT COLOMBO

The Right Hon. Prime Minister and Mr Thatcher,
Your Excellencies, Ladies and Gentlemen,

There are many reasons why my Government and I and the majority of our people are happy that you accepted my invitation to visit us.

Madam Prime Minister, the strong bonds that exist between our two Nations were forged over two centuries of association. They date back to 1796 when the representatives of the British Government decided to take over the former Dutch possessions in the maritime areas of Sri Lanka. The destinies of our two Island nations were thenceforward inextricably intertwined.

So many aspects of life in Sri Lanka today emerged from moulds that were cast during this association. Foremost among these is our democratic tradition, upon which we pride ourselves.

In 1833 Trial by Jury was instituted. In 1866 the Municipalities of Colombo, Kandy and Galle were created with members elected by the people. They were the first such institutions in Asia. In 1931 the State Council, with Ministers chosen from among members elected by Universal Franchise, was created and functioned till 1947 and Freedom. Mr Dahanayake, MP, a former Prime Minister and I are the only two alive from that Legislature.

We choose our leaders through the ballot. Since 1931 the country has had 10 General Elections and a Referendum, when the People by a 53% vote postponed the General Election until 1989. Parliament cannot postpone a general election nor the election of a President even by a two-third majority. Governments have been returned and defeated on several occasions and I myself bear the scars of these electoral battles as few democratic leaders alive today can claim.

Our Buddhist traditions dating back for 25 centuries re-inforce our determination to abjure violence as a mechanism of change. The practice of governing with the consent of the governed is also fully in keeping with the long established philosophical traditions guiding our people. We take justifiable pride in the fact that democratic institutions flourished at the grassroots level in Sri Lanka hundreds of years ago, following the traditions existing in the 6th century B.C. among some of the peoples of the States in the Indian Gangetic Plain where the Buddha lived and preached. H G Wells calls this period of History, the period of the adolescence of the Human Race, for in the West lived Socrates, Aristotle, Plato and their contemporaries; in Persia, Zoroaster; in India, Gautama the Buddha and in China, Confucius, all preaching modern concepts of Physics and Philosophy.

/We have always cherished

We have always cherished and followed such tenets of Democracy as individual liberty, the Writ of Habeas Corpus, freedom of speech and association, and the right to vote. We have in our Constitution declared them as Fundamental Rights and made them justiciable. Yet today we have been reluctantly compelled to impose some restrictions on the exercise of these freedoms since "terrorists" are exploiting the opportunities afforded by a free society to destroy these very freedoms.

We in our country have been concerned with the forms of democracy, and not with democracy itself which the majority accept. Successive Governments have amended our Constitution, from time to time, yet always retaining its democratic principles. Today the President is the Executive authority elected once in 6 years by the whole Nation, and exercises it with a Cabinet of Ministers chosen from the Legislature. We have attempted to create a strong and stable executive so necessary in a developing country. The elected members enact laws in the Sovereign Legislature, which functions for 6 years. An independent Judiciary interprets them.

I hope future generations will use the powers they exercise through the Presidency, Legislature and Judiciary wisely, for the welfare of the many.

While we and a few others among the developing nations consider the forms of democracy as important, a growing number of nations consider as important the substance of democracy itself, as they did not enjoy it earlier, and are turning to it now.

Argentina, Uruguay, Brazil and Turkey are dramatic examples, Colombia, Jamaica and Nigeria are somewhat less dramatic. El Salvador looks as if it may become an example. Portugal, Spain and Greece took steps a few years earlier to establish democratic institutions. India among the people of the World's second most populated country has recently underscored the strength of democracy. Pakistan, which I visited last week is the latest example. I wish her well. We who know the value of democracy should help her to preserve it.

The menace of terrorism is a danger aimed at the democratic fabric of society, threatening to rend it asunder. We in the Democratic World have to co-ordinate our strategy to eradicate this meance. There is no alternative. Any delay on our part to counter terrorist violence will only encourage these forces of evil to escalate their campaign and subvert our democratic system.

I have repeatedly said there is a "Terrorist Problem" and not an "Ethnic Problem" in Sri Lanka. I go back to the Manifesto issued by my Party to the electorate in 1977 where we referred to the, "Problems of the Tamil-speaking people" as follows:

> "The United National Party accepts the position that there are numerous problems confronting the Tamil-speaking people. The Party, when it comes to power, will take all possible steps to remedy their grievances in such fields as -
>
> /(1) Education;

(1) Education;
(2) Colonisation;
(3) Use of Tamil Language;
(4) Employment in the Public and Semi-public Corporations.

We appointed a Select Committee of Members of all Parties in Parliament to consider the above proposals as well as others.

Since 1977 the Government has implemented the recommendations of this Committee. Tamil was made a National Language in the Constitution; rules governing entrance to the universities were amended and any racial bias governing those rules removed; the regulations prescribing racial considerations governing entry to the Public Services and promotion in the Services were also removed.

District Councils were created and District Ministers appointed. Elections were held; our candidates were assassinated and so were members of the Police leading to riots in Jaffna; meetings and polling booths were broken up by armed gangs.

The riots of July 1983, largely in Colombo and Kandy were the culmination of the terrorists killing members of the armed services in the North. The terrorists say they are seeking to change the elected democratic government of the whole of Sri Lanka and not only to create a separate State of EELAM. They say so publicly in statements appearing in the Indian Press; they are interviewed by Journalists and move freely in Tamil Nadu and the rest of India, appearing on platforms with members of the TULF and other Indian leaders. At the same time they openly admit murdering citizens of Sri Lanka of all races, religions, castes and sexes.

What is the nature of the friendship that permits a human being or people to associate with criminals who openly admit murder of, and plan to commit further crimes on, one's friends. I adopt a different attitude to my friends whether they be nations or individuals.

Your nation and its people have suffered millions of deaths in several wars during the last 100 years. We have not. Some of our citizens though fought side by side with you in all these and suffered with you air raids and the other consequences of War in the 1940s. The protective shelter of the British Empire spared us the lives and property you lost.

I am against violence. I said so at the Commonwealth Conference presided over by Mrs Gandhi, Prime Minister of India, at Delhi in November 1983, at which you were present, Madam Prime Minister. The Goa Declaration accepted my idea and included Non-violence.

We are fighting a war in some parts of the North and East of our Island. Nine Policemen were killed by one bomb in the Eastern Province two weeks ago. Are they not human? Have they no parents, wives and children? Do they not feel the warmth of human friendship and do not their dependants yearn to feel the touch of their vanished hands and the sound of their voices that are still?

/You quoted Bismark

You quoted Bismark to the American Legislators, as saying "Do I want War? Of course not, I want Victory."

Madam Prime Minister I want "Peace, Non-violence".

Your country keeps troops stationed in some parts of Central America to sustain democracy. You have troops in Cyprus, in the South Atlantic, in the Sinai and Beirut. You have loaned some to 35 foreign countries. In the Atlantic and the Indian Ocean too your Navies are on duty across the World. You said to the American people,

> "We do not believe that Force should be the final arbiter in human affairs".
>
> "Britain meets her responsibilities in the defence of Freedom throughout the World. She will go on doing so".

Madam, I salute you.

You also touched on terrorism in Ireland. You called it "a threat to Freedom both savage and insidious". How true!

We have also lost some of our best young lives.

Your citizens too are being misled to contribute to seemingly innocuous groups. They are used to buy narcotics and weapons to harm and kill Sri Lankans.

The future of Democracy in our Motherland is in danger. We will not succumb to the threats of the assassin's gun or the coward's mines. Come such evil forces against us as they may, we shall so behave that a United Sri Lanka, Free and Democratic, yet shall stand.

May the words I have spoken be taken across the Seas to the United Kingdom, the Home of Freedom and Democracy.

Annex D

ADDRESS BY THE RT HON MRS MARGARET THATCHER FRS, MP,

TO THE SRI LANKAN PARLIAMENT ON 13 APRIL 1985

Mr Speaker, there are few privileges for a British Prime Minister to rival that of being invited to address the legislature of a fellow Commonwealth country. I thank you for the honour which you do me and, through me, the people and Parliament of the United Kingdom.

Over the years I have enjoyed many contacts with Members both of the Government and the Opposition in Sri Lanka. Last year we had the particular pleasure of receiving your President on a visit to London. I was pleased also to welcome your Prime Minister, Mr Premadasa, whom I first met in 1975, and Mr Anura Bandaranaike, the leader of the Opposition, whom I see here today. It is for me a crowning of those contacts, stretching back over 30 years, and a fulfilment of a dream to be able to visit your country and speak to you in this Chamber.

Over 300 years ago, a sturdy British traveller, Peter Munday, wrote that Sri Lanka was "the fruitfullest, the most pleasant, and the most delicious island, that is in all these parts of the world." Even my brief visit has shown me enough to know how well this verdict still stands.

You are representatives of a country and a people with a long and proud history. The remains of an ancient civilisation are visible in many parts of your Island. Two thousand years ago your irrigation system far exceeded in scale and sophistication anything existing in Europe. That great chronicle, the Mahavamsa, has passed down to us the story of your Island's development. Your history brought you into contact with Portugal, with the Netherlands and, finally, with Britain. It is a source of pride to us that today so many of your institutions and so much of your legal systems are fashioned on those of the United Kingdom.

You were the first of the Asian countries associated with Britain to acquire a legislative council with non-official members. Thus, some 150 years ago, in 1833 began the tradition of representative, democratic government which continues today and which this splendid building symbolises. Thirty years later you were the first country in Asia to select those who were to govern your chief towns. And in 1931 you were the first country with British Administration to obtain universal adult suffrage. Democracy has deep roots here and I know you are committed to preserving them.

I welcome also your recognition of the universality of these principles. That was made explicit in your support for the Falkland Islanders after the Argentine invasion in 1982. Your support has made a deep and marked impression in Britain and we thank you for it.

Mr Speaker, there is no more satisfying experience than to travel round the world breathing the air of freedom in different climates. My visits over these past few days to the flourishing and vibrant states of South East Asia and now to Sri Lanka have given me that experience. They have proved, too - if proof were needed - that democracy and economic freedom go hand in hand. There can be no more convincing demonstration of the success of that partnership than the amazing examples of economic growth which I have witnessed during my travels of the past week.

/Democracy is the foundation

Democracy is the foundation on which enterprise can build and innovation flourish. I admire the bold policies to sustain an open economy which you are pursuing and which enjoy wide support. I recall the speech by your Prime Minister in which he said:

> "We believe in the enterprise of free men and our economic policies are fashioned on this premise that the state should provide the opportunity and the framework through which man can earn his due reward through his own toil and labour."

We welcome your readiness to open your markets to productive investment. We respect the courage and resolve with which you have undertaken responsible policies of economic adjustment.

In 1977 you took the difficult decision to float the rupee. You relaxed trade restrictions. And you established the Greater Colombo Economic Commission to develop Investment Protection Zones offering substantial attractions to foreign investors.

Like you, we in Britain are seeking growth through relaxation of Government controls, through the stimulation provided by market forces, by reducing the role of the State in the lives of individuals.

We admire too the ambitious development objectives which you have set yourselves: the harnessing of the Mahaweli Ganga for the development of new agricultural lands and hydroelectric power; the imaginative programmes, with which I know your Prime Minister is particularly associated, to improve urban and rural housing, in particular through self help and direct popular participation.

We in Britain also recognise our duty to help. First we accept that we must keep our markets open to your trade despite the difficulties in which this can often place some sectors of our economy. I believe our record is a good one. The British market is open to the world. 80 per cent of our imported goods enter duty free. Less than 7 per cent are subject to the non-tariff restraints.

During my recent visit to the United States, I urged the Congress of that great country to resist pressures for protectionist measures and recalled that we could not preach economic adjustment for the developing countries while refusing to practise it at home. That is why we support moves for a new round of multilateral trade negotiations in the GATT: the momentum of trade liberalisation must be sustained and extended into new fields.

I have heard it said that the developing countries do not want a new Round because there would be nothing in it for them. Mr Speaker, I profoundly disagree. A new Round must address the major preoccupations of all the members of the GATT. I hope the developing countries will say clearly which items they want to pursue. Like the previous Rounds of negotiations which have done so much to free world trade and spread prosperity, a new Round must be a process of give and take. We are ready for some "giving" as well as some "taking" as part of a balanced outcome.

/Secondly, it is our duty

Secondly, it is our duty to help. We in Britain are particularly proud of our aid programme. Since 1977 it has helped Sri Lanka to the tune of over £150 million. As you mentioned, Mr Speaker, yesterday I was at the inauguration of the Victoria Dam which lies at the heart of the great Mahaweli Scheme. Seven centuries ago, a Sri Lankan king, Parakramabahu, said no drop of water should be allowed to reach the ocean without profiting man. The Victoria Dam is the expression in concrete and steel of that idea. Not only is it a construction which will bring vast benefits to your farmers, it is also a monument to our people's concern for the future well-being of Sri Lanka and to the ability of British Firms to contribute to the development of your economy. Our contribution of over £100 million is clear proof of our belief in the potential of your economy. It is particularly rewarding that Britons and Sri Lankans have worked side by side to achieve this bold and enduring development.

I am delighted to announce today that my government has decided to offer Sri Lanka further aid of £20 million. This grant will be used over the coming years to strengthen Sri Lanka's economy for the benefit of all your people. I am also happy to say that Britain will provide special aid to the Save the Children Fund to help those who have suffered from your recent troubles.

Sri Lanka has long been a warm and sincere friend of Britain. There is much that unites us. Our common commitment to an equitable and just system of law helps underpin the democracy our peoples enjoy. These traditions must be maintained, whatever the difficulties and stresses that sometimes confront our societies.

We, like you, enjoy the cut and thrust of debate whether in the law courts or in Parliament. This shared tradition of peaceful rivalry extends to cricket. We have paid dearly on the pitch for your new-won Test Match status, but it was as welcome to me as I am sure it was to Mr Dissanayake.

The English Language itself provides another bond. Your President has suggested that English should be given the status of an official language in Sri Lanka. The British Council, which is celebrating its fiftieth year in your Island, is delighted to help by expanding its English teaching programme at your President's express request.

We are linked, too, through the Commonwealth and what Harold MacMillan called, during his visit here in 1958, "The Golden Thread of Tradition binding its Members". Central to that tradition is our shared commitment to democracy. Mr Speaker, Democratic values cannot be taken for granted.

Both our countries have been the victims of terrorist violence, the virulent disease which afflicts so many countries today. So I can sympathise with your efforts to combat terrorism here in Sri Lanka. A firm response to those who use violence, who try to achieve with the bullet what they cannot do through the ballot, is vital.

Freedom, Mr Speaker, means more than freedom just to argue and disagree. If it were only that, we should have neither stability, nor nationhood, nor justice, nor progress. Freedom carries with it a responsibility to assert and champion those great values that are the sinews of parliamentary democracy and which enable us to live in harmony with one another.

/But Governments must stand ready

But Governments must stand ready to work with those in minority communities who are willing to argue their cause peacefully and democratically.

I followed the All-Party Conference last year with close attention. I shared the widespread regret in your country that it was unable to reach agreement on the basis of the proposals made by your President.

I firmly believe that the complex problems that arise between communities can only be settled through consultation and reconciliation. Democracy depends on the resolution of issues, however difficult, through debate and recognition of the interests of all those involved. In a democracy all have a right to be heard, but then fair decisions have to be made and upheld.

I am glad to have been given an opportunity during my brief visit to meet representatives of all the parties and of your many communities. I believe I now understand more clearly the problems which confront you and those whom you represent.

Mr Speaker, co-operation between neighbours through regional organisations and associations has an ever greater contribution to make to stability and to economic progress. That has been our experience in Europe despite many difficulties. I admire the imaginative effort which has brought together your country and the six other members of the South Asian Regional Co-operation Forum, which I understand is to meet at Heads of Government level later this year. We wish you well.

Mr Speaker, that same spirit of good neighbourliness is needed in greater measure than ever if we are to secure a more stable world in which individual countries can concentrate on their development free from the fear of conflict.

You here in Sri Lanka, no less than we in Britain, have an interest in efforts to reduce tension between East and West. In today's world no country can insulate itself entirely from the consequences of the competition between East and West, between tyranny and democracy. It is up to every democratic country to decide how it can effectively contribute to the defence of freedom and justice and to helping those who know neither to achieve them. For some, like Britain, it is by joining an alliance of like-minded nations. For others it can be through speaking up at the United Nations and other international organisations for those principles. This Sri Lanka does in ample measure and we, your friends, are grateful for it. Your President yesterday said that he wanted peace. So do I. But not peace at any price, not peace by sacrificing freedom and justice and everything which contributes to the dignity of man.

In the past few months before coming to speak to you, I have held two long meetings, with Britain's great friend and ally, President Reagan, and another meeting with the new leader of the Soviet Union, Mr Gorbachev. The United States and the Soviet Union are now meeting in Geneva in an effort to reach agreement on the reduction of nuclear weapons and the consequent reduction of the burden of expenditure on arms, thus freeing more resources for the well-being of their people. It will be a long process and a

/difficult one.

difficult one. We should not expect any early results. I know from my talks that both leaders are convinced that another world war, nuclear or conventional, must never take place. I believe, too, that a basis could be found to assure the security of both sides at a lower level of armaments. But we must guard against facile assumptions that nuclear weapons are uniquely evil and threatening. Deterrence based upon them has worked for the last forty years and they have played an important part in maintaining peace in Europe. Nor must we assume that a world without nuclear weapons would be more peaceful. After all, conventional wars have killed 10 million people throughout the world since 1949.

Mr Speaker, here in your Parliament much is familiar to a visitor from Westminster. It is this sense of familiarity and of ready understanding which is fundamental to the trust and friendship between us. It therefore gives me great pleasure, as one Parliamentarian to another, to bring you the greetings of the British Parliament at Westminster, so distant yet so close in spirit. We salute you as one democracy to another. We look forward with you to a future in which a united Sri Lanka grows steadily in peace and prosperity, with your many peoples living together in harmony.

President Jayewardene during his visit to London last year quoted movingly from Shakespeare's Hamlet: "Those friends thou hast and their adoption tried, grapple them to thy soul with hoops of steel". Those present will never forget the way he said it; he struck a chord in our hearts, for emotions are always deeper than thoughts. It is my earnest hope that my visit has placed another hoop of steel around the special friendship between Britain and Sri Lanka.

May I thank you, Mr Speaker, for giving me the privilege of addressing the Parliament of Sri Lanka, the Parliament of a free people.

Prime Minister ④
CDP 16/5

FERRANTI plc
TEL: 01-834 6611

MILLBANK TOWER,
MILLBANK,
LONDON, SW1P 4QS.

R15

PPS

13 May 1985

CF

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

Could we have a folder of "business" following the Far-East tour? MT

Dear Prime Minister

Your letter of 17 April, prior to your visit to Singapore, and your further letter of 7 May are most encouraging.

As a Manchester-based Company trying to trade with Singapore, a satisfactory solution to the question of Singapore Airlines and Manchester Airport was of great importance to us.

Your latest letter reassures us that the Manchester Airport question will not affect other commercial issues and now, thanks to you, I believe our chances of beating international competition and getting the Changi Airport order are more than fifty fifty.

Yours sincerely

Basil de Ferranti

Basil de Ferranti
Chairman

Foreign Pol Pt 3

PM's visit to SE Asia

1985

DAVID GINSBURG and PARTNERS
Economic and International Marketing Consultants

21 Bell Moor,
East Heath Road,
London, NW3 1DY.
Telephone: 01-435 8701

CF PPS?

Charles Yes
I imagine that
X refers to the letter
you wrote to him.

PERB
15.5.

13th May 1985

Mr. R. Butler,
Principal Private Secretary,
10 Downing Street,
London,
S.W.1.

Dear Mr. Butler,

When we spoke on, I think, Wednesday 8th May, I hod not realised that a letter from the Prime Minster was, in fact, en route to me.

Her letter of 7th May was addressed to me at Manderstam's and reached me at the end of the week. | X

I am most grateful to the Prime Minster for taking this matter up and please convey my thanks.

Yours sincerely,

David Ginsburg

David Ginsburg.

(2)

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

Prime Minister
CDP
11/5

Charles Powell Esq
Private Secretary
10 Downing Street
LONDON SW1

8 May 1985

MT

Dear Charles

AIR SERVICE CONSULTATIONS WITH SINGAPORE

Officials from this Department and their counterparts from the Singaporean Government have, as you will know, been discussing Singapore Airlines' request to operate services between Singapore and Manchester.

The discussions reached a conclusion rather earlier than expected: late in the evening of Friday, 3 May.

I attach a copy of the DTp press statement which was read over to journalists the following morning, for your information. The speed of conclusion of the negotiations was due to the Singaporeans putting forward an attractive offer at an early stage. The agreement is a good one, from the point of view of satisfying interests in Manchester that the Government is committed to developing international air services out of Manchester airport. To underline this, we have written to a selection of Manchester MPs: I also attach a copy of that letter.

I am sending a copy of this letter and attachments to Peter Ricketts in the Foreign Secretary's office.

Yours sincerely

Henry Derwent

H C S DERWENT
Private Secretary

SINGAPORE AIRLINES - AGREED STATEMENT BETWEEN UK AND SINGAPORE GOVERNMENTS (ISSUED 10 AM SATURDAY 4 MAY)

"Air Service consultations took place between the aeronautical authorities of Singapore and the United Kingdom from 1-3 May 1985.

These consultations had been called to discuss the request by Singapore Airlines to operate services between Singapore and Manchester.

The agreement reached allows for both British Airways and SIA to operate up to 3 services a week each in due course. SIA will begin with 2 services from April 1986.

In addition the route schedules and traffic rights have been liberalised so that both airlines will be free to adopt any routing between the UK and Singapore; and both Governments are now free to designate more than one airline if they so wish."

Commenting on the agreement, Nicholas Ridley, Secretary of State for Transport said:

"This is a clear demonstration of the Governments commitment to the development of international air services at Manchester.

The formal request from the Singapore Government was received only on 18 March; these new arrangements, which also include valuable new rights for British Airlines, have therefore been negotiated with commendable speed."

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

House of Commons
LONDON
SW1A 0AA

May 1985

I am sure you will have been pleased to learn of the agreement we reached with the Government of Singapore last week about services to Manchester by Singapore Airlines, but I thought you might like to have a little more background.

The Agreement reached allows for both British Airways and Singapore Airlines to operate up to three services a week in due course, but SIA will begin with two services from April 1986. In addition we have secured the right to designate a second British airline on services between the UK and Singapore, and we have swept away a number of outdated restrictions on the routes and rights available to the airlines of both sides which will give them enhanced opportunities to improve their services to the travelling public. Considering that the request for consultations from the Singapore Government only reached us on 18 March, we have moved fast to reach such a satisfactory agreement so quickly.

In all this we have paid particularly close attention to the interests of Manchester Airport and the travelling public in the North West. After consulting the Manchester Airport authorities we judged that the introduction of the two BA services to Hong Kong from November, with these two SIA services to Singapore from next April, was the best way to develop the Far East market from Manchester without putting at risk the existing QANTAS services. Not only should these services offer a wide spread of destinations on these important routes, but a healthy dose of indirect competition too between the three airlines whose markets overlap very substantially.

I hope you will welcome this important development which is good for competition and good for Manchester and the North West.

NICHOLAS RIDLEY

FOR POL. SINGAPORE TRIP.
S.E. Asia

CHARTS ATTACHED IN FOLDER AT BACK OF FILE.

Not present at review

BRITISH HIGH COMMISSION
PO Box 1030, Wisma Damansara
Jalan Semantan, KUALA LUMPUR, 23-03

Telephone: 941533

AT

7 May 1985

The PM admired these & thought we ought to have similar charts for the UK economy.
CDP.

C D Powell Esq
Private Secretary
to the Prime Minister
No 10 Downing St
London SW1

Dear Charles

Following the Prime Minister's visit to the Economic Planning Unit, we asked for copies of the charts used in the presentation. After repeated reminders these have reached us and I enclose them with this letter.

Yours ever
Peter Davies

P D R Davies
Acting High Commissioner

encs

JE DBS

CDT1

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Sir Frank,

Thank you for writing on 3 April about the prospects for Scorpion in Indonesia.

The President and Dr. Habibie confirmed to me personally their interest in this programme, and I hope that you will now be able to press this to completion. There are, I understand, some conflicting views within the Indonesian Government that need to be resolved, but Alan Donald is very aware of these and ready to support your efforts to the full.

I look forward to hearing how you get on.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Sir Frank Cooper, G.C.B., C.M.G.

JC

NO DSG

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Jim

Thank you for writing to me before my Far East tour to draw attention to the more important opportunities being pursued by GEC.

In Malaysia, my talks with Dr. Mahathir drew from him an unqualified statement that British companies would be treated on a fair and equal basis. On the particular Command Control and Communications system, and the fibre optics proposal, Malaysian Ministers acknowledged that defence and communications were among the fields offering the best opportunities for co-operation. My officials could not follow these up in detail, however, since at the time of my visit key Malaysian officials were not available.

The Sri Lankan Government underlined the priority that they attached to the hydro scheme to follow up the Victoria Dam, which does indeed stand as a major tribute to all the British companies involved. We are still looking into the best use of our limited aid programme for Sri Lanka.

In Delhi, I simply did not have time for more than one informal discussion with Rajiv Gandhi, at which it was not really opportune to press the gas turbines possibility. But I understand that your people are making some ground against the competition, and I hope that they will win through.

Yours ever

Margaret

The Rt. Hon. James Prior, M.P.

fe DSG
c DTI

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear David,

Thank you for writing to me on 29 March about your interest in railway developments in Indonesia.

I stressed in my discussion with the President and colleagues the strength of our capabilities in the whole field of communication. In addition, Mr. Benjamin of the Projects Division of DTI called on Dr. Djunaedi - the Director in the Ministry of Communications concerned - and reviewed our interests in the Jabotabek line and other rail possibilities.

Indonesian Ministers explained the rationale for their wish to have finance in long-term loan form; this is, as you will appreciate, rather different from our normal forms of aid support, and we are examining whether and how we can make adjustments to meet the Indonesian Government's preference.

Meanwhile, DTI are keeping in touch with the study that is being undertaken on this project.

Yours ever

Margaret

David Ginsburg, Esq.

VC

file DSS
c DTI

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Robin,

Thank you for the briefing on your negotiations to set up a Single Cell Protein Project in Malaysia.

There were signs of keen interest among Malaysian Ministers on the potential advantages of your new process, though the detailed financial negotiations to set up the venture are still to be settled. I was very impressed by the prominent display of the project on your stand at the International Trade Exhibition.

Dr. Mahathir confirmed publicly that there was no discrimination against British goods, and I hope that you will be able to proceed quickly to conclude an agreement for the project. The Project Division of DTI is in touch with your people about the next steps and remain ready to assist.

Yours ever
Margaret

Sir Robin Ibbs

VR

HC DSS

CDTI

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Mr. Hughes,

Thank you for your letter of 15 March about the MVO project that you are pursuing in Indonesia. I greatly enjoyed my stay there, and found the President and his colleagues an extremely effective team.

We did not, as you will appreciate, have the time to go into the details of all the opportunities being pursued by our companies. But the President certainly underlined to me the high priority of improving agricultural performance, and we shall be looking at ways in which we can co-operate to help Indonesia develop in this crucial area. I am glad that DTI have been able to provide you with some support to bring your venture to the point of orders, and I hope that the developing political relationship between Indonesia and Britain will also be helpful.

Yours sincerely

Margaret Thatcher

George Hughes, Esq.

1

fl DSS
c DT1

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Mr. Benjamin,

Thank you for your letter of 28 March, which I was able to read before my visit to Singapore.

I was in Singapore for only a day, but even in so short a time one cannot but be impressed by the country's drive and growth, especially in its rapid development as a financial and service centre. As short as my stay was, I was able to underline our strength in systems technology, of which your activities are a very good example.

I have asked our High Commission to do all that they can to support you in your efforts to gain further advances in the Singapore market.

Yours sincerely

Margaret Thatcher

Alan Benjamin, Esq., O.B.E.

Ref DSC

DTI

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Sir Arnold,

Thank you for your letter of 28 March bringing me up to date on your rail locomotive proposals in Malaysia.

Dr. Mahathir and I noted that railway development was one of the most likely potential areas for future collaboration, and Mr. Benjamin of PEP had a separate discussion with the Malaysian Minister of Transport, about which your people will already have been informed.

In fact, the Minister himself expressed concern that the form of Japanese financing was interfering with the technical choice of the railways authority. PEP are in touch about possible ways of helping to neutralise the apparent finance advantage of Japanese aid funding.

Yours sincerely

Margaret Thatcher

Sir Arnold Hall, F.R.S.

JC DSG
DT

10 DOWNING STREET

THE PRIME MINISTER

7 May 1985

Dear Basil,

Thank you for drawing my attention to your pursuit of the Information System for Changi airport before my visit to Singapore.

Although my stay was very short, I took the opportunity to underline our strength in communications and system technology and, in a country where the provision of services is a crucial element for their future economic development, there are inevitably very good prospects for you and other British companies.

The question of air services was put into the context of normal inter-Government discussions, and there is no suggestion that the Singapore Government are put out by this procedure. Our High Commissioner knows of your case, and is very ready to help in any way he can.

Yours sincerely

Margaret Thatcher

Basil de Ferranti, Esq., M.E.P.

File

DS2AHT

cc: DTI

10 DOWNING STREET

From the Private Secretary

6 May 1985

Dear Mr. Russell,

Thank you for briefing me in your letter of 3 April for the Prime Minister's visit to Malaysia.

You will have seen that the air-services problem was resolved and we secured a clear assurance from Dr. Mahathir that British companies would be given full and fair treatment in future. In their discussions, the Prime Minister and Dr. Mahathir noted Aerospace as a potential field of co-operation, and Mr. Benjamin of the Projects Division in DTI subsequently met Malaysian procurement officials.

As you recognise, the Malaysian Government is concerned to establish its own capability for participating in the manufacture of Aerospace products and in their continuing maintenance and support. Your collaboration and understanding with AIM is therefore likely to be a crucial first step. I hope that you will now be able to follow up discussions on both the 146 and Rapier, though the Hawk production sharing does seem to be rather later in terms of feasibility.

Yours sincerely

Charles Powell

Charles Powell

Colin Russell, Esq.

DS9

DG2AHT

DRAFT REPLY FOR PS/PRIME MINISTER TO SEND TO:

Colin Russell Esq
Head of Marketing
Far East and Australasia
British Aerospace plc
Richmond Road
KINGSTON UPON THAMES
Surrey
KT2 5QS

Thank you for briefing me in your letter of 3 April for the Prime Minister's visit to Malaysia.

You will have seen that the air-services problem was resolved and we secured a clear assurance from Dr Mahathir that British companies would be given full and fair treatment in future. In their discussions, the Prime Minister and Dr Mahathir noted Aerospace as a potential field of cooperation, and ~~Chris~~ Mr. Benjamin. of the Projects Division in DTI subsequently met Malaysian procurement officials.

As you recognise the Malaysian Government is concerned to establish its own capability for participating in the manufacture of Aerospace products and in their continuing maintenance and support. Your collaboration and understanding with AIM is therefore likely to be a crucial fisrt step. I hope that you will now be able to follow up discussions on both the 146 and Rapier, through the Hawk production sharing does seem to be rather later in terms of feasibility.

JH3BQI

British Aerospace
PUBLIC LIMITED COMPANY

Aircraft Group
HEADQUARTERS

Richmond Road
Kingston-upon-Thames
Surrey KT2 5QS

Telephone: 01-546 7741
Telegrams: Britair Kingston-upon-Thames
Telex: 23726

(2)

CR/sjs/R016

3rd April 1985

C.D. Powell, Esq
Private Secretary to the Prime Minister
No. 10 Downing Street
LONDON SW1

Dear Mr. Powell,

MALAYSIA

I refer to our telephone conversation of this morning and I apologise once again for adding to the amount of paper you must already have for the forthcoming visit to South East Asia. Although a British Aerospace brief has already been submitted through the usual channels, some additional information has come our way which you may find useful.

We have just had a visit from Datuk Eric Chia, the Chairman of Malaysia's United Motor Works and Chairman designate of their embryonic aircraft industry known as AIM (Aerospace Industries of Malaysia).

Mr. Chia purported to be acting in the role of an emissary from the Malaysian Prime Minister, Dr. Mahathir, and made two points to us which we understand are likely to feature in the Prime Minister's discussions there.

These were:-

1. As British Airways and Malaysian Airlines System seem to be close to an agreement that an additional flight per week is justified for commencement towards the end of 1986 or early in 1987, it is suggested that this be no longer regarded as a problem. The Malaysian tax on certain individuals who do not choose to fly with their national airline should, we were told, be mentioned as a separate problem which Malaysia would recognise needed to be solved as soon as possible because of its discriminatory nature.

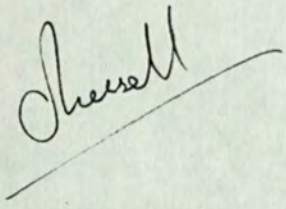
and

2. British Aerospace aspirations in Malaysia for sales of the 146 airliner in the short term and Rapier Missile and Hawk aircraft in the longer term, would be enhanced by collaboration between BAe and AIM. We have accordingly entered into a protocol with AIM covering the objective of collaboration and this was signed on 30th March 1985.

cont'd.../2

I hope that the above is useful additional background for the Prime Minister's discussions in Malaysia and I have also informed our usual channel in the Department of Trade and Industry. Many thanks for your assistance in this matter and please accept the best wishes of all of us in British Aerospace for a successful visit to this most important part of the world.

Yours sincerely,



COLIN RUSSELL
Head of Marketing
Far East & Australasia

File

DS 2/1B

cc: DTI

10 DOWNING STREET

From the Private Secretary

6 May 1985

Dear Mr. Hogbin

Thank you for briefing us in your letter of 28 March before the Prime Minister's visit to Malaysia.

You will have seen that the MAS problem was resolved, and Dr. Mahathir gave us a firm assurance that British companies would have fair treatment in future. The field of railway development was specifically mentioned in the Prime Minister's talks with Dr. Mahathir as offering good scope for future co-operation.

Mr. Benjamin of the Department of Trade and Industry had a separate discussion with the Minister for Transport, which happened to coincide with BREL themselves taking forward a number of opportunities, including the rail modernisation programme. The next step is to encourage the Malaysians to proceed to a more detailed definition of their plans, and the way is now open for you to pursue this.

Yours sincerely

Charles Powell

Charles Powell

W. Hogbin, Esq.

DSS

DG2A7B

DRAFT REPLY FOR THE PS/PRIME MINISTER TO SEND TO:

W Hogbin Esq
Taylor Woodrow International Ltd
Western House
Western Avenue
LONDON
W5 1EU

28 March

Thank you for briefing ~~me~~ us in your letter of ~~3 April~~ before the Prime Minister's visit to Malaysia.

You will have seen that the MAS problem was resolved, and Dr Mahathir gave us a firm assurance that British companies would have fair treatment in future. The field of railway development was specifically mentioned in the Prime Minister's talks with Dr Mahathir as offering good scope for future co-operation.

~~Chris~~ Mr. Benjamin of the DTI had a separate discussion with the Minister for Transport, which happened to coincide with BREL themselves taking forward a number of opportunities, including the rail modernisation programme. The next step is to encourage the Malaysians to proceed to a more detailed definition of their plans, and the way is now open for you to pursue this.

JH4AZT

Taylor Woodrow International Limited

Building Civil and Mechanical Engineering Contractors

REGISTERED OFFICE:

Western House . Western Avenue . London W5 1EU

INCORPORATED IN ENGLAND REGISTERED NO. 374634

TELEMESSAGE (INLAND) TAYWEST LONDON . CABLES (OVERSEAS) TAYWEST LONDON W5 1EU . TELEPHONE: 01 997 6641 . TELEX: 23502 TAYINT G . TELEFAX: 01 991 3117 . (C.C.I.T.T. GROUPS 2 & 3)

YOUR REF

OUR REF WH:sjw

28th March, 1985.

Mr. Michael Allison,
Principal Private Secretary,
10 Downing Street,
London SW1

Dear Mr. Allison,

You will be aware that the current dispute between the Malaysian Airline System and British Airways has stalled negotiations for a major Railway Contract in Malaysia by a Consortium of British companies.

You may not be fully aware however of the extent of the work and the potential value in terms of British jobs that the contract represents, and I attach for your assistance some brief notes on the current situation.

It is our understanding that the Malaysians are likely to withdraw the controversial "tax concession to MAS flights only" in 1986 if they are to be allowed a fifth frequency flight into Heathrow from 1986 and that British Airways will be allowed an additional frequency into Kuala Lumpur, should they so wish. Britain must of course maximise the commercial benefit of any "concession" the Government make and link British Airway's agreement to the reopening of negotiations for the major Railway Contract.

Would you kindly use your influence to bring this matter to an early and commercially acceptable solution.

Yours sincerely,

Walter Hogbin.

W. HOGBIN.

File

DGDA ID

cc: DTI

10 DOWNING STREET

From the Private Secretary

6 May 1985

Dear Mr. Milne,

Your people were very kind in providing briefing for both the Prime Minister and the Department of Trade and Industry before her visit to Indonesia.

In the Prime Minister's various talks, President Soeharto and other members of the Indonesian Government expressed themselves as very keen to see greater co-operation between their country and Britain; and I hope that this will create a better climate for resolving the problems which you have encountered. Mr. Benjamin from the Projects and Export Policy Division of DTI also had the opportunity of mentioning your problems, along with those of several other British companies, to Dr. Sumarlin. I know that our Ambassador and his staff remain ready to give you what help they can.

Yours sincerely,

Charles Powell

Charles Powell

J. D. Milne, Esq.

DS

File

DGDAIC

cc: DTI

10 DOWNING STREET

From the Private Secretary

6 May 1985

Dear Sir Derek,

Thank you for your letter of 27 March which I was able to draw to the Prime Minister's attention before her visit to Singapore.

Our stay was extremely short and the Prime Minister did not have a chance to go into all the specific opportunities being pursued by our companies, though she took the opportunity to mention to Mr. Lee Kuan Yew Britain's interest and expertise in the area of computerised systems. I know that the High Commission are fully aware of your efforts and ready to help in any way they can.

Yours sincerely,

Charles Powell

Charles Powell

Admiral Sir Derek Empson, G.B.E., K.C.B.

DSG

File - already done. CCPC.

Foreign and Commonwealth Office

London SW1A 2AH

3 May, 1985

CF

I think that the PM has already written to Mr. Premadasa. Please check — In W/E box 4/5/85 CDP/S

CDP.

Dear Charles,

Letter to the Prime Minister from the Sri Lankan Prime Minister

Thank you for your letter of 29 April asking for a reply to Mr Premadasa's letter of 22 April to the Prime Minister.

Mr Premadasa arrived in London on 1 May and was met by a Special Representative of the Foreign Secretary. He did not revert to the question of a call on the Prime Minister although, as you know, he had raised the matter again with our High Commissioner at Kingston on 26 April. The High Commissioner explained that in view of the imminence of the Paris Summit, the Prime Minister would be unable to receive him. Mr Premadasa indicated that he was not pleased, but said he understood. He declined an invitation to meet the Foreign Secretary.

I enclose a draft reply to Mr Premadasa. If the "souvenir", to which Mr Premadasa refers in his letter, has turned up, you will want to add a suitable expression of thanks for it.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: PS/No 10

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO: The Hon R Premadasa MP

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

I was most grateful for your letter of 4 April about my visit to Sri Lanka. The inauguration of the Victoria Dam was indeed a wonderful occasion and the opportunity to address your Parliament was a rare honour which I shall never forget. Denis and I were very glad to be able to see something of your beautiful country.

I was very sorry not to be able to see you while you were in London. I had a great deal of Government business to attend to before leaving on Thursday morning for the Bonn Economic Summit. I do hope that you and your wife enjoyed your stay here and that we shall be able to meet again before too long.

With best wishes to you and Mrs Premadasa.

Enclosures—flag(s).....

For Pol: SE Asia Trip Pt 3.

CCPL.

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry
PS/

CDP o/r

2 May 1985

C Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

CDP 6/5

Dear Charles,

PRIME MINISTER'S VISIT TO SOUTH EAST ASIA

Thank you for sending me a copy of your letter of 15 April to Len Appleyard. The commercial opportunities that arose in discussion during the Prime Minister's visit have been notified by Chris Benjamin to the right quarters of the Department, and are being followed up directly with the companies concerned. On defence sales, it had been planned that the Assistant Regional Marketing Director of DSO would follow the Prime Minister's itinerary starting a week later so that these prospects could be followed up immediately, and he is currently on this course.

2 Otherwise, we are already proceding with the preparation of a Science & Technology Agreement with Indonesia, with an eye to having it ready for Dr Habibie's visit to the UK in the summer. Mr Channon is planning to include Malaysia and Indonesia in his next visit to the area immediately before Dr Habibie comes to the UK in July.

3 On India, a Westland's team was positioned in Delhi within days of the Prime Minister's return, and some contacts have already taken place between them and the Indian officials, though the last meeting did not seem entirely satisfactory. But we are in close touch with the High Commission and the Company on the tactics.

4 There are, of course, two particular issues that will need to be resolved by Ministers; whether to go ahead with the provision of an aid-supported financial package for the Samanala Wewa dam in Sri Lanka and the problems posed by the Indonesian wish for finance in the form of long-term concessionary loans.

5 You noted that plywood and the review of the GSP were mentioned in Malaysia. The UK has consistently supported the case of the ASEAN countries (including Malaysia) for increased GSP

JH3BQH

access to the UK market for their plywood exports but we have always run up against opposition from other member states. The Community review of the GSP is still at a very early stage but it seems unlikely that Malaysia will be much affected.

6 I enclose a number of draft letters for the Prime Minister to send to companies who wrote to her about her tour.

Yours sincerely,
Maureen Dodsworth.

MAUREEN DODSWORTH
Private Secretary

JH3BQH

FOR. POL. SE ASIA TRIP. Pt 3

DG2A1C

DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO:

Admiral Sir Derek Empson GBE, KCB
Thorn EMI
Upper Saint Martin's Lane
LONDON
WC2H 9ED

Thank you for your letter of 27 March which I was able to draw to the Prime Minister's attention before her visit to Singapore.

Our stay was extremely short and the Prime Minister did not have a chance to go into all the specific opportunities being pursued by our companies. ~~Relations with the Singapore Government are excellent, and~~ I know that the High Commission are fully aware of your efforts and ready to help in anyway they can.

though she took the opportunity to mention to Mr. Lee how keen Britain's interest & expertise in the area of computerised systems.

GS

JH4AZT

THORN EMI
THORN EMI House,
Upper Saint Martin's Lane,
London WC2H 9ED
telephone 01-836 2444
telex Thorn London 24184/5

Pl. copy to FCO & Mr Benjamin, DTI

Then resubmit with SE Asia briefing.
CDP.

27th March 1985

Charles Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON
SW1

Dear Mr Powell,

You kindly agreed in our telephone conversation this morning to include in the Prime Minister's papers a note on the bid by one of our companies for the contract to supply a computerised Police and Fire/Ambulance system (COP/SAFEST) to the Singapore Government.

I know that the Prime Minister's time in Singapore is very short, but any support that she could give to this British bid, which has already involved Software Sciences in considerable effort and expense and is very important to our future Technology business in South East Asia, would be greatly appreciated. The Ministry of Home Affairs, as the user, is primarily responsible for the project; supported by the National Computer Board.

Yours sincerely,
Derek Empson

Admiral Sir Derek Empson

DEAD

DRAFT LETTER FOR PS/PRIME MINISTER TO SEND TO:

J D Milne Esq
Chairman
Blue Circle Industries plc
Portland House
Stag Place
LONDON
SW1E 5BJ

Your people were very kind in providing briefing for both the Prime Minister and DTI before her visit to Indonesia.

Mr. ~~Chris~~ Benjamin from the Projects and Export Policy Division of DTI also had the opportunity of mentioning your problems, along with those of several other British companies, to Dr Sumarlin.

In the Prime Minister's various talks, President Soeharto and other members of the Indonesian Government expressed themselves as very keen to see greater co-operation between their country and Britain; and ~~the possible impact on others should be a helpful consideration in any support required from them in restoring your Indonesian investment to viability.~~ and I hope that this will create a better climate for resolving the problems which you have encountered. I know that our Ambassador & his staff remain ready to give you what help they can.

AC.

JH3BQI

(1)

Blue Circle Industries Plc
Portland House
Stag Place
London SW1E 5BJ

INDONESIA : P T SEMEN ANDALAS INDONESIA (SAI)

Background note in preparation for the Prime Minister's Visit of April 1985

1. Blue Circle Industries (BCI), through subsidiary and associated companies, operates 48 cement works world wide, of which 36 are located outside the United Kingdom in 13 different countries. To maintain its leading position as a manufacturer of cement, BCI seeks out fresh investment opportunities in areas of growing demand for cement and its business record overseas is excellent. More than 50% of BCI's pre-tax profits come from such investments.

2. Indonesia, as the world's fifth largest nation, with a low per capita cement consumption and a strong programme of infrastructure development, was an attractive area for BCI to enter, and a logical extension to BCI's other Asian investments.

3. BCI has invested approximately US$24 million and has 26.4% of equity in a 1 million tonnes per annum cement plant located at Lho Nga, Aceh Province, Sumatra, an opportunity first offered to them by the International Finance Corporation (IFC) of Washington. Owing to a number of adverse factors beyond the control of BCI, this plant is now experiencing severe financial difficulties; the problems are judged by BCI to be so grave that SAI may be forced into liquidation within a few months.

4. The IFC were responsible for a financial and economic analysis of the investment. IFC are equity holders in and substantial lenders to SAI; other prominent institutions with interests in SAI include Cementia AG (a Swiss cement company), the Commonwealth Development Corporation, the German Development Bank DEG, the Islamic Development Bank, and the Indonesian Government-owned investment bank BAPINDO.

5. Construction commenced in 1980 and the plant was commissioned in 1983, at a total project cost of US$200 million. The principal supplier (identified after rigorous international tendering) was Mitsubishi Heavy Machinery of Japan who built the plant in its remote location which met all technical and operating requirements broadly on schedule and without any serious teething troubles. BCI who have the management contract for SAI recognise that the plant is one of the finest of its kind in the world today, ideally located for coastal Indonesian cement supply (see photographs).

6. *The factors which threaten the future of SAI can be summarised as follows:*

(i) *Cement Market:*

International: The recession and the debt problems of the developing world have resulted in a worldwide glut of cement. Cement trading has become increasingly competitive resulting in a general lowering of prices around the world - with manufacturers achieving minimal contributions to profit.

Indonesia: Following the cancellation in 1983 of a number of major infrastructure projects in Sumatra (and elsewhere in Indonesia) the demand for cement in 1984 fell by 8.4% against 1983 which in turn was 15.5% down on 1982.

(ii) *Cement capacity: There has been over-investment in Indonesian cement capacity, both at government-owned plants (particularly P T Semen Padang, SAI's chief competitor) and the private sector Indocement, owned by the Liem Group. Current capacity is 16.3m tonnes per annum increasing to 18m tonnes later in 1985, against the actual 1984 consumption of 8.8m tonnes. A significant part of Indonesia's over capacity has been contracted with Government approval subsequent to BCI's decision to support SAI.*

(iii) *Market share: The original IFC study suggested that SAI would be able to obtain a market share of approximately 80% in its local area, whereas the company has to date failed to achieve above a 50% penetration. This has been caused by price competition from other suppliers facing similar over-capacity problems.*

(iv) *Cement price: Maximum cement prices in Indonesia are controlled by official guidelines set by the Government. These have failed either to keep pace with production costs or to compensate for the substantial devaluations of the Rupiah seen since 1980. Furthermore, official prices have been undercut by as much as 20% by SAI's competition who appear to be dumping their product in SAI's local market.*

(v) *SAI's plant was designed to use oil as a fuel (at Government's request) and it was clearly understood at the time of the original investment that any increases in the Indonesian domestic oil price would be matched by Government approval for a corresponding increase in cement prices. (Energy costs represent 72% of total variable cost.) Since 1980, however, the Rupiah oil price has increased by approximately 650% (by the steady reduction of indigenous oil subsidies) while cement prices have been allowed to increase by only 60%. Steps are being taken to convert the plant to coal firing and to secure a reliable supply of coal from Ombilin. Part coal firing will be accomplished by May 1985.*

(vi) *Devaluation: The consequences of 37% Rupiah devaluation are severe as the financing of SAI was arranged almost entirely in US Dollars, while its income is almost entirely in Rupiahs.*

G O I

7. BCI consider that the Government of Indonesia has both a major part to play in any rescue package in addition to a strong moral obligation towards SAI. In particular, GOI help will be sought on restraining the activities of P T Semen Padang and others who under-cut cement prices in SAI's local market, in maximising the incentives offered for exports of cement and in restricting any further investment in needless cement capacity in Indonesia.

8. Negotiations have been proceeding with the Government of Indonesia, its fellow shareholders and lenders to SAI in an attempt to structure a rescue package which will allow SAI to continue operating albeit on a reduced scale in the early years. This will be achievable only if SAI manages to obtain significant concessions from all interested parties and Lazard Brothers have been retained to assist BCI in these negotiations.

9. Some sixteen months have now been spent in endeavouring to reach agreement on a proposed restructuring of the company but so far IFC have failed to produce any proposals that are acceptable to the principal parties involved - the crucial underlying problems of the cement market and the balance of the necessary contributions from lenders and equity investors being the crucial factors.

10. In the meantime, the company has been in default on its interest and capital repayment schedule since 1 January 1984 and is currently experiencing a severe cashflow crisis.

11. The collapse of SAI would reflect adversely on Blue Circle as a group, and, more importantly, such a collapse might well have unfortunate repercussions in the overall business relationships between the United Kingdom and Indonesian Governments.

ADS/JDM

11. 3. 85

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO*

The Rt Hon James Prior MP
The General Electric Co plc
1 Stanhope Gate
LONDON
W1A 1EH

Thank you for writing to me before my Far East tour to draw attention to the more important opportunities being pursued by GEC.

In Malaysia, my talks with Dr Mahathir drew from him an unqualified statement that British companies would be treated on a fair and equal basis. On the particular Command Control and Communications system, and the fibre optics proposal, Malaysian Ministers acknowledged that defence and communications were among the fields offering the best opportunities for co-operation. My officials could not follow these up in detail, however, since at the time of my visit key Malaysian officials were not available.

The Sri Lankan Government underlined the priority that they attached to the hydro scheme to follow up the Victoria Dam, which does indeed stand as a major tribute to all the British companies involved. We are still looking into the best use of our limited aid programme for Sri Lanka.

CM

JH3BQI

In Delhi, I simply did not have time for more than one informal discussion with Rajiv Ghandi, at which it was not really opportune to press the gas turbines possibility. But I understand that your people are making some ground against the competition, and I hope that they will win through.

DG 2ATW.

JH3BQI

DG 21HV

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

Basil de Ferranti Esq MCP
Chairman
Ferranti Computer Systems Ltd
Wythenshawe Division
Millbank Tower
Millbank
LONDON
SW1P 4QS

Thank you for drawing my attention to your pursuit of the Information System for Changi airport before my visit to Singapore.

Although my stay was very short, I took the opportunity to underline our strength in communications and system technology, and, in a country where the provision of services is a crucial element for their future economic development, there are inevitably very good prospects for you and other British companies.

The question of air services was put into the context of normal inter-Government discussions, and there is no suggestion that the Singapore Government are put out by this procedure. Our High Commissioner knows of your case, and is very ready to help in any way he can.

CDN

JH3BQI

DG2AHX

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

Sir Arnold Hall
Hawker Siddeley Group plc
18 St James's Square
LONDON
SW1Y 4LJ

Thank you for your letter of 28 March bringing me up to date on your rail locomotive proposals in Malaysia.

Dr Mahathir and I noted that railway development was one of the most likely potential areas for future collaboration, and ~~Chris~~ Mr. Benjamin of PEP had a separate discussion with the Malaysian Minister of Transport, about which your people will already have been informed.

In fact, the Minister himself expressed concern that the form of Japanese financing was interfering with the technical choice of the railways authority. PEP are in touch about possible ways of helping to neutralise the apparent finance advantage of Japanese aid funding.

CDD

JH4AZT

DG2AAM

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

George Hughes Esq
Chairman
Hughes International Farms Ltd
Hampton Court Castle
LEOMINSTER
HR6 OPN

Thank you for your letter of 15 March about the MVO project that you are pursuing in Indonesia. I greatly enjoyed my stay there, and found the President and his colleagues an extremely effective team.

We did not, as you will appreciate, have the time to go into the details of all the opportunities being pursued by our companies. But the President certainly underlined to me the high priority of improving agricultural performance, and we shall be looking at ways in which we can cooperate to help Indonesia develop in this crucial area. I am glad that DTI have been able to provide you with some support to bring your venture to the point of orders, and I hope that the developing political relationship between Indonesia and Britain will also be helpful.

CR

JH4AZT

DG2AHZ

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

Sir Robin Ibbs
Imperial Chemical Industries PLC
Imperial Chemical House
Millbank
LONDON
SW1P 3JF

Thank you for the briefing on your negotiations to set up a ~~Pruteen facility~~ Single Cell Protein Project in Malaysia.

There were signs of keen interest among Malaysian Ministers on the potential advantages of your new process, though the detailed financial negotiations to set up the venture are still to be settled. I was very impresed by the prominent display of the project on your stand at the International Trade Exhibition.

Dr Mahathir confirmed publicly that there was no discrimination against British goods, and I hope that you will be able to proceed quickly to conclude an agreement for the project. The Project Division of DTI is in touch with your people about the next steps and remain ready to assist.

CM

JH4AZT

JG2AIA

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

David Ginsburg Esq
L H Manderstam & Partners Ltd
SB Grosvenor Gardens
LONDON
SW1W OEB

Thank you for writing to me on ~~24~~ 29 March about your interest in railway developments in Indonesia.

I stressed in my discussion with the President and colleagues the strength of our capabilities in the whole field of communication. In addition, ~~Chris~~ Mr. Benjamin of the Projects Division of DTI called on Dr Djunaedi - the Director in the Ministry of Communications concerned - and reviewed our interests in the Jabotabek line and other rail possibilities.

Indonesian Ministers explained the rationale for their wish to have finance in long-term loan form; this is, as you will appreciate, rather different from our normal forms of aid support, and we are examining ~~how~~ whether & how we can make adjustments to meet the Indonesian Government's preference.

Meanwhile, DTI are keeping in touch with the study that is being undertaken on this project.

JH4AZT

DG2ATE

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

The Rt. Hon. Sir Frank Cooper GCB CMG (PUS MOD)
United Scientific Holdings plc
10 Fitzroy Square
LONDON
W1P 6AB

3

Thank you for writing on ~~2~~ April about the prospects for Scorpion in Indonesia.

The President and Dr Habibie confirmed to me personally their interest in this programme, and I hope that you will now be able to press this to completion. There are, I understand, some ~~internal tensions~~ conflicting views within the Indonesian Government that need to be resolved, but Alan Donald is very aware of these and ready to support your efforts to the full.

I look forward to hearing how you get on.

CDR.

JH4AZT

DG2AHU

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO:

Alan Benjamin Esq OBE
CAP Group Ltd
283 High Holborn
LONDON
WC1V 7DJ

Thank you for your letter of 28 March, which I was able to read before my visit to Singapore.

I was in Singapore for only a day, but even in so short a time one cannot but be impressed by the country's drive and growth, especially in its rapid development as a financial and service centre. As short as my stay was, I was able to underline our strength in systems technology, of which your activities are a very good example.

I have asked our High Commission to do all that they can to support you in your efforts to gain further advances in the Singapore market.

GM.

JH3BQI

E.R.

DRAFT STATEMENT

Mr. Speaker.

With permission, I shall make a statement on the overseas visits which I undertook in the Easter Recess. These visits were originally planned for last September but postponed then because of the situation in the coal industry.

I visited Malaysia, Singapore, Indonesia and Sri Lanka and made brief stops in Brunei, India and Saudi Arabia. I had most useful conversations with the Heads of Government of each of the countries I visited.

In my talks with Dr. Mahathir of Malaysia we were able to settle the issue of a Fifth Frequency for the Malaysian airline system which has been an obstacle in our relations. My talks with Mr. Lee Kuan Yew in Singapore ranged widely over international issues. As always, it was of the greatest interest to hear his views. My visit to Indonesia was the first by a British Prime Minister and enabled me to see at first hand the remarkable development of this large and important country.

I was very struck by the rapid and exciting economic growth of the South East Asian countries which I visited.

/I am

I am certain that there are good opportunities for co-operation and trade between them and Britain which it was my purpose to promote.

In Sri Lanka I was able, with President Jayewardene, to commission the Victoria Dam, the largest single British aid project in any country. It will bring material benefits to many of Sri Lankan citizens and is also a mark of the British people's concern for the economic well-being and progress of the developing countries. I was also able to discuss with the Sri Lankan government the communal conflict. I agreed with President Jayewardene that terrorism must not be allowed to succeed but that efforts should be made to achieve a political solution by consultation and reconciliation with those members of the Tamil community who are prepared to pursue their objectives peacefully.

In India I was able to continue the exchanges which I have already had with the Indian Prime Minister, Mr. Rajiv Gandhi. I expressed to him directly my concern at the activities of the small number of extremists among the Sikh community in Britain and the Government's willingness to do everything within our powers to prevent Britain being used as a base for incitement or support of intercommunal tension in India. In Saudi Arabia I was able to hear directly from His Majesty King Fahd his

/views

views on developments and problems in the Middle East and other matters.

Mr. Speaker, all the countries I visited have important links with Britain, either through trade or as members of the Commonwealth. They include some of the fastest growing countries of the world, both economically and in terms of their political significance. I have no doubt that my tour deepened Britain's relations with them and will have helped to create new opportunities for British trade.

C02ADB file

10 DOWNING STREET

From the Private Secretary

29 April 1985

Thank you for your letter of 29 April, with which you enclosed a letter to the Prime Minister from the Prime Minister of Sri Lanka. I have drawn this to Mrs. Thatcher's immediate attention.

CHARLES POWELL

His Excellency Mr. Chandra Monerawela.

KPG

file KLO
LO2 ADA

10 DOWNING STREET

From the Private Secretary

29 April 1985

I enclose a copy of a letter to the Prime Minister from the Prime Minister of Sri Lanka.

I should be grateful for a draft reply after the Foreign and Commonwealth Secretary's meeting with Mr. Premadasa.

CHARLES POWELL

P. F. Ricketts, Esq.,
Foreign and Commonwealth Office.

CP

010

LOZAB/5

cc PC.

From the High Commissioner

High Commission of the Democratic
Socialist Republic of Sri Lanka
13, Hyde Park Gardens,
London W2 2LU

NB Top copy of Premadasa letter on Sri Lanka Relations file

29 April 1985

Dear Mr. Powell,

I have the honour to forward herewith a letter from the Hon. R. Premadasa, Prime Minister of Sri Lanka which I would like to be placed before the Rt. Hon. Margaret Thatcher, Prime Minister urgently.

Thanking you,

Yours sincerely,

C. MONERAWELA.

Mr. Charles Powell
Private Secretary to the
Prime Minister
10 Downing Street
London SWI.

R. PREMADASA, M.P.
Prime Minister

Wyndham Franklin Plaza
Hotel,
Philadelphia, U.S.A.

April 22, 1985

DEMOCRATIC SOCIALIST REPUBLIC
OF
SRI LANKA

My No. S/PM/44

My dear Prime Minister,

I was extremely happy to learn that your brief visit to Sri Lanka from the 11th to the 13th of April 1985 was a great success. My inability to be personally present in Sri Lanka is deeply regretted. As explained to you in my previous letter, it was unavoidable.

From here I will be proceeding to Kingston, Jamaica to address the 8th Session of the Commission on Human Settlements (UNCHS) scheduled to commence on the 29th of April 1985. On my return journey I will be briefly stopping over in London from the 1st to the 3rd of May 1985. I appreciate your inability to meet me on account of your participation in the Economic Summit in Bonn during the same period.

I am writing to thank you for the kind references made by you at the commissioning of the Victoria Project, during your address to Parliament and at the press conference, on my role in regard to the U. K. Grant of £ 100 million for the Victoria Reservoir Project. Your magnanimous gesture in making available this grant at a time when your country was facing economic problems will go down in history as one of the most outstanding contributions to a friendly country.

I need not overemphasize the fact that it was your determination of purpose and courageous decision that paved the way for the restoration of this grant which was in the balance. I am confident that you would have derived tremendous satisfaction by seeing for yourself the great contribution the grant you released has made towards the development of Sri Lanka's infrastructure. It is gratifying to note that you have pledged further assistance for which I am very grateful to you.

Mrs Premadasa joins me in conveying to you and Mr Denis Thatcher our warm personal regards and best wishes. We have brought with us a souvenir as a token of our friendship. It will be hand delivered by the Sri Lanka High Commissioner in London on the 2nd of May to your office.

Yours sincerely,

R. Premadasa

Right Honourable
Mrs Margaret Thatcher MP,
Prime Minister of
Great Britain

FERB

You may like to see. But I don't intend to show it to the PM, since there is little in it which she doesn't know.

CDP 28/4

CONFIDENTIAL

PRIME MINISTER'S VISIT TO THE FAR EAST - 4-14 APRIL 1985

GENERAL

Measured in terms of impact upon bilateral relations, the visit could only be described as extremely successful: in such a compressed programme, with so much time given over to ceremonial, just a few more days would have permitted the Prime Minister to gain an even better impression of the sophistication and bubbling economic energy of the Asean area, particularly a country so large as Indonesia. For example, a working lunch with Indonesian Economic Ministers - among the best teams of Government managers in the world - did not really allow them scope to go through their paces. Even so, for a programme to a very tight schedule - the local organisation and Private Office's ability to move camp with the alacrity of Berber tribesmen !! were at times spectacular - a markedly improved atmosphere was created for British companies to pursue business.

COMMERCIAL AND INDUSTRIAL ASPECTS

Malaysia

By far the most significant step was the resolution of the Air Services dispute, which had over the past two years either explicitly or covertly acted as a serious disincentive to British companies even attempting to pursue opportunities. Dr Mahathir gave an explicit assurance that there would be no discrimination, so that companies can now have much greater confidence, albeit against competition which has been able to advance its position during the "buy-British-last" phase.

On particular opportunities, Dr Mahathir himself highlighted the proposals for Vickers to establish a joint venture for submarine yards in East Malaysia, the rural water scheme, the aluminium smelter and the scope for BAe to co-operate with AIM - the recently formed Malaysian aerospace servicing and manufacturing group. Both his remarks, and a choice of projects, could be read to underline the importance of joint ventures as the idiom for successful penetration of the market. In addition, the Prime Minister referred to our interest in railways - she herself had a short trip at the controls of a railbus - fibre optics, the C3 defence centre, and the ICI Pruteen process.

The Prime Minister was also given a presentation by the Economic Planning Unit, which was crisply put over, though there were clearly tensions unexpressed in their plans to encourage inward investment and privatisation whilst maintaining an explicit policy of discrimination for particular sections of the community. The presentation,

albeit it short, was impressive in terms of the professionalism of their approach, and this came out in their handling of impromptu questions. Also in the programme was a visit to a dam site in Kedah, being built by a local joint venture with Balfour Beatty, and as an illustration of the "before" situation of what will eventually be a 200 foot dam, the visit was interesting. Other commercially-oriented activities were a visit to the UK stands at the International Trade Exhibition, at which ICI had given prominence to their Pruteen process. Mr Thatcher also visited local companies already working in Malaysia - Castrol and Harrisons.

The Prime Minister had a half-hour session with representatives of the local British commercial community. Maybe because they were predominantly composed of representatives of long-established British companies and did not embrace companies attempting to enter the market, they put up a rather weak performance: their preoccupation was with the British Government providing more funds for training Malaysian students, and were not convincing in demonstrating the real commercial pay-off for the substantial Malaysian student population funded in the past, nor why industry itself should not be more active.

Outside the official arrangements, Mr Benjamin had talks with several Departments:

(a) Ministry of Transport: the Minister - a Harris-tweeded anglophile Chinaman - must be something of a survivor for the Mahathir administration. The discussion coincided with a session between the Minister and a BREL delegation, who had gone over their interests in the rail sector: cross-braced bogies, Railbus, and modernisation (Annex A). The main additional points to emerge were:

(i) The Malaysian Government were in the process of reviewing priorities for the Fifth Plan, and this could require some time before tender or contract action would be taken - probably the most imminent prospects were cross-braced bogies and Railbus;

(ii) The influence of Japanese OECF funding: the Minister was particularly sore that in the previous tender for main line locos, the railway authority's choice of Alsthom had been overturned by the Ministry of Finance on grounds of overall attractiveness of the finance (OECF loans have a discounted concessionality of 40-50%), and he expressed some satisfaction that they had managed at least to secure the engines for their original choice of a French loco. A repeat of this situation overhung the chances for the rail modernisation.

(iii) The Minister remarked that the UK, and indeed other Western countries, should beware of the rising Japanese

presence in Malaysia: he offered an entertaining conversion factor - in his view, one Japanese restaurant serviced 200 Japanese and their dependents, and the number in KL had risen in recent years from 7 to over 30.

A point that emerged from discussion with Malaysian officials was that it had been 20 years since anyone from Malaysian railways had attended a British Rail training course - this is hardly the way to farm a market where the system should be basically oriented toward British practices. The High Commission will consider whether some moves can be made to rectify this within the current training allocations.

(b) Ministry of Finance: The aim was to probe the method of financial evaluation on such cases as the current Brush bid for main line locos, and the Malaysian side was led by a Deputy Secretary with a team of finance/contract assessment staff. They were bright and professional, but evasive on crucial questions (Annex B). Particularly interesting points that arose in discussion were:

(i) Contrary to the impression gained by Hawker Siddeley, the officials said that they were influenced primarily by the interest rate, and, whilst they were aware of the problems of currency appreciation over the life of the loan, and said that they "took this into account", they could offer no suggestion of a systematic methodology for doing so;

(ii) They confirmed that on this basis it was open for bidders to propose finance in any currency, not necessarily that of the supplying country;

(iii) They did not insist (as, for example, did India) on receiving aid finance solely through Government channels with the benefit retained by the Exchequer and the local agent being funded by counterpart national funds - indeed, they admitted that in some Japanese joint ventures where the equipment had been aid-supported, the concessionary loan had been passed through to the joint venture enterprise;

(iv) In commenting on the conduct of British companies in pursuing business, they remarked that whereas commercial interests from other countries would frequently call on the Ministry of Finance, UK companies did not do so. And they used a phrase that could well serve as a slogan for anyone attempting to secure public sector contracts - "you must keep up with the file", a technique in which the Japanese and French particularly excelled, taking the trouble to maintain a continuing presence in KL.

(c) Defence Procurement Office: Accompanied by the Defence Attaché, Benjamin called on a group of staff and officials of the Procurement Directorate: owing to a meeting of the

Malaysian Defence Board the more senior staff were out of contact. Nevertheless, the discussion was interesting in gaining an impression of how the relatively youthful but keen and sharp officials saw the UK's approach. All existing defence prospects were reviewed, save for the C3 proposal, since the appropriate officials were not available. Particular points of note were:

(i) On the anti-submarine force proposals, the delegation were looking forward to their forthcoming visit to the UK. They welcomed the training component, and underlined the importance of Westlands pursuing the concept of co-operation in establishing Malaysia's capability for servicing and refurbishing helicopters.

(ii) Of the more major prospects, the Vickers submarine yard was viewed as potentially very attractive, and Rapier would be very favourably examined. But there were inevitably budgetary constraints, and again there could be delays while priorities are sorted out under the Fifth Plan.

(iii) Interestingly, the same strand of complaint about the attitude of UK companies was remarked: British companies apparently only visited relatively infrequently, and tended to contact only Ministers or senior military staff. The meeting made the point that no British representatives had called on them directly, whereas the French, Germans and Dutch were much more energetic at cultivating all levels of the administration to update on the progress of particular prospects in which they were interested. The French were noted particularly as having set up a strong local presence for defence sales. More generally, the UK companies tended to give an impression of arrogance, with a "take it or leave it" approach that did not give the customer the feeling that his own special needs were paramount.

(iv) Consequently, whilst the Malaysian forces readily appreciated the quality and operational expertise inherent in the UK's military equipment, they voiced concern that the UK could lose out through simply failing to keep in close enough touch with key decision points in the administration.

In summary, whilst the "buy British last" shadow may have discouraged many companies from undertaking the expense of cultivating the market, with the improvement in relations following the Prime Minister's visit, UK companies will need to put in extra effort to catch up ground lost in cultivating the market, and working with the grain of the Malaysian style and preference.

Singapore

The stay lasted for only a day, and there were effectively no opportunities for a structured discussion of particular commercial opportunities. It is worth noting as symptomatic of the Singaporean style that attempts to persuade the interested Ministry to publicise the UK's success in winning an order for Teletext during the Prime Minister's visit were not approved: they have a particular reluctance to give any impression that commercial decisions are influenced by political factors. In terms of reinforcing the already good bilateral relations, the visit was a great success: Lee Kuan Yew remains the dominant figure, and the Prime Minister received a handsome tribute for the Government's policies - a refreshing change from the somewhat carping style of Dr Mahathir.

The High Commission will be following up the detailed approaches made before the Prime Minister's visit. But an interesting sideline on the Japanese presence arose in discussion at a lunch for Mr Thatcher given by leading British bankers: they themselves remarked on the rising Japanese presence in the services area, and endorsed the Malaysian Minister of Transport's ready-reckoner of the Japanese presence, confirming that currently the Japanese community exceeds 20,000 as compared to a British community of 6,000, whereas the proportions would have been reversed as recently as four years ago.

Indonesia

The Government made spectacular efforts to mark this first visit by a British Prime Minister - for example, at the welcoming ceremony, there were five varieties of chocolate soldiers on display, a nineteen-gun salute, and reviewing the assembled lines required the Prime Minister to make a circular trek of a couple of hundred yards. This standard was maintained at the President's banquet, and in the 10,000 school children (a figure obtained from the local police chief) lining the route of the Prime Minister's to Bandung.

Behind the glitter, the visit was extremely valuable as an incremental step in bilateral relations, and there is undoubtedly a strong motivation to increase commercial ties. The most immediate scope lies in the defence co-operation arena, where the Indonesian services have already purchased frigates, Hawk and Rapier, and the President himself mentioned a further order for Rapier and co-operation in building the Scorpion family of armoured vehicles. This latter could be extremely large business, and the fact that the President himself referred to it is evidence of Dr Habibe's support (there may, however, be tensions with

the military side, and this will need to be handled very carefully). The President also highlighted agriculture, food processing and storing as a top priority, and the Prime Minister said that this was an area where the UK had considerable expertise that should be included in any technical co-operation for the future. Foster Wheeler can also draw comfort from the fact that the President volunteered Indonesian interest in the UK participating in the uprating of the original Balikpapan refinery.

The most useful exchange from a commercial angle was the Prime Minister's discussion with Dr Habibe during the visit to his aircraft factory - Nurtanio - at Bandung. Dr Habibe was at his most ebullient, giving a personal commentary over a portable loudspeaker system as he conducted the Prime Minister around the factory. In informal conversation, Dr Habibe underlined the importance of the science and technology agreement, and identified particular fields where Indonesia would welcome co-operation (Annex C). The Prime Minister has asked that the Agreement should be ready for signature by Dr Habibe's visit in the summer, and clearly we should advance proposals on the specific areas by then as well, and action to mobilise the relevant companies is being taken.

The main problem in bringing the pieces forward lies in the form of finance required to meet Presidential Decree No 8. A secondary point is the importance of our companies being prepared to make acceptable co-operation deals with Indonesian parties.

It was clear from a discussion with Dr Sumarlin (summary report at Annex D) that there is no prospect of the UK reviving the SATPA line of ATP with a concessionality around 30%. Sumarlin made it plain that all other donors, with the exception of France and the UK, have amended their aid procedures to conform, and negotiations were in train with the French to ensure that their next annual provision was in the appropriate form. The summary needs to be filled out with a few remarks not recorded:

(i) The rationale behind the preference for long term concessional loans lies in Indonesia's overriding concern to even out its debt profile, and the importance of ensuring control and consistency of treatment for all investment funded by external credit. Sumarlin remarked that the formal arrangements for providing compliant finance were immaterial - loans could come either direct from Governments, Government credit and finance agencies, or through private banks.

(ii) Sumarlin said that there were some projects on which British companies had committed considerable effort that were now coming up for decision, and, in the absence

of finance in suitable form, they could well go to countries prepared to deploy the preferential form of finance to secure the project nationally - he mentioned in particular Balikpapan airport and railways.

(iii) Benjamin pointed out that compliance with Decree No 8 posed a sharp shift in funding methodology for the UK, and he hoped that meanwhile the Indonesian Government might be amenable to accepting variants that might have comparable effects to cover immediate cases. Sumarlin was non-committal.

(iv) Benjamin mentioned three particular cases where British companies were having difficulties after having established joint ventures in Indonesia: Blue Circle cement, Tate & Lyle and Indonesian Plantation Ltd. He made the point that both Governments wished to see an improvement in commercial relations between the two countries following the Prime Minister's visit, and the confidence of British companies to invest in Indonesia could be affected by such instances, which could have repercussions well beyond the particular circumstances of the case. Sumarlin acknowledged all three instances, and acknowledged that the Tate & Lyle case particularly was one involving Indonesian Ministerial interests.

Further official calls were made on

Bapenas: The discussion again centred on aid conventions, and preceded the discussion with Dr Sumarlin. Benjamin also managed, however, to raise the vexed question of consultants' fees, which discriminated against UK consultants by virtue of various Departments adhering to out-dated rates. Bapenas confirmed that they had issued instructions to all functional Departments to adopt a more flexible approach pending the promulgation of new rates, and said that should there be any future cases of difficulty, this should be referred to them direct.

Ministry of Communications: Dr Djunaedi, currently responsible for railway developments, also remarked that there were immediate opportunities in the railway sector that the UK, despite having done the preliminary work, would be denied the business unless finance in the appropriate form was made available. He appeared hopeful, however, that the Pharos Marine contract might be approved. He also confirmed that further orders for double-decker buses were under consideration.

Brief as it was, the Prime Minister's visit established a greatly improved platform for British companies to get after new business in Indonesia: inevitably, however, there are liable to be hesitations about committing large resources unless there is some assurance that even some cases can be treated in terms of aid finance in accordance with Presidential Decree No 8.

Other points of interest that emerged through informal contacts were:

(a) The financing of the Nurtânio aircraft factory is based on extremely attractive terms: the land and facilities have been provided by the Government on a free basis, without any obligation for normal amortisation. Much of the machining equipment is Japanese or German, and the production director confirmed that most of this has been provided under overseas aid, with the factory itself being allowed to take advantage of the concessionality of the finance. The funding clearly has a bearing on the potential viability of the operation, which currently, apart from manufacturing Messerschmidt-Bolkow helicopters (Dr Habibe's old stable) and the Puma, is principally devoted to a joint venture on the Casa with Spain. This joint venture embraces the exchange of parts between Indonesia and Spain, and joint development of a stretched version - comparable to the larger versions of Skyvan - which they envisage marketing internationally. The prototype was flying, but one suspects a few bugs yet. For the original Casa, the Indonesians envisage a domestic requirement of over 400 aircraft to serve their many outlying islands, and this was the basic rationale for setting up their own aircraft manufacturing capability. Assuming a country is interested in pursuing this route, in fact the choice of aircraft was a good one, in that it does not require sophisticated production technology, nor high precision aluminium-machining. They were very keen to further discussions with Bae on the 146.

(b) The Commercial Counsellor reported that his staff had been in contact with their French opposite numbers, one of whom is an ex-officer of the DREE, with whom he had previously had contact on the Guangdong nuclear project, who had said that after an internal review, the French had decided to focus on four primary markets to gain the best advantage of their aid programme - Indonesia, China, India, and Mexico.

Sri Lanka

Benjamin, sadly, fell by the wayside owing a virulent local bug, and, after three years of badgering to visit the Victoria Dam, was unable to do so. Judging by accounts, this may have been a blessing in disguise. But current issues touched on during discussions were:

(a) Samanalawewa: Mr de Mel stated very firmly that this project was Sri Lanka's top priority for the use of aid resources, and that they had invited the three countries in the proposed consortium to put forward proposals. The Prime Minister was noncommittal, but said that a decision would be taken on return to London.

(b) Cable & Wireless: The Prime Minister lent her authority to the Cable & Wireless proposals for running the privatised telecommunication system. Again, it is worth noting that whilst Cable & Wireless are aiming to secure the overall operating/management contract, the Japanese have purloined the orders for fibre-optic cable on which the modernised telecommunication system will rest.

(c) Shipping Rates: The Sri Lankans gave a generally unsatisfactory response to the question of adopting internationally accepted allocations. At least this confirmed to them that, lest they had any impression to the contrary, the UK was not content with the point reached in current negotiations.

Delhi

On the commercial front, discussions during the overnight stay were focused exclusively on the Westlands WG30 situation, where Mr Gandhi had adduced technical reasons for not proceeding with an order that seemed questionable. Action was taken immediately to ensure that Westland's experts were in Delhi for technical discussions.

GENERAL

One of the most depressing features was the naivety and lack of appreciation among the Press corps of the realities of commercial existence. They appeared to have given themselves the impression that contracts fell off trees, and a number of background and informal discussions took place in an attempt to underline that life, especially in as toughly competitive a market area as Asean, was really very different. One could also deplore the "consumption for Britain" type of reporting that took place in the UK press which seemed largely to ignore the very positive features of the visit from the UK's political and commercial viewpoints. But this is probably simply to deplore the rather weak nature of the fourth estate in Britain.

A point that has passed almost without comment was a reference during Ministerial talks in Indonesia to a forthcoming meeting of Pacific States. Inevitably, the UK sees positive advantage in such aggregations of national interest. But, economically, the Pacific Basin, embracing the sweep of West Coast America, Mexico and the Pacific countries of Latin America, to the range of Australia, New Zealand, Indonesia, Malaysia, Thailand, Philippines, Hong Kong, China, Japan and North Korea represent a formidable trading entity: it already emcompasses more than half the world's total demand, and with a differential growth rate in the area of 6-8% against the Atlantic or European economies, it is an area of trade of such formidable potential that unless an industrial country has staked a strong position within it, over two decades, it is debatable whether it will continue to survive as an industrial power. The Germans, who have been cultivating Indonesia for

twenty years, and the French, who have identified China and Indonesia as top priorities, recognise this, but not so far the UK. The Indonesian Ambassador, before the visit, remarked that there are 7,000 Indonesians under training in Germany, 3,000 in France and 300 in the UK. A visit which must have helped the Prime Minister to appreciate the scale and dynamism of the Asean/Pacific market can only have positive results.

At the practical level, this is a market that requires commitment and resources to enter, but there is plenty of evidence to suggest that for those who are prepared to persist, there is a very good commercial opportunity for the taking. Getting over the hurdle of market entry is, however, the first difficulty for most British companies not already established in the market.

PEP/DTI

ANNEX A

Summary Record of Meeting with Minister of Transport, Tan Sri Chong Hon Nyan, Saturday 6 April 1985

Present:

Tan Sri Chong Hon Nyan, Minister of Transport

Dato' Ahmad Badri bin Mohamed Basir, General Manager, Malayan Railway Administration

Encik Kassim, Ministry of Transport

Mr C B Benjamin, Department of Trade & Industry

Mr M L Dalton, British High Commission

Japanese Yen Credits

Tan Sri Chong confirmed Malaysia finds the Yen Credits offered by Japan very attractive and are usually the deciding factor when all other criteria are equal. For example, when MRA invited tenders in 1982 for 15 mainline locomotives, MRA preferred the French bid but a Japanese offer of finance including Yen credits could not be passed up. The order went to Hitachi. Tan Sri Chong confirmed the Yen Credit package had covered the French engines incorporated in the locos. As to the operation of Yen Credits, Tan Sri Chong said allocations under the various agreements are obstensibly untied but when negotiating the agreements, the Japanese ask which projects Malaysia would like to see earmarked and a list is agreed. Obviously Japanese agreement is given to projects in which Japan also has an interest. (I am not aware of Yen Credits being made directly available for contracts for which a Japanese company is not the main contractor/supplier).

Cross-braced Bogies

Malaysia welcomes overseas investment. The Buy Malaysian campaign has reinforced Government's desire to buy locally assembled - if not manufactured - products and in this context would prefer to buy locally assembled cross-braced bogies. Tan Sri Chong said BREL should tie-up with Malaysia Shipyard & Engineering Sdn Bhd (MSE) of Johor (we presume this message was given to Mr Philip Norman and others of BREL who saw the Minister immediately before our meeting). Tan Sri Chong agreed it would be possible to give brownie points for local assembly by discounting "at bit" the contract price to allow for the extra start-up capital costs of a local assembly plant and the likely losses in the early stages of the proeuction learning

/Railbus

Railbus

A tender will be issued for the supply of Railbus; 10 2-car units initially. 22 2-car units will be included in the Fifth Malaysian Plan - if the Ministry is successful in its bid. The tender will not issue until the FMP is finalised. A purchase cannot be made until the 1986 financial year and thus a tender invitation is not likely before the latter part of 1985.

MRA Rehabilitation

Taylor Woodrow is one of the companies which have prequalified for rehabilitation projects already announced. The MBRG report is being used as a planning tool but before a major rehabilitation programme can be set in motion the Government must establish its priorities vis a vis rehabilitation of the existing net-work and the construction of a new line to the East Coast (the E-W line).

MAS Aircraft Replacement Programme

MAS is currently evaluating its options. These include a range of new jet aircraft to replace the F27 and the retention of the F27 fleet. Standards of passenger comfort are important - the travelling public is more demanding than hitherto. MAS is working on the basis that it will have to operate into existing domestic airports for some time to come. Mr Benjamin pointed out the advantages of the BAe 146 jet airliner in these circumstances. Tan Sri Chong said Fokker had made the some case for its new generation of aircraft.

Training for MRA Personnel

Prior to the meeting with Tan Sri Chong, Datuk Ahmad Badri told Mr Benjamin that for several years MRA had not sent any staff to Britain for training. He would welcome the re-establishment of links. Mr Dalton briefly mentioned the PSD channel for training requests. Mr Hickman, MBRG, reminded Datuk Badri that the MBRG report foresaw extensive training in Britain and that MRA had been asked to identify which of the existing courses in Britain would be attractive to MRA. The High Commission will follow up.

ANNEX B

Summary Record Meeting at Ministry of Finance,

Saturday 6 April

Present:

Yahya Yaacob, Deputy Secretary, Finance
Nik Zainal and 2 unnamed officials
Syed Jaffar bin Syed Aznan, Dep Head, Finance Division
Hamid Junid, Special Assistant to Dep Minister, Dr Tan
Mr C B Benjamin, Department of Trade & Industry
Mr M L Dalton, British High Commission

Mr Banjamin asked how the Ministry of Finance evaluates international tenders incorporating elements of aid and/or soft finance (low interest/long term loans). The Malaysian side said the technical evaluation, undertaken by the purchasing authority, is paramount. Finance is secondary. After much probing by Mr Benjamin, it was clear to us that either the Malaysian side did not wish to reveal how they evaluated aid/soft finance offers or - and possibly more likely - they had no defined mechanism. They appeared to suggest that their evaluation could be influenced by the level of persistence shown by the tenderer and the degree of personal contact. Yahya Yaacob said the Japanese were the leaders in this respect. Their intelligence was good and at any time they knew on which desk the project file could be found!

Mr Benjamin raised the case of the railway loco tender and Sir Arnold Hall's letter to the Prime Minister in which Sir Arnold complained that Malaysian insistence that tenderers could only offer finance packages in the currency of country of manufacture was discriminatory. The Malaysian side said no such rule existed; tenderers could offer finance packages in any currency. (Mr Benjamin subsequently telegraphed Brush, via DTI, with this information).

ANNEX C

10 DOWNING STREET

(address as appropriate)

From the Private Secretary MR Dunning OTA 11 April, 1985

PS/MTC
PS/SLR&H
MR Roberts
MR Hutton OTA
MR Benjamin PES

Dear Peter,

PRIME MINISTER'S MEETING WITH DR HABIBIE, MINISTER OF TECHNOLOGY OF INDONESIA IN BANDUNG ON 11 APRIL, 1985

You may find it helpful to have a brief note of the points raised in discussion between the Prime Minister and Dr Habibie over lunch in Bandung on 11 April.

Dr Habibie said that he was very keen to see a science and technology agreement between Indonesia and the United Kingdom. Ideally he would like to be able to sign this in June when he visits London. The Prime Minister agreed that we should work to this target. She also agreed that she would see Dr Habibie when he came to London.

They also discussed possible defence sales. Dr Habibie expressed strong interest in Scorpian/Alvis and in further purchases of Rapier. He undertook to examine the possibilities for co-operation on the Hawk 200.

Dr Habibie said that his priorities for infrastructure projects were:-

a. railways.

b. shipyards. Indonesia needed patrol boats and frigates, but the latter should be smaller than those which they had recently bought from us, around 2,500 tons. They needed about 20.

c. power generation. Indonesia would need some 22,000 megawatts of electricity by the year 2000.

d. gasification of coal.

e. facilities for the production of agricultural machinery in Indonesia.

f. telecommunications.

254/4

CONFIDENTIAL /The Prime Minister

The Prime Minister said that she thought we would be able to help in virtually all these areas. She hoped that discussions could be pursued through officials with the aim of trying to reach some decisions by the time Dr Habibie visited Britain in June.

I am sending a copy of this letter to John Mogg (Department of Trade and Industry), Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence), Michael McCulloch (Overseas Development Administration) and Robin Nicholson (Cabinet Office).

Yours sincerely

Charles Powell

(C D Powell)

P Ricketts, Esq.,
Foreign and Commonwealth Office

Mr Benjamin ~~Sir Crispin~~
RESTRICTED ~~Fitchett~~

ANNEX D

PGR TKS

5 APR 1985

FCO/ODA 002/15

RR ODA

GR 500
RESTRICTED
FM JAKARTA 150100Z APR 85
TO ROUTINE ODA
TEL NO MODEV 160 OF 15 APRIL
RPTD FOR INFO TO DTI (OT2/2) AND FCO.

PRIME MINISTER'S VISIT : UK AID PROGRAMME TO INDONESIA

1. VEREKER AND BENJAMIN DISCUSSED AID MATTERS YESTERDAY 11 APRIL WITH MINISTER OF PLANNING SUMARLIN. MUCHTARUDDIN SIREGAR WAS ALSO PRESENT. MEETING WAS ARRANGED AS A RESULT OF A SHORT EXCHANGE BETWEEN SUMARLIN AND PRIME MINISTER AT THE END OF THE LUNCH WITH ECONOMIC MINISTERS ON 10 APRIL, WHEN SUMARLIN TOLD HER THAT HE HAD NOT HAD THE OPPORTUNITY TO MAKE SOME POINTS ABOUT THE UK AID PROGRAMME WHICH HE WISHED TO DO AND THE PRIME MINISTER SUGGESTED HE SHOULD TALK TO HER OFFICIALS BECAUSE OF LACK OF ANY FREE TIME IN HER OWN PROGRAMME.

2. SUMARLIN SAID THAT UK AID GIVEN TO INDONESIA WAS MUCH APPRECIATED, BUT THE FORM IN WHICH MUCH OF IT WAS OFFERED WAS CAUSING DIFFICULTY FOLLOWING THE INTRODUCTION OF PRESIDENTIAL INSTRUCTION NO 8/84. GOI COULD NO LONGER ACCEPT MIXED CREDIT OFFERS EXCEPT TO SUPPORT BIDS PUT FORWARD IN INTERNATIONAL COMPETITION. BUT THERE WOULD BE A TIGHT SQUEEZE ON A NUMBER OF PROJECTS PUT OUT TO INTERNATIONAL COMPETITION FOR EXPORT CREDIT OR MIXED CREDIT FINANCING DURING NEXT FEW YEARS, AND ONLY VERY HIGH PRIORITY PROJECTS NOT BEING FINANCED BY MULTI-LATERAL OR BILATERAL DONORS ON ENTIRELY SOFT TERMS WOULD QUALIFY. THIS YEAR'S EXPORT CREDIT CEILING WAS DOLLARS 1.2 BN, LESS THAN 1984/5. IN THIS SITUATION, HE FEARED THAT PROJECTS IN WHICH HE KNEW WE WERE INTERESTED, FOR EXAMPLE THE BALIKPAPAN AIRPORT AND JABOTABEK RAILWAY DEVELOPMENTS WOULD EITHER BE TAKEN ON BY A DONOR ON VIA AN ENTIRELY SOFT FINANCING BASIS OR MIGHT NOT QUALIFY FOR THE EXPORT CREDIT PRIORITY LIST AGAINST INTENSE COMPETITION, THUS DENYING US ANY OPPORTUNITY TO PUT A MIXED CREDIT FINANCING OFFER FORWARD. HE THEREFORE FELT THAT WE SHOULD ADOPT THE PRACTICE OF OTHER DONORS AND OFFER AID ON SOFT LOAN TERMS IN CONFORMITY WITH PRESIDENTIAL INSTRUCTION NO 8. HE ADDED THAT WHILE THE GRANT BASIS ON WHICH UK CAPITAL AID WAS GIVEN WAS VERY MUCH APPRECIATED, SOFT LOANS IN ACCORDANCE WITH THE DEFINITION IN PRESIDENTIAL INSTRUCTION NO 8 WERE JUST AS ACCEPTABLE IN CURRENT CIRCUMSTANCES.

274/4

3. VEREKER EXPLAINED THE DIFFERENT BUDGETS FROM WHICH OUR AID WAS ALLOCATED, MAKING IT CLEAR THAT THE BILATERAL PROGRAMME WOULD BE LARGELY DIRECTED TOWARDS TECHNICAL COOPERATION IN FUTURE AND THAT ATP FUNDS WERE SPECIFICALLY FOR USE IN CONJUNCTION WITH COMMERCIAL CREDIT. HE ALSO DESCRIBED SEVERE CONSTRAINTS ON OUR BILATERAL PROGRAMME AT PRESENT AND HELD OUT NO HOPE OF OUR BEING ABLE TO ACHIEVE EARLY INCREASE FOR INDONESIA MUCH AS WE WOULD LIKE TO.

4. IN ANSWER TO QUESTIONS SUMARLIN CONFIRMED THAT UNDER THE GOI'S CURRENT RULES A MIXED CREDIT OFFER CANNOT BE ACCEPTED (UNLESS PUT FORWARD IN AN INTERNATIONAL TENDER) EVEN IF THE TOTAL SUBSIDY ELEMENT IS EQUIVALENT TO THE SUBSIDY INVOLVED IN THE SOFT LOAN TERMS DEFINED IN INSTRUCTION NO 8 (WHICH SUMARLIN SAID GOI CALCULATED AT ABOUT 60 %).
VEREKER MADE IT CLEAR THAT OUR EXISTING ATP GUIDELINES PRECLUDED OFFERS WITH THIS LEVEL OF CONCESSIONALITY.

5. IN ANSWER TO OUR ENQUIRIES SUMARLIN AND MUCHTARUDDIN SIREGAR GAVE THE FOLLOWING FIGURES OF AID BEING CURRENTLY COMMITTED BY OTHER BILATERAL DONORS ON SOFT TERMS EQUIVALENT TO OR BETTER THAN THE TERMS IN PRESIDENTIAL INSTRUCTION NO 8 (FIGURES REPRESENT CURRENT ANNUAL COMMITMENTS):

JAPAN	DLRS 360M
US	DLRS 150M
NETHERLANDS	GUILDERS 160M (APPROX DLRS 45M)
AUSTRALIA	AUSTRAILIAN DLRS 44M (ALL GRANT)
CANADA	DLRS 40M
GERMANY	DLRS 45M
ITALY	DLRS 30M

IN THE CASE OF FRANCE SUMARLIN SAID THAT THEIR ANNUAL MIXED CREDIT PROGRAMME WAS NO LONGER ACCEPTABLE FOLLOWING THE INTRODUCTION OF INSTRUCTION NO 8. TALKS WITH THE FRENCH WOULD TAKE PLACE LATER THIS YEAR ABOUT THE FORM IN WHICH THEIR AID WOULD BE GIVEN IN FUTURE.

DONALD

NNNN

File No. .....

Department .....

Drafted by (Block Capitals) .....

Tel. Extn. .....

OUTWARD TELEGRAM

Security Classification
RESTRICTED
Precedence
ROUTINE
DESKBY .....Z

FOR COMMS. DEPT. USE	Despatched (Date) ..... (Time) .....Z	POSTBY .....Z

PREAMBLE

(Time of Origin).....Z(G.M.T.)

(Security Class.).....RESTRICTED.....

(Codeword).....

(Restrictive Prefix).....

(Caveat/ Privacy marking).....

(Deskby).....Z

TO.....ROUTINE JAKARTA..... Tel. No. .....of.....
(precedence) (post)

AND TO (precedence/post).....

AND TO SAVING.....

INFO.....

INFO SAVING.....

Distribution:–

Copies to:–

[TEXT]

FOLLOWING FOR HM AMBASSADOR FROM MR POWELL, PRIVATE SECRETARY TO PRIME MINISTER

The Prime Minister will write to the Vice President as you suggest and we shall let you have the letter as soon as possible. We shall also let you have an additional signed photograph for the Head of Chancery in recompense for her noble sacrifice.

RESTRICTED

Dd 8200201 200M S&K 6/81

RM

10 DOWNING STREET

THE PRIME MINISTER

26 April 1985

Dear Vice-President,

I am writing to say how very much I appreciated the warm and friendly reception which I received in Indonesia and how interesting and enjoyable I found my visit. I was particularly pleased to have the opportunity to meet you and your wife. The gifts which you kindly presented to me will be a very happy reminder of that visit, which I shall treasure.

Yours sincerely

Margaret Thatcher

Yang Mulia Bapak Umar Wirahadikusumah

JR

PS | No 10. D. St

DWF G 084/25
LJO NR 287/25

RR FCO

GR 110
RESTRICTED
FM JAKARTA 250530Z APR 85
TO ROUTINE FCO
TEL NO 208 OF 25 APRIL.

FOR POWELL, PRIVATE SECRETARY NO 10 : PM'S VISIT TO INDONESIA.

1. THANK YOU FOR YOUR LETTER OF 15 APRIL ENCLOSING THANK YOU LETTERS. THESE ARE BEING CHECKED AND DISTRIBUTED, TOGETHER WITH PHOTOS AND SMALL GIFTS LEFT WITH US. I WOULD, HOWEVER, STRONGLY RECOMMEND A SHORT LETTER FROM THE PRIME MINISTER TO THE VICE PRESIDENT AND MRS UMAR, PRIMARILY TO THANK FORMALLY FOR THE GIFTS RECEIVED.

2. THE MINISTER OF EDUCATION WHO FORMED PART OF THE ''SUITE OF HONOUR'' FOR THE BANDUNG TRIP IS ENTHUSIASTICALLY ANGLOPHILE AND HELPFUL TO US. IT IS A PITY TO OMIT HIM CONSPICUOUSLY. I AM THEREFORE WRITING TO HIM, ENCLOSING A LARGE SIGNED PHOTO, AS I AM TO THE OTHER MEMBERS OF THE SUITE OF HONOUR TO WHOM THE PM HAS NOT WRITTEN PERSONALLY. I HAVE COMMANDEERED THE PHOTO SENT TO H OF C FOR THE PURPOSE EXCLAM.

DONALD

NNNN

O&D

CDP
26/4.

12 BRANSCOMBE GARDENS
WINCHMORE HILL
LONDON N21 3BN
Tel: 01-886 6865

24th April 1985

C. D. Powell, Esq.,
Private Secretary to the Prime Minister,
The Right Honourable Margaret Thatcher, FRS, MP,
10, Downing Street,
London. SW.

Dear Sir,

Major Derrick J. Coupland, President of the Ex-Services Association of Singapore, has asked me to forward to you the enclosed copy of his letter to His Excellency the High Commissioner in Singapore.

Yours faithfully,

Luis E. Fulford

From the President of the Association.
Major Derrick J. Coupland, OBE.

17th April, 1985

H.E. Mr. Hamilton Whyte
High Commissioner
British High Commission
Tanglin Circus
Singapore 1024

Your Excellency,

Thank you for your letter of 10th April, 1985.

You are most generous in your remarks which will certainly be conveyed to all those concerned. We do our duty and the Rt. Hon. Margaret Thatcher, FRS, MP will be remembered for many years to come in our Members' hearts. Her courage in meeting with us so warmly when I requested them with her concurrence to "break ranks" irrespective of her safety (despite the tragedy in Brighton) was remarkable. She will also be recalled for many years hence for her gracious affability, charm and sentiment. She did so much for Great Britain to cement relationships with Singaporeans.

You too are to be complimented as it has all occurred at the outset of your tour of duty here, which I hope will continue to be happy and successful.

With regard to Remembrance Sunday on 10th November, 1985, our usual invitations will be issued comprehending the delegation from the U.K.

We invariably welcome all ex-Servicemen and their ladies especially from the ASEAN countries and the Commonwealth. In fact we have a substantial party about thirty strong arriving from Australia next week and have just said " Selamat Jalan " to a smaller contingent from that country.

I have already addressed Col. M. T. O. Lloyd on the subject of the British delegation which will be given a memorable sojourn. In fact unique plans are afoot for them to enjoy social refreshment and rest in the centre of the City. These facilities will set a precedent.

Ex-Services personnel from the constituents of the British Commonwealth Ex-Services League are very special people to us.

With best wishes,

Yours, in Service to our Veterans and their Dependents.

Derrick J. Coupland

40 A Orchard Road. #06-01 MacDonald House, Singapore 0923. Tel: 3361196 Cable Add: ANIMATO SINGAPORE Telex: RS 36453

Samuel Montagu

CR PPS

TEL: 01-588 6464.

114, OLD BROAD STREET,
LONDON, E.C.2.

CDP
26/4.

Charles Powell, Esq.,
Private Secretary,
10 Downing Street,
London SW1

24 April 1985

Dear Charles,

Thank you for your letter of 15 April, which was awaiting my return yesterday from a visit to the Far East.

I greatly appreciate the trouble you took over this and in particular all that the Prime Minister did to support the projects listed in the enclosure to my own letter of 29 March. It is clear that her visit did a great deal to enhance interest in the area in the efforts there of British companies and banks - and I was glad to see this reflected in a letter in today's "Times"!

We perfectly understand why it was not possible for the Prime Minister to have a word with Robert Opiat. What was important was the encouragement to our efforts provided by the Prime Minister's activity on their behalf. For that we are very grateful indeed.

I was particularly interested in what you said about the Prime Minister's talk with the Sultan of Brunei and shall, of course, treat it as you asked.

Many thanks again.

Yours,

Michael

Michael Palliser

Visit to Asia; FOR POL

PHB

CONTRACTS FROM THE PRIME MINISTER'S VISIT

The possibility of timing significant new orders for the Prime Minister's visit was inhibited by the Malaysian "buy British last" policy and by the Indonesian Government effectively ruling out normal ATP for any projects on which British companies have been working.

Consequently there were no specific deals announced in the course of the visit. The Prime Minister's visit did specifically draw from Dr Mahathir an assurance that our companies would be treated on equal terms for Government contracts, and the goodwill flowing from the visit to Indonesia should help our companies in this very difficult market.

Prospects closest to being realised are:
MALAYSIA

A. Biwater Shellabear rural water supply project
B. Railway projects
C. Fibre optics contract for Malaysian Telecoms
D. Defence Communications Centre project
E. Vickers submarines
F. ICI Pruteen
G. British Aerospace 146 civil airliner
H. Aluminium smelter feasibility study
I. Lynx helicopter for RMAF
J. Runway extensions at Subang Airport
K. Aerospace International Malaysia joint venture

all of which were covered in official discussions in parallel with the Prime Minister's programme.

INDONESIA

A. Further Rapier orders
B. Scorpion range of armoured vehicles
C. Joint venture to produce BH 146 (one already ordered for the VIP role
D. Trial Railbus order (financed by bilateral aid)
E. Project management of Balikpapan refinery modernisation
F. Railway modernisation schemes
G. Other projects in airport development, power generation, water development etc will depend upon evolving a mechanism to apply concessional finance in the form required by the Indonesian Government.

SINGAPORE

An order for Teletext had been signed just before the Prime Minister's visit, but the telecommunications authorities were reluctant to have this given any publicity.

SRI LANKA

A. The Samanalawewa hydro scheme remains a possibility
B. There are prospects of Cable and Wireless and Blue Circle Cement gaining management contracts to run these respective services when they are privatised.

Whilst activity on all the above are in train, the eventual success and timing are inevitably uncertain. It would be desirable to underline that orders do not grow on trees, and in the ASEAN area are only won after

considerable hard work and commitment to the market in the form of joint ventures, transfer of technology or licensing. This would build on the theme pursued in unofficial press briefings reflected in the balanced report from the FT and Evening Standard on Monday.

CONFIDENTIAL

File

Rd7

cc: PC

10 DOWNING STREET

From the Private Secretary

24 April 1985

PRIME MINISTER'S VISIT TO SOUTH EAST ASIA, SRI LANKA, INDIA AND SAUDI ARABIA

Thank you for your letter of 23 April summarising action taken following the Prime Minister's visits during the Easter recess.

The Prime Minister has noted the action in hand. She is content with the instructions to the High Commissioner in Colombo and the telegram enclosed with your letter may be despatched.

(C D Powell)

P Ricketts Esq
Foreign and Commonwealth Office

CONFIDENTIAL

CDP ①

Prime Minister
This summarises the action taken to follow up your recent visits. It also attaches instructions to the High Commissioner in Colombo to encourage President Jayewardene to take a political initiative towards the Tamils.
Agree the instructions?
CDP 23/4

Foreign and Commonwealth Office

London SW1A 2AH

23 April, 1985

Dear Charles,

Prime Minister's Visit to South East Asia, Sri Lanka, India and Saudi Arabia

[The question of security & military assistance to Sri Lanka is on separate papers.]

Your letter of 15 April listed a number of points arising from the Prime Minister's visits which needed to be followed up. This letter summarises the action we have taken or propose to take.

Malaysia

(a) Air Services

On the airlines tax measure our High Commissioner is already pressing his EC colleagues and others interested to urge their airline representatives (through the Board of Airline Representatives) to make a further collective approach to the Ministry of Finance. We are taking similar action here with foreign missions, and the Department of Transport have lobbied the Germans in Bonn: they are probably the most important of the other European carriers. On the 5th frequency point, BA have now agreed with MAS that airline talks will take place in mid-May. MAS have (perhaps not unexpectedly) put forward maximal requests by giving notice that they are under instructions from their government to press for:

(i) the introduction of the additional frequency in April 1986, which would not be subject to the capacity restrictions which affect their current services to London; and,

(ii) agreement on arrangements for progress to the 6th and 7th frequencies

(b) Visits

The Malaysian MFA have told us that Dr Mahathir has mentioned September 1986 as a possible date for his official visit to the UK. It would be useful to know whether we could offer the Malaysians dates within this period. As to Dr Mahathir's suggestion for more contacts between British and Malaysian Ministers, Mr Jopling (or Lord Belstead), Mr Channon and

Mr Luce all have tentative plans to visit Malaysia in 1985. There is also a possibility that Mr Heseltine may accompany the war widows and veterans on a splinter group visit to Malaysia as part of their Far East visit in November; the Malaysians however, have yet to be consulted. Mr Gillmore will explore the possibility of a visit by Daim Zainuddin, the Minister of Finance, once the tax issue is out of the way. The Deputy Minister of Defence will visit the UK next month as a guest of FCO/COI.

(c) Malaysia/EC Trade and the GSP

The GSP offers duty-free access to the Community for an annual amount of plywood from each of the major exporting countries. There has been an increase in the amounts for 1985, the lion's share being allocated to the UK. Most other timber-based products are duty-free. In annual reviews the UK seeks to improve benefits in face of opposition from other member states, eg Greece, France, Belgium and Italy. On the review of the GSP, the Community awaits Commission proposals for 1986 and beyond.

BRUNEI

The Director Military Assistance Overseas, MOD, and Mr Bernard Breslin, Defence Sales Organisation, will visit Brunei from 25-29 April. They have been fully briefed to discuss the MOU and defence sales matters.

We are pursuing with DTI questions related to the management of Brunei's funds.

We are writing separately to our High Commissioner about both the MOU and fund management to repeat the Prime Minister's wish for early decisions. We will keep you in touch with developments.

The Sultan and Al-Fayed

Mr Luce met Mohamed Al-Fayed at lunch on 18 April. Al-Fayed expressed confidence that British business houses would soon again be more closely involved in the management of Bruneian investment funds.

Passage deleted and closed under FOI exemption

C Wayland
27 March 2014

/As

As you know, the Foreign Secretary and the Prime Minister have discussed their anxieties about the future of Brunei. The Foreign Secretary has arranged for these to be considered in more depth.

INDONESIA

Aid

Since ATP terms are unacceptable to Indonesia, ODA is urgently examining scope for renewing capital aid pledges to the country for the period 1986/87-1988/89. Proposals would however need to be considered in forthcoming aid framework meetings within the limits of present financial restraints which I described in my letter of 19 April about the proposal for extending ATP to China.

DTI are pursuing the question of a science and technology agreement, and preparations for the visit of Dr Habibie in June for which firm dates are being sought. They will work in consultation with FCO Departments and with Sir R Nicholson of the Cabinet Office, as appropriate.

On trade matters, DTI and MOD have been briefed on specific projects identified during the Prime Minister's visit for follow up action and are similarly pursuing defence sales opportunities. The Director Military Assistance Overseas and a representative of MOD's Defence Sales organisation are visiting Indonesia in April and have been briefed.

We are examining the question of further Ministerial visits to Indonesia.

SRI LANKA

(a) The Sri Lankan Government, with uncharacteristic efficiency, have already provided us with a detailed list of the numbers of armed service personnel discharged in 1983 and 1984 for involvement in excesses against the civilian population. They have also given examples of terrorist attacks which, they claim, were aimed at provoking service reprisals but which did not have the intended effect. I enclose a copy of the document forwarded to us by the Sri Lankan High Commissioner.

(b) We think that the best way to encourage the Sri Lankan Government to respond to Mr Gandhi's ideas on parallel steps by India and Sri Lanka to reduce tension would be for us to instruct the High

/Commissioner

Commissioner to speak to President Jayewardene, making it clear that he was doing so on the Prime Minister's express instructions. He could give the President an account of the Prime Minister's talk with Mr Gandhi and enquire what further action he might have in mind. I enclose a draft telegram of instructions to Colombo.

(c) Passage deleted and closed under FOI Exemption. CWayland, 27 March 2014

(d) The ODA will provide a further evaluation of the Samanala Wewa project shortly.

(e) We have sent a telegram of instructions to our High Commissioner at Colombo about the shipping and air services problems.

(f) We are considering urgently with the MOD the points in your letter of 22 April.

Passage deleted and closed under FOI Exemption. CWayland 27 March 2014

SAUDI ARABIA

Given the religious festivities in Saudi Arabia in May/June and August/September it is most unlikely that the King will wish to travel outside the Kingdom before late September, although he may decide to come nevertheless in late June or July. Our Ambassador would prefer to wait a month or so before sounding out the King on his intentions.

COMMERCIAL PROSPECTS

The DTI will give a separate response shortly about action taken, as necessary, on their side to follow up on the commercial openings provided by the visit.

I am copying this letter to John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), Hugh Taylor (Home Office), Richard Allan (Department of Transport), Richard Broadbent (Chief Secretary's Office), Michael McCulloch (ODA) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
No 10 Downing Street

OUT TELEGRAM

Classification and Caveats	Precedence/Deskby
CONFIDENTIAL	IMMEDIATE

ZCZC
GRS
CLASS
CAVEATS
DESKBY
FM FCO
PRE/ADD
TEL NO

ZCZC
GRS
CONFIDENTIAL

FM FCO 231500Z APRIL 1985
TO IMMEDIATE COLOMBO
TELEGRAM NUMBER
INFO ROUTINE NEW DELHI
INFO ROUTINE WASHINGTON

YOUR TELNO 265: SRI LANKA: INTER-COMMUNAL PROBLEM

1. Mr Rajiv Gandhi implied to the Prime Minister during their meeting on 13 April that he was in touch with the Sri Lankan Government about parallel moves to de-escalate the crisis. He was, no doubt, referring to the visit to Colombo by Romesh Bhandari.

[redacted] He added that there appeared to be substance in the recent press reports from Colombo about Sri Lankan moves towards a political settlement.

2. The Prime Minister would like to encourage the Sri Lankan Government to respond to Mr Gandhi's ideas on parallel steps by India and Sri Lanka to reduce tension. Please therefore take an early opportunity to tell the Sri Lankans at an appropriately senior level that the Prime Minister was struck by the

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NNNN ends telegram	BLANK	Catchword: genuineness
File number	Dept Private Office	Distribution: Limited SAD PUSD SCD News Dept Private Secretary PS/Lady Young PS/Mr Renton PS/PUS Sir W Harding Dr Wilson Mr Barrington Copies to: Assessments Staff, Cabinet Office Copies to: No 10 Downing St
Drafted by (Block capitals): P F RICKETTS		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	

<<<<

genuineness of Mr Gandhi's concern to improve relations between India and Sri Lanka, and to see progress on Sri Lanka's inter-communal problem. You should say that Mr Gandhi stated clearly that his Government were taking action to restrict the Indian-based activities of the Tamil extremists, though for obvious reasons they could not reveal publicly what they were doing. You should add that Mr Gandhi appeared optimistic about prospects for action by the Sri Lankan Government designed to relaunch efforts towards a political settlement.

3. You should then say, making clear that you are speaking on the Prime Minister's authority, that the Prime Minister very much hopes that President Jayewardene will feel able to seize the opportunity provided by this change of attitude in New Delhi to increase co-operation and consultation between the two Governments. Clearly, the Indian Government's ability to continue to act in a helpful fashion will be contingent on their seeing signs of parallel movement at the Sri Lankan end. The Prime Minister, therefore, would be very grateful to hear in due course what further steps President Jayewardene contemplates to complement the firm action that he is necessarily taking against the Tamil extremists. Is there any prospect of his being able to demonstrate his Government's determination to meet the real concerns of the Tamil majority, as distinct from those who claim to speak for them, by putting into effect the proposals for regional devolution which he put forward in the All-Party Conference last December? A firm and decisive gesture of this sort might do much to win over the Tamil population in the north and might also, in time, lead to the emergence of an alternative Tamil leadership anxious to exploit the powers put into their hands by the central Government.

4. Finally, you should thank the Sri Lankans for their swift response to the Prime Minister's request for detailed information about action they have taken to deal with

NNNN ends telegram	BLANK	Catchword indisciplined

	Classification and Caveats		Page
	CONFIDENTIAL		3

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indisciplined members of their security forces (text by bag). You should assure them that we are looking into the allegations that Tamil organisations in the UK have been raising sums to purchase arms for terrorists. We hope to let them have a response on this point soon. In the meantime, it would be very helpful to have any detailed evidence available to them.

HOWE

NNNN

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NNNN ends telegram	BLANK	Catchword

XY 48 A

FOR. POL: SE Asia trip: Pt 3.

Prime Minister (2)
CDP

R. PREMADASA, M.P.
Prime Minister

Wyndham Franklin Plaza
Hotel,
Philadelphia, U.S.A.

April 22, 1985

DEMOCRATIC SOCIALIST REPUBLIC
OF
SRI LANKA

My No. S/PM/44

My dear Prime Minister,

I was extremely happy to learn that your brief visit to Sri Lanka from the 11th to the 13th of April 1985 was a great success. My inability to be personally present in Sri Lanka is deeply regretted. As explained to you in my previous letter, it was unavoidable.

From here I will be proceeding to Kingston, Jamaica to address the 8th Session of the Commission on Human Settlements (UNCHS) scheduled to commence on the 29th of April 1985. On my return journey I will be briefly stopping over in London from the 1st to the 3rd of May 1985. I appreciate your inability to meet me on account of your participation in the Economic Summit in Bonn during the same period.

I am writing to thank you for the kind references made by you at the commissioning of the Victoria Project, during your address to Parliament and at the press conference, on my role in regard to the U. K. Grant of £ 100 million for the Victoria Reservoir Project. Your magnanimous gesture in making available this grant at a time when your country was facing economic problems will go down in history as one of the most outstanding contributions to a friendly country.

I need not overemphasize the fact that it was your determination of purpose and courageous decision that paved the way for the restoration of this grant which was in the balance. I am confident that you would have derived tremendous satisfaction by seeing for yourself the great contribution the grant you released has made towards the development of Sri Lanka's infrastructure. It is gratifying to note that you have pledged further assistance for which I am very grateful to you.

Mrs Premadasa joins me in conveying to you and Mr Denis Thatcher our warm personal regards and best wishes. We have brought with us a souvenir as a token of our friendship. It will be hand delivered by the Sri Lanka High Commissioner in London on the 2nd of May to your office.

Yours sincerely,

R. Premadasa

Right Honourable
Mrs Margaret Thatcher MP,
Prime Minister of
Great Britain

RAMAKB 9

10 DOWNING STREET

22 April 1985

From the Private Secretary

SRI LANKA

Thank you for your letter of 19 April setting out what we are already doing to assist the Sri Lankan government to combat Tamil terrorism.

The Prime Minister has considered it. Her view is that it is not enough.

The Prime Minister thinks that what the Sri Lankan government most needs is advice: advice on how to improve the standards and discipline of the Sri Lankan armed forces; and advice on how to counter the sort of campaign being waged by the Tamil terrorists. There are various ways in which this might be provided. One is described in your letter, that is the visits arranged for senior Sri Lankan politicans and officials. Others might be: to send a senior officer with experience in dealing with terrorism to give advice on the spot to the Sri Lankans:

There are no doubt more. The question of presentation vis-à-vis the Indian Government would need very careful handling. But if the latter are to be taken at their word, they should be interested in seeing the Sri Lankan armed forces more disciplined and effective. It might also be possible to link the provision of further help from the UK to a renewed public committed by the Sri Lankan government to re-open negotiations with those prepared to work for a peaceful solution.

The Prime Minister would like to discuss this as soon as possible with the Foreign Secretary and Defence Secretary. I shall be in touch to suggest a date.

I am copying this letter to Richard Mottram (Ministry of Defence).

(C D Powell)

L Appleyard Esq,
Foreign and Commonwealth Office.

SEN

(1)

PRIME MINISTER

SRI LANKA

I asked for this report so that you could judge whether we are doing enough to help the Sri Lankan Government against terrorists or ought to do more.

The answer seems to be:

- we are not doing much;

- but equally the Sri Lankans are not at present pressing us to do much more. Where they have made requests, such as for RN vessels, their requests are obviously impracticable.

- there are political risks in doing more, particularly in terms of our relations with the Indians.

From what we saw, it looks to me as though what the Sri Lankans really need is a senior and experienced officer to pay a visit there and write a report telling them how to deal more effectively with terrorism. Someone like Sir Frank Kitson would be ideal.

The only idea I can think of is that we should link an offer of such a visit with a renewed public commitment by President Jayewardene to negotiate with those prepared to work peacefully for a solution.

May we have a word? mt CDP

(CHARLES POWELL)

19 April 1985

ORD

CF?

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

19 April 1985

CDP 24/4

C D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Charles,

Reply letter already sent — a bit late this!

Thank you for sending to me a copy of your letter of 1 April to Peter Ricketts and the enclosure from Mr Basil de Ferranti about Singapore Airlines' application for flights to Manchester.

2 I have now seen a copy of Peter Ricketts' letter to you of 15 April with which he enclosed a draft reply and write now to say that I have nothing to add.

Yours sincerely,

Maureen Dodsworth.

MAUREEN DODSWORTH
Private Secretary

JH5AYG

991-1

Foreign and Commonwealth Office

London SW1A 2AH

18 April 1985

Dear Charles,

East Timor

In the few days immediately preceeding the Prime Minister's departure on her Asian tour, she received letters asking her to raise the situation in East Timor with the Indonesians from Miss Mildred Nevile, the General Secretary of the Catholic Institute for International Relations, the Bishops of Galloway and Salford, and Mr Kilroy-Silk MP. I enclose draft replies.

The CIIR have a long-standing concern for human rights issues in Indonesia and particularly on East Timor. Miss Nevile has exchanged correspondence with the Foreign Secretary. I enclose a copy of the Foreign Secretary's reply of 30 January, an extract of which was quoted in The Times editorial on this subject which appeared on 9 April during the Prime Minister's visit.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

(3)

Foreign and Commonwealth Office

London SW1A 2AH

m the Secretary of State

30 January 1985

Dear Miss Nevile

Thank you for your letter of 15 January asking if I would raise the question of East Timor with the United Nations Secretary-General, Mr Perez de Cuellar.

In the limited time available during my lunch with Mr Perez de Cuellar on 23 January there was no opportunity to discuss East Timor. But we have made our position clear on the annexation of East Timor and of developments there on many occasions in the United Nations and elsewhere. In doing so, we have said that the people of East Timor deserve the opportunity to determine their own future in accordance with their own political aspirations, unaffected by pressures of one kind or another. But the issue of East Timor can in our view, only be resolved by direct contact between Portugal and Indonesia. We have welcomed the efforts by the UN Secretary General to promote contacts between these two countries and further the prospects for a just settlement in accordance with the wishes and interests of the local people.

I understand your concern, and that of others, about the human rights situation in East Timor. You will have seen that Mr Perez de Cuellar in his Report on East Timor - published in July 1984 - emphasised that one of his primary

/concerns

Miss Mildred Nevile MBE

concerns was to achieve an improvement of the humanitarian situation of the people there and that he would continue his endeavours towards that end.

We shall continue to watch the situation closely.

GEOFFREY HOWE

DS[illegible] (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister. 38

DEPARTMENT: **TEL. NO:**

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Miss Mildred Nevile MBE
General Secretary
CIIR
22 Coleman Fields
LONDON N1 7AF

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

delete if not

SUBJECT:

Thank you for your letter of 1 April about East Timor.

Although ~~The~~ discussions which I held with ~~Indonesian leaders~~ President Suharto must remain confidential, ~~But~~ I can tell you that East Timor was among the issues I raised ~~with President Soeharto~~. I asked in particular about the position of the International Red Cross. The President assured me that the Red Cross had access to East Timor, ~~and~~ indeed was welcome there.

The Indonesian Government ~~are well aware of~~ knows our views on East Timor and on the importance we attach to human rights issues generally. They also know of Britain's support for the ~~important activities~~ work of international humanitarian aid organisations in Indonesia such as those to which you refer. We ~~also~~ keep in touch ~~ourselves~~ with their representatives through our Embassy in Jakarta.

I agree that ~~As you say,~~ the East Timor question can only be solved by negotiation. That is why We continue to support the efforts of the UN Secretary General to promote contacts between the Portuguese and Indonesian Governments. ~~We believe that~~ Such contacts offer the best ~~prospects~~ chance for achieving a ~~just~~ settlement in accordance with the wishes and interests of the local people. CR.

Enclosures—flag(s).....

CDR

Foreign and Commonwealth Office

London SW1A 2AH

19 April 1985

Dear Charles,

Sri Lanka

Your letter of 16 April asked for an account of what we are already doing to assist the Sri Lankan Government in their efforts to combat Tamil terrorism, what limits we have set hitherto on such assistance, and any recommendations about this problem which the Foreign Secretary might wish to make.

Current Assistance to the Sri Lankan Government

We are providing, or are prepared to provide, the following assistance:

(a) training in the UK for Sri Lankan military and police personnel. In 1984/85 nine police officers were given training financed by the ODA. Provision has been made to train eleven in 1985/86. Eighteen military personnel were training in 1984/85, funded from the FCO's UKMTAS budget at a cost of £122,000. UKMTAS funding for 1985/86 will be available at a similar level. So far £97,000 has been committed for 13 trainees: more are expected. In addition, we are in the process of offering the Sri Lankans four police training attachments which will focus on Special Branch work, anti-terrorist procedures, and VIP protection. Under existing ODA guidelines, it is not possible to fund such counter-terrorist training from aid funds. We shall therefore ask the Sri Lankans to pay and they have already indicated their willingness to do so. In addition, in October 1984 Lady Young offered to consider a small increase in the standard training we provide for police and military personnel: the Sri Lankan Government have not responded to this yet;

Not much

(b) in 1984 we arranged for the Sri Lankan Minister of National Security and the Defence Secretary (i.e. PUS equivalent) to meet police and other counter-terrorist specialists when visiting the UK. The Sri Lankan Defence Secretary, Mr Attygalle, also visited Belfast, where he met the Chief Constable of the Royal Ulster Constabulary who briefed him in some detail on the RUC's counter-terrorist role.

Requests for Military Assistance

In the past twelve months we have rejected informal requests from the Sri Lankan Government for the loan of manned naval vessels. We explained that it would not be appropriate for us to become directly involved in an internal problem. The Sri Lankans accepted this view with good grace and have not pursued such requests.

Arms Sales

In the past eighteen months we have given political clearance for the possible sale to Sri Lanka by British companies of armoured cars, machine guns, mortars, Carl Gustav portable anti-tank weapons, and a variety of other equipment. In 1984/85 actual sales amounted to some £3m: they involved armoured cars, anti-tank weapons, communications equipment and small arms. We have recently given political clearance for the sale of seven second-hand Bell helicopters, and three second-hand HS 748 transport aircraft, though it now appears that orders are unlikely to be placed in the UK for these items. In considering these requests we take very carefully into account the fact that the Sri Lankan Security Forces have shown a tendency on occasion to commit acts of retaliation against Tamil civilians. There is also the risk of strong adverse Indian reaction. We make it a condition that major items of equipment which might be used for internal security purposes (e.g. helicopters, aircraft and naval craft) are to be supplied without armaments.

The Sri Lankan Government have in the past made a tentative enquiry about the possibility of credit for arms purchases. We have made it clear that we are not prepared to provide special credit arrangements for arms sales, though it would of course be open to British companies wishing to supply arms to apply for ECGD cover in the normal way.

KMS Ltd

The Sri Lankan Government currently employ the British security company, KMS Ltd, who recruit British ex-servicemen, to provide counter-insurgency training for the Sri Lankan security forces. Some two dozen employees of the company are at present in Sri Lanka. Their principal task has been to create a 600-strong counter-insurgency police force to take over the counter-terrorist role in

/norther

northern and eastern Sri Lanka from the army. Some 200 Sri Lankan policemen have been trained so far and deployed in the eastern province. Our High Commission have reported within the last few days that policemen from that unit are alleged to have been involved in retaliation against the Tamil civil population. Earlier this year, the Sri Lankan Government also asked KMS Ltd to begin training an army counter-insurgency commando unit and to take on coordination of Sri Lankan arms procurement. We understand they have agreed to do both.

We have not sought to dissuade KMS Ltd from taking on the training of police in Sri Lanka. Indeed, we have seen it as important that the police should be trained effectively so that they can take over the internal security role from the army. However, the Foreign Secretary was particularly concerned earlier this year that a British company should not be seen to become directly involved in inter-communal fighting. KMS Ltd were therefore told that we had strong reservations about their involvement in training an army commando unit and that we hoped that they would take steps to avoid being drawn into an operational role. The company have made it clear that they do not intend their personnel to take on a combat role.

Future Policy

The Foreign Secretary believes that we should continue to do what we can to help President Jayewardene resolve the inter-communal problem, and, in particular, counter Tamil terrorism. But we need to take account of:

(a) the Indian angle. The Indian Government take the view that the Sri Lankan Government should concede a high degree of regional autonomy to the Tamil minority. They have in the past sought to put pressure on the Sri Lankan Government by providing assistance, including arms, to the Tamil extremists. Mr Gandhi appears to have revised this aspect of their policy; but it remains likely that he, like his mother, will remain very sensitive to the involvement of other powers in Sri Lanka. The Indian Government have in the past objected to the activities of KMS Ltd in Sri Lanka and clearly suspect that the company are there at the British Government's behest. They have also expressed concern about the sale of arms to Sri Lanka by British companies. Any major, and overt, increase in British involvement could damage our considerable commercial and defence sales interests in India;

/(b)

(b) the heavy-handed policy adopted by the Sri Lankan Government towards the Tamil minority. Although President Jayewardene declared his willingness in December last year to concede a high degree of provincial autonomy to the Tamils in the north of the island, these concessions were made belatedly and were accompanied by increasingly repressive behaviour by the Sri Lankan security forces, particularly in the Jaffna peninsula. Excesses, in particular by the army, against Tamil civilians were frequent and have been admitted publicly and privately by the Sri Lankan Government, whose officials have referred to the army as being "out of control". This has caused particular concern among the substantial Tamil community in Britain;

(c) the 1947 UK-Ceylon Defence Agreement. This remains in force. It provides that the two governments "will give each other such military assistance for the security of their territories, for defence against external aggression and for the protection of essential communications as it may be in their mutual interest to provide". However, the Prime Minister wrote to President Jayewardene in November last year stating that Britain would not be able to provide military assistance under the Agreement in any circumstances connected with the internal situation in Sri Lanka including any external threat arising from that situation.

The Foreign Secretary has considered whether there is anything further that we could or should do to assist the Sri Lankan Government. He has concluded that we should remind them of Lady Young's offer last October to consider a small increase in the training we provide in this country for police and military personnel, though we would need to make it clear that we could not provide funds in every case. He has also considered whether we should change our policy on arms sales. We have not, since the major outburst of inter-communal violence in July 1983, refused political clearance for any major item of defence equipment. Our practice of stipulating that helicopters, aircraft and patrol boats should be supplied without armaments is intended to reduce the risk of our being charged with supplying major pieces of equipment for use against the Tamil minority. The Foreign Secretary believes that we should apply this rule flexibly, but that we should continue to be cautious about the supply of major items of military equipment, looking at each case on its merits. There appears to be no need to consider any special arrangement for credit, even if the funds could be found: the Sri Lankan Government seem ready to find whatever

/funds

funds are necessary to purchase arms. Finally, the Foreign Secretary considers that we should continue to provide discreet advice about counter-terrorist and security matters to senior Sri Lankan Ministers and officials visiting the UK, but that we should not contemplate the dispatch to Sri Lanka of experts in these fields, To do so would undoubtedly generate controversy in the UK and would jeopardise our already difficult relations with the Indian Government.

I am copying this letter to Richard Mottram in the MOD.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

FILE

Ecl

10 DOWNING STREET

From the Private Secretary

18 April 1985

I enclose a copy of a message to the Prime Minister from the Prime Minister of India which was delivered to 10 Downing Street this morning. The Prime Minister wishes it to be given only a very limited circulation.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence) and to Hugh Taylor (Home Office) and would ask them to ensure that it is seen only by a very small number of people.

(Charles Powell)

Peter Ricketts Esq
Foreign and Commonwealth Office

Ed

cc OPS
Master

BY HAND

R.C. Arora
Acting High Commissioner

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T69/85

No. 272 /AHC/85 April 18, 1985

Dear Mr. Butler,

I have been asked to transmit the following message from the Prime Minister of India, Shri Rajiv Gandhi, addressed to The Rt. Hon. Margaret Thatcher, Prime Minister of the United Kingdom.

Begins.

Dear Prime Minister,

I hope you had a comfortable flight back home. It was good to have you and Mr. Thatcher with us, even though only for a few hours. I found our exchange of views on bilateral and other issues very useful. I was particularly interested in your analysis of the situation in Sri Lanka.

I welcome your reassurances of dealing firmly with the activities of extremists in the UK. You mentioned the legal constraints within which the British authorities have to operate. We appreciate the measures that your government has already taken. At the same time, I should like to reiterate the deep concern that the Parliament and public opinion in India have about this matter.

We also spoke about Pakistan's nuclear programme. We have reason to believe that our apprehensions are well founded. Most of the technology, of course, has leaked out from the developed countries. We learn that a move has been initiated in the US Senate Foreign Relations Committee and House Sub-Committee for Asia and the Pacific Region to amend the legislation to plug such loopholes.

We are looking into the various matters that we discussed.

Thank you once again for your invitation to visit the UK en route to the Bahamas in October. I should very much like to come. However, like yourself, I cannot be away from the country for too long. May I let you know a little later?

...2/-

Sonia joins me in sending you and Mr. Thatcher our best wishes.

Yours sincerely,

Sd/- (Rajiv Gandhi)

Ends.

Signed letter will be forwarded when it is received.

Yours sincerely,

(R.C. Arora)

Mr. F.E.R. Bulter,
Principal Private Secretary
to the Prime Minister,
10 Downing Street
London SW1

PRIME MINISTER

You may want to report on your South East Asia visits. The most important points are:-

(i) settlement of the air services dispute with Malaysia. The prospects for British there.

(ii) the particular warmth of your reception in Indonesia. The need to consider whether we should divert more aid there in support of British companies.

(iii) the degree to which communal problems dominate in Sri Lanka and whether we need to give President Jaywardene more help.

(iv) Mr Gandhi's continuing concern about Sikh extremists in the UK. The difficulties over the Westlands helicopter deal.

(v) the cordial reception by King Fahd in Saudi Arabia, where we are chasing important orders including Tornado.

CDP

17 April 1985

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LPO

10 DOWNING STREET

THE PRIME MINISTER

17 April 1985

Dear Basil

Thank you for your letter of 29 March about Ferranti's interest in bidding to supply a Flight Information System in Singapore and the application made by Singapore Airlines to fly to Manchester.

I well understand that as a Northern company, you would find it most useful to have direct flights from Singapore to Manchester. As you say Singapore Airlines stimulated a good deal of publicity before my visit, although we have only recently received a formal request from the Singapore Government. Mr. Lee Kuan Yew did not in fact raise the subject with me in Singapore. But the aviation authorities of our two countries are to meet soon for formal consultations on the request. We must see what emerges from these.

I did my best in Singapore to put the record straight on Britain's economic performance in the belief that this was the most effective way to improve confidence in our products. I also made a point of mentioning the outstanding record of British firms in the field of computers and information technology and their wish to do business with Singapore in this area. I hope that this will support your efforts to secure business for Ferranti and the UK in Singapore.

Yours ever

Margaret

Basil de Ferranti, Esq., M.E.P.

SECRET

Prime Minister 8
There seems no doubt that the Pakistanis intend to go ahead.
CDP 18/4

Jp.037

Mr Powell

Indo/Pakistan Nuclear

att

Your letter of 14 April to Len Appleyard. Mr Gandhi's account of the Pakistani attempt to smuggle out trigger devices from the US is broadly correct. Three Pakistani nationals were arrested in the US last year for trying to ship, illegally, 50 Krytrons - high speed switches which can be used to trigger nuclear explosive devices. They were indicted by a US Grand Jury on charges of making false statements to customs, violating export laws, and conspiracy. All were found guilty of minor charges, held for a short while, then released and deported. It was not until after they left the US that their connection with the Pakistani Atomic Energy Commission was established. What is not clear is why the US authorities did not assume such a connection was likely; the switches can be used for other purposes than triggering nuclear weapons, but only for pretty exotic ones such as high speed lasers.

2. The JIC has assessed that Pakistan is working towards a nuclear weapons capability and has the design for a nuclear explosive device. Pakistan probably has enough highly enriched uranium for two devices but would not have sufficient domestically produced fissile material for a device before 1986-87.

3. The number of Krytrons is not especially significant. The MOD experts reckon that to build two nuclear devices a large number of trigger mechanisms would be needed for tests and development work: 50 would not be unreasonable. High speed switches are a component in a trigger mechanism and the development of the whole mechanism involves a wide range of electrical and explosive testing. It would also be necessary to establish the reliability of the switches - which is, apparently, often a problem.

4. Other fast switches are available which do a similar job to Krytrons and the MOD believe that the Pakistanis already have some of these.

5. I am sending a copy of this minute to Len Appleyard.

PERCY CRADOCK

17 April 1985

SECRET

With the compliments of

SOUTH EAST ASIAN DEPARTMENT

CDP

1345

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

cc PS/No 10
D. 1975. Mr Bowe

27/4.

16 August 1985
April

VISIT OF THE PRIME MINISTER TO MALAYSIA: 5 - 8 APRIL 1985

SUMMARY

1. The first official visit by a British Prime Minister since Independence in 1957 was a notable success. (Paragraph 1)

2. It took place against the background of a difficult period in Anglo/Malaysian relations epitomised by the "Buy British Last" directive in force from 1981 to 1983. A gradual improvement in relations since then but Malaysian demands for a fifth frequency to London for their national airline (MAS) threatened the prospects for the visit. In the event, the two Prime Ministers reached early agreement on the air services issue. We shall need to ensure that the Malaysians live up to their commitment to review the discriminatory tax measure which favours MAS. (Paragraphs 2 - 4)

3. The Prime Minister drew Dr Mahathir's attention to commercial contracts of interest to British companies. Dr Mahathir gave the Prime Minister a guarantee that British business now competed on equal terms, without discrimination. He welcomed the extension, by one year, of the special fee support scheme for Malaysians studying in the UK. In response to Malaysian concerns about access for their products to the European Community, the Prime Minister assured Dr Mahathir that she stood firm against protectionism. Discussion of international issues focussed on China, Cambodia, Brunei and Antarctica. (Paragraphs 5 & 6)

4. The Prime Minister then embarked on a hectic programme of meetings and visits, which delighted many Malaysians. At the end, even Dr Mahathir was constrained to describe the visit as good and worthwhile. (Paragraphs 7 & 7)

5. As his injudicious remarks about the Commonwealth at the official banquet show, Dr Mahathir remains a difficult man with whom to do business. Nevertheless, we have to persevere. British business must now energetically follow up the improved opportunities resulting from the Prime Minister's visit. Ministerial visits will be important. An official visit by Dr Mahathir to the UK should help to sustain the improvement in relations. (Paragraphs 9 & 10)

BRITISH HIGH COMMISSION
WISMA DAMANSARA
JALAN SEMANTAN
KUALA LUMPUR 23-03
TEL. NO. 941533

16 ~~August~~ April 1985

The Rt Hon Sir Geoffrey Howe QC MP
LONDON

Sir

VISIT OF THE PRIME MINISTER TO MALAYSIA: 5 - 8 APRIL 1985

INTRODUCTION

1. The Prime Minister's visit from 5 to 8 April 1985 was the first official visit by a British Prime Minister to Malaysia since Independence in 1957. Mrs Thatcher undertook a varied programme (copy attached) meeting a wide cross-section of leading Malaysian politicians, academics, journalists, businessmen and, indeed, members of the general public. She carried it through with untiring good humour under the most intense media attention that I have ever witnessed in this country. It was a notable success.

BACKGROUND

2. Mrs Thatcher's visit followed a contentious and unrewarding period in Anglo/Malaysian relations. Shortly after becoming Prime Minister in 1981 Dr Mahathir gave vent to his sense of grievance about British attitudes to Malaysia by issuing a "Buy British Last" directive: no contracts in the public sector were to be awarded to British companies unless the British bid was clearly the most competitive, and then only with the Prime Minister's personal approval. This directive was rescinded after Dr Mahathir's visit to London in March 1983 when he dined with the Prime Minister at No.10. Thereafter relations improved gradually but were still fragile and subject to sudden depressions. Dr Mahathir is a "one-

/issue" man

issue" man, tending to judge the totality of a bilateral relationship on the single basis of his latest displeasure.

ANGLO/MALAYSIAN AIR SERVICES

3. The single issue which has overshadowed our bilateral relations for the last 12 months has been the long-running dispute about air services. At an early stage Dr Mahathir readily convinced himself of the reasonableness of the demands by the Malaysian Airline System (MAS) for a fifth frequency to London and remained impervious to rational argument. Not, I suspect, that he received much rational advice from his own advisers. The Malaysians played the game dirty throughout, using a captive press in Malaysia to portray the British approach as obstructive and ungenerous. The imposition in the October Budget of a discriminatory tax provision in favour of MAS, in clear breach of Malaysia's Air Services Agreements, was typical. When I called on Dr Mahathir shortly before the Prime Minister's arrival he showed no willingness whatever to compromise. As a result, the Prime Minister was obliged to devote to this issue an inordinate amount of time during her private meeting with Dr Mahathir at the beginning of the bilateral discussions. Only then did Dr Mahathir display any flexibility by accepting an agreed statement on the air services problem which admitted that complaints over the tax issue by the Board of Airline Representatives in Kuala Lumpur were still under consideration by the Malaysian authorities and that a formal reply was outstanding. In doing so, he to some extent disowned his own Finance Minister who in February had stated publicly that the matter had already been considered and that a decision to maintain government legislation on the tax question stood.

We can use this point with DTP.

4. With this move by Dr Mahathir, the Prime Minister was able to agree that MAS would be granted a fifth frequency to London within one to two years. We shall certainly have to keep the Malaysians up to the mark over the tax issue. My hunch, which I believe the Prime Minister shares, is that the legislation will be withdrawn at the latest by the next Budget in October. But we and our friends will

/have

have to ensure that our airline representatives sustain the pressure on the Malaysians in order to bring this about as soon as possible. Meanwhile, the Managing Director of MAS is up to his usual trick of making disobliging statements to the press. I have remonstrated personally with the Minister of Transport.

BILATERAL DISCUSSIONS

5. With the agreement on the air services issue out of the way at the outset, the rest of the official talks were useful but low-key. The Prime Minister was able to draw to Dr Mahathir's attention a number of important items of business for which British companies are in contention. She received no assurances on specific contracts. But Dr Mahathir gave her a guarantee that Britain now competed on equal terms without discrimination. He mentioned with approval the work which British companies were doing on projects for rural water supply and aluminium smelting. The Prime Minister informed Dr Mahathir that she had agreed to continue the special provision for Malaysian students for a further year. Dr Mahathir expressed his gratitude. Dr Mahathir and his Minister for Trade and Industry, Tengku Razaleigh, chose not to play up as an issue (as the press had hinted they would) either the Malaysian claim to a deficit on the bilateral trade account or the substantial balance in our favour on the invisibles account. They did raise EC quotas on plywood and timber, as well as the proposal, now shelved, for a consumption tax on vegetable oils. On all of these points the Prime Minister was able to state categorically that as a matter of principle she stood firm against protectionism.

6. The discussion of international issues has already been reported in detail. There are four points worth noting here. Dr Mahathir said that the Malaysian government was currently reviewing its policy towards China. Although final conclusions had not been reached he thought it likely that the government would decide to relax its restrictions on Malaysians visiting China and that he himself hoped to visit Peking in November. On Cambodia, Dr Mahathir said he was concerned by what he considered to be a belligerent

/mood

mood in Thailand in response to Vietnamese incursions. He added that Malaysia was grateful for British support for ASEAN at the UN General Assembly and hoped that HMG would continue to stand behind the CGDK in spite of our strong aversion for Pol Pot. Emphasising that he was speaking in confidence, Dr Mahathir mentioned his worry over the situation in Brunei. The Sultan had done nothing to meet the growing aspirations of his people and was storing up trouble for the future. If trouble came, it was inconceivable that the Malaysian Armed Forces could intervene on behalf of the Sultan against Brunei Malays. Finally, on Antarctica, Dr Mahathir set out Malaysia's position admitting that he did not expect to change Mrs Thatcher's mind. The Prime Minister responded by saying that the Antarctica Treaty worked well.

VISITS

7. The official talks over, the Prime Minister embarked on a hectic round of meetings and visits which, I hope, gave her a snap-shot of this country and its people. Her speech, and the question-and-answer session which followed, at the Institute of Public Administration was regarded by everyone to whom I have spoken as a tour de force. My Singapore colleague remarked slyly that it was no bad thing for Malaysians to see and hear, for a change, a politician of international stature. The Prime Minister's call on Tunku Abdul Rahman, her visits to a housing estate on the outskirts of Kuala Lumpur, to the British pavilion at an international exhibition, to the railway station to see and drive the British Railbus and her trip to Kedah, where she opened a new dam being built by Balfour Beatty in joint venture partnership and where she had lunch with the Sultan, were given massive media coverage.

PRESS COMMENT

8. Inevitably some of the press was carping and grudging. Some journalists here have built their reputation on a readiness to be unpleasant about Britain. The Prime Minister's performance caught them wrong footed. From my contacts since the Prime Minister's

/departure

departure I know that many Malaysians were delighted to see and to meet Mrs Thatcher and were pleased by the results of the visit. Even Dr Mahathir referred to it as "a good visit" which had been "very worthwhile".

9. The sourest note throughout the three days, however, came from Dr Mahathir himself. At his banquet on the first evening, to which he had invited all my Commonwealth colleagues, he delivered himself of a gratuitously scathing attack on the Commonwealth, a subject which had not been discussed at any point in the official talks earlier that day. It was, I fear, a performance typical of the man: ungracious, opinionated and jejeune. Many Malaysians present were embarrassed. All, however, must have been thoroughly impressed by the manner in which the Prime Minister in her reply dealt improptu and deftly with Dr Mahathir's remarks. It will be interesting to see if Dr Mahathir responds to the Prime Minister's suggestion to attend a CHOGM to see at first hand how the forum works. I rather doubt he will.

CONCLUSION AND FOLLOW-UP

10. The visit, therefore, was a success which frankly exceeded my expectations. The Prime Minister refused to allow herself to be deterred from her purpose of setting objectives for a new relationship. It is now up to British companies operating in this market to pursue business with energy and imagination. It is up to us to ensure that the relationship is thickened up through ministerial visits, particularly in fields of interest to us. But it would be wrong, I think, to imagine that the going will henceforth be easy. The details of the air services deal remain to be worked out. Maximalist demands by Malaysia could provide scope for acrimony in the talks.

11. Our chief problem is Dr Mahathir and his immediate cronies. Most of his Cabinet Ministers and senior officials are frightened of him and, I suspect, are not inclined to tell him things which he does not want to hear. Many - too many - decisions

/in all

in all fields go to Dr Mahathir himself. He is, however, the only Malaysian Prime Minister we have for the time being, and for the sake of our commercial and economic interests we must try to work with him. I much hope, therefore, that his acceptance of the Prime Minister's invitation to pay an official visit to Britain next year will sustain the improvement in our relations from which we can draw direct and quantifiable benefit.

12. I am copying this despatch to the Secretary of State for Trade and Industry, the Secretary of State for Transport, Her Majesty's representatives in ASEAN posts and to the Executive Director of the Bank of England.

I am, Sir,
Yours faithfully

DAVID GILLMORE

PROGRAMME FOR OFFICIAL VISIT OF THE PRIME MINISTER, THE RT HON MARGARET THATCHER FRS MP, TO MALAYSIA, 5 - 8 APRIL 1985

FRIDAY 5 APRIL

1045	Arrival at Kuala Lumpur International Airport
1120 - 1145	Welcoming Ceremony, Parliament Square
1200	Arrival at Kuala Lumpur Hilton Hotel
1230	Private Lunch
1500 - 1730	Official talks with Malaysian Prime Minister, YAB Datuk Seri Dr Mahathir bin Mohamed
2030 - 2230	Official dinner at Prime Minister's Residence, Sri Perdana

SATURDAY 6 APRIL

0830 - 0915	Dialogue session at Economic and Planning Unit (EPU), Prime Minister's Department
0920	To Carcosa, British High Commissioner's Residence
1015 - 1145	Address at National Institute of Public Administration (INTAN)
1200 - 1230	Visit to British Council
1300 - 1430	Lunch at Carcosa with leading Malaysian businessmen
1500 - 1545	Visit to Bandar Tun Razak Housing Estate, Ceras
1630 - 1715	Call on YTM Tunku Abdul Rahman Al Haj
1900 - 1930	Meeting with Committee of British/Malaysian Industry and Trade Association (BMITA) at Carcosa
1930 - 2015	Reception to meet British High Commission and British Council staff and members of British community
2030	Private dinner at Carcosa

/SUNDAY 7 APRIL

SUNDAY 7 APRIL

0905	Depart Kuala Lumpur
1000	Arrive Alor Setar, Kedah
1035	Arrive Sungei Ahning and view Balfour Beatty Maju dam project
1130	Return to Alor Setar
1230	Audience with Their Royal Highnesses, The Sultan and Sultanah of Kedah
1245 - 1345	Lunch hosted by the Sultan and Sultanah of Kedah
1415	Return to Kuala Lumpur
1500	Arrive Kuala Lumpur
1530 - 1615	Visit International Expo '85
1620 - 1650	Visit Railbus at Kuala Lumpur Railway Station
1800	Press conference at Hilton Hotel
2030	Dinner by Malaysia/British Society (MBS)

MONDAY 8 APRIL

0900	Malaysian Prime Minister's farewell at Hilton Hotel
0945	Departure for Singapore

GR 1000

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FM JAKARTA 160642Z APR 85

TO IMMEDIATE FCO

TEL NO 191 OF 16 APRIL

RPTD FOR INFO TO PRIORITY KUALA LUMPUR, SINGAPORE AND BRUNEI.

1. SUMMARY.

THE PRIME MINISTER'S VISIT TO INDONESIA FROM 9-11 APRIL WAS AN OUTSTANDING SUCCESS. SHE WAS GIVEN IN EFFECT THE TREATMENT ACCORDED TO A VISITING HEAD OF STATE AND THERE WERE MANY INDICATIONS THAT TO THIS HAD BEEN ADDED EXTRA WARMTH AND PERSONAL ATTENTION TO MARK THE HISTORIC SIGNIFICANCE OF THE FIRST VISIT EVER PAID BY A BRITISH PRIME MINISTER TO INDONESIA.

2. DETAIL.

OUR MAIN OBJECTIVE WAS TO IMPRESS ON THE INDONESIAN LEADERSHIP THAT BRITAIN TAKES INDONESIA SERIOUSLY AND WISHES TO COOPERATE IN EVERY FIELD TO OUR MUTUAL BENEFIT. AN IMPORTANT ELEMENT WAS TO DEVELOP BETWEEN THE PRIME MINISTER AND PRESIDENT SOEHARTO A GOOD PERSONAL RELATIONSHIP. FROM THE STYLE OF THE LOCAL PRESS COVERAGE AND FROM MY OWN OBSERVATION, I HAVE NO DOUBT THAT THIS PERSONAL RAPPORT WAS FIRMLY ESTABLISHED.

3. THE RELATIVE BREVITY OF THE VISIT AND THE DEMANDS OF STATE PROTOCOL (COURTESY CALLS, WREATH LAYING, THE PLANTING OF A BANYAN TREE) MEANT THAT ONLY JAKARTA AND BANDUNG (20 MINUTES FLIGHT AWAY) COULD BE INCLUDED IN THE PROGRAMME. BUT THOUGH IT ADDED TO THE PRESSURE OF THE PROGRAMME THE BANDUNG TRIP WAS IMPORTANT AND WELL WORTHWHILE.

INTEREST IN SEEING MRS THATCHER WAS INTENSE. SO MANY GUESTS ACCEPTED THE INVITATION TO THE STATE BANQUET THAT UNPRECEDENTEDLY EXTRA SEATING HAD TO BE PROVIDED.

IN HIS SPEECH AT THE BANQUET THE PRESIDENT PAID A GLOWING TRIBUTE TO MRS THATCHER'S PERSONAL QUALITIES OF LEADERSHIP AND HER ACHIEVEMENTS IN THE INTERNATIONAL ECONOMIC FIELD, ESPECIALLY IN CURBING INFLATION AND DEFENDING AN OPEN GLOBAL TRADING SYSTEM. HE THANKED BRITAIN FOR THE ASSISTANCE PROVIDED IN A NUMBER OF MAJOR PROJECTS. HIS GENERAL THEME WAS MUTUAL UNDERSTANDING, TRUST AND COOPERATION TO BUILD A BETTER MORE PEACEFUL, MORE PROSPEROUS AND INTER-DEPENDENT WORLD. IN HER REPLY, MRS THATCHER PRAISED INDONESIA'S ACHIEVEMENTS, COMMENDED BRITAIN'S PRESENT STRENGTH AND CONFIDENCE, STRESSING THE MESSAGE THAT BRITAIN WISHED TO WORK MORE CLOSELY WITH INDONESIA IN EVERY FIELD AND TO INVEST IN INDONESIA'S FUTURE. THE PRIME MINISTER'S SPEECH WON TOTAL APPROVAL FROM HER INDONESIAN AUDIENCE AND I HAVE HAD MANY COMMENTS SINCE HER DEPARTURE TO THE EFFECT THAT SHE HAD JUDGED THE SPEECH EXACTLY RIGHT. I AM REPORTING IN A SEPARATE TELEGRAM THE TALKS WITH THE PRESIDENT AND THE TEN ECONOMIC MINISTERS WHO HAD A WORKING LUNCH WITH MRS THATCHER.

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/4

4. AS SHE WAS TO MAKE CLEAR AT HER SUBSEQUENT PRESS CONFERENCE THE PRIME MINISTER WAS VERY STRUCK BY HER HOUR'S VISIT TO THE BRITISH COUNCIL ON 10 APRIL. THE BRIEFING BY THE DIRECTOR OF THE BRITISH COUNCIL AND THE MEETING WITH BOTH BRITISH TCO'S AND VSO'S AS WELL AS INDONESIANS WHO HAD RETURNED AFTER STUDY IN BRITAIN WERE EXCELLENTLY ORGANISED.

5. A TORRENTIAL TROPICAL STORM MADE THE ARRIVAL AT MY RECEPTION ON 10 APRIL FOR THE BRITISH COMMUNITY HAZARDOUS BOTH FOR THE PRIME MINISTER'S PARTY AND THE GUESTS. BUT HER IMPROMPTU WORDS WERE RAPTUROUSLY WELCOMED AND SHE WAS ABLE TO MEET AND TALK TO A REMARKABLE NUMBER OF BRITISH AND INDONESIANS ALIKE. FROM SUBSEQUENT REACTIONS FROM THE BRITISH COMMUNITY GENERALLY, MRS THATCHER SEEMS TO HAVE PUT NEW HEART INTO ALL THE BRITISH WHO DO BUSINESS HERE.

6. THE WELCOME GIVEN TO THE PRIME MINISTER AT BANDUNG ON 11 APRIL WAS SPECTACULAR AND UNEXPECTEDLY HEARTWARMING. THE THREE AND A HALF KILOMETRES OF ROAD FROM THE AIRPORT TO THE INSTITUTE OF TECHNOLOGY WERE LINED ON BOTH SIDES BY THOUSANDS (PERHAPS TENS OF THOUSANDS) OF CHILDREN WAVING UNION JACKS AND INDONESIAN FLAGS. AT THE CAMPUS WHERE THE PRIME MINISTER HAD A BRIEF EXCHANGE ON SCIENTIFIC SUBJECTS WITH THE ACADEMIC STAFF BEFORE VISITING THE CHEMICAL LABORATORIES, SEVERAL THOUSANDS OF YOUNG MEN AND WOMEN TURNED UP TO GREET HER. ''MAGGIE, WELCOME TO THE DYNAMIC CAMPUS'' CARRIED AS A SLOGAN BY THE STUDENTS ILLUSTRATED THE PLEASURE THEY SHOWED. AS THE PRIME MINISTER COMMENTED HERSELF AT HER FINAL PRESS CONFERENCE THE WELCOME AT BANDUNG WAS ''UNFORGETTABLE''. THE VISIT TO DR HABIBIE'S AIRCRAFT COMPLEX, NURTANIO, BEGAN WITH AN IMPRESSIVE AERIAL DISPLAY BY HELICOPTERS AND AIRCRAFT CONSTRUCTED AT THE WORKS. MOST INTERESTINGLY, THE CN 235 WHICH HAS HAD SOME TEETHING PROBLEMS IN THE PAST ROARED PAST SEVERAL TIMES SKIMMING THE RUNWAY. AT HER SPEECH AT DR HABIBIE'S LUNCH, MRS THATCHER AGAIN REMINDED HER AUDIENCE OF WHAT BRITAIN HAD TO OFFER IN THE FIELD OF TECHNOLOGICAL COLLABORATION. SHE ALSO AGREED IN PRIVATE DISCUSSION WITH DR HABIBIE THAT SHE WOULD HOPE TO SIGN A SCIENCE AND TECHNOLOGY AGREEMENT WHEN DR HABIBIE COMES TO LONDON IN JUNE. HER REFERENCES TO THIS IN THE PRESS CONFERENCE WERE FOR OBVIOUS REASONS RATHER VEILED.

7. THERE WAS WIDESPREAD PRESS AND TELEVISION COVERAGE BOTH WELL IN ADVANCE AND NOT JUST DURING THE VISIT ITSELF BUT THROUGHOUT THE TOUR. ALL OF IT WAS COMPLIMENTARY AND MUCH OF IT WAS FRONT PAGE. ALL THE MATERIAL WHICH WAS PROVIDED BY THE BRITISH EMBASSY WAS USED. EDITORIALS WERE EFFUSIVE. THE FINAL PRESS CONFERENCE, AFTER WHICH THERE WERE A WEALTH OF ADMIRING COMMENT ON HER OPENING STATEMENT, TOOK UP AT LEAST HALF OF THE ENGLISH EDITION OF THE EVENING TV NEWS AND WAS COVERED EQUALLY SUBSTANTIALLY IN THE VENACULAR VERSION. THE FAVOURABLE IMPRESSION WAS ENHANCED BY THE FACT THAT, UNLIKE RECENT TOP LEVEL VISITORS, MRS THATCHER ACCORDED FAR MORE ATTENTION TO THE LOCAL INDONESIAN PRESS REPRESENTATIVES.

/8.

8. MR DENIS THATCHER HAD A MOST SUCCESSFUL MORNING ON 10 APRIL VISITING THREE BRITISH FIRMS WITH JOINT VENTURES IN JAKARTA AND HAVING LUNCH WITH THE LOCAL INDONESIAN BRITISH ASSOCIATION. HE IMPRESSED THOSE HE MET WITH HIS PERSONALITY AND THE SHREWDNESS OF HIS QUESTIONS. THE WREATH LAYING AT THE BRITISH CEMETERY WAS WELL ATTENDED BY MEMBERS OF THE BRITISH COMMUNITY AND MUCH APPRECIATED.

9. IN SUM, THE BRIDGEHEAD WON BY THE PRIME MINISTER SHOULD NOW HELP BRITISH FIRMS SUCCEED HERE BOTH COMMERCIALLY AND IN INVESTMENT PROJECTS. THE VISIT SHOULD ALSO FOCUS THE MINDS OF THE INDONESIANS ON THE POSSIBILITIES OFFERED IN THE UK FOR TRAINING AND THE TRANSFER OF TECHNOLOGY AS OPPOSED TO THOSE ALREADY KNOWN TO BE ON OFFER FROM JAPAN, THE USA AND OUR MAIN TRADING RIVALS.
THE PRIME MINISTER ACKNOWLEDGED PUBLICLY THAT WE HAVE NEGLECTED INDONESIA IN RECENT YEARS. HER VISIT GAVE A NEW MOMENTUM TO THE DEEPENING OF OUR POLITICAL AND ECONOMIC RELATIONS AND WAS ALTOGETHER FIRST CLASS PUBLICITY FOR BRITAIN.

DONALD

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PRIME MINISTER'S VISIT TO ASIA

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NEWS D	MR VEREKER (ODA)	MR HALL	DTI
PLANNING STAFF	CABINET OFFICE	MISS NEVILLE-ROLFE	PEP2/DTI
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10 DOWNING STREET

From the Private Secretary

16 April 1985

SRI LANKA

During her visit to Sri Lanka the Prime Minister was left in no doubt that President Jayewardene wanted help from the United Kingdom in combatting terrorism, in the form both of equipment and training. This was conveyed through hints and allusions, including his speech at the banquet.

The Prime Minister wants to think further about this. It would be helpful to have a short statement of what we are already doing and the limits we have set, which I could put to her, together with any recommendations which the Foreign Secretary may wish to make. It would be helpful to have the information at least by the end of the week.

(CHARLES POWELL)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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File

LPD

CC DTI.

10 DOWNING STREET

THE PRIME MINISTER

16 April 1985

Dear Mr. Nightingale

Thank you for your letter of 11 March.

I am glad to hear of the good progress that Anglo Indonesian have made in developing the Tasik plantation and to note the very interesting flotation of a new plantation company on the London Stock Exchange. But I fear that my programme in Indonesia was too tight to allow me to visit Sumatra, much as I would have liked to do so.

I am glad that you have kept the problem of the Raiu land before the Indonesian authorities. There was not an occasion for me to raise specific cases during my visit but I am sure that our excellent Ambassador will be ready to give any help which you require.

With best wishes,

Yours sincerely

Margaret Thatcher

Michael Nightingale, Esq., O.B.E.

BT.

10 DOWNING STREET

From the Private Secretary

15 April, 1985.

Prime Minister's Visit to South East Asia

I enclose copies of letters which the Prime Minister received from a number of companies, before her departure for South East Asia, asking her to raise specific contracts of interest to them.

The Prime Minister read all of them as part of her briefing.

I think that she should now reply to the letters. Some of the contracts were discussed, others not. It would be helpful if you could ask Chris Benjamin who was present at the meetings concerned and had a number of separate discussions to prepare draft replies.

(C.D. Powell)

J.F. Mogg, Esq.,
Department of Trade and Industry.

CONFIDENTIAL

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10 DOWNING STREET

From the Principal Private Secretary

15 April, 1985.

I enclose a note of a discussion between the Prime Minister and the Economic Ministers of the Indonesian Government over lunch on Wednesday, 10 April.

I am sending copies of this letter and its enclosure to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry), Michael Reidy (Department of Energy), and Michael McCulloch (Overseas Development Administration).

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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NOTE OF A DISCUSSION AT LUNCH BETWEEN THE PRIME MINISTER AND THE ECONOMIC MINISTERS OF THE INDONESIAN GOVERNMENT: WEDNESDAY 10 APRIL

Present:

H.E. Ali Wardhana
(Coordinating Economic Minister)

H.E. J.B. Sumarlin
(Minister for Planning)

H.E. Radius Prawiro
(Minister for Finance)

H.E. Hartarto
(Minister for Industry)

H.E. Subroto
(Minister for Mines and Energy)

H.E. Suyono Sosrodarsono
(Minister for Public Works)

H.E. Roesmin Nurjadin
(Minister for Communications)

H.E. Achmad Affandi
(Minister for Agriculture)

H.E. Rachmat Saleh
(Minister for Trade)

H.E. Ginandjar Kartasasmita
(Minister for Domestic Production and Investment)

The Prime Minister
H.E. Mr. A.E. Donald
Sir Antony Acland
Mr. F.E.R. Butler
Mr. Ingham
Mr. J.M. Vereker
Mr. C.B. Benjamin
Mr. Mackilligin

****

The Prime Minister welcomed the Indonesian Ministers. She first referred to the general background against which specific problems had to be considered and drew attention to two features - political attitudes, which it was the task of politicians to influence, and developments of the world economy in the 1970s, particularly the growth of inflation which had broken the Bretton Woods system. There was a need for more stability in both political and economic terms and this was most likely to be achieved through an open trading system, although she acknowledged that politics often played a part in the placing of contracts. Maritime countries, which both Britain and Indonesia were, tended to be more outward-looking. Her own interests as Prime Minister of Britain were in trade, security and in the support of other countries like Indonesia which were committed to freedom and

/ democracy

democracy, sound finance, and the promotion of the well-being of their people.

Mr. Wardhana opened his remarks by congratulating the Prime Minister on her speech at the previous night's banquet, and in particular her emphasis on cooperation and investment for the future. Indonesia's biggest problem was in providing employment for all its people. Over their present five-year plan their labour force would increase by 10 million, and unemployment was already high. They therefore had to give first priority to agricultural development as a means of providing employment within Indonesia's limited resources. Thereafter their priority was to develop industries which supported agriculture, particularly agricultural equipment and fertiliser. Production of fertiliser in Indonesia had increased from 100,000 tonnes to 4½ million tonnes in the last fifteen years and, from being the largest rice importer in the world, Indonesia had become the largest producer and now had surplus stocks of 2½ million tonnes. They were also the largest exporters of plywood and regretted that the EC quota did not allow greater exports to the Community. The Indonesian Government also had to provide the basic social services of health and education for their people and develop an economic infrastructure which, in the case of a country made up of 13,000 islands, included a heavy emphasis on sea communications and port facilities. They had left the development of mineral resources for the private sector.

The Prime Minister asked whether the Indonesian Government made inward investment easy instead of obstructing it as Japan did. Mr.Kartasasmita said that Indonesia was trying to reduce the bureaucratic obstacles to investment and a policy of streamlining controls had been announced. But, since investors still enjoyed fiscal advantages, development permits had to be retained. Investment in Indonesia had been lower in 1984 than in previous years, but this was attributed partly to the world recession and partly to the flight of capital to the United States.

/The Prime Minister

The Prime Minister added that it also no doubt had something to do with the weakness of commodity prices.

Mr. Wardhana said that the declining price of oil was also a problem for Indonesia which had forced them to rephase a large amount of projects in 1983. Indonesia was too dependent on oil which provided two-thirds of both its foreign exchange and its Government revenue. The Prime Minister said that the next two years would be difficult for oil prices. She did not see world trade expanding particularly fast at present, although Europe was likely to take up some slack by the slowing of American growth. Indonesia clearly needed sustainable growth with as little economic distortion as possible.

Mr. Subroto asked the Prime Minister for her views about a dialogue between oil producers and consumers to stabilise prices. The Prime Minister recalled that distortions in the market had been caused by the very sharp increases in OPEC oil prices in the 1970s when they had a monopoly of production. This had stimulated exploration for new supplies of oil, including those in the United Kingdom's North Sea and there should not be surprise now at the unwinding of the distortions. She could not therefore see the problem as being solved by discussions between producers and consumers but there was scope for using the revenue from the fat years to sustain producers during the lean years. Even now, the use of oil was exceeding the rate of new discoveries and it was essential to look ahead to alternative sources of energy, including nuclear, solar and other thermal methods.

Summing up the discussion, the Prime Minister said that she had been struck by the similarities between many of the interests of the United Kingdom and Indonesia. She hoped that her visit would lead to closer cooperation in the future, based on genuine understanding of each other's problems.

F.E.R.B.

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10 DOWNING STREET

From the Private Secretary

15 April 1985

Dear Peter,

PRIME MINISTER'S MEETING WITH THE COMMITTEE OF THE BRITISH-MALAYSIA INDUSTRY AND TRADE ASSOCIATION

I enclose a copy of a record of the meeting in Kuala Lumpur on 6 April between the Prime Minister and the Committee of the British-Malaysia Industry and Trade Association.

I am copying this letter and enclosure to John Mogg (Department of Trade and Industry), Rachel Lomax (H.M. Treasury), Elizabeth Hodkinson (Department of Education and Science) and Michael McCulloch (Overseas Development Administration).

Yours sincerely

Charles Powell

CHARLES POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

KB

cc Master

RECORD OF A MEETING BETWEEN THE RT HON MARGARET THATCHER FRS MP AND THE COMMITTEE OF THE BRITISH-MALAYSIAN INDUSTRY AND TRADE ASSOCIATION (BMITA) IN KUALA LUMPUR ON 6 APRIL

Present:

Prime Minister
Mr D Thatcher
HE Mr D H Gillmore CMG
Mr F E R Butler
Mr C D Powell
Mr C B Benjamin
Mr J M M Vereker
Mr B Ingham
Mr P D R Davies
Mr M L Dalton

Mr G E F Taylor, Timuran Holdings Bhd; Chairman, BMITA
Mr D R McCarthy, Lever Brothers (M) Sdn Bhd; Vice Chairman, BMITA
Mr H S Barlow, Southdene Sdn Bhd
YAM Tunku Imran, Antah Holdings Sdn Bhd
Mr F K J Jackson, Charter Consolidated (M) Sdn Bhd
Mr D G Jaques, The Hongkong and Shanghai Banking Corporation
Mr H A Nowell, Guinness Malaysia Bhd
Dr J D Rushton, ICI (M) Sdn Bhd

Mr Taylor welcomed the Prime Minister. The BMITA Committee was pleased that the Prime Minister had extended the fee support scheme for Malaysian students in Britain. Education was an important element in the bilateral relationship.

The Prime Minister gave an account of her visit to date. Malaysia had clearly made much progress and had become in effect a newly industrialised country. The Prime Minister approved of the lines on which the Malaysian economy was being run and had been particularly struck by the Economic Planning Unit's principle: "Elimination of the subsidy mentality". She had thought it right to deal with the air services problem in her talks with Dr Mahathir. The stumbling block had been the Malaysian government's discriminatory tax measure. As all foreign airlines were affected, the matter could not be dealt with bilaterally. Having settled the issue of an additional frequency for MAS, she expected the atmosphere for business to improve. Dr Mahathir had given an assurance that bids by British companies would be considered on merit.

Mr McCarthy reverted to the subject of government support for foreign students. He thought their presence in Britain benefitted the balance of payments. It was also of advantage to Britain that

/many

many Malaysians in senior positions had been educated in Britain. Investment in fee support for foreign students could produce commercial results though the figures could not be quantified.

The Prime Minister pointed out that if this argument was valid, the very large number of Malaysian students educated in past years in Britain should have helped the figures for our exports to Malaysia figures. In fact our market share had fallen. The government had provided £47 million for fee support schemes for foreign students. £5 million of this sum had been allocated for Malaysia. Additional money could only be found at the expense of other programmes. Moreover it did not follow that education in Britain produced pro-British attitudes. She asked what support BMITA companies were providing for Malaysian education. Mr Taylor said that BMITA had provided 1.5 million Malaysian dollars for Malaysian students over a three year period and that a number of British firms had their own schemes.

Mr Moffett said that in view of Malaysia's concern about its services deficit, a British offer to fund an adviser on tourism to the Malaysian government would be very welcome. The Prime Minister said that this proposal would fall to the British Council or technical cooperation budgets. As the Malaysian economy developed, fewer would be employed in manufacturing and agriculture and the service sector would need to grow. There was a need for marketing skills. Mr Vereker said such a proposal could be considered if it came from the Malaysian government.

Mr Taylor returned to the question of assistance which the British government could provide for Malaysian students. He thought official funds should be made available for the British Council to open new offices in Malaysia. The Prime Minister said that BMITA should target its attention more closely on what would be of direct benefit to their commercial interests. British businessmen had a natural advantage in that English was already the international language for many occupations. Now the airline problem was out of the way, she was entitled to say to BMITA members: "Get out and Sell".

File Pb

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10 DOWNING STREET

From the Private Secretary

15 April 1985

Dear Michael,

You wrote to me on 29 March with details of Samuel Montagu's business activities in Malaysia, Indonesia and Brunei.

The Prime Minister read your letter and enclosure as part of her preparation for her visit. Of the projects listed in the enclosure, the Prime Minister raised with Dr. Mahathir the supply of optical fibre telecommunications equipment to Jabatan Telekon Malaysia; and with President Soeharto, the suburban railway project and the Alvis/Scorpion project. In all these cases, the interest of British companies and banks was very firmly registered. The Prime Minister also raised with the Sultan of Brunei the management of Brunei's funds. But I should be grateful if you would treat that information as strictly personal to you.

I very much regret that, as matters turned out, it was not possible for her to have a word with Mr. Opiat in Singapore. The reception before dinner was split so that the Prime Minister met only the officers of the Malaysia-British Society; and after dinner, the Prime Minister was already on her way to her suite before Mr. Opiat was able to make contact. Please apologise to him for this.

Yours sincerely,

CHARLES POWELL

The Rt. Hon. Sir Michael Palliser, G.C.M.G.

 HLE DH

bc PC

copied to UK Info Relations INDIA Pt 4.

10 DOWNING STREET

From the Private Secretary

15 April 1985

Dear Len,

Prime Minister's Visit to South-East Asia, Sri Lanka, India and Saudi Arabia

There are a number of points arising from the Prime Minister's visits which need to be followed up. The main ones are:

(i) Malaysia We need to ensure that pressure is maintained on Dr. Mahathir for the early removal of the discriminatory tax concessions in favour of Malaysian Airway System. It is important that this should be pursued multilaterally, either through the Board of Airline Representatives or by joint diplomatic representations by the Governments affected, rather than bilaterally.

Dr. Mahathir accepted the Prime Minister's invitation to visit the United Kingdom next year. We need in due course to consider dates. We also need to consider Dr. Mahathir's suggestion, which the Prime Minister favours, that there should be more contacts between British and Malaysian Ministers.

A number of points were raised in discussion with Dr. Mahathir and his Ministers about trade with the EC, notably quotas for plywood and review of the GSP. We shall need to take these into account.

(ii) Brunei Although the Prime Minister's discussions with the Sultan were once more cordial, it was clear that the Sultan is no nearer decisions on a number of key issues, notably conclusion of a Defence MOU or the management of Brunei's funds. [redacted]

BFI

[redacted] I should be grateful for advice.

(iii) Indonesia The main question here concerns the terms of our aid. It would be helpful to see

BK1 recommendations from the ODA on this, in the light of Mr. Vereker's discussions in the margins of the visit.

The Prime Minister agreed with Dr. Habibie (Minister of Technology) that we would give further consideration to concluding a science and technology agreement with Indonesia, with the aim of having a draft ready for signature by the time of Dr. Habibie's visit to the United Kingdom in June.

(iv) Sri Lanka There are several points for action here. On the Tamil problem, the Prime Minister asked President Jayewardene to let her have further material to illustrate, in particular, the firm action which he claimed that his Government was taking to punish indiscipline in the security forces. The High Commissioner will want to ensure that we receive this. Following her subsequent discussions with Mr. Gandhi, the Prime Minister would also want us to encourage the Sri Lanka Government to respond to Mr. Gandhi's ideas on parallel steps by India and Sri Lanka to reduce tension.

BK1

The Prime Minister promised to look into allegations that Tamil organisations in the United Kingdom were raising funds to purchase arms for terrorists. We shall need to let President Jayewardene have a reply on this.

BK1

As agreed in EX, the Prime Minister avoided any commitment to provide ATP for the Samanala Wewa dam project, but agreed to consider the case on her return to London. There are to be further discussions between Mr. Raison and the Sri Lanka Minister of Finance today. We need the ODA's full evaluation of the project before the issue is returned to EX for a decision. The Prime Minister would want the evaluation to be conducted and completed as rapidly as possible.

Two further issues were raised: OCL's share of container trade with Sri Lanka, on which the Prime Minister said that the Sri Lanka Government's offer was inadequate; and Air Lanka's wish to transfer its services from Gatwick to Heathrow. It was agreed that both would be pursued through the High Commissioner.

(v)

(vi) Saudi Arabia King Fahd appeared to want to take up later this year the invitation to him to pay an official visit. We shall need to consider dates.

(vii) Commercial Prospects The Prime Minister discussed both sectors of interest to British firms and particular contracts in Malaysia and Indonesia. It would be helpful to have a note from Mr. Benjamin on the follow-up action required.

BK1

I am copying this letter to John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), Hugh Taylor (Home Office), Richard Allan (Department of Transport), Richard Broadbent (Chief Secretary's Office), Michael McCulloch (ODA) and Richard Hatfield (Cabinet Office).

Yours sincerely

(C.D. Powell)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

PP ABU DHABI

PP DOHA

PP DUBAI

PP BAHRAIN

PP MUSCAT

PP KUWAIT

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SIR W HARDING
~~DR WILSON~~
MR VEREKER (ODA)
CABINET OFFICE

Sir C. Tickell
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FROM H OF C (AMBASSADOR IS IN RIYADH)

PRIME MINISTER'S VISIT : SAUDI PRESS COVERAGE

1. THE PRIME MINISTER'S VISIT TO RIYADH ON 14 APRIL HAS GIVEN RISE TO THE WARMEST AND MOST EXTENSIVE COVERAGE OF BRITAIN IN THE SAUDI PRESS SINCE CROWN PRINCE ABDULLAH'S VISIT TO THE UK IN FEBRUARY 1984.

2. ALL LOCAL NEWSPAPERS (AS WELL AS SAUDI RADIO AND TV) REPORTED THE VISIT AS THEIR LEAD STORY ON 14 AND 15 APRIL. COVERAGE WAS FULL AND GENERALLY ACCURATE, AND MOST NEWSPAPERS REPORTED PROMINENTLY THE FACT THAT A LARGE NUMBER OF MINISTERS AND SENIOR PRINCES HAD TAKEN PART IN THE VISIT ON THE SAUDI SIDE. ON 15 APRIL THE PRESS LED WITH KING FAHD'S DESCRIPTION OF THE TALKS AS 'USEFUL', AND CARRIED BRIEF STATEMENTS BY THE SAUDI AMBASSADOR IN LONDON AND BY ME TO THE EFFECT THAT THE DISCUSSIONS HAD BEEN SUCCESSFUL AND HAD COVERED BOTH REGIONAL AND BILATERAL TOPICS. THE JEDDA ARABIC-LANGUAGE DAILY 'OKAZ' AS WELL AS THE SAUDI INTERNATIONAL DAILY 'SHARQ AL-AWSAT' BOTH CARRIED INTERVIEWS WITH THE AMBASSADOR ON 14 APRIL , GIVING PROMINENCE TO HIS REMARKS ON THE EXCELLENT STATE OF SAUDI-BRITISH RELATIONS.

BRITISH RELATIONS.

3. EDITORIAL COMMENT ON THE VISIT WAS SIMILARLY WARM. FOLLOWING THE LOCAL CUSTOM, MOST NEWSPAPERS SAW IT AS EVIDENCE OF SAUDI ARABIA'S WEIGHT IN REGIONAL AFFAIRS, THOUGH MOST ALSO SPOKE OF THE UK'S IMPORTANCE IN EUROPE AND HER LONG EXPERIENCE OF THE MIDDLE EAST. 'AL MADINA' ON 15 APRIL SPOKE APPROVINGLY OF BRITAIN'S CONDEMNATION OF ISRAELI STATEMENTS IN THE OCCUPIED TERRITORIES. THE ONLY CARPING NOTE WAS STRUCK BY THE HABITUALLY ANTI-WESTERN 'AL NADWA', WHICH REFERRED (WHILE ADMITTING THAT ANGLO-SAUDI RELATIONS ARE GENERALLY GOOD) TO DIFFERENCES OF OPINION AND APPROACH ON NORTH SEA OIL AND ARAB/ISRAEL. BUT MOST NEWSPAPERS SPOKE IN VERY WARM TERMS OF THE UK AND OF THE PRIME MINISTER PERSONALLY. EVEN THE ENGLISH-LANGUAGE 'SAUDI GAZETTE', RESPONSIBLE IN THE PAST FOR A NUMBER OF ANTI-BRITISH CAMPAIGNS, CARRIED AN EDITORIAL ON 14 APRIL WARMLY WELCOMING THE PRIME MINISTER TO SAUDI ARABIA, AND PRAISING 'HER TENACITY OF PURPOSE AND STRENGTH OF CHARACTER'.

WRIGHT

NNNN

PP KUWAIT

PP WASHINGTON

PS/PUS
SIR W HARDING

[redacted]

CF

Foreign and Commonwealth Office

London SW1A 2AH

15 April, 1985

Dear Charles,

Letter from Mr Basil De Ferranti

Thank you for your letter of 1 April, enclosing a letter to the Prime Minister from Mr Basil de Ferranti about Ferranti's bid for a contract in Singapore and about the application of SIA for flights to Manchester.

I enclose a draft reply.

I am copying this letter to Henry Derwent (Department of Transport) and Callum McCarthy (DTI).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

DEPARTMENT: **TEL. NO:**

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

TO:
Mr Basil de Ferranti
Ferranti plc
Millbank Tower
Millbank
LONDON SW1P 4QS

L02 ABB

Your Reference

Copies to:

SUBJECT:

Thank you for your letter of 29 March about Ferranti's interest in bidding to supply a Flight Information System in Singapore and the application made by Singapore Airlines to fly to Manchester.

I well understand that as a Northern company, you would find it most useful to have direct flights from Singapore to Manchester. As you say Singapore Airlines stimulated a good deal of publicity before my visit, although we have only recently received a formal request from the Singapore Government. Mr Lee Kuan Yew did not in fact raise the subject with me in Singapore. But the aviation authorities of our two countries are to meet soon for formal consultations on the request. We must see what emerges from these. ~~I hope that these discussions will reach an early and satisfactory request.~~

I hope that this will support you.

I ~~wish you well with~~ your efforts to secure ~~such valuable~~ business for Ferranti and the UK in Singapore. ~~I know from my visit there the high priority the Singapore Government place on the most up to date technology.~~ Our interest in the outstanding record of Ferranti & Computers & Flight Information Systems in this area.

I did my best in Singapore to put the record straight on British economic performance & the belief that this was the most effective way to impart confidence in our products. I also made a point of selling British

Enclosures—flag(s).....

OUTWARD TELEGRAM

Classification and Caveats	Precedence/Deskby
CONFIDENTIAL	IMMEDIATE

ZCZC
GRS
CLASS CONFIDENTIAL
CAVEATS
DESKBY
FM FCO FM DTI
PRE/ADD IMMEDIATE DELHI
TEL NO OTTER

WESTLAND HELICOPTERS

Benjamin saw Berrington to debrief on discussions during the PM's visit.

2 Berrington plans to leave UK for Delhi am tomorrow. He plans to be accompanied by Moxan, Westland's Director of Flight Operations, who conducted the flight trials, and also with a performance expert. These latter may have to follow a day later because of visa problems.

3 It was underlined to him that he should have the fullest possible material to counter questions on engine-out performance in all configurations, and also high altitude performance. It was also stressed that he should be able to quote verse and text of exchanges during the performance trials to establish the position that Westlands had met the ONGC requirements and satisfied technical questions related

NNNN ends telegram	BLANK	Catchword: to
File number	Dept: DTI	Distribution: No 10; FCO (SEAD); Baker (Air/DTI); PS/SOS(DTI); PS/Mr Pattie; PS/Sir B Hayes
Drafted by (Block capitals): C B BENJAMIN		
Telephone number: 215 5701		
Authorised for despatch: C Benjamin		
Comcen reference	Time of despatch	

Classification and Caveats	Page
CONFIDENTIAL	2

<<<<

<<<<
to these. He confirmed that he himself had formally written on 3 January summarising the technical discussions following the performance tests and answering the questions posed by IAF evaluation team. He was also told to ensure that the Westlands team was fully armed with economic performance material lest the Indians revert to this area again in any goal-post shifting.

4 It seems to us that it would be very useful to ensure an HMG presence at discussions, and DTI would be ready to send out a representative from Air Division should you wish to augment the resources of the High Commission. Even as an observer, such a presence would help to guard against any subsequent disputes over interpretation. We would of course be advised entirely by you.

NNNN

NNNN ends telegram	BLANK	Catchword

(6)

10 DOWNING STREET

From the Private Secretary

14 April, 1985

Dear Len,

TORNADO FOR SAUDI ARABIA

During her visit to Riyadh on 14 April, the Prime Minister had a brief exchange with King Fahd about Tornado. The matter was raised by King Fahd who said that he understood that the Prime Minister wished to discuss a certain delicate matter tête-à-tête.

The Prime Minister said that she understood that the King had made a decision to buy Tornado but that we must be patient until he was ready to have this known publicly. In the meantime, we should keep the information strictly confidential. The King said that Saudi Arabia had indeed made a decision in principle to buy Tornado. They knew it was a very good aircraft. The French Government had issued a statement that Saudi Arabia would be buying Mirage. This was without foundation and the Saudi Government had taken the unusual step of issuing a denial. Negotiations were still needed on a number of matters relating to Tornado, including its low-flying capability, its range, the equipment which the version sold to Saudi Arabia would carry, and the need for a guarantee that spares would be provided from RAF stocks if necessary. In addition, the Saudi Government understood that a Mark 2 Tornado would be produced towards the end of this year. They would want to be sure of having the latest version. King Fahd added that he would send a special envoy to the Prime Minister to take these matters further. He concluded by saying that the Prime Minister had had a very beneficial visit.

The Prime Minister does not wish this letter nor the information in it to be passed to anyone other than the Foreign Secretary, the Defence Secretary, Sir Antony Acland, Sir Clive Whitmore, Sir James Blyth, Mr Egerton and HM Ambassador to Saudi Arabia.

/I am

SECRET CMO

I am copying this letter to Richard Mottram in the Ministry of Defence.

Yours sincerely

(C D Powell)

L Appleyard Esq
Foreign and Commonwealth Office

SECRET CMO

CONFIDENTIAL

10 DOWNING STREET

Mr Day, MED
cc PS
PS/Mr Luce
Mr Ferguson
Mr Ingham
NSNAD
16/4

From the Private Secretary

14 April 1985

Dear Peter,

PRIME MINISTER'S MEETING WITH KING FAHD

I enclose a record of the Prime Minister's meeting with King Fahd in Riyadh on 14 April. Much of what King Fahd had to say about the Middle East consisted of well-rehearsed themes. I have therefore pruned his remarks quite considerably in my record. I have also done a certain amount of editing. What actually happened was that King Fahd spoke for some fifty minutes, covering all the subjects which he wished to raise, and the Prime Minister replied over about half-an-hour. To make for easier comprehension, I have arranged the remarks of both of them under subject headings.

You will see from the record that, during the talks, the Prime Minister renewed the invitation to King Fahd to visit Britain this year. King Fahd made no comment at the time but reverted to the matter over lunch, saying that he would like to pay an official visit this year. You will wish to consider how this can be fitted into the programme of such visits.

I am copying this letter to Richard Mottram (Ministry of Defence), Philip Wynn Owen (H.M. Treasury) and Richard Hatfield (Cabinet Office).

Yours sincerely

CHARLES POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

E.B.

CONFIDENTIAL

CC Master

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND KING FAHD AT THE ROYAL GUEST PALACE NASSRIA IN RIYADH ON 14 APRIL

Present

Prime Minister
Sir A. Acland
HM Ambassador
Mr. F.E.R. Butler
Mr. C.D. Powell

King Fahd
Crown Prince Abdullah
Prince Sultan
Prince Saud
Sheikh Yamani
Minister of Education
Saudi Ambassador to London

****

King Fahd said that the Prime Minister's acceptance of his invitation to make a brief stop-over in Saudi Arabia was very much appreciated. She was no stranger to the problems of the region.

Arab/Israel

King Fahd said that Saudi Arabia much appreciated the Prime Minister's efforts to help resolve problems of the region. During his recent visit to Washington and meeting with President Reagan he had felt that the United States was also trying to find solutions. On the other hand, statements from Israel were not encouraging. They continued their refusal to negotiate with any Palestinian personality who was a member of, or sympathiser with, the PLO. But the fact was that the PLO must take part in negotiations. The Israelis' aim seemed to be to force the Palestinians to recognise Israel before negotiations could take place. The negotiations should be approached without pre-conditions.

King Fahd continued that the United States' stance was of great importance. Saudi Arabia wanted the United States to be just and impartial. If this condition could be met, matters could be resolved easily. Any reasonable person

/nowadays

nowadays recognised Israel as a Middle Eastern country and as an accepted part of the region. The question was how Israel would co-exist with its neighbours. If Israel continued to base relations on force, there could not be peace. But if Israel gave evidence of readiness to withdraw from the occupied territories, leaving other issues to negotiations, the Arabs would be ready to respond. Unfortunately, Israel's actions gave little grounds for hope and without progress, the Arabs would become desperate. At present there were reasonable leaders in the Middle East. But there were also those who thought that peaceful solutions could not be achieved. Saudi Arabia supported peaceful solutions. But if the conviction were to grow that such solutions were unattainable, thoughts would turn to force. In these circumstances, Saudi Arabia would not be able to isolate itself from an Arab consensus. War would not only cause difficulties for Britain, Europe, the United States and Japan, but would also open the way for the Soviet Union to extend its influence on the Middle East.

The Prime Minister recalled that it had been clear during her own visit to Washington that King Fahd's earlier visit had made a considerable impact upon President Reagan. She was convinced that Presidnet Reagan genuinely wanted to take things forward in the Middle East and knew that the time for doing so was comparatively short. Since her visit she had kept in close touch with the United States Administration and was aware that Mr. Murphy, during his current visit to the area, would have some interesting proposals to make. The American aim was to secure direct negotiations between Jordan and the Palestinians on the one hand and Israel on the other. This could be achieved by building on the progress made by King Hussein with the PLO. She thought that Mr. Murphy would not press King Hussein and Arafat to define their positions further unless this undermined his authority and threatened the consensus already achieved. Both had moved considerably. The immediate purpose of Mr. Murphy's mission

/would

would be to canvass names of Palestinians who were not prominent members of the PLO but who would be acceptable to Palestinian representatives on a joint Jordanian/Palestinian delegation. This would not be an easy task. No prominent Palestinian would agree to take part without the blessing of the PLO. None the less, if progress could be made, her information was that Mr. Murphy might be ready to make a futher visit to the area later and meet with a joint Jordanian/ Palestinian team. She also thought that the United States Administration would put pressure on the Israelis to be more cooperative.

The Prime Minister continued that she recognised that even if agreement could be reached to hold negotiations, it would not be easy to fix an agenda. But she was convinced that this was the right psychological moment for a practical initiative. Three factors coincided: Israel's withdrawal from Lebanon which might make her readier to negotiate on the longer-term fundamental issue; the need to take advantage of Mr. Peres' term of office as Prime Minister; and US determination to follow up President Reagan's 1982 initiative by practical steps to draw the Palestinians into negotiations.

The Prime Minister noted that King Fahd had referred to the risk of conflict. If there were to be a war in the Middle East the bloodshed and turmoil would be appalling. We therefore had to do everything possible to avoid it. She was sure that the King would guide the Arab world away from conflict. She hoped also that he would keep in close and regular touch with President Reagan and with her to ensure that progress towards a peaceful settlement could be made.

Iran/Iraq

King Fahd said that Iran appeared determined to continue the war until Iraq had been defeated. In his view, this would not be achieved. Iran had rejected all reasonable suggestions for negotiations, including those from the United Nations Secretary General whose talks had been without result. Iraq, on the other hand, clearly wanted to end the war.

/ King Fahd

King Fahd continued that the ambition of the Iranians under Khomeini was to turn Iraq into a satellite of Iran as a prelude to extending their control over other Gulf states.

The only way to end the war would be for "other countries" to face Iraq and Iran with a reasonable solution. If either of them refused to accept it, they should be ostracized internationally: politically, socially and economically. However, he recognised that it would be difficult to achieve consensus on such action.

The Prime Minister agreed that it was difficult

We had hoped that Iran was running out of sophisticated weapons and that this would inhibit its capacity to do damage. However, it now seemed that Iran had obtained SCUD missiles of Soviet origin, probably through Libya. This was bad news. The Prime Minister continued that Mr Gandhi had told her that he had recently sent an emissary to Iran, but the emissary had failed to make any significant progress. The Indians took some comfort from the fact that the Iranians had not mentioned the removal of Saddan Hussein as a condition for a settlement. None the less, it probably still was one. The Indians had also found the Iranians remarkably unconcerned and prepared to continue with the war, indeed optimistic about their prospects.

The Prime Minister continued that she was sure that the United Nations Secretary-General had been right to visit Iran and Iraq. We should all do everything possible to keep the horrors of the war before public opinion and work for a solution through the United Nations.

/Lebanon

Lebanon

King Fahd described the situation in Lebanon as tragic, although it might improve if the Israelis were to withdraw completely. The Prime Minister pointed to the emergence of the Shi-ites as a new threat to stability in Lebanon and the border with Israel. She agreed that Israeli withdrawal should be completed as soon as possible.

Afghanistan

King Fahd said that Afghanistan remained under the thumb of the Soviet Union. The people of Afghanistan rejected Soviet rule and wanted to be free. The Afghan people must have the right of self-determination. The Prime Minister said that the Soviet Union had stepped up its forces in Afghanistan. She did not expect much change in Soviet foreign policy under Mr Gorbachev. He would try to implement Communist doctrine more vigorously and efficiently than his predecessors.

Bilateral matters

King Fahd pressed the Prime Minister to return to Saudi Arabia for a longer visit. There was a great deal to see. Perhaps she might agree to take a holiday in Saudi Arabia. The Prime Minister thanked the King for the invitation which she would like to take up one day. She hoped that the King would pay an early official visit to the United Kingdom. She greatly looked forward to this.

14 April, 1985

file

10 DOWNING STREET

(5)

From the Private Secretary

14 April, 1985

Dear Len,

INDO/PAKISTAN NUCLEAR

The Prime Minister and Mr Gandhi had a brief discussion of this during the Prime Minister's visit to New Delhi on 14 April.

Mr Gandhi assured the Prime Minister that India did not possess any nuclear weapons. He was convinced, however, that Pakistan was on the verge of developing a nuclear weapon. He referred to press reports - which I think date from last year - that a Pakistani had been detained while trying to smuggle 50 triggering devices which could be used in nuclear weapons out of the United States. Unforgivably the Americans had released the person concerned, detaining only the equipment. The high number of triggering devices was what caused Mr Gandhi particular concern.

I am copying this letter to Sir Percy Cradock.

Yours sincerely

Charles Powell

(C D Powell)

L Appleyard Esq
Foreign and Commonwealth Office

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1498 (one piece/item number)	Date and sign
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C O N F I D E N T I A L

PLEASE GIVE THE FOLLOWING TELEGRAM IMMEDIATELY TO F C O COMMUNICATIONS TO BE SENT FLASH TO DELHI.
COPIES TO NO. 10, FCO ODA, TREASURY AND DTI.

BEGINS.
C O N F I D E N T I A L
FOLLOWING PERSONAL FOR HIGH COMMISIONER FROM BUTLER, PRIME MINISTER'S PARTY
==========

THE PRIME MINISTER HAS DE-BRIEFED US ON CONVERSATION WITH GANDHI AT AIRPORT. SHE HANDED LETTER TO GANDHI WHO DID NOT READ IT AT THE TIME. PRIME MINISTER TOLD GANDHI THAT SHE HAD SPENT THREE HOURS WITH WESTLANDS TECHNICAL PEOPLE, WHO HAD NEVER SEEN THE FIGURES HE QUOTED AND WERE DISMAYED BY MANY OF THEM. THE ARRANGEMENT HAD BEEN FOR 21 OFF-SHORE HELICOPTERS AND SIX EXECTIVE. WESTLANDS UNDERSTOOD THAT THEIR HELICOPTERS MET SPECIFICATIONS ISSUED BY THE INDIAN GOVERNMENT AND THE CONTRACT WOULD GO AHEAD, SUBJECT TO CERTIFICATION AND EVALUATION. THESE TWO CONDITIONS HAD BEEN FULFILLED FOR THE OFF-SHORE HELICOPTERS. FOLLOWING TESTS, THE INDIAN GOVERNMENT HAD RAISED TWO POINTS WHICH WESTLANDS HAD CLEARED IN JANUARY.

THE PRIME MINISTER CONTINUED THAT SINCE JANUARY IT HAS BEEN IMPOSSIBLE TO GET ANY OBJECTIVE INFORMATION FROM THE INDIAN GOVERNMENT, AND IT DID NOT APPEAR THAT THE MATTER WAS BEING HANDLED IN AN EFFICIENT AND BUSINESSLIKE WAY. NO-ONE HAD TOLD WESTLANDS OF ANY SHORTCOMINGS IN RELATION TO THE SPECIFICATIONS OR CLAIMED PERFORMANCE. WESTLANDS HAD DRAWN UP THE CONTRACT WITH RIGOROUS DELIVERY DATES WHICH THEY UNDERSTOOD THAT THE INDIAN GOVERNMENT WANTED, AND TO BE SURE THAT THEY DID NOT FAIL TO MEET THESE DATES, HAD ALREADY MADE FOUR HELICOPTERS. SHE UNDERSTOOD THAT THE EXTRA SIZE OF THE WESTLANDS HELICOPTER PROVIDED AND ADVANTAGE BY INCREASING VERSATILITY AND LOAD-CARRYING CAPACITY HOTH FOR OFF-SHORE AND EXUCTIVE USE.

THE PRIME MINISTER CONTINUED THAT FULFILMENT OF THE UNDERSTANDING WAS VITAL TO WESTLANDS PROFESSIONAL STANDING. THE PRIME MINISTER SAID THAT IF ANYTHING WENT WRONG WITH THE DEAL, SHE AND WESTLANDS WOULD NEED A STRICTLY OBJECTIVE STATEMENT OF FACTS. AT PRESENT, WESTLANDS FELT THAT THE REQUIREMENTS WERE BEING CHANGED WITHOUT THEIR KNOWLEDGE. GANDHI INTERVENED THAT HE WAS SURE THAT THIS WAS NOT SO.

GANDHI CONTINUED THAT HE WAS VERY ANXIOUS TO GET AN OBJECTIVE REPORT. HE WOULD GET HIS PEOPLE TO GO THROUGH ALL THE FACTS AND HE WOULD GO THROUGH THEM PERSONALLY HIMSELF. HE WOULD BE GLAD TO HAVE THE WESTLANDS TECHNICAL EXPERTS SIT DOWN WITH HIS OWN.

THE PRIME MINISTER WOULD LIKE YOU TO REPORT THIS OUTCOME URGENTLY TO WESTLANDS AND SUGGEST THAT THEY SEND OUT THEIR TOP TECHNICAL EXPERT AT ONCE, IF POSSIBLE TODAY OR TOMORROW. THEY SHOULD ALSO MAKE SURE THAT A PILOT IS AVAILABLE IN CASE ANY FURTHER TESTS NEED TO BE UNDERTAKEN TO ESTABLISH THE FACTS. THE PRIME MINISTER ALSO TOLD GANDHI THAT SHE HOPED TO SEE HIM IN UK IN OCTOBER. IF HE WISHED TO BASE HIMSELF ON CHEQUERS, SHE WOULD GLADLY ARRANGE IT
BT
GRS 00465
NNNN

END TFC LCB228

XY 42

File No. .....

Department .....

Drafted by (Block Capitals) .....

Tel. Extn. .....

OUTWARD TELEGRAM

Security Classification: CONFIDENTIAL

Precedence: IMMEDIATE

DESKBY .....Z

FOR COMMS. DEPT. USE

Despatched (Date) ..... (Time) .....Z

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PREAMBLE

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(Time of Origin).....Z(G.M.T.)

(Security Class.) CONFIDENTIAL

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AND TO SAVING.....

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[TEXT]

WESTLANDS

The Prime Minister discussed Westlands with Mr. Gandhi without notetakers. She subsequently gave the following account.

Gandhi drew from an Indian Air Force Report which he had only seen within the last week. He claimed that the one engine performance of the WG30 was only 1000 feet and this was too low, given that the hills around Bombay were 4000 feet. When the Prime Minister pointed out that the helicopters would be flying over the sea, Gandhi replied that the hills were within "the manoeuvring range" of a helicopter landing at Bombay.

/Second

Second, Gandhi said that the WG30 needed an overhaul every 600 flying hours and its fuel consumption was very high. He claimed that Westlands had not sold any and that the Indians feared the difficulties over spares. He also claimed that the air frame had been re-designed. The general impression he gave was that he had made up his mind that he did not want the helicopters.

The Prime Minister suggested that the helicopters might be acquired for the Helicopter Corporation. Gandhi said that helicopters for this purpose would need to fly even higher. Nor was he attracted by the Prime Minister's alternative suggestion that some of the Westlands helicopters should be taken and used alongside helicopters from other sources.

The Prime Minister told Gandhi that she would enquire urgently into these points. A decision ought to be reached with a week.

When the Prime Minister de-briefed us on this discussion after the meeting Brennan (Westlands) said that some of Gandhi's assertions were inaccurate, particularly the reference to the overhaul intervals and the re-designing of the air frame. It was pointed out that Gandhi had not suggested that the WG30 had failed to meet the specification set by the Indian Government. The requirements about flying height mentioned by Gandhi were new.

The Prime Minister therefore decided to write a letter to Gandhi which was delivered at the airport prior to her departure. The text is in my following telegram.

(3)

Please file

DWF G 016/14

LUK 239/14

00 FCO

GRS 450

ADVANCE COPY

cc Mosto

IMMEDIATE

PS/NO 10 DOWNING ST.

SECRET

FROM NEW DELHI 1406352 APRIL 1985
TO IMMEDIATE FCO LONDON
TELEGRAM NUMBER 488 OF 14 APRIL 1985

FOLLOWING PERSONAL FOR PRIVATE SECRETARY AND FOR PS/PM

PRIME MINISTER'S MEETING WITH GANDHI

1. THE SUBSTANTIAL PART (OVER AN HOUR) OF THE PM'S MEETING WITH MR GANDHI TOOK PLACE WITHOUT NOTETAKERS. THE PM SUBSEQUENTLY GAVE US A SUMMARY ACCOUNT OF THE MATTERS COVERED. THEY WERE AS FOLLOWS:-

(A) WESTLANDS - SEPARATELY REPORTED.

(B) SRI LANKA. THE PM REPORTED HER CONVERSATIONS WITH PRESIDENT JAYEWARDENE AND A REPRESENTATIVE OF THE TULF IN COLOMBO. GANDHI IMPLIED THAT HE WAS IN TOUCH WITH THE SRI LANKAN GOVERNMENT ABOUT PARALLEL MOVES TO DE-ESCALATE THE CRISIS. [redacted]

[redacted] THERE APPEARED TO BE SUBSTANCE IN THE RECENT PRESS REPORTS FROM COLOMBO ABOUT SRI LANKAN MOVES TOWARDS A POLITICAL SETTLEMENT.

14/4/85

(C) SIKH EXTREMISTS IN BRITAIN. THE PM UNDERLINED OUR CONCERN ABOUT THIS ISSUE. SHE DEEPLY SYMPATHISED WITH THE STRONG FEELINGS TO WHICH IT HAD GIVEN RISE IN INDIA. SHE EXPLAINED CHAUHAN'S POSITION UNDER THE 1971 IMMIGRATION ACT. SHE REGRETTED THAT SUCH PEOPLE HAD EVER BEEN ADMITTED TO BRITAIN. WE WERE DOING ALL WE COULD WITHIN THE LAW TO CONTROL THESE ACTIVITIES.

GANDHI NOTED THESE POINTS AND MADE NO NEW REQUESTS.

(D)

(E) KASHMIR. GANDHI RAISED THE INFORMAL COMMITTEE SET UP BY FOUR MPS ON THE INITIATIVE OF THE PAKISTANI BUSINESSMAN SULTAN MAHMUD TO STUDY THE KASHMIR PROBLEM. THE PRIME MINISTER SAID THAT SHE WOULD MAKE ENQUIRIES ABOUT THIS ON RETURN TO LONDON.

(F) PAKISTAN. GANDHI SAID THAT THE INDIANS HAD NEW INFORMATION ABOUT PAKISTAN'S NUCLEAR DEVELOPMENT.

2. THE FOLLOWING TOPICS WERE THEN COVERED MORE BRIEFLY WITH ADVISERS PRESENT:

(A) INDIA'S ECONOMIC PLANS. GANDHI EXPLAINED THE REVISIONS BEING MADE TO INDIAN INDUSTRIAL, FINANCIAL AND EDUCATION POLICIES TO PREPARE INDIA FOR THE MODERN WORLD, AND TO CONCENTRATE ON SPECIFIC AREAS OF DEVELOPMENT. HE ALSO REFERRED TO THE REVIEW OF FINANCIAL MANAGEMENT AND THE STREAMLINING OF LICENSING PROCEDURES. CONTROLS WERE BEING REDUCED TO IMPROVE EFFICIENCY AND MINIMISE OPPORTUNITIES FOR CORRUPTION.

(B) PUNJAB. GANDHI EXPLAINED THE NEW STEPS TAKEN BY THE INDIAN GOVERNMENT. THESE COULD HAVE BEEN TAKEN EARLIER. BUT THE AKALIS HAD NEEDED TO GIVE THE IMPRESSION THAT THEY WERE ACHIEVING CONCESSIONS RATHER THAN MERELY BEING GRANTED THEM.

(C) OTHER MATTERS TOUCHED UPON WERE THE WORLD ECONOMY, NEW GATT ROUND, US/USSR ARMS NEGOTIATIONS (PARTICULARLY SDI), AFGHANISTAN, AND IRAN/IRAQ.

3. THE PRIME MINISTER AND GANDHI AGREED THAT PRESS SPOKESMEN SHOULD BE AUTHORISED TO SAY THAT THE TALKS HAD COVERED THE SIKH EXTREMISTS IN BRITAIN, SRI LANKA, THE WORLD ECONOMY AND EAST/WEST RELATIONS, INDIAN ECONOMIC POLICY, IRAQ/IRAN AND BILATERAL ISSUES.

4. IN VIEW OF THE SENSITIVITY OF SOME OF THE TOPICS COVERED, THE PM WISHES THE DISTRIBUTION OF THIS TELEGRAM TO BE CAREFULLY RESTRICTED

WADE-GERY

NNNN

LUK 764/13
FDW G 035/013

169

FCO NEW DELHI

URS 250

CONFIDENTIAL
FM RIYADH 131215Z APR 85
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 001 OF 13 APRIL
INFO ROUTINE TO FCO(FOR CONFERENCE SECTION, ~~PROTOCOL~~ OD DEPT)

FOLLOWING FROM AMBASSADOR IN RIYADH FOR PS TO PM

MY TELNO 209 FROM JEDDA: PRIME MINISTER'S VISIT

1. I HAVE DISCUSSED ARRANGEMENTS TODAY IN GREATER DETAIL WITH CHIEF OF ROYAL PROTOCOL.

2. CEREMONIES AT THE AIRPORT ARE CONFIRMED AS IN MY TUR AND THERE IS LIKELY TO BE A FULL TURN-OUT OF SAUDI MINISTERS PRESENT. THE PRIME MINISTER AND THE CROWN PRINCE WILL BE LED TO A DAIS FOR THE NATIONAL ANTHEM, BUT WILL NOT(NOT) INSPECT THE GUARD OF HONOUR.

3. AFTER COFFEE AT THE ROYAL PAVILION, THE PARTY WILL DRIVE TO THE KHUZAMA PALACE(ABOUT 10 MINS FROM THE AIRPORT) IN THE ORDER GIVEN IN MY TUR. ON ARRIVAL AT THE PALACE, THE WHOLE PARTY WILL BE GREETED BY THE KING, A MEETING OF ABOUT HALF AN HOUR WILL FOLLOW, ATTENDED ON THE SAUDI SIDE BY PRINCE ABDULLAH, PRINCE SULTAN (MINISTER OF DEFENCE), PRINCE SAUD(MINISTER OF FOREIGN AFFAIRS) AND POSSIBLY THE MINISTERS OF PETROLEUM AND FINANCE. ON OUR SIDE, THE SAUDIS ASSUME THAT MR THATCHER WILL, AS ON PM'S PREVIOUS VISIT, WITHDRAW FOR THE MEETING AND RETURN FOR THE LUNCH(AT WHICH HE WILL BE SEATED ON THE OTHER SIDE OF THE KING). THE SAUDIS EXPECT SIR A ACLAND, MR BUTLER, MR POWELL AND MYSELF TO ATTEND THE MEETING, AND HAVE EXPRESSED THE HOP THAT MR INGHAM CAN ATTEND FOR THE GREETING AND LUNCH ONLY. I WOULD NOT BE SURPRISED IF, IN THE EVENT, IT PROVED POSSIBLE FOR MR INGHAM TO ATTEND THE MEETING ALSO.

4. I HAVE EXPRESSED THE HOPE THAT THERE WILL BE AN OPPORTUNITY FOR THE PM TO HAVE A PRIVATE WORD WITH THE KING. THE KING HAS BEEN TOLD OF THIS, AND THINKS THERE WILL BE AN OCCASION FOR A PRIVATE WORD AFTER LUNCH, IF NOT AT THE LUNCH ITSELF. FOR THE LATTER, THE KING WILL HAVE AT HIS TABLE, IN ADDITION TO THE PM AND MR THATCHER, THE CROWN PRINCE, PRINCE SULTAN, PRINCE SAUD AND MYSELF. THE REST OF THE PARTY, POSSIBLY INCLUDING OUR PRESS TEAM, WILL BE AT SEPARATE TABLES.

5. WE ARE IN TOUCH WITH THE MINISTRY OF INFORMATION ABOUT THE PRESS PARTY AT THE AIRPORT(COLOMBO TELNO 002 OF 12 APRIL REFERS). THEY WILL DO WHAT THEY CAN, BUT THE AIRPORT IS OVER 45 MINS FROM RIYADH AND TIME WILL BE VERY LIMITED.

MUIR

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FILE

RW

cc MASTER

10 DOWNING STREET

From the Private Secretary

13 April, 1985

PRIME MINISTER'S MEETINGS WITH PRESIDENT JAYEWARDENE

The Prime Minister met President Jayewardene on several different occasions during her visit, although there were no formal talks. The main occasions on which they did discuss business were on the drive from Victoria Dam to Kandy; and on the last morning shortly before the departure ceremony.

Conversation on the drive from Kandy was rather disrupted by the Prime Minister having constantly to wave to the multitude assembled along the route. In her recollection, President Jayewardene spoke of nothing other than the Tamil problem and that very much along standard lines. He was determined not to give way to terrorism and would do all in his power to overcome it. This now had to be his priority. He claimed that the terrorists did not enjoy widespread active support, but had succeeded in intimidating ordinary Tamils who would otherwise have been content to live peacefully.

The Prime Minister said that she fully agreed with the need to fight terrorism: violence must not be allowed to win. But she hoped that President Jayewardene would at the same time make clear that he was ready to go on negotiating with those prepared to pursue their objectives peacefully. President Jayewardene said that he had gone as far as he could with his earlier proposals on devolution. If he made any further concessions, he would lose the support of his own people. The Prime Minister referred to her conversation with Mr Gandhi in Moscow and asked whether President Jaywardene had not perhaps been too abrupt in putting his proposals on a take it or leave it basis. Had he consulted Tamil leaders with sufficient patience? President Jayewardene said that he had indeed consulted them over a very long period but they had always asked for more.

President Jayewardene referred to trouble-makers in the United Kingdom who were building up the Tamil issue and raising funds to supply arms.

/The President

The President referred to the issue in his speech at the Banquet (copy enclosed). The clear message of this was that the United Kingdom should deliver on its undertakings to help defend freedom throughout the world, by implication by supplying military assistance to the Sri Lankan government - this at least the construction which the Prime Minister places on the latter part of his speech.

There was a brief session of formal talks shortly before the Prime Minister's departure for the airport. President Jayewardene was accompanied at these by Mr Hameed (Foreign Minister), Mr de Mel (Finance Minister), Mr Athulathmudali (Minister of Defence and Security), Mr Dissanayake and other Ministers and officials.

The Prime Minister opened by saying that, before her visit, she had assumed that the problem with the Tamils was a localised and marginal one. It had been brought home to her during the visit that it was in fact the Sri Lankan government's main pre-occupation. She understood the difficulties of dealing with terrorism and agreed with the Sri Lankans that it must be fought. At the same time, she hoped that greater efforts would be made to get across to international opinion the Sri Lankan government's case, in terms of publicising both the atrocities committed by the terrorists and the steps taken by the Government to discipline members of the security forces who got out of control. The Prime Minister continued that she had met Dr Tiruchelvam, a leading member of the TULF. She had made clear to him that there could be no compromise with terrorism or with those who supported it. She had also suggested that those who might be ready to negotiate with the government were being intimidated. She found it difficult to judge how far there were Tamil leaders ready to negotiate seriously. She recalled President Jayewardene's optimism at the time of their meeting at Mrs Gandhi's funeral. Was it not possible a settlement might still be found?

Mr Athulathmudali said that Sri Lanka had been successful in putting over its case to other governments but less so to the media, who were just not interested. Effective action had been taken against undisciplined behaviour by members of his security forces, by disciplinary action rather than through the courts. The truth was that Tamil terrorists had killed far more Tamils than had the security forces. The main problem for the security forces was the quantity of supplies reaching the Tamil terrorists from India. Although the Indian government had recently intercepted some arms shipments, they still did not acknowledge the existence of terrorist training camps. He hoped that the Prime Minister would encourage them to stop all help to the terrorists. He thought that Rajiv Gandhi was more disposed to take action than his mother had been. None the less he found Indian allegations about the activities of Sikh extremists in the UK ironic: their own harbouring of Tamil terrorists put them in a very weak position to complain. A final point which he wished to mention was the existence of Tamil groups in the UK which collected money ostensibly for humanitarian purposes

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but in practice for arms purchases. He hoped that the British Government would prevent this.

The Prime Minister said that the Sri Lankan government should let her have the full facts about Tamil terrorism and she would help get them across to a wider audience. She would look into the question of arms purchases in the United Kingdom. She had the impression that Mr Gandhi was taking what action he could to restrain the activities of Tamil terrorists when they had spoken in Moscow, Mr Gandhi had made clear that he did not want to see a separate Tamil state. But she would speak to him again. It was important to be able to point to the Sri Lankan government's readiness to resume negotiations with those prepared to pursue their aims by peaceful means, as she had said in her speech to the Sri Lankan Parliament.

Mr de Mel then raised the question of British aid for Samanala Wewa. The Sri Lankan government was grateful for the further £20 million aid announced by the Prime Minister that morning. They hoped that part of the £20 million could be directed to Samanala Wewa: indeed he hoped that a combination of normal aid and ATP could be found up to the total British content of £60/70 million, so that he did not have to borrow commercially. The Prime Minister said that support for the project raised a number of difficulties: it would consume all available ECGD credit for Sri Lanka : it would pre-empt ATP resources for the benefit of companies which had already benefited from Victoria. We were not sure whether it was right to give the project such a high priority in our aid to Sri Lanka - it might be better to support several smaller projects. However, she would examine the case in more detail on her return to London. Mr de Mel said that he would be seeing Mr Raison for a discussion on Monday.

President Jayewardene said that he understood that the problems over Overseas Containers Limited (OCL) had been resolved. The Prime Minister said that this was not so: the share of the market and the rate of build-up to it being offered by the Sri Lankan government was hopelessly inadequate. OCL were not getting a fair deal. Mr Athulathmudali embarked on a lengthy defence of the Sri Lankan position: British shipping lines had deserted Sri Lanka when they were most needed: OCL were working through a combine of European firms (COBRA) which might lead to monopoly practices: a satisfactory settlement had been reached with Hapag Lloyd. The Prime Minister dismissed these arguments as irrelevant. The matter was being dealt with in a totally unsatisfactory way and better arrangements for OCL must be made. President Jayewardene said that he was sure a solution could be found.

 /In a

In a final brief exchange the Prime Minister mentioned Cable and Wireless' interest in management of Sri Lanka's telecommunications and President Jayewardene referred to Air Lanka's objections to being compelled to use Gatwick. It was agreed that the issues would be pursued with the High Commissioner.

I am copying this letter to Richard Mottram (Ministry of Defence), John Mogg (Department of Trade and Industry) and to Richard Hatfield (Cabinet Office).

(C D Powell)

P Ricketts Esq
Foreign and Commonwealth Office

Speech by

HIS EXCELLENCY
J. R. JAYEWARDENE

President of the Democratic Socialist Republic of Sri Lanka

AT THE BANQUET IN HONOUR OF

THE RIGHT HONOURABLE

MARGARET THATCHER, FRS, M.P.

Prime Minister of the United Kingdom of Great Britain and Northern Ireland

AND

MR. DENIS THATCHER, MBE

On 12th April, 1985 at the
Janadhipathi Mandiraya,
Colombo, Sri Lanka

The Right Hon. Prime Minister and Mr. Thatcher,
Your Excellencies, Ladies and Gentlemen,

There are many reasons why my Government and I and the majority of our people are happy that you accepted my invitation to visit us.

Madam Prime Minister, the strong bonds that exist between our two Nations were forged over two centuries of association. They date back to 1796 when the representatives of the British Government decided to take over the former Dutch possessions in the maritime areas of Sri Lanka. The destinies of our two Island nations were thenceforward inextricably intertwined.

So many aspects of life in Sri Lanka today emerged from moulds that were cast during this association. Foremost among these is our democratic tradition, upon which we pride ourselves.

In 1833 Trial by Jury was instituted. In 1866 the Municipalities of Colombo, Kandy and Galle were created with members elected by the people. They were the first such institutions in Asia. In 1931 the State Council, with

Ministers chosen from among members elected by Universal Franchise, was created and functioned till 1947 and Freedom. Mr. Dahanayake, M.P., a former Prime Minister and I are the only two alive from that Legislature.

We choose our leaders through the ballot. Since 1931 the country has had 10 General Elections and a Referendum, when the People by a 53% vote postponed the General Election until 1989. Parliament cannot postpone a general election nor the election of a President even by a two-third majority. Governments have been returned and defeated on several occasions and I myself bear the scars of these electoral battles as few democratic leaders alive today can claim.

Our Buddhist traditions dating back for 25 centuries re-inforce our determination to abjure violence as a mechanism of change. The practice of governing with the consent of the governed is also fully in keeping with the long established philosophical traditions guiding our people. We take justifiable pride in the fact that democratic institutions flourished at the grassroots level in Sri Lanka hundreds of years ago, following the traditions existing in the 6th century B.C. among some of the peoples of the States in the Indian Gangetic Plain where the Buddha lived and preached. H. G. Wells calls this period of History, the period of the adolescence of the Human Race, for in the West lived Socrates, Aristotle, Plato and their contemporaries ; in Persia, Zoroaster ; in India, Gautama the Buddha and in China, Confucius, all preaching modern concepts of Physics and Philosophy.

We have always cherished and followed such tenets of Democracy as individual liberty, the Writ of Habeas Corpus, freedom of speech and association, and the right to vote. We have in our Constitution declared them as Fundamental Rights and made them justiciable. Yet today we have been reluctantly compelled to impose some restrictions on the exercise of these freedoms since "terrorists" are exploiting the opportunities afforded by a free society to destroy these very freedoms.

We in our country have been concerned with the forms of democracy, and not with democracy itself which the majority accept. Successive Governments have amended our Constitution, from time to time, yet always retaining its democratic principles. Today the President is the Executive authority elected once in 6 years by the whole Nation, and exercises it with a Cabinet of Ministers chosen from the Legislature. We have attempted to create a strong and stable executive so necessary in a developing country. The elected members enact laws in the Sovereign Legislature, which functions for 6 years. An independent Judiciary interprets them.

I hope future generations will use the powers they exercise through the Presidency, Legislature and Judiciary wisely, for the welfare of the many.

While we and a few others among the developing nations consider the forms of democracy as important, a growing number of nations consider as important the substance of democracy itself, as they did not enjoy it earlier, and are turning to it now.

Argentina, Uruguay, Brazil and Turkey are dramatic examples. Colombia, Jamaica and Nigeria are somewhat less dramatic. El Salvador looks as if it may become an example. Portugal, Spain and Greece took steps a few years earlier to establish democratic institutions. India among the people of the World's second most populated country has recently underscored the strength of

democracy. Pakistan, which I visited last week is the latest example. I wish her well. We who know the value of democracy should help her to preserve it.

The menace of terrorism is a danger aimed at the democratic fabric of society, threatening to rend it asunder. We in the Democratic World have to co-ordinate our strategy to eradicate this menace. There is no alternative. Any delay on our part to counter terrorist violence will only encourage these forces of evil to escalate their campaign and subvert our democratic system.

I have repeatedly said there is a "Terrorist Problem" and not an "Ethnic Problem" in Sri Lanka. I go back to the Manifesto issued by my Party to the electorate in 1977 where we referred to the, "Problems of the Tamil-speaking people" as follows :

> "The United National Party accepts the position that there are numerous problems confronting the Tamil-speaking people. The Party, when it comes to power, will take all possible steps to remedy their grievances in such fields as –
>
> (1) Education ;
> (2) Colonisation ;
> (3) Use of Tamil Language ;
> (4) Employment in the Public and Semi-public Corporations.

We appointed a Select Committee of Members of all Parties in Parliament to consider the above proposals as well as others.

Since 1977 the Government has implemented the recommendations of this Committee. Tamil was made a National Language in the Constitution ; rules governing entrance to the universities were amended and any racial bias governing those rules removed ; the regulations prescribing racial considerations governing entry to the Public Services and promotion in the Services were also removed.

District Councils were created and District Ministers appointed. Elections were held ; our candidates were assassinated and so were members of the Police leading to riots in Jaffna ; meetings and polling booths were broken up by armed gangs.

The riots of July 1983, largely in Colombo and Kandy were the culmination of the terrorists killing members of the armed services in the North. The terrorists say they are seeking to change the elected democratic government of the whole of Sri Lanka and not only to create a separate State of EELAM. They say so publicly in statements appearing in the Indian Press ; they are interviewed by Journalists and move freely in Tamil Nadu and the rest of India, appearing on platforms with members of the TULF and other Indian leaders. At the same time they openly admit murdering citizens of Sri Lanka of all races, religions, castes and sexes.

What is the nature of the friendship that permits a human being or people to associate with criminals who openly admit murder of, and plan to commit further crimes on, one's friends. I adopt a different attitude to my friends whether they be nations or individuals.

Your nation and its people have suffered millions of deaths in several wars during the last 100 years. We have not. Some of our citizens though fought side by side with you in all these and suffered with you air raids and the

other consequences of War in the 1940s. The protective shelter of the British Empire spared us the lives and property you lost.

I am against violence. I said so at the Commonwealth Conference presided over by Mrs. Gandhi, Prime Minister of India, at Delhi in November 1983, at which you were present, Madam Prime Minister. The Goa Declaration accepted my idea and included Non-violence.

We are fighting a war in some parts of the North and East of our Island. Nine Policemen were killed by one bomb in the Eastern Province two weeks ago. Are they not human? Have they no parents, wives and children? Do they not feel the warmth of human friendship and do not their dependants yearn to feel the touch of their vanished hands and the sound of their voices that are still?

You quoted Bismark to the American Legislators, as saying "Do I want War? Of course not, I want Victory."

Madam Prime Minister I want "Peace, Non-violence".

Your country keeps troops stationed in some parts of Central America to sustain democracy. You have troops in Cyprus, in the South Atlantic, in the Sinai and Beirut. You have loaned some to 35 foreign countries. In the Atlantic and the Indian Ocean too your Navies are on duty across the World. You said to the American people,

> "We do not believe that Force should be the final arbiter in human affairs".
>
> "Britain meets her responsibilities in the defence of Freedom throughout the World. She will go on doing so".

Madam, I salute you.

You also touched on terrorism in Ireland. You called it "a threat to Freedom both savage and insidious". How true!

We have also lost some of our best young lives.

Your citizens too are being misled to contribute to seemingly innocuous groups. They are used to buy narcotics and weapons to harm and kill Sri Lankans.

The future of Democracy in our Motherland is in danger. We will not succumb to the threats of the assassin's gun or the coward's mines. Come such evil forces against us as they may, we shall so behave that a United Sri Lanka, Free and Democratic, yet shall stand.

May the words I have spoken be taken across the Seas to the United Kingdom, the Home of Freedom and Democracy.

File cc MASTER

10 DOWNING STREET

From the Private Secretary

13 April 1985

Dear Peter

PRIME MINISTER'S MEETING WITH DR. NEELAN TIRUCHELVAM IN COLOMBO ON 13 APRIL

The Prime Minister had a brief meeting with Dr. Neelan Tiruchelvam, the only elected Member of Parliament for the Tamil United Liberation Front (TULF) still in Sri Lanka, on the morning of 13 April in the High Commissioner's house in Colombo.

The Prime Minister opened by saying that she had no sympathy whatsoever with terrorism or with those who supported it. The only basis upon which she was seeing Dr. Tiruchelvam was her understanding that he was opposed to it. She then invited Dr. Tiruchelvam to give his assessment of the present situation.

Dr. Tiruchelvam said that the crux of the Tamil problem was that Tamils were not treated as full citizens of Sri Lanka and received no protection from the security forces. Violence was freely practised against them and none of those responsible for it was held accountable. The result had been the brutalisation of the Tamils and escalating violence. He himself did not believe in violence nor did the majority of Tamils. They had tried to reach agreement with the Government on a political solution in the form of a viable alternative to a separate Tamil state. Unfortunately the Government had prematurely brought to an end the All Party Conference. He had expressed willingness to continue informal consultations in order to strengthen the proposals made by President Jayewardene. It was most unfortunate that the process which could have produced a peaceful settlement had been cut off. He wanted to bring to the Prime Minister's attention the incalculable suffering of the Tamil minority. They lived on the margins of existence.

Dr. Tiruchelvam continued that the key to a political solution was to find the point of consensus among the Sinhalese

/community.

community. If a consensus could be reached on the degree of autonomy and political power to be given to the Tamils, the majority of Tamils would respond favourably. In his view the reason the All-Party Conference had broken down was the President's inability to push through a political solution against majority Sinhalese opinion. He believed that the President personally wanted a solution.

The Prime Minister said that President Jayewardene was a good man and a number of Tamils held office in his government. It was clear to her that Tamil terrorists had committed terrible atrocities. Tamil terrorists had assassinated Government candidates in local elections. Her impression was that disciplinary action had been taken by the government against members of the Army who had lost control. Dr. Tiruchelvam said he could not condone the violence but it had to be recognised that the Tamils were also on the receiving end of violence. There could be no military solution to the communal problem. There had to be a political settlement. The Prime Minister asked whether the majority of Tamil people really wanted a political solution. Dr. Tiruchelvam said that political conditions must be created to turn the tide of public opinion.

The Prime Minister said that President Jayewardene's proposals at the All-Party Conference had seemed very reasonable to her. Dr. Tiruchelvam said that there had been differences over the unit of devolution but he believed that these could be resolved. Indeed, he had never felt so confident of a solution as in the closing stages of the All-Party Conference. The Prime Minister commented that she found it astonishing that the proposals had not been accepted. Dr. Tiruchelvam said that the SLFP had not been in favour and the President had been unable to go against the majority Sinhalese opinion. Subsequently, the media had been used to foment a war psychosis. The Prime Minister asked how strong the terrorist faction among the Tamils was. Dr. Tiruchelvam said that they held a strong position in Jaffna. People there identified with them as the only form of protection. But they were seen as soldiers, not political saviours. The Prime Minister said that murder was murder, whatever grounds were adduced for it. She wondered whether, if talks between the Government and Tamil leaders were to start, there could be a moratorium on terrorist activity. Dr. Tiruchelvam said that representatives of the militant groups would have to be involved in the talks. The Prime Minister said that she did not see how this could be possible: no government could be expected to negotiate with terrorists. Dr. Tiruchelvam said that he did not think all the various Tamil groups would agree to a settlement, there would always be some who would hold out against it. But he hoped that public opinion would marginalise the most extreme groups. But for this to happen the Government must create a climate of confidence. At the moment the army and police force were almost entirely Sinhalese and were pursuing tribal conflict against the Tamils. There had to be racially integrated security forces.

/Sir Antony Acland

Sir Antony Acland asked whether it was true to say that a vast majority of Tamils did not want a separate Tamil state. Dr. Tiruchelvam said that a separate state was their ideal but the majority were prepared to work within the framework of a unitary Sri Lanka and settle for a wide measure of autonomy. The High Commissioner said that TULF should publicly condemn violence. Dr. Tiruchelvam claimed that they already had and promised to provide copies of relevant statements.

Concluding the discussion, the Prime Minister said that her understanding was that Dr. Tiruchelvam believed that a political solution could be reached if further negotiations were held. Dr. Tiruchelvam confirmed this on the important condition that there was a change in attitude by the Sri Lankan Government.

It was agreed that in any public comment it would be noted that both the Prime Minister and Dr. Tiruchelvam wanted to see a political solution and had reiterated their opposition to terrorism. Dr. Tiruchelvam added that he would have to say in addition that he was opposed to violence from whatever source, including the security forces.

Yours sincerely,

(C.D. POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

Subject
CC Ops
Master.

10 DOWNING STREET

THE PRIME MINISTER

13 April 1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T67/85

Dear Prime Minister,

I have taken expert advice on the points about the WG30 helicopter which you raised with me earlier this evening. You explained that you had recently seen a report from the Indian Air Force to the effect that, in a number of respects, the WG30 that has been produced for your Oil and National Gas Commission does not meet your requirements.

Westlands are puzzled as well as greatly concerned about some of the points which you raised. They say that the WG30 was selected on the basis of Indian Government specifications, subject only to two conditions. Both of these have subsequently been met:

- the aircraft was given the requisite certification by the Civil Aviation Authority last November;

- the trials held in India in December demonstrated that it could perform in accordance with the claims made for it by the Company.

On this basis a draft contract was drawn up with detailed and rigorous delivery schedules; and to meet the requirements of these, four helicopters have already been produced.

/ If against

If against this background your Government decided not to proceed with the contract for the Westlands helicopter, not only would the Company be in an acutely difficult position but I should have to be able to explain to Parliament the grounds on which the WG30 was rejected at this late stage. I should be pressed to answer two questions:

- in what way did it not meet the specifications?

- and in what way at its trials in India did it not perform in accordance with the Company's claims?

I am sure you will understand that, if by any chance the WG30 helicopter were not ordered, I should need a full statement of the answers to both these questions. This is not only a matter for Westlands, serious though that is, but is bound to cause concern more widely about the way in which business can be conducted between India and Britain.

I believe we need to reach a decision on this urgently, both in order to clarify the position of Westlands and also because of the implications for our aid programme.

Yours sincerely

Margaret Thatcher

His Excellency Shri Rajiv Gandhi, MP.

Speech by the HON'BLE MR.ANURA BANDARANAIKE,M.P., Leader of the Opposition, on the occasion of the visit of the RT.HON.MARGARET THATCHER, British Prime Minister to the Parliament on 13.04.1985.

Mr.Speaker,

It is not often that we on this side of the House share the sentiments of President Jayewardene's Government. Today, however, I rise to endorse the VOTE OF THANKS proposed by the Acting Leader of the House, in appreciation of the address by the Rt.Hon.Mrs.Margaret Thatcher, the Prime Minister of the United Kingdom.

The address by the Prime Minister reminds us of the value of many traditions, which enlighten the political landscape of her great nation. Many of these traditions of value are liberties which the British people have developed for themselves and protected over long periods of time, through the passage of several centuries - the democratic framework of political intercourse, the freedom of expression, the right to dissent with confidence and without penalty, the multi-party structure of the state, and the process of impartial judicial review. We, in Sri Lanka, share these aspirations many of which are lodged in our own past. We should

never allow them to perish. The British nation informs history that liberties abridged are liberties denied. It is a message for all peoples, a message to which we must harken.

The Prime Minister has mentioned the long association between Sri Lanka and Britain. It is a linkage both controversial and collaborative. Our ties were born from the infamy of colonialism and we are uncomfortable participants in that sad heritage. Yet, the bondage of the past has been closely yoked to an enduring friendship. Our own traditions sustained by the philosophy of Gautama Buddha, enjoins us to resist without hatred and to live by the ethic of Mettha and Karuna. The British sense of fairplay and elemental justice has transended the imperial experience and engendered a commitment to firm friendship between our two nations. Britain's good-will has been underwritten by contributions to our development. We have moved from reluctant affiliation in empire into partnership in the commonwealth of nations and the global community. This is a progression which dignifies both our nations.

Mr.Speaker, we often dissent with the policies of the Prime Minister of the United Kingdom and her Government. I recall that fourteen years ago, as an undergraduate reading history at the University of London, I demonstrated vigorously against the programme of the then Minister of Education, The Rt.Hon.Mrs.Margaret Thatcher. This does not in any way preclude me or my party from extending a warm welcome to the twice freely elected Prime Minister of the United Kingdom and the holder of an office which embraces traditions of almost three centuries. Madam Prime Minister, another reason why we welcome you is that your nation has evolved over several centuries a generous and balanced system of democracy where Governments are elected and rejected by the full and free choice of the people. Some of those who currently oppose your visit to Sri Lanka, are those whose instructions received from foreign lands do not permit them to believe that Governments must be freely elected by the people. For our part, we remain committed to the ideas and the ideologies of SWRD and Sirimavo Bandaranaike, precepts which have guided our nation for 15 of our 37 years of independence and founded on the notion that human compassion must

...4/

be the well springs from which public policy flows. We believe, that human considerations must always precede economic criteria as the measurement of national progress. Yet, because we are affirmed in democracy, we recognise and understand the motivations that inspire those of other philosophies. And, ultimately we join the Prime Minister of the United Kingdom in her belief that political legitimacy can only derive from regular exercise of the people's choice.

Mr.Speaker, today it is not enough to talk about policy. We must also recognise personality. In her long march from Grantham to Whitehall, the Prime Minister of the United Kingdom, has amply demonstrated that talent and capability can prevail against the tyranny of tradition. Her ascent from professional life to political life, through a pioneering trail as the first woman leader of the Conservative Party, and first woman Leader of the Opposition prepared her to be the first woman Prime Minister of a major western power. Although, we in Sri Lanka were two decades ahead in this process, Mrs.Thatcher's experience re-affirms the principle for which all enlighten persons stand; that opportunity in public life must be available to anyone of ability and endeavour.

Today we are a nation beset with daunting problems. As we try to contend with our difficulties, there is some inspiration we can extract from the British experience. Among those is courage, which you Madam Prime Minister demonstrated in the face of senseless terrorism, only some months ago. The peace loving peoples of Sri Lanka have become victims of similar acts of meaningless violence and terror. Britain's resolution in conflict and their magnanimity in the resolution of conflict are lessons which our people have observed and appreciated. Perhaps, Sir, the fact that we address you in the English language illustrates that the better legacies of Britain touch the hearts and minds of people everywhere.

At the dawn of our nationhood, thirty seven years ago, our first Parliament met in it's second session, to receive a message from another Government of the United Kingdom. On that occasion the then Leader of the House, Mr.SWRD Bandaranaike, commended the high sense of realism which induced the British people to part with power voluntarily.

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In doing so he proclaimed a charter to make freedom meaningful. I QUOTE:

> " We cannot allow our newly regained freedom to run the risk of remaining merely a theoretical concept ... We must see that it quickens into a life of greater happiness and prosperity for us all. Political freedom comes alive only when it is utilized to achieve other freedoms: freedom from poverty, freedom from decease, freedom from oppression and freedom from fear."

We have tried to be true to this promise. Sometimes we have progressed. Sometimes we have failed. But at all times, we are conscious that Britain has been a steadfast ally and helpful friend. Today, Mr.Speaker, the presence and the words of the Prime Minister reminds us of both affinities we share and the cordiality with which we can differ. Such congeniality, consistent through many administrations is rare in the history of relations between nations. This, Mr.Speaker, is why I now formally second the motion of thanks before this House and express our appreciation to the Rt.Hon. Mrs.Margaret Thatcher, for her presence.

CCPK

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Foreign and Commonwealth Office

London SW1A 2AH

12 April 1985

CDP
1574.

Sir Robin Nicholson F Eng FRS
Chief Scientific Adviser
Cabinet Office
70 Whitehall
SW1

Dear Sir Robin,

POSSIBLE SCIENCE AND TECHNOLOGY AGREEMENT WITH INDONESIA

Thank you for your letter of 2 April. I am sorry that the machine hiccupped, and that you were not consulted about the Prime Minister's briefing.

2. The decision to brief the Prime Minister on the question of a science and technology agreement was taken at a relatively late stage in the preparations for her visit, following our receipt of a warning from HM Ambassador in Jakarta last month that the Indonesians themselves might well raise the subject with the Prime Minister. The Ambassador pointed out that the idea of an agreement was not only a pet scheme of the Indonesian Minister of Development Planning, but that agreements of this kind were strongly favoured by the Minister of Research and Technology, who was to be the Prime Minister's host during her visit to Bandung on 11 April.

3. Given this background, it seemed to us highly imprudent to advise the Prime Minister to reject any approach outright. We therefore agreed with the DTI and our Aid Wing strictly defensive briefing couched in non-committal terms - the minimum we calculated necessary to leave a favourable impression on Mrs Thatcher's Indonesian hosts. I enclose a copy. The key lines are: ''Very willing to explore the possibility of entering into a science and technology agreement. Suggest that officials might discuss this to see what kind of agreement can be reached.''

4. As you know, we in the FCO are very conscious of the possible drawbacks of this kind of agreement and the briefing makes them clear. If anything does emerge from the Prime Minister's discussions in this context, it will need to be examined carefully by all concerned in Whitehall, not least of course yourself.

5. I should perhaps add that, although we entirely take the points in Elizabeth Ransom's letter of 16 August, 1984, there is evidence in this particular case that an agreement could have concrete advantages for British interests. Some time ago the Indonesians were planning to send 1500 postgraduate trainee scientists under a World Bank funded technical programme

/only

only to countries with whom they had bilateral agreements, and it was only after the Embassy's strong intervention that the Indonesians were persuaded to make an exception for the UK. Over 30 trainees have now been designated to come here during the first year of the project. A senior Indonesian official expressed the hope that the UK would participate (as the Germans, French, Japanese and Americans already do) in a programme whereby scientists from universities and scientific research institutions regularly visit Indonesia under the umbrella of individual cooperation agreements to give lectures, hold seminars, etc.

Yours sincerely,

Nora M. Wellicome

for R Q Braithwaite

cc (without enclosures)

A Dunning Esq
OT2, DTI

R L Baxter Esq
ODA

C D Powell Esq
No 10

Dr O Roith
Chief Scientist
DTI

Ack'd 15/4
cc: NA, Press Office

HOUSE OF COMMONS
LONDON SW1A 0AA

The Office of the Leader of
the Opposition

April 12th 1985

Dear Prime Minister,

According to radio reports of your press conference in Djakarta earlier today, you said that you did not want to discuss comments made in this country on your visit, and you asked for "Indonesian questions".

In response to that invitation I am enclosing the section of the most recent Amnesty International Report, published last October, which relates to Indonesia.

Since this includes - amongst other things - references to approximately 4,000 "extra-judicial killings", the activities of the Government's own special unit, Kopassandha, and several instances of prolonged imprisonment without trial, it is clearly a matter of concern.

May I therefore ask you whether you raised these "Indonesian questions" in any direct way with President Suharto or his senior colleagues during your visit and, if you did, what response you obtained?

Yours sincerely

Neil Kinnock

The Rt Hon Margaret Thatcher MP

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Indonesia and East Timor

Amnesty International was concerned about the persistent use of extralegal methods by the security forces, which resulted in extrajudicial executions; the illegal detention of people without charge or trial on political grounds; torture; and "disappearances". Several thousand alleged members of criminal gangs were victims of a campaign of extrajudicial killings in which there was considerable evidence of official complicity. As in previous years targets of extralegal practices also included people suspected of supporting secessionist movements in Irian Jaya and Aceh, people suspected of resisting the Indonesian occupation of East Timor, and Muslims suspected of trying to establish an Islamic state. Amnesty International was also concerned that political detainees who had been arrested in connection with the alleged coup of September 1965 continued to serve lengthy prison terms imposed in many cases after trials which failed to meet international standards. The organization was also concerned about the lack of uniformity in the application of policy regarding the sentencing of and the granting of remission and parole to these prisoners; the imposition and carrying out of the death penalty; and the continuing detention for long periods of prisoners held under sentence of death.

There was strong evidence that an officially sanctioned nationwide anti-crime campaign of extrajudicial killings had taken the lives of approximately 4,000 suspected criminals by the end of the year. These killings were carried out without any judicial process to determine the guilt of the victims, who were frequently reported to have been in the custody of the authorities when they were killed. Official comment indicated approval of and acknowledgement of responsibility for the killings. The Minister of Justice, Lieutenant General Ali Said, described the killings as "surgical operations to save the life of the patient". The former Minister of Information, Lieutenant General Ali Murtopo, admitted in July that the killings were being done "in accordance with the regulations of the Ministry of Defence and Security". The many similarities in the circumstances of the killings, the choice of the victims, and the simultaneous outbreak of the killings in provinces throughout Indonesia also pointed to an officially sanctioned campaign. The killings were reportedly being carried out by squads from the army paratroop special unit, *Kopassandha*, working with lists of suspected criminals supplied from police files. From 29 July 1983, Amnesty

International issued repeated appeals to the Indonesian Government to stop the killings. Criticism of the campaign by politicians and human rights organizations within Indonesia and international representations had not persuaded the authorities to halt the campaign, which was still continuing at the end of the year.

Amnesty International was concerned about the continued detention of approximately 300 so-called "A Category" prisoners, who had been arrested and tried in connection with the alleged communist coup of September 1965, many of whom may have been prisoners of conscience. Amnesty International took up for investigation a further 46 of these prisoners during the year, most of them detained in Balikpapan, East Kalimantan and Pamekasan, Madura. The organization was concerned that they may have not received a fair trial and that many were receiving unequal treatment with regard to implementation of rules relating to sentencing,remission and parole.

An instruction issued in November 1978 enabled "A Category" prisoners to have the period of pre-trial detention deducted from their sentences, and in November 1979 they were made eligible for remission and parole on the same terms as ordinary criminal prisoners. During the year Amnesty International learned of the release of some "A Category" prisoners who had benefited from remission, parole or deduction of pre-trial detention from sentence. One prisoner of conscience, Ismail Bakri, was released in August 1983. He had been arrested in June 1967 and had received a life sentence in September 1973. Five years later, his sentence had been commuted to 20 years' dated from the time of his arrest and he subsequently received remission. Three women prisoners, Sudjinah, Ubed Djubaedah and Ratna Djuwita, were released from Tanggerang prison near Jakarta, also in August 1983. Ubed Djubaedah had been sentenced to 14 years' imprisonment in September 1974, with no deduction of pre-trial detention, but was eligible for release on parole after receiving remission. However "A Category" prisoners were not treated uniformly. Sundari Abdurachman, whose case was being investigated by Amnesty International, was a former member of parliament who had been arrested in October 1968 and sentenced to life imprisonment in October 1976. Her sentence was commuted to 20 years in August 1982, as permitted by the remission decree, but her eight years of pre-trial detention were not deducted. "A Category" prisoners faced other administrative problems. Where prosecutors or convicted prisoners had appealed against a verdict, sentences sometimes did not begin to run until the prison commander was formally notified of the decision of the appeals court. Release could be further delayed by the failure of the authorities to issue release papers. On 30 December 1983, Amnesty International wrote to President Suharto pointing out some of these

difficulties and urging him to review these cases and to consider taking steps to ensure the consistent application of existing guidelines on sentencing, remission and parole.

The same letter also urged that the procedural safeguards of the *Kitab Undang-Undang Hukum Acara Pidana* (KUHAP), Code of Criminal Procedure, enacted on 31 December 1981, be extended to cover people charged with offences which had been specifically excluded from the protection of the code, including the offences of subversion with which people arrested in connection with 1965 events had been charged. The letter pointed out that such exclusions had been described by the code itself as temporary and that, with the two-year transition period for introduction of the code due to end on 31 December 1983, it might be an appropriate time to consider extending the KUHAP to offences so far excluded.

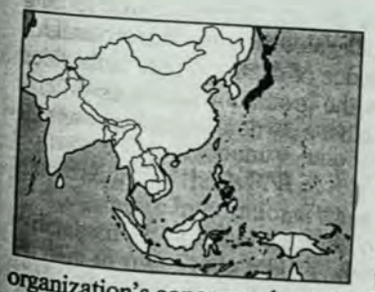
People detained for political reasons did not generally enjoy the legal protection available to criminal prisoners under the new code. The code provided for pre-trial judicial investigation; maximum periods for detention without charge or trial; compensation for wrongful detention or conviction; and access to legal assistance, including during interrogation. In August/November, for example, approximately 25 people, most of them students and civil servants, were arrested without warrant in Jayapura, Irian Jaya, by members of *Kopassandha* for allegedly having links with the *Organisasi Papua Merdeka* (OPM), Free Papua Organization, and at least some of them were held incommunicado in an unauthorized place of detention. Once charged, political detainees often experienced long periods of imprisonment without trial. Six women, who had been arrested in August 1980 for allegedly having hoisted the Papuan flag and whose cases were being investigated by Amnesty International (see *Amnesty International Report 1982*), were finally tried and sentenced in July 1983. Amnesty International continued to investigate the cases of 10 Muslims arrested in Central Java in 1978/79, of whom six were still awaiting trial at the end of 1983. They were reportedly held for allegedly having supported the aims of the so-called *Kommando Jihad* to establish an Islamic state through armed insurrection. Several of them had reportedly been tortured immediately after arrest and one was reported to have been tried without having had access to a defence lawyer. On 4 November 1983 Amnesty International appealed on behalf of 13 individuals who were reported to have been tortured after arrest during the previous four months in Aceh, North Sumatra, on suspicion of having supported the secessionist National Liberation Front of Aceh-Sumatra (NLFAS).

Amnesty International was concerned about new reports of serious human rights violations in East Timor, including the "disappearance" and extrajudicial killing of non-combatants and the torture and ill-

treatment of people taken into the custody of Indonesian forces. Amnesty International was also concerned about the arrest and detention without trial of people held on suspicion of opposition to the Indonesian occupation. Since the Indonesian invasion of East Timor in December 1975 Amnesty International had received reports indicating that Indonesian forces there had persistently resorted to torture and the arbitrary killing of non-combatants. In July, Amnesty International received a copy of manuals issued to Indonesian troops in East Timor which indicated that such practices were officially condoned. The manuals contained guidelines condoning the use of torture in certain circumstances during interrogation and the issuing of threats to the lives of people undergoing interrogation to ensure their cooperation. After taking steps to establish the authenticity of the manuals Amnesty International issued a news release on 20 July 1983 disclosing their existence. Amnesty International wrote to President Suharto the same day, expressing its concern that the instructions contained in the manuals and the practices which were their foreseeable consequence violated international human rights standards prohibiting torture in all circumstances. The letter stated: "Rather than comply with these standards, these military instructions, while describing the use of force and threats during interrogation as something generally to be avoided, explicitly allow for the possibility of torture and provide guidelines to prevent its exposure." On 2 September 1983, Amnesty International delivered a statement in New York to the United Nations Fourth Committee on Decolonization in which it presented a review of its concerns in East Timor since the invasion in December 1975. The statement also expressed Amnesty International's concern about reports that a new military offensive had recently been launched, since in the past the torture, killing and "disappearance" of non-combatants had been associated with increased military activity. Amnesty International subsequently learned of the arrest in connection with the offensive of several hundred people in the areas of Dili, Baucau and Viqueque. Amnesty International was unable to confirm reports that individuals arrested since the August offensive had subsequently been sent to Atauro, an island off mainland East Timor which the Indonesian authorities have used since 1980 to detain people held without charge or trial, and to regional military headquarters in Bali. On 21 September 1983, Amnesty International appealed on behalf of seven named people and others who had reportedly been arrested and might have been sent to Atauro and Bali but whose precise circumstances were not known.

Amnesty International also received reports of several separate incidents involving the killing of non-combatants. One such report alleged that as many as 200 people in the village of Kraras, Viqueque, had been killed by Indonesian troops reportedly in reprisal for the killing of 16 Indonesian soldiers on 8 August 1983.

Amnesty International was concerned that a number of people were imprisoned under sentence of death in Indonesia. They included as many as 50 prisoners who had been sentenced in connection with the alleged 1965 coup and had been detained for many years. Amnesty International appealed to President Suharto on 25 August 1983 to commute the sentences of two of these prisoners, Mohammed Munir and Ruslam Wijayasastra, after learning that their appeals had been rejected by the Supreme Court. It has not been the government's practice to execute prisoners sentenced to death in connection with the alleged 1965 coup and Amnesty International urged the government to commute their sentences so that they could become eligible for eventual release. On 25 April 1983, the organization sent a telegram to President Suharto expressing its grave concern about the execution earlier in April of Imran bin Muhamad Zein, who had been sentenced to death for his role in the March 1981 hijacking of an Indonesian aircraft flying to Bangkok and an attack on a police station. Three of Imran's followers were also under sentence of death, one of them being sentenced in April 1983. Amnesty International learned of others being sentenced to death for non-political crimes such as premeditated murder. On 8 March 1983, in Langsa, Aceh, two Taiwanese citizens became the first people to be sentenced to death in Indonesian courts for drug trafficking. In July, the Minister for Social Affairs stated that it was the government's intention to impose the death penalty regularly for drug trafficking.



Japan

Amnesty International continued to urge the authorities to commute all death sentences and to abolish the death penalty.

An Amnesty International mission visited Japan from 21 February to 3 March 1983 to convey the organization's concerns about the death penalty, to gather information, and to seek Japanese views on its abolition. The Amnesty International delegates met senior officials of the Ministry of Justice, including officials involved in the preparation of a bill for the revision of the penal code. They also met senior officials of the Supreme Court Secretariat, chairpersons and members of the Committees on Justice of both Houses of the *Diet* (parliament), senior officials of the Japan Federation of Bar

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~130 7822~~ 218 2111/3

MO 25/3/4

12th April 1985

Dear Mark

PRIME MINISTER'S VISIT TO INDIA

Thank you for your letter of 10th April to Richard Mottram here, following the approach to No 10 by Mr Weeks of G J W Government Relations. We subsequently spoke on the telephone and agreed that I should signal Colombo direct.

I attach a copy of the signal despatched earlier today, which I fear you will not see by other routes.

Yours ever

Simon Lowe

(S H LOWE)

M Addison Esq
10 Downing Street

Security Classification --- 15 spaces --- CONFIDENTIAL

Message Instructions --- 15 spaces ---

MOD Form 140 (Revised 1/83)

AMRAD SIGNAL MESSAGE FORM

Precedences: ACTION PRIORITY / INFO ROUTINE

DTG: 121015 Z Month APR 85

FROM: MODUK

*TO: BHC COLOMBO

*USE A SEPARATE LINE FOR EACH ADDRESSEE

*INFO --- 3 spaces ---:
BHC NEW DELHI
FCO LONDON
DTI LONDON

†DELETE IF FULL DISTRIBUTION REQUIRED

Line Feed

TEXT

Security Classification: CONFIDENTIAL — Special Handling Caveat Only

SIC(s) Only: SIC † ~~ACA~~ A2P

BHC COLOMBO PLEASE PASS TO PRIME MINISTER'S PARTY. FROM APS/DEFENCE SECRETARY

SUBJECT: DEFENCE SALES TO INDIA

ONE. MOD HAS BEEN ASKED TO PROVIDE SUPPLEMENTARY BRIEFING FOR THE PRIME MINISTER'S TALKS WITH MR GHANDI, ON TWO DEFENCE SALES PROSPECTS INVOLVING MARCONI. SHOULD AN OPPORTUNITY ARISE, THE COMPANY HAVE REQUESTED THAT THESE BE RAISED. MOD REGARDS THESE ITEMS AS OF LOWER PRIORITY THAN THE OTHER DEFENCE SALES PROSPECTS ON WHICH THE PRIME MINISTER HAS ALREADY BEEN BRIEFED.

TWO. THE CONTRACTS INVOLVE ELECTRONIC WARFARE EQUIPMENT AND LOW LEVEL

Special Distribution See note 9: PS/HDS, RMD3

File Reference: MO 6/11

DRAFTER'S NAME (Block letters): S H LOWE

Extension: 2111/3 Branch: S OF S

RELEASING OFFICER'S Signature

Page 1 of 2 Pages

Have you referred to a classified message? (Answer YES or No in box): YES

Grade/Rank: HEO (D) Name (Block letters): S H LOWE

Security Classification: CONFIDENTIAL

PRECEDENCE— Action / Info	SECURITY CLASSIFICATION	DATE—TIME—GROUP	MOD FORM 140A (continuation sheet)
PRIORITY /	CONFIDENTIAL	121015	

RADARS. BOTH ARE OF HIGH VALUE BUT INVOLVE NO CREDIT.

THREE. ELECTRONIC WARFARE EQUIPMENT.

A. BACKGROUND. A DECISION IS IMMINENT ON AIRBORNE ELECTRONIC WARFARE EQUIPMENT (RADAR WARNING RECEIVERS) FOR IAF JAGUAR AIRCRAFT IN THE ESCORT ROLE. MARCONI ARE OFFERING "APOLLO" PACKAGE, BUT FACE COMPETITION FROM SWEDISH AND ITALIAN FIRMS. SUCCESS CAN LEAD TO FURTHER PURCHASES OF APOLLO TO BE FITTED TO JAGUAR IN THE SELF PROTECT ROLE. BOTH PROGRAMMES ARE VALUED AT AT LEAST £100M, OVER THE NEXT 2-3 YEARS. MARCONI ARE ALSO OFFERING OTHER ELECTRONIC WARFARE PACKAGES FOR VARIOUS PLATFORMS, AND HAVE ALREADY SOLD "HERMES" FOR SEA KING HELICOPTERS.

B. POINTS TO MAKE. STRESS THAT THE RN AND RAF HAVE BEEN VERY SATISFIED WITH THEIR EXPERIENCE OF MARCONI EW EQUIPMENT.

FOUR. LOW LEVEL RADARS.

A. BACKGROUND. MARCONI ARE OFFERING S711 (SEVEN-ELEVEN) RADARS FOR THE INDIAN AIR FORCE.MAIN COMPETITION IS FROM US FIRMS. THE INITIAL CONTRACT IS IN EXCESS OF £25M, WITH TOTAL PROGRAMME VALUE EXCEEDING £100M UP TO 1987. MR JOHN LEE, THE UNDER SECRETARY OF STATE FOR DEFENCE PROCUREMENT, WROTE TO THE INDIAN JOINT SECRETARY (AIR) ON 26TH FEBRUARY IN SUPPORT OF MARCONI'S ACTIVITIES.

B. POINTS TO MAKE. UK SERVICES HAVE TESTED THE MARCONI EQUIPMENT AND CONFIRMED THAT IT WOULD BE A PRIME CONTENDER SHOULD WE HAVE A SIMILAR REQUIREMENT. WE ARE ALSO HAPPY TO PROVIDE RELEVANT TRAINING TO THE IAF.

FIVE. BOTH SETS OF EQUIPMENT HAVE BEEN CLEARED BY THE MOD FOR SALE TO INDIA.

Special Distribution See note 9		File Reference MO 6/11
		DRAFTER'S NAME (Block letters) S H LOWE
		Extension 2111/3 Branch S OF S
		RELEASING OFFICER'S Signature S H Lowe
Page 2 of 2 Pages	Have you referred to a classified message? (Answer YES or NO in box) YES	Grade/Rank HEO(D) Name (Block letters) S H LOWE

Security Classification CONFIDENTIAL

LUK/763/13

VFDW G 238/12

DD 130230Z DELHI
OO WARSAW
OO JEDDA
OO RIYADH
GRS 290
CONFIDENTIAL
FM FCO 121830Z APR 85
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 466 OF 12 APRIL
AND TO IMMEDIATE WARSAW (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE JEDDA, RIYADH
FOLLOWING FOR PRIVATE SECRETARY TO PRIME MINISTER
MIPT: SUDAN

1. THE ARMY'S DECISION TO TAKE CONTROL ON 6 APRIL WAS APPARENTLY AN UNPREMEDITATED RESPONSE TO GROWING CHAOS. GENERAL SOHAR EL DAHAB APPEARS TO HAVE BEEN RELUCTANT TO TAKE THE INITIATIVE AND MAY HAVE ACTED UNDER PRESSURE FROM SENIOR COLLEAGUES. POWER IS NOW VESTED IN A TRANSITIONAL MILITARY COUNCIL WITH EL DAHAB AS PRESIDENT. CIVILIANS WERE DISAPPOINTED BY THIS BUT SEEM TO BE REASSURED BY THE ARMY'S STATEMENT OF INTENTION TO FORM A LARGELY CIVILIAN COUNCIL OF MINISTERS. THERE ARE SIGNS THAT JUNIOR OFFICERS BELIEVE THAT THE GENERALS WERE TOO CLOSE TO NIMEIRI AND ARE TOO SLOW TO CHANGE. AN UNHELPFUL REACTION BY SOUTHERN REBEL LEADER GARANG MAY STEM FROM THE FEAR THAT HE WAS BEING SIDESTEPPED BY THE COUP. THE SITUATION REMAINS PRECARIOUS. THERE HAS BEEN NO SIGN OF CHANGE IN SUDAN'S PRO-WESTERN AND MODERATE ARAB ORIENTATION. EL DAHAB MADE EARLY MOVES TO REASSURE THE EGYPTIANS AND AMERICANS WHO HAVE GIVEN THEIR SUPPORT. THE REGIME'S STATEMENTS ON THE NEED FOR NATIONAL UNITY, FOR DIALOGUE BETWEEN NORTH AND SOUT AND AN EARLY RETURN TO DEMOCRACY ARE WELCOME AS ARE REFERENCES TO THE PROTECTION OF FOREIGNERS AND APPRECIATION OF FOREIGNERS' WORK IN SUDAN. SUDAN STILL FACES INTRACTABLE PROBLEMS: DROUGHT, ECONOMY, CIVIL WAR. PRACTICAL MEASURES TAKEN BY THE REGIME WILL GIVE A GUIDE TO ITS CHANCES OF SUCCESS. THE HANDLING OF RELATIONS WITH IMN AND AID DONORS WILL BE CRUCIAL. FULLER BACKGROUND IN KHARTOUM TELNO 189 AND KHARTOUM TELNO 200 (BOTH NOW BEING COPIED TO YOU).

HOWE

NNNN

FCOCOL 030/12
OO COLOMBO

GRS 400

CONFIDENTIAL
U K EYES ALPHA
FM WASHINGTON 121950Z APR 85
TO IMMEDIATE F C O
TELEGRAM NUMBER 1250 OF 12 APRIL
INFO IMMEDIATE MODUK, JEDDA, RIYADH, NEW DELHI (FOR P M'S PARTY)
INFO SAVING AMMAN.

JEDDA TELEGRAM NO 210: U S/SAUDI ARABIA: DEFENCE SALES.

SUMMARY
1. GENERAL VESSEY'S AIM IS TO REASSURE THE SAUDIS OF CONTINUED U S SUPPORT DESPITE THE DELAY IN SUBMITTING ARMS SALES PROPOSALS TO CONGRESS. DECISIONS ON THIS ARE UNLIKELY TO BE TAKEN HERE BEFORE LATE MAY.

DETAIL
2. A MEMBER OF VESSEY'S STAFF (PLEASE PROTECT) HAS TOLD US THAT THE OBJECTIVES OF HIS VISIT TO SAUDI ARABIA ARE TO REASSURE THE SAUDIS OF THE ADMINISTRATION'S FULL SUPPORT FOR THEIR SECURITY INTERESTS, IN PARTICULAR FOR MEETING THEIR LATEST REQUEST FOR ARMS: TO ENCOURAGE THEM TO BUILD UP A REGIONAL DEFENCE SYSTEM THROUGH THE G C C: TO GAUGE THE PROFICIENCY AND POTENTIAL OF THE SAUDI ARMED FORCES: AND TO DISCUSS THE SAUDI ASSESSMENT OF THE THREATS TO THEMSELVES AND THE OTHER G C C STATES.

3. WE UNDERSTAND THAT THE PENTAGON ARE PRESSING FOR EARLY NOTIFICATION TO CONGRESS OF A SAUDI ARMS PACKAGE INCLUDING F-15S, THOUGH ALMOST CERTAINLY NOT THE GROUND ATTACK VERSION. OUR STATE DEPARTMENT AND N S C CONTACTS, HOWEVER, DO NOT EXPECT EARLY ACTION. STARK (N S C STAFF) HAS TOLD US THAT IT IS LIKELY TO BE SEVERAL WEEKS BEFORE THE INTER-AGENCY MIDDLE EAST ARMS SALES POLICY REVIEW IS COMPLETED. HE DID NOT, THEREFORE, EXPECT DECISIONS TO BE TAKEN ON ARMS SALES TO SAUDI ARABIA AND JORDAN AND ON THE TIMING OF THEIR NOTIFICATION TO CONGRESS BEFORE THE END OF MAY. STARK ADDED THAT IT HAD NOT BEEN DECIDED WHETHER TO GIVE SAUDI OR JORDANIAN SALES PRIORITY OR INDEED WHETHER TO NOTIFY BOTH PACKAGES TOGETHER. THE PROSPECTS FOR SECURING CONGRESSIONAL APPROVAL OF MAJOR SALES TO JORDAN WOULD, OF COURSE, DEPEND ON PROGRESS ON THE PEACE PROCESS.

4. THE STATE DEPARTMENT SAY THAT ANY SALES WILL HAVE TO BE NOTIFIED INFORMALLY TO CONGRESS BY 3 JUNE IF THEY ARE TO GO THROUGH BEFORE THE SUMMER RECESS. THIS TIMING LOOKS RATHER TIGHT GIVEN THE DELAY IN COMPLETING THE POLICY REVIEW, THE UNCERTAINTIES OF THE POLITICAL SITUATION IN THE MIDDLE EAST AND THE ADMINISTRATION'S OTHER PRIORITIES ON THE HILL. MCFARLANE TOLD THE DIRECTOR OF A I P A C (THE MAIN PRO-ISRAELI LOBBYING ORGANISATION) EARLIER THIS YEAR THAT MAJOR ARMS SALES TO ARAB COUNTRIES WOULD NOT BE SUBMITTED TO CONGRESS BEFORE LATE SUMMER. THIS TIMING STILL SEEMS MORE LIKELY. HENCE ALSO THE NEED TO RE-ASSURE THE SAUDIS.

F C O PLEASE PASS SAVING AMMAN.

WRIGHT

LUK/759/13

FDW G 235/12

SECRET

SECRET

DD 130230Z DELHI
OO WARSAW
OO JEDDA
OO RIYADH
GRS 301
SECRET
FM FCO 121720Z APR 85
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 414 OF 12 APRIL
AND TO IMMEDIATE WARSAW (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE JEDDA, RIYADH
FOLLOWING FOR PRIVATE SECRETARY TO PRIME MINISTER
MIPT: ARAB/ISRAEL: MURPHY'S MISSION

1. MURPHY TRAVELS TO AMMAN ON 13 APRIL. HE TOLD FERGUSSON ON 12 APRIL IN CONFIDENCE THAT HE INTENDS TO GO ON TO VISIT ISRAEL, EGYPT, SYRIA, SAUDI ARABIA, LEBANON AND PERHAPS IRAQ BEFORE RETURNING TO JORDAN AND ISRAEL.

2. MURPHY UNDERLINED THE FOLLOWING POINTS:

(A) THE US AIM IS TO DEVISE A SCENARIO WHICH COULD LEAD TO THE REOPENING OF NEGOTIATIONS BETWEEN JORDAN, PALESTINIANS AND ISRAEL:

(B) HE IS NOT (NOT) PRESSING FOR FURTHER CONCESSIONS FROM ARAFAT AS HE RECOGNISES THAT THIS COULD DESTROY HIS AUTHORITY:

(C) SELECTION OF ACCEPTABLE PALESTINIANS WITHOUT A CLEAR PLO LABEL FOR A JOINT JORDANIAN/PALESTINIAN DELEGATION APPEARS EASIER NOW THAN HITHERTO. THE JORDANIAN PRIME MINISTER AND ARAFAT MAY HAVE MADE SOME PROGRESS ALREADY,

(D) MURPHY HIMSELF HOPES TO BE ABLE TO DISCUSS JORDANIAN PROPOSED NAMES IN AMMAN, AND THEN PERHAPS MEET A JORDANIAN/PALESTINIAN GROUP DURING HIS SECOND VISIT:

(E) AMMAN WOULD BE THE BEST VENUE FOR SUCH A MEETING AS THE US AIM IS TO BOLSTER HUSSEIN'S POSITION, NOT ARAFAT'S:

(F) MURPHY PLAYED DOWN THE IDEA OF RECEPTION OF A DELEGATION IN WASHINGTON, OR INDEED OTHER US MOVES, STRESSING THAT HE WOULD BE AIMING FOR PROGRESS TOWARDS NEGOTIATIONS. HE WOULD CHALLENGE THOSE SUGGESTING FURTHER US ACTIVITY TO DEMONSTRATE HOW IT WOULD LEAD TO TO THAT END:

(G) HE WILL BE PUTTING PRESSURE ON THE ISRAELIS TO BE MORE POSITIVE AND ACCEPTS THAT THEY HAVE NOT GONE AS FAR AS THEY MIGHT.

3. VMURPHY MUST BE BACK IN WASHINGTON BY 30 APRIL TO REPORT TO SHULTZ.

HOWE

NNNN

(2)

UK/761/13

FDW G 236/12

DD 130230Z DELHI
OO WARSAW
OO JEDDA
OO RIYADH
GRS 344
CONFIDENTIAL
FM FCO 121830Z APR 85
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 417 OF 12 APRIL
AND TO IMMEDIATE WARSAW (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE JEDDA, RIYADH
FOLLOWING FOR PRIVATE SECRETARY TO PRIME MINISTER
MIPT: PETROCHEMICALS

1. WE WOULD NOT WISH THE PRIME MINISTER TO RAISE THIS ISSUE, BUT IF THE KING RAISES ACCESS TO EUROPEAN MARKETS FOR GULF PETROCHEMICALS, WE SUGGEST THAT THE PRIME MINISTER SHOULD TAKE THE FOLLOWING LINE:

- AWARE OF CONCERNS OF GULF COUNTRIES: MATTER FOR EUROPEAN COMMUNITY AS A WHOLE.
- ACCEPT RESTRUCTURING OF EUROPEAN INDUSTRY ONLY SOLUTION: EC DUSTRY HAS ALREADY MADE MAJOR ADJUSTMENTS AND RECOGNISES NEED FOR MORE.
- BUT CANNOT BE ACHIEVED OVERNIGHT: ORDERLY MARKETING BY GULF STATES WILL HELP THIS PROCESS.
- GCC/EC TALKS SHOULD CONTINUE.
- EC IMPOSES NO QUANTITATIVE RESTRICTIONS: SAUDIS FREE TO SELL AS MUCH AS THEY CAN ONCE TARIFF IS PAID AND NO INDICATION THEY HAVE ANY DIFFICULTY IN DOING SO.
- TARIFFS NOT NEW AND NOT SPECIALLY IMPOSED TO KEEP OUT GULF PROTUDUCTION: THEY ARE NORMAL, MFN TARIFFS WHICH MEET ALL GATT OBLIGATIONS.
- TARIFFS NOT DISCRIMINATORY: APPLIED TO ALL THOSE WISHING TO EXPORT PETROCHEMICALS TO EC.
- US AND JAPAN IMPOSE SIMILAR TARIFFS: US TARIFF ON METHANOL 35 PCT HIGHER THAN COMMUNITY TARIFF (AND US GIVES NO DUTY FREE ACCESS WHATSOEVER): JAPANESE TARIFF ON POLYETHYLENE 40 PCT HIGHER (BUT MUCH LOWER ON METHANOL).

BACKGROUND

- SAUDIS WISH TO RECOVER COSTS OF NEW PETROCHEMICAL PLANTS AND TO AUGMENT FALLING OIL REVENUES.
- TARIFFS REDUCE RETURNS FROM SAUDI EXPORTS.
- UNDER GSP, SOME DUTY FREE ACCESS TO EC FOR GULF PETROCHEMICALS. BUT AMOUNT VERY SMALL: IN 1984 AND 1985 NORMAL TARIFF IMPOSED ON SAUDI METHANOL AFTER 20,000 AND 32,000 TONNES HAD ENTERED DUTY FREE.

- SAUDIS ACCUSE EC OF PROTECTIONISM AND DISCRIMINATION: HINT AT RETALIATION.
- EC TARIFFS ON PETROCHEMICALS APPROXIMATELY 13-15 PCT
- SAUDI ARABIA RECENTLY INCREASED TARIFFS ON IMPORTS SUBJECT TO DUTY FROM 4 PCT TO 7 PCT: IMPOSES HIGHER TARIFFS TO PROTECT SOME NEW INDUSTRY, SUCH AS 20 PCT ON ELECTRIC CABLE:

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RESTRICTED

FOCOL 044/11

DD 120400Z COLOMBO
GRS 620
RESTRICTED
DESKBY 120400Z COLOMBO AND NEW DELHI
FM FCO 111715Z APR 85
TO IMMEDIATE COLOMBO
TELEGRAM NUMBER 222 OF 11 APRIL
AND TO NEW DELHI
INFO ROUTINE ISLAMABAD, KABUL, WASHINGTON, MOSCOW

FOR PRIME MINISTER'S PARTY
CAMPBELL FROM: INTERVIEW WITH MR RAJIV GANDHI

1. CHANNEL FOUR TELEVISION CARRIED AN INTERVIEW BY TRELFORD, EDITOR OF THE OBSERVER, WITH RAJIV GANDHI ON 10 APRIL. THE IMPRESSION HE GAVE OF MODESTY, OPEN- NESS AND SINCERITY WILL FURTHER HAVE ENHANCED HIS REPUTATION IN THE UK. THE INTERVIEW MAY ENCOURAGE MODERATE SIKHS IN BRITAIN TO PLAY A MORE CONSTRUCTIVE ROLE.

INDO-BRITISH RELATIONS

2. RAJIV GANDHI WAS ASKED WHETHER HE BELIEVED SIKHS OUTSIDE INDIA WERE RESPONSIBLE FOR MRS GANDHI'S ASSASSINATION. HE SAID THAT 'THESE THINGS ARE VERY DIFFICULT TO QUANTIFY'. IT WAS NOT JUST A CASE OF THOSE WHO PULLED THE TRIGGER, BUT THOSE INVOLVED BEHIND THE SCENES, WHO WERE INVOLVED' IN RAISING THE TEMPO, RAISING A CERTAIN MOOD' IN INDIA. ASKED SPECIFICALLY ABOUT SIKH EXTREMISTS IN THE UK, HE SAID THAT THEY WERE 'CAUSING MORE HARM THAN THEY REALISE'. THEY WERE OUT OF TOUCH WITH THE REALITIES OF INDIA. THE INTERVIEWER ASKED WHETHER MR GANDHI EXPECTED THE BRITISH GOVERNMENT TO TAKE MORE ACTION: HE REPLIED 'I THINK THEY ARE ALREADY TAKING SOME ACTION'.

3. MR GANDHI SPOKE WARMLY OF HIS COLLEGE DAYS IN ENGLAND AND THE 'SENSE OF VALUES IN BRITAIN'. HE SAID THAT ASIAN IMMIGRANTS TO THE UK HAD 'SETTLED IN MUCH BETTER THAN FIFTEEN YEARS AGO WHEN TENSIONS WERE MUCH HIGHER ... BUT THERE IS STILL SOME WAY TO GO'. ASKED WHETHER HE WOULD COME TO BRITAIN IN THE NEAR FUTURE, HE SAID HE HAD PROMISED TO DO SO.

INTERNAL

4. RAJIV MADE IT CLEAR THAT FOLLOWING HIS RECENT INITIATIVES OVER PUNJAB, THE BALL WAS NOW IN THE SIKH COURT. HE AWAITED THEIR RESPONSE. BUT HE ALSO WENT FURTHER THAN PREVIOUSLY IN MAKING CLEAR THAT HE WAS 'OPEN TO ' GRANTING THE SIKH DEMAND FOR A JUDICIAL ENQUIRY INTO THE RIOTS AFTER MRS GANDHI'S DEATH.

FOREIGN AFFAIRS

5. RAJIV SAID HE WAS [illegible] A SOLUTION TO SRI LANKA'S PROBLEMS ACCEPTABLE TO THE TAMIL COMMUNITIES AND THE SRI LANKAN GOVERNMENT. INDIA WAS NOT HARBOURING TAMIL TERRORISTS: SHE TRIED TO CONTROL THE 90,000 REFUGEES BUT THEY WERE GEOGRAPHICALLY DISPERSED AND 'WE CAN'T ABSOLUTELY CLAMP DOWN'. BUT THE SRI LANKAN GOVERNMENT MUST CONTROL ITS SECURITY FORCES: AT PRESENT THEIR ACTIVITIES ALMOST AMOUNTED TO TERRORISM AGAINST THE TAMILS. AS LONG AS THIS WENT ON THERE COULD BE NO SOLUTION. ASKED ABOUT THE POSSIBILITY OF INDIAN INTERVENTION IN SRI LANKA, HE SAID INDIA WOULD NEVER INTERVENE.

6. ON INDO-PAKISTANI RELATIONS, RAJIV LAID HEAVY EMPHASIS ON THE PAKISTANI NUCLEAR PROGRAMME: 'EVERY INDICATION WE HAVE IS THAT PAKISTAN IS DEVELOPING A NUCLEAR BOMB'. ZIA'S WORDS WERE ENCOURAGING BUT HIS ACTIONS WERE NOT CONSISTENT WITH THEM (THE INTERVIEW WAS RECORDED BEFORE BHANDARI'S RECENT VISIT TO PAKISTAN). RAJIV ALSO MADE CLEAR THAT, WHILE INDIA WANTED BETTER RELATIONS WITH THE USA, THIS WAS CONTINGENT ON US POLICY TOWARDS PAKISTAN: THE US WAS GIVING THEM LARGE QUANTITIES OF ARMS AND TURNING A BLIND EYE TO PAKISTAN'S NUCLEAR PROGRAMME. HE SPOKE OF INDIA'S 'LOVE-HATE RELATIONSHIP' WITH THE US. GANDHI DENIED ANY BIAS TOWARDS THE SOVIET UNION, BUT SAID INDIA HAD RECEIVED 'A GOOD DEAL' IN SOVIET AID AND TECHNICAL ASSISTANCE AND THAT THE SOVIET UNION HAD STOOD BY INDIA IN TIMES OF NEED.

7. IN A SOMEWHAT OBSCURE PASSAGE ON AFGHANISTAN, RAJIV APPEARED IMPLICITLY TO LAY EQUAL BLAME ON SOVIET 'INTERVENTION' AND OUTSIDE 'INTERFERENCE', AND TO SAY THAT WHILE INDIA WANTED SOVIET TROOPS TO LEAVE, THE RUSSIANS WOULD FIND IT DIFFICULT TO DO SO WHILE A MAJOR CAMPAIGN 'RAN BY WHOEVER' CONTINUED MUJAHIDEEN ENTERING THE COUNTRY AS LIBERATORS. IF THAT STOPPED WITHDRAWAL MIGHT BE POSSIBLE.

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FOCOL019/11

Pt 3

FOCOL 019/12

PP COLOMBO

GRS 270

CONFIDENTIAL

P R 121015Z APR 85
FM MODUK
TO RBDWDFA/BHC COLOMBO
INFO RBDWDFG/BHC NEW DELHI
RBDWDFA/FCO LONDON
RBDWCA/DTI LONDON
BT
C O N F I D E N T I A L
SIC A2P
BHC COLOMBO PLEASE PASS TO PRIME MINISTERS PARTY. FROM APS/DEFENCE SECRETARY
SUBJECT: DEFENCE SALES TO INDIA
ONE. MOD HAS BEEN ASKED TO PROVIDE SUPPLEMENTARY BRIEFING FOR THE PRIME MINISTERS TALKS WITH MR GHANDI, ON TWO DEFENCE SALES PROSPECTS INVOLVING MARCONI. SHOULD AN OPPORTUNITY ARISE, THE COMPANY HAVE REQUESTED THAT THESE BE RAISED. MOD REGARDS THESE ITEMS AS OF LOWER PRIORITY THAN THE OTHER DEFENCE SALES PROSPECTS ON WHICH THE PRIME MINISTER HAS ALREADY BEEN BRIEFED.
TWO. THE CONTRACTS INVOLVE ELECTRONIC WARFARE EQUIPMENT AND LOW LEVEL RADARS. BOTH ARE OF HIGH VALUE BUT INVOLVE NO CREDIT.

THREE. ELECTRONIC WARFARE EQUIPMENT.
A. BACKGROUND. A DECISION IS IMMINENT ON AIRBORNE ELECTRONIC WARFARE EQUIPMENT (RADAR WARNING RECEIVERS) FOR IAF JAGUAR AIRCRAFT IN THE ESCORT ROLE. MARCONI ARE OFFERING QUOTE APOLLO UNQUOTE PACKAGE, BUT FACE COMPETITION FROM SWEDISH AND ITALIAN FIRMS. SUCCESS CAN LEAD TO FURTHER PURCHASES OF APOLLO TO BE FITTED TO JAGUAR IN THE SELF PROTECT ROLE. BOTH PROGRAMMES ARE VALUED AT AT LEAST POUNDS 100M, OVER THE NEXT 2-3 YEARS. MARCONI ARE ALSO OFFERING OTHER ELECTRONIC WARFARE PACKAGES FOR VARIOUS PLATFORMS, AND HAVE ALREADY SOLD QUOTE HERMES UNQUOTE FOR SEA KING HELICOPTERS.
B. POINTS TO MAKE. STRESS THAT THE RN AND RAF HAVE BEEN VERY SATISFIED WITH THEIR EXPERIENCE OF MARCONI EW EQUIPMENT.
FOUR. LOW LEVEL RADARS.
A. BACKGROUND. MARCONI ARE OFFERING S711 (SEVEN-ELEVEN) RADARS FOR THE INDIAN AIR FORCE. MAIN COMPETITION IS FROM US FIRMS. THE INITIAL CONTRACT IS IN EXCESS OF POUNDS 25M, WITH TOTAL PROGRAMME VALUE EXCEEDING POUNDS 100M UP TO 1987. MR JOHN LEE, THE UNDER SECRETARY OF STATE FOR DEFENCE PROCUREMENT, WROTE TO THE INDIAN JOINT SECRETARY (AIR) ON 26TH FEBRUARY IN SUPPORT OF MARCONIS ACTIVITIES.

B. POINTS TO MAKE. UK SERVICES HAVE TESTED THE MARCONI EQUIPMENT AND CONFIRMED THAT IT WOULD BE A PRIME CONTENDER SHOULD WE HAVE A SIMILAR REQUIREMENT. WE ARE ALSO HAPPY TO PROVIDE RELEVANT TRAINING TO THE IAF.
FIVE. BOTH SETS OF EQUIPMENT HAVE BEEN CLEARED BY THE MOD FOR SALE TO INDIA
BT

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SENT 121400Z DRF

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FOCOL 018/12

DD 121330Z COLOMBO

GRS 650

CONFIDENTIAL
FROM NEW DELHI 121230Z APRIL 1985
TO IMMEDIATE DESKBY COMOMBO
TELEGRAM NUMBER 013 OF 12 APRIL 1985
REPEATED TO (FOR INFO) IMMEDIATE FCO LONDON

FOR PRIME MINISTER'S PARTY

FCO TELNO 213 TO YOU: PRIME MINISTER'S VISIT TO INDIA

1. FOLLOWING ARE LATEST RELEVANT DEVELOPMENTS HERE.

2. EXTERNAL: THERE ARE INCREASING SIGNS THAT GANDHI AND HIS NEW FOREIGN SECRETARY (=PUS) BHANDARI FAVOUR A LESS CONFRONTATIONAL AND HEGEMONISTIC RELATIONSHIP WITH INDIA'S NEIGHBOURS THAN DID THEIR RESPECTIVE PREDECESSORS. THIS WELCOME DEVELOPMENT IS CONSISTENT WITH THEIR PERSONAL TEMPERAMENTS. BUT IT WILL NOT BE POPULAR IN PARLIAMENT NOR WITH MUCH OF THE FOREIGN AFFAIRS ESTABLISHMENT. BHANDARI'S MODERATION HAS BEEN EVIDENT DURING HIS VISITS TO NEPAL, SRI LANKA AND PAKISTAN, AND HE IS IN AFGHANISTAN TODAY.

3. MY SRI LANKAN COLLEAGUE AGREES THAT THE GANDHI/BHANDARI POLICY REPRESENTS A DISTINCT CHANGE FOR THE BETTER IN INDIA'S ATTITUDE TO THE SRI LANKAN CRISIS.

THE NEW LINE SEEMS TO INVOLVE JOINT MANAGEMENT OF THE CRISIS BY THE TWO GOVERNMENTS ACTING IN CONCERT AND IN PARALLEL, WITH THE INDIANS CLAMPING DOWN ON THE TERRORISTS AND THE SRI LANKANS OFFERING MATCHING POLITICAL AND MILIATARY CONCESSIONS.

4. INTERNAL: GANDHI'S STAFF EXPECT HIM TO TALK TO THE PRIME MINISTER ABOUT PUNJAB, WHICH IS HIS TOP POLITICAL PRIORITY. HE IS CLEARLY TRYING HARD FOR A SETTLEMENT. IN MARCH HE RELEASED THE SIKH LEADER LONGOWAL AND OTHER DETAINEES, AND ANNOUNCED ECONOMIC CONCESSIONS TO THE KEY FARMING COMMUNITY DURING A VISIT TO THE STATE. YESTERDAY THE GOVERNMENT LEGALISED THE SIKH STUDENT MOVEMENTS, PROMISED FURTHER RELEASES, AND IN A DRAMATIC CONCILIATORY GESTURE AGREED TO A JUDICIAL ENQUIRY INTO THE ANTI-SIKH RIOTS IN DELHI AFTER MRS GANDHI'S DEATH, IN WHICH PROMINENT MEMBERS OF HIS OWN PARTY WERE IMPLICATED. HE TOLD GREVILLE JANNER MP LAST NIGHT THAT HE HAD NOW PLAYED ALL HIS CARDS: IT WAS UP TO THE SIKHS TO RESPOND: BUT THEIR LEADERS WERE DISCOURAGINGLY FRIGHTENED OF BEING ASSASSINATED IF THEY DID.

5. BILATERAL: JANNER SPOKE HELPFULLY TO BOTH GANDHI AND BHANDARI YESTERDAY ABOUT SIKH EXTREMISTS IN THE UK. NO BRITISH GOVERNMENT COULD IN HIS VIEW DO MORE IN PRESENT CIRCUMSTANCES THATN WE WERE ALREADY DOING. HE HOPED OUR GOOD FAITH WAS ACCEPTED. BOTH SAID IT WAS. I BELIEVE THEY MEANT IT. BUT THIS ATTITUDE TOO WILL BE UNPOPULAR WITH PARLIAMENT AND THE FOREIGN AFFAIRS ESTABLISHMENT.

6. OTHER: THE PRIME MINISTER MAY LIKE TO ASK GANDHI ABOUT THE HEALTH OF PARTHASARATHY (DE FACTO FOREIGN MINISTER) WHO IS 73 AND HAS BEEN IN HOPITAL THIS WEEK, AND ALSO OF MRS PANDIT (NEHRU'S SISTER AND THE FIRST INDIAN HIGH COMMISSIONER IN LONDON) WHO IS OVER 80 AND IN BED SUFFERING FROM HIGH BLOOD PRESSURE.

7. GANDHI TOLD JANNER ON 11 APRIL THAT HE WAS HOPING TO SPEND SOME DAYS IN BRITAIN IN OCTOBER-NOVEMBER ON HIS WAY TO NEW YORK. THIS IS COMPATIBLE WITH OUR PROPOSAL THAT HE SHOULD VISIT LONDON ON 14-15 OCTOBER ON THE WAY TO CHOGM IN NASSAU. IT SUGGESTS THAT HE HAS NOT YET FOCUSSED ON DATES BUT HAS ACCEPTED THE IDEA OF COMING TO LONDON.

FO/COL 020/11

OO COLOMBO (FOR PM'S PARTY)

GRS 380
CONFIDENTIAL
FM NEW DELHI 111000Z APR 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 474 OF 11 APRIL
INFO IMMEDIATE COLOMBO (FOR PM'S PARTY)

PRIME MINISTER'S VISIT

1. I CALLED ON ARORA (IN CHARGE OF PM'S OFFICE) ON 10 APRIL. GHAREKHAN (ADDITIONAL SECRETARY) WAS ALSO PRESENT. WE DISCUSSED THE MAIN ISSUES WHICH WERE LIKELY TO BE ON GANDHI'S MIND FOR HIS TALKS WITH MRS THATCHER. LITTLE NEW EMERGED.

2. ARORA AGREED THAT A COMMON OBJECTIVE FOR THE VISIT WOULD BE TO REINFORCE THE PERSONAL RELATIONSHIP BETWEEN THE TWO LEADERS. IN THIS CONTEXT IT WOULD BE APPROPRIATE FOR MRS THATCHER TO REMIND GANDHI OF THE DATES PROPOSED FOR HIS BILATERAL VISIT TO LONDON (14/15 OCTOBER, IMMEDIATELY BEFORE CHOGM AND THE UN 40 TH ANNIVERSARY CELEBRATIONS): BUT GHAREKHAN WAS NOT SURE THAT GANDHI'S DIARY WAS YET FIRM ENOUGH TO FIX DEFINITE DATES.

3. ARORA CONFIRMED THAT GANDHI WOULD BE PARTICULARLY INTERESTED IN AN ACCOUNT OF MRS THATCHER'S DISCUSSIONS IN SRI LANKA, BUT DOUBTED IF HE WOULD HAVE PARTICULAR POINTS TO RAISE ON THIS. (COMMENT: THE TONE OF PRESS AND OFFICIAL COMMENT HERE ON SRI LANKA IS MARKEDLY MORE UP-BEAT IN THE PAST WEEK OR TWO).

3. ON SIKH EXTREMISTS, GAREKHAN ENDORSED BHANDARI'S VIEW (REPORTED IN MY TEL NO 432) THAT MRS THATCHER MIGHT BEST TAKE THE INITIATIVE HERSELF IN RAISING THIS ISSUE, WHICH WAS VERY MUCH ON GANDHI'S MIND.

4. ON INTERNATIONAL AFFAIRS, ARORA THOUGHT THAT GANDHI WOULD WELCOME AN EXCHANGE OF VIEWS ON SUPER-POWER RELATIONS, DISARMAMENT ETC, AS WELL AS ON INTERNATIONL ECONOMIC ISSUES (IN THE RUN-UP TO THE BONN SUMMIT). ARORA MENTIONED SPECIFICALLY THE HELPFUL ATTITUDE WHICH MRS THATCHER HAD ADOPTED TWO YEARS AGO ON IDA, AN ISSUE WHICH WAS FAR FROM RESOLVED. GANDHI WOULD BE UNLIKELY TO RAISE THIS HIMSELF BUT WOULD NO DOUBT WELCOME A DISCUSSION IF MRS THATCHER DID SO. ARORA SAID THAT GANDHI MIGHT HIMSELF MENTION INDIA'S APPRECIATION FOR OUR BILATERAL AID PROGRAMME. I SAID MRS THATCHER MIGHT ALSO WISH TO DISCUSS COMMERCIAL MATTERS, PARTICULARLY WESTLANDS, ON WHICH SHE HAD BEEN IN TOUCH WITH GANDHI IN MOSCOW AND IN A SUBSEQUENT MESSAGE. (WE THEN RAN BRIEFLY THROUGH THE MAIN ISSUES ON THE WESTLANDS CONTRACT: I GOT THE IMPRESSION THAT NO NEW DECISIONS HAVE BEEN REACHED HERE). FINALLY ARORA THOUGHT THAT GANDHI MIGHT WISH TO SPEAK ABOUT INDIA'S INTERNAL ECONOMIC AND POLITICAL PROSPECTS: THE LATTER WOULD INCLUDE THE PUNJAB.

WADE-GERY

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CONFIDENTIAL

FOCOIL 328/11 CONFIDENTIAL
DO COLOMBO

GRS 290

CONFIDENTIAL
DESKBY 111330Z
FM NEW DELHI 111230Z APR 85
TO IMMEDIATE DESKBY FCO
TELNO 475 OF 11 APRIL 1985
AND TO IMMEDIATE COLOMBO (FOR PRIME MINISTER'S PARTY)

VISIT OF PRIME MINISTER

1. WE HAVE BEEN CONSIDERING WHAT ADDITIONAL ISSUES, NOT INCLUDED IN THE SETS OF BRIEFING PROVIDED, THE INDIANS MIGHT RAISE DURING THE PRIME MINISTER'S VISIT. THE FOLLOWING APPEAR TO US PROBABLES:-

(A) IRAN/IRAQ, INCLUDING THE INDIAN INITIATIVE:

(B) QUOTAS FOR SPECIAL VOUCHERS TO ALLOW BRITISH OVERSEAS CITIZENS OF INDIAN ORIGIN AND WITH AN EAST AFRICAN CONNECTION NOW LIVING IN INDIA, TO BE ADMITTED FOR SETTLEMENT IN THE UK:

(C) KASHMIR, FOLLOWING THE ESTABLISHMENT OF A COMMITTEE ON KASHMIR BY SOME BRITISH MEMBERS OF PARLIAMENT.

2. ON THE FIRST, YOU MAY WISH TO PROVIDE A LINE TO TAKE, WITH BACKGROUND AS NECESSARY.

3. ON THE SPECIAL VOUCHERS QUOTA, INDIAN MINISTERS HAVE IN THE PAST REQUESTED US, BUT NOT INSISTENTLY, TO INCREASE THE NUMBER FROM THE PRESENT FIGURE OF 600 HEADS OF HOUSEHOLD PER YEAR. IF THIS IS RAISED, I SUGGEST THAT THE PRIME MINISTER SHOULD TAKE THE NORMAL LINE THAT THE NUMBER WE CAN ACCEPT MUST TAKE INTO ACCOUNT THE RATE AT WHICH NEW ARRIVALS CAN BE ABSORBED INTO BRITISH SOCIETY WITHOUT DISRUPTION AND ALSO THE PRESENT EMPLOYMENT SITUATION, AND THAT THEREFORE THERE WOULD BE SERIOUS DIFFICULTIES OVER RAISING THE QUOTA.

4. REGARDING KASHMIR, IF MR GANDHI RAISES THE SUBJECT, THE PRIME MINISTER MIGHT SAY THAT THE GOVERNMENT CANNOT PREVENT A GROUP OF MP'S WHO HAVE A PARTICULAR INTEREST FROM ESTABLISHING A COMMITTEE TO PURSUE IT. THE PRESENT COMMITTEE CONSISTS OF ONLY 3 CONSERVATIVE MP'S AND ONE LABOUR MP. THE INDIVIDUAL MEMBERS ARE BEING INFORMED OF HMG'S VIEW REGARDING KASHMIR I.E. THAT IT IS A QUESTION FOR THE INDIAN AND PAKISTAN GOVERNMENTS, ON WHICH WE HAVE NO WISH TO COMMENT OR TO INTERVENE.

WADE-GERY

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COLOMBO

GRS 300

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FM NEW DELHI 111245Z APR 85 D
TO IMMEDIATE COLOMBO
TELNO 11 OF 11 APRIL 1985

FOR CONFERENCE OFFICER

MY TELNO 6 TO JAKARTA: PM'S VISIT: AIRPORT

1. PARA 1 OF TUR: THE INDIANS HAVE SCHEDULED A FEW MINUTES BETWEEN ARRIVAL AND DEPARTURE FROM THE AIRPORT DURING WHICH THE TWO PRIME MINISTERS WOULD CHAT ON THE TARMAC, GANDHI WOULD INTRODUCE ANY OTHER INDIAN GREETERS (PROBABLY LIMITED TO KHURSHEED ALAM KHAN AND - IF OUT OF HOSPITAL - G PARTHASARATHY: THERE ARE NOT EXPECTED TO BE ANY OTHER INDIAN MINISTERS PRESENT): AND THERE WOULD BE A PRESS PHOTO OPPORTUNITY. THIS TIME WILL BE USEFUL IN ASSEMBLING THE CONVOY, COLLECTING THE PRIME MINISTER'S BAGGAGE ETC. THE TWO PRIME MINISTERS WOULD THEN LEAVE IN THEIR SEPARATE CARS SOME 5 MINUTES LATER.

2. FOLLOWING DISCUSSION WITH HOLMES, SUGGEST THAT DETECTIVES ARE ALLOCATED TO CARS FROM AIRPORT AS FOLLOWS:
1 : HOLMES - 2 : PARKER - 4 : EDGAR - 5 (NOT 6) : STREVENS - 12 : KINGSTON.

3. ATTENDANCE AT DINNER. THE INDIAN SIDE WILL BE QUITE LARGE - 17 IN ALL - WHEREAS THERE WOULD AT PRESENT BE ONLY THE EIGHT BRITISH PARTICIPANTS WHOM WE HAVE SUGGESTED TO PROTOCOL (MR AND MRS THATCHER, ACLAND, BUTLER, POWELL, INGHAM, MY WIFE AND MYSELF). IF MRS THATCHER WOULD LIKE THIS, I BELIEVE THE INDIANS WOULD NOT TAKE IT AMISS IF WE SUGGESTED ADDING THE NAMES OF SUE AND MARTIN WILLIAMS (HEAD OF CHANCERY). AGAIN SUBJECT TO MRS THATCHER'S VIEWS, WILLIAMS MIGHT ALSO USEFULLY PARTICIPATE IN THE TALKS WITH OFFICIALS (WE DO NOT KNOW THE INDIAN TEAM FOR THESE, BUT IT SEEMS LIKELY THEY WILL BE MORE THAN OUR OWN GROUP OF FIVE). IF WE ARE TO PUT THIS TO THE INDIANS, OBVIOUSLY THE SOONER THE BETTER.

WADE-GERY

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FCOCOL815/1

COLOMBO

GRS 230

UNCLASSIFIED
FROM NEW DELHI 1[illegible]B22Z APRIL 1985
TO PRIORITY FCO LONDON
TELEGRAM NUMBER 464 OF 1[illegible] APRIL 1985
INFO PRIORITY COLOMBO (FOR P.M.'S PARTY)
INFO SAVING MADRAS (ACTIONED)
INFO SAVING WASHINGTON (FCO PLEASE PASS)

INDIA/SRI LANKA

1. THE INDIAN PRESS CONTINUES TO DEVOTE ATTENTION TO SRI LANKA IN THE CONTEXT OF MRS THATCHER'S FORTHCOMING VISIT.

2. TIMES OF INDIA OF 1[illegible] APRIL HAS A REPORT DATELINED COLOMBO QUOTING SRI LANKAN POLITICAL CIRCLES AS EXPECTING THAT THE GOSL WILL SEEK MRS THATCHER'S GOOD OFFICES IN CONVINCING THE INDIAN GOVERNMENT TO STOP GIVING SANCTUARY TO TAMIL MILITANTS IN SOUTH INDIA. THE REPORT COMMENTS ON IMPROVED PROSPECTS FOR A REDUCTION IN VIOLENCE AND A RENEWAL DISCUSSIONS BETWEEN THE GOSL AND TAMIL MILITANT GROUPS FOLLOWING BHANDARI'S VISIT LAST MONTH(MY TELNO 423).

3. GANDHI'S INITIATIVE IN PROMOTING FRIENDSHIP WITH NEIGHBOURING COUNTRIES INCLUDING SRI LANKA FEATURED IN YESTERDAY'S FOREIGN AFFAIRS' DEBATE IN THE LOK SABHA, WITH MOST MEMBERS WELCOMING IT.

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UNCLASSIFIED

Prime Minister -
to see before your meeting
with Dr. Tiruchelvan.

FERB
12.4

Private Secretary

PETITIONS FROM TAMIL GROUPS

1. I attach a series of petitions addressed to the Prime Minister which we have received from Tamil groups, including the Tamil United Liberation Front (TULF). Amongst the signatories to the TULF document (directly under this minute) are Dr Neelan Tiruchelvam, whom the Prime Minister will be meeting on Saturday morning at Westminster House, and Mr A Amirthalingam leader of the TULF and ex-leader of the Opposition.

2. The petitions have received a simple acknowledgement saying that they will be passed to the Prime Minister's staff.

J P P Nason

11 April 1985

J P P Nason
Deputy High Commissioner

தொலை பேசி Phone 23176 யாழ் Jaffna

தமிழர் விடுதலைக் கூட்டணி
TAMIL UNITED LIBERATION FRONT

தலைவர்: மு. சிவசிதம்பரம்
செயலாளர் நாயகம்: அ. அமிர்தலிங்கம்

President: M. SIVASITHAMPARAM
Secretary General: A. AMIRTHALINGUM

Adiyapatham Road,
Tirunelveli,
Jaffna, Sri Lanka.

ஆடியபாதம் வீதி,
திருநெல்வேலி,
யாழ்ப்பாணம், இலங்கை.

Camp 2. Thanikachalam Road,
T.Nagar,
MADRAS 600 017.
SOUTH INDIA.
~~Phone: 441902.~~

திகதி
Date 1st March 1985.

The Hon'ble Prime Minister,

UNITED KINGDOM

Dear Madame Prime Minister,

On behalf of the Tamil people of Sri Lanka, We address this memorandum to Her Majesty's Government.

It is with profound anguish and great disappointment that we learnt of Her Majesty's Government's decision to sell arms with credit facilities in respect of such sale, to the Sri Lankan Government. We are confident that, if Her Majesty's Government is made aware of the fact that these arms will be primarily used against the helpless innocent Tamil Civilians in Sri Lanka, Her Majesty's Government will not enter into any arms deal with the Sri Lankan Government.

You would be aware of the successive violent attacks by Sinhalese racists since 1956, against the lives and property of Tamils. Governments comprising largely of Sinhalese representatives have come and gone, different political parties with almost a Pan-Sinhala complexion have been in seats of power, different Sinhalese Prime Ministers have been at the helm of affairs. But

throughout the period 1956 to 1985 Tamils have been the victims of brutal attacks by Sinhalese racists, often aided and abetted by the Security forces who are almost exclusively Sinhalese.

The years 1977 to 1985 has been the blackest period which witnessed an accelerated process of nearly three decades of systematic annihilation of the Tamil people. The dismal racist record of the present Government in power in Sri Lanka shows pogrom after pogrom in 1977,1981,1983,1984 and 1985.

From about the middle of June to the middle of August 1983, Tamils numbering over three thousands were killed in all parts of the island, their properties looted, more than hundred thousands driven out of their homes by marauding Sinhalese racists and these Tamils took shelter in refugee camps. The armed Services and the Police actively encouraged or passively looked on while these killings and pillage were going on. Fifty three Tamil political prisoners in judicial custody were massacred inside the prison on two successive occasions on 25th and 27th July 1983.

The President and leaders of the Government remained unconcerned and took no steps whatsoever to prevent these criminal acts. These events shocked the World and the Governments and leaders of many Countries expressed revulsion and conveyed their strong concern to the Sri Lankan Government, (The Government was compelled by universal protest to move, though belatedly, to curb these racists) It took months before even a state of uneasy calm was restored. The Amnesty International was at pains to impress upon the Government the necessity to hold an impartial inquiry into the prison massacre but its efforts were of no avail.

The Pattern of attack on the Tamils in 1984 changed. The Killings, rape, arson, looting and such other crimes against the Tamils were now being perpetrated by the Security forces, with the knowledge and connivance of the State. Begining in March 1984 the State Security forces frequently shot and killed several hundreds of innocent Tamil civilians in the streets, in public market places, inside houses, in the fields, in the schools and even in places of worship. An Emergency Regulation empowering the armed services to dispose of dead bodies without judicial inquiry was a licence to kill with impunity. Besides killing and maiming houses and business premises were looted and burnt down by these Armed Services. Under the provisions of the draconian Prevention of Terrorism Act, certain provisions of which the International Commission of Jurists described as worse than those of South African anti-terrorism laws, thousands of innocent young Tamils including male and female, students, have been arrested, detained without trial for months in detention camps and subjected to severe torture. The Amnesty International, in its latest report on Sri Lanka says that "the situation of the Sri Lanka Tamils continues to present a grim tale of denial of basic human rights as this vulnerable minority is subjected daily to the risk of arbitrary arrest, torture and even being killed by members of the Sri Lankan Security Forces."

As the year 1984 proceded, the frequency and ferocity of Army excesses increased. Under the guise of fighting "terrorism" mass killings of innocent Tamil Civilians had become a regular occurrence. For instance: In September 1984, 16 Tamils were pulled out from a private bus travelling from Colombo to Jaffna, lined up and shot dead near Vavuniya. In December 107 Tamils

were indiscriminately shot and killed in Mannar, While they were engaged in their normal work; ten of them, employees in a Post Office, were called out, lined up and shot dead. This was said to be a 'reprisal' for one soldier killed in a land-mine explosion at Murungan. Political detainees numbering 89 kept captives by the army were killed and burried in two Army camps in Vavuniya.

The army men did not spare even men of God. On 14 December 1984, Rev.George Jayarajasingham, a Methodist priest travelling in a van with two others were shot dead by the Armed forces near the Army camp. Their bodies were thrown into the van and burnt along with the van. In another incident on 6th January 1985, Rev.fr.M.Mary Bastian (36) a Catholic Parish Priest of Vankalai, Mannar was shot dead along with two young boys. The priest was in clerical dress with rosary in hand in his Parish House when he was shot and killed by the Army men and his body was not released for Christian Burial.

The list of few incidents enumerated above is only illustrative and not exhaustive. According to the Amnesty International report reffered to above, "The scale of these killings is unprecedented." The scale of these killings is unprecedented, Mass arrest, detention and torture continued apace.

Army terror in some villages in Mullaitivu resulted in the total evacuation of these village and 20,000 Tamils are living as refugees in various schools, temples, and churches.

The year 1985 began with the savage attack by the army continuing. 36 persons were shot dead in Mannar. 52 perons who returned to their village from the refugee camps (mentioned

in the last para) to save their crops were gunned down from helicopters. Hundreds of persons, young and old, men and women fled across the seas in tiny country-crafts, braving the risk of detection by the Sri Lankan Navy. An estimated 12,000 such fugitives are refugees from Sri Lanka, now staying in different districts in South India. They all came in search of security of life since January 1985. The total number of Tamils who have sought refuge in India since July 1983 is over 80,000.

The Sri Lankan Government has imposed a selective censorship on news about Army activities, Yet eminent, investigative and enterprising journalists like Messrs. David Graves, Eric Silver, Trevor Fishlock, have penetrated the iron curtainof secrecy and filed reports in esteemed journals like in London Times, Guardian, The Daily Telegraph, The New York Times and Washington Post, confirming all these army killings. They have termed the Sri Lanka Army, "As the most indisciplined Army" in the world.

We wish to emphasise to Her Majesty's Government that the arms, proposed to purchased from Great Britain, are to be placed in the hands of this thoroughly undisciplined Army to intensify their killing of innocent Tamil civilians. The declared policy of the Government as per statement by Ministry of National Security (which is already being implemented on a large scale) to arm the Sinhalese civilians, most of whom are criminals and convicts planted in the Tamil areas under an ostensible programme of rehabilitation, portends further threat to the security of our people.

Every prospective victim of such brutality, has a right to appeal to the conscience of Governments that propose to sell arms for these wanton killings. We do so in the full hope that our appeal will strike a responsive chord with Her Majesty's Government with a proud history of fighting for and upholding democracy, freedom, dignity of human life and liberty.

We the Tamils of Sri Lanka have a special claim to make this appeal. We were an independent separate unit under the Portugese and under the Dutch. We remained so till 1833, when for administrative convenience, we and the Sinhalese were unified by Her Majesty's Government. When power was to pass into Sri Lankan hands, Her Majesty's Commission headed by Lord Soulbury appreciated the fears and apprehensions of our people and made provision for safeguards in Order-in-Council, granting dominion status to Sri Lanka (then Ceylon). By Article 29 of what came to be known as the Soulbury Constitution, the Parliament could not pass laws that bestowed a privilege or imposed a disability on one community which was not so bestowed or imposed on other communities. The other safeguard was to demarcate electorates on the basis of area and population which was aimed to give additional representation to the minorities. These safeguards proved to be meagre and insufficient to prevent gross discrimination against the Tamils, as was later sadly acknowledged by Lord Soulbury himself. But even these safeguards were done away with in new Constitutions promulgated in 1972 and 1978, in the making of which the Tamils played no part.

One Section of us Tamils, who work in the plantations were brought to Sri Lanka by British planters to be employed on their coffee, tea and rubber estates. The prosperity of Sri Lanka was built up on the blood and sweat of these Tamils who were brought across from South India. Even to-day they earn 60% of the Export earnings of the island. Her Majesty's Government left them as equal citizens. But in the first year of independence, they were stripped of their citizenship and voting rights. With one stroke of the pen, thousands of them became stateless. These persons, the poorest of the poor, the Cinderellas of Sri Lanka, were also helpless victims of the tyranny directed against the Tamils.

The problem of the Tamils is a political problem and all Governments have urged the Sri Lankan Government to find a political solution. But the Sri Lakan Government has chosen to find a military solution which must inevitably result in the total annihilation-the genocide of the Tamil people.

Therefore, we earnestly appeal to Her Majesty's Government not to lend support, either directly or indirectly, to the Sri Lankan Government to effectuate its evil design to exterminate the Tamils of Sri Lanka.

We the undersigned were members of Parliament, having been elected by the vast majority of the Tamil people in the general elections of July 1977. We were the single largest party in the Opposition and our Leader was elected leader of the Opposition. We forfeited our seats by operation of the Sixth Ammendment of the Constitution, adopted on the 4th August 1983.

We remain,
Yours faithfully,

A. AMIRTHALINGUM
SECRETARY GENERAL
T.U.L.F.
CAMP: 2. THANIKACHALAM ROAD.
T. NAGAR, MADRAS-600 017.
S. INDIA
Phone: 441902.

1. Mr.A.Amirthalingam,
   Leader of the Opposition,
   M.P. Kankesanthurai.

2. Mr.M.Sivachitamparam.
   President TULF,
   M.P. Nallur.

3. Mr.R.Sampanthan,
   M.P. Trincomalee.

4. Mr.P.S.Soosaithasan,
   M.P. Mannar.

5. Mr.V.N.Navaratnam,
   M.P. Chavakacheri.

6. Mr.Ganesalingam,P.
   M.P. Paddiruppu.

7. Mr.V.Yogeswaran,
   M.P. Jaffna.

8. Mr.V.Anandasangari,
   M.P. Kilinochi.

9. Mr.T.Sivasithamparam,
   M.P. Vayuniya.

10. Mr.T.Rajalingam,
    M.P. Uduppidy.

11. Mr.K.Thurairatnam,
    M.P. Pointpedro.

12. Dr.NEELAN THIRCHELVAM,
    M.P. Vaddukoddai.

13. Mr.K.P.Ratnam,
    M.P. Kayts.

14. Mr.A.M.Alalasundaram,
    M.P. Kopay.

15. Mr.V.Tharmalingam,
    M.P. Uduvil.

16. Mr.M.Sellatamboo
    (SINCE DECEASED.)

Colombo, Sri Lanka,
7th April, 1985

Hon'ble Mrs. Margaret Thatcher,

British History dealing with Ceylon, now called Sri Lanka, indicates that the British ruled seperately a seperate and independent Tamil Kingdom in North and East of Ceylon and the Kandyan Kingdom with a Tamil King named Sri Wickrama Rajasinham with a mixed population in addition to the Kotte Kingdom ruled earlier by the Portugese who had conquered when Perumal ruled Kotte, and other minor states until all were brought together under one rule for administrative control.

The Dutch and Portugess history too indicate the different kingdoms as Tamil and Sinhala.

There stands even today a place called Addanga Vanni in the Vavuniya Area ruled by a Vannian whom the British took a long number years to conquer. Vannian ws a Tamil and respected to this day by the Tamils.

British Honour and British demands demands that you will in your speeches on Sri Lank's ethnic problem, should you happen to do so, state the facts of history as recorded in the pages of British History on Ceylon, before you condemn the Tamils who are only fighting for their human rights and to save themselves from genocide and total annihilation and before you give the green light to the Sinhala leader and the sinhalese to commit the genocide of the Tamil Nation.

Please see the attached which speak for themselves how ~~Vij~~ Vijaya the socalled ancestor of the Sinhala race and the present day Sinhalese are involved in the Genocide of the Tamil nation, from time time to time to the present day of the 20th Century.

Enclosures:-

a. Article in the Sunday Observer of February 10th , 1985, by Ven Kotugoda Dhammawasa Nayake Thera. He has however ~~xxxxxxxx~~stated that Vijeya's Queen Kuveni and the children were ~~chase~~ chased away, when actually according to history Kuveny and her entire clan were annhilated at a feast by Vijeya the ancestor of the present day Sinhalese.

b. Article in the Daily News of February 11,198 by Dr. Carlo Fonseka.

Both articles by Sinhalese,

Humane to Humane

A. Karalam

Who are the Sinhalese?

By Ven. Kotugoda Dhammawasa Nayaka Thera

The Sinhalese who have a long history of over two thousand five hundred years is once again faced with a turbulent situation.

In this moment of turmoil it would, undoubtedly, be immensely beneficial to the people of Sri lanka and more so to the citizens of North India to consider the origin of the Sinhala race based on historical facts.

At present, a group of young people from among the Tamil community who are citizens of this country and living here are attempting to establish a separate state by parcelling off the northern part of this small island which is only twenty five thousand square miles in extent.

With this end in view, they have followed for ten long years, an immensely vicious terrorist activity program, as a result of which thousands of invaluable human lives have already perished.

The value of property destroyed has to be assessed in millions and billions. The government and the people of Sri Lanka are making a valiant effort to arrest this unfortunate situation as early as possible.

In addition to various discussions being held, the efforts made by organizations such as the All Party Conference and the Pan Religious Conference represented by high-ranking personages are immense. It is, therefore, felt that this is a very appropriate time to express an opinion about the Sinhala people.

It would be clear that in very ancient times there were two human tribes named Yakkhas and Nagas in of Sri Lanka.

The Yakkhas, for the most part inhabited the central hill country and the Dry Zone areas.

Their greatest heroic and majestic King was Ravana. Among the Yakkha kings, King Ravana is pre-eminent.

It is the opinion of historians that Ravana lived about one thousand eight hundred years before the birth of the Buddha. A twelve-year war was waged between King Ravana and King Rama of India.

King Ravana, to take revenge for an act of humiliation perpetrated on his sister in India by some persons in the entourage of King Rama, is said to have abducted Princess Sita in his vehicle known as Dandu Monara and kept her in a secret hide-out in Hakgala, in Nuwara Eliya. Even now this place is called 'Sita Eliya'.

The sage 'Valmiki' wrote the 'Ramayana' based on this war. As the Buddha had prohibited the reading of the 'Ramayana' by promulgating a rule of discipline, it appears that even during the time of the Buddha, the 'Ramayana' or the story of the war between Rama and Ravana had been current among the people.

People of the Naga tribe inhabited the coastal areas of Sri Lanka. The names of the Naga kings such as Chulodhara, Mahodhara and Maniakkhika are well established in history.

Our chronicles mention that they invited the Buddha and five hundred leading Arahants possessing

Ven. Kotugoda Dhammawasa

psychic powers to Kelaniya, and offered them a sumptuous meal.

The fact that the Buddha came here to prevent a war that originated among the Yakkha tribe in about 587 BC has also been recorded.

Habitat

After the Buddha, who came uninvited, returned after settling the war, the educated Yakkha youth who were well pleased with the action of the Buddha, went to meet him and continued their relationship.

'Arahant Sarabhu' was one of those who entered the Order. Among the others from the Yakkha race, there were those who had attained to various stages of the Path and Arahant Sarabhu was the leader.

Just as the mortal remains of the Buddha was burnt in the sandalwood bier, Arahant Sarabhu took the collar bone from the remaining main relics and immediately came through the skies to Mahiyangana with his retinue and enshrined the 'Collar bone relic' in the small stupa where God Sumana had enshrined the hair relics of the Buddha on a previous occasion, because the Arahant Sarabhu had a love for his relatives and his country.

The original habitat of the Sinhalese, was the Gujarat country of Northern Bharat. Prince Vijaya started from 'Sinhapura' and came to the harbour of Supparaka. From there he came along the sea coast and came to the east and disembarked at Tammenna which is on the western coast of Sri Lanka between Puttalam and Kalpitiya. He had seven hundred followers.

This accidental visit of Vijaya occurred in the evening of the Wesak Day on which the Buddha passed away into his final Nirvana.

They spent the night there and in the morning, while they were walking along the coast, to see whether there were any

SEA ROUTES TAKEN BY NORTH INDIAN ARYANS FOR DOMICILE IN SRI LANKA.

human habitation, they saw a hermit, possessing psychic powers, seated under a huge tree.

Being extremely pleased, they inquired about the country. They came to know from this hermit that this was the island of Sri Lanka.

From the initial advice given by, the hermit, Vijaya was keen to take over the kingdom of Lanka. Vijaya fulfilled his desire through the help of a Yakkha princess named Kuveni and subsequently he made her chief queen consort.

When the Royal Yakkha chieftains from two leading cities named Lankapura and Sirisavasthupura in the north western and north central provinces respectively were seated at a wedding feast, Vijaya killed them all and wrested the kingdom of Lanka.

When the country became stabilised, he embarked on developing the country, with the help of more and more people who came from Gujarat.

Subsequently, he chased away Kuveni and the children Jeevahattha and Disala and having brought a princess named Vijayi from Mathura in the Haryana State of North India, he crowned himself for the second time.

On account of this relationship, thousands of people who came from North India, mixed themselves with the Yakkhas and Nagas, who were the citizens of Lanka, by intermarrying them.

After reigning for thirty eight years, King Vijaya, approaching death, sent a message to his younger brother Summitta, who was reigning at Sinhapura, in Gujarat to come to Lanka to assume the kingship. The reason was that Princess Vijayi had no children.

King Summitta, who received the message from King Vijaya, treated the mission from Sri Lanka with great respect and sent his son Panduvasudeva to Lanka, to assume the kingship.

The father of Prince Panduvasudeva was King Summita, who was the second son of King Sinha Bahu. His mother was Princess Chitra, a daughter of King Madu of the city of Sagala.

NEXT:

The ethnic ties

How can you forget so soon?

DR CARLO FONSEKA
Faculty of Medicine
Univeristy of Colombo

The draft legislation presented by President J.R. Jayewardene to the All Party Conference embodied the maximum that the UNP government is willing to concede at present to the Tamil people by way of a negotiated devolution of power.

The TULF expressed grave dissatisfaction concerning the adequacy of the draft legislation even before the government withdrew it.

The SLFP rejected the draft legislation and in her pronouncements on the matter, Mrs Sirima Bandaranaike implies that she has the answer to our ethnic crisis.

Assuming a holier-than-thou posture vis-a-vis the UNP concerning communal politics, Mrs Bandaranaike says: *"Though there had been outbreaks of communal violence before, as in 1958 when my late husband Mr S.W.R.D. Bandaranaike was the Prime Minister, the whole country including the Tamils know that law was being enforced even-handedly and that successive SLFP governments accepted their obligation to protect Tamil lives and property."*

Of Mrs Bandaranaike's intellectual attributes the easiest one to demonstrate conclusively is an exceedingly short memory.

Let Father Tissa Balasuriya, who has not specialised in prevarication, furnish the evidence that falsifies Mrs Bandaranaike's claim.

In his publication titled 'Catastrophe July '83 (Logos Vol. 22, No. 4, December 1983) he says:

"The Tamil leaders sat down to a peaceful protest on the Galle Face Green near Parliament on June 5th 1956..... A pro-government mob stripped and attacked them, while the police turned their eyes away from this. Riots broke out in the Gal Oya Valley and nearly 150 Tamils were killed there. This was the beginning of violence against the Tamil people in recent times. In Parliament this mob attack on the Tamil leaders was treated as a joke. It is very important that these events be remembered as the first steps of a trend that has been leading Sri Lanka increasingly on the road to mob violence..... After 1956 there was a positive reluctance on the part of the Tamils in the North to learn Sinhala. Prior to that Sinhala was being taught in many schools there."

"In April 1958, Mr. S.W.R.D. Bandaranaike unilaterally abrogated the B - C Pact due to the pressure of Sinhala public opinion led and articulated by the Maha Sangha. Following this in May 1958, there was racial violence against the Tamils on an island-wide scale..... This was the first nation-wide resort to violence on a large scale since the riots and martial law of 1915 under British Rule." (P.19)

"The government of Mrs Sirima Bandaranaike (1960-65) insisted on the implementation of the Official Language Act on 1st January 1961, without promulgating any regulation under the Tamil Language (special provisions) Act of 1958. The Language of the Courts Act of 1961 provided for the replacing of English by Sinhala in all courts of law..... In 1961, when the Tamil people engaged in a non-violent campaign of civil disobedience at the Jaffna Kachcheri to obtain their rights, they were dealt with violently by the defence forces, which were sent to the North at this stage. The army was thus entrusted with a political function in the interests of the Sinhala dominated Government." (p. 91, 20)

"In 1974, nine Tamils were killed during the 4th International Tamil Research Conference. The police attacked the people at the conference. The government did not hold an inquiry into the atrocities. This was perhaps the turning point which led some of the Tamil youth to give up their hope in peaceful campaign." (P.23)

Given that shocking and shameful history, if Mrs Bandaranaike fancies that she is the one who can now bring about what she has called *"a new relationship between the Tamil people and the Sinhala people,"* her judgement is clearly even worse than her memory.

And it is high time the Tamil people themselves realised the truism that you cannot buy a camel in a donkey-market.

Colombo.
24 March, 1985

[redacted]

The Sinhalese under [redacted] leadership has come under [redacted] diabolical scheme to commit the genocide of the Tamils in this island of Ceylon Now termed Sri Lanka. You have not only used State terrorism towards that end, but also gone out of the way to discredit the Tamils by falsehood and the suppression of facts by every possible method.

The facts have to be stated without fear and the Tamil has not been bold enough to state them for fear of brutal and planned reprisal by the Sinhalese led by their leaders, who have made the Tamils as baits for coming into power. The Sinhalese leaders made use of rice and then so many pounds of grains to come into power. Having exhausted this they turned to bait the sinhalese voters by taking to the dirtiest path of using language and religion to come into power. You yourself accused Solomon Dias Bandaranayake of using the Sinhala language for coming into power as he had failed to do so in the normal way and that he had no love for the country, but was determined to come into power at any cost. This same principle of coming into power at any cost and by any method using the policy of genocide of the Tamils and driving them out of this island completing the demolition of their language and culture and their religion was used by all sinhala political parties since 1948. Even those who stood for parity at the start turned tables as it was easy to get more votes using Tamils as a bait. The Sinhalese and Tamils had lived peacefully ever since the so called ancestors of the present day Sinhalese atepped into the island. The power hungry Sinhala politician used the vilest method not only to come into power but also to stay in power at any cost to the country.

Jayawardene and his party are today seeking the full help of the powers of today to give them the green signal in full to commit the genocide of the Ceylon Tamils and to drive every tamil from the very land of the tamils. The inhuman sentence " non-interference in the internal affairs of other countries " has offered criminal governmebts the opportunity to commit the genocide of the minorities with impunity in their countries in the name of Democratic action.

The Tamils of Ceylon, now Sri Lanka, have no reason what-ever to agree to live in a Unitary State with the Sinhalese. The Tamils have suffered enough over the decades, being thrashed from time to time when-ever they asked even for the very minimum rights which every citizen is entitled in a Unitary State. The tamils who never took up even for a joint demonstration of their strength except in the form of peaceful sit in to plead for their rightful rights were very strangely battered badly by sinhala people led by sinhala politicians already prearranged not to allow even a peaceful sit in. The Tamil politicians were taken for a ride everytime by the different parties with promises never fulfilled, as all sinhala parties had the genocide of the Tamils as their goal. This has been expressed not in uncertain terms in the media by the Sinhalese over the long years by distortion of facts by propagating lies over a hundred times to make absolute lies look like truth to the rising generations.

The Sinhalese leaders and the Sinhalese have tast tasted that state terrorrisom on the Tamils over the years had paid a lot of dividends and with the help of other countries professing Democracy to complete in full the genocide of the Tamils once and for all. The earlier Tamil leaders believed the Tamils would never be betrayed by the Sinhalese and never for once saw the tide of Sinhala Chauvinism overtaking the Tamils until an Israel type Sinhalese Sri Lanka was created in 1948, when it was toolate to save the Tamils.

The Sinhala leaders using Sinhala and Sinhala Buddism as ~~the pivot and the genocide~~ of the Tamils and driving the tamils out of Sri Lanka as the means to come into power and to continue to stay in power took the Sinhalese for a ride in culminating and crowning the Sinhalese Leaders and the Sinhalese people in this 20th Century as Savages and Barbarians which the world has with disgust to acknowledge. Having crowned themselves with this inglorious crown, the Sinhalese are now going all out to discredit the Tamils with all the venom in their possession by distorting facts of history and bring disgrace on the tamils by incriminating the innocent tamils of tender age, who know nothing of what is happening, as terroists and even exterminating them . No one knows the mental and physical condition of the innocent youths held in custody, -ofcourse there would have been torture to extract information and signatures obtained on prepared confessions incriminating themselves- and released after long incareeration. It will take many years to know the damage done to the youths, a policy followed to eliminate educated youths and to lessen the Tamil population in their areas.

The state forces unable to face the freedom fighters except when challenged by the latter take easily to come out and shoot to kill indiscriminately the innocent civilians who happen to be on their normal business and are found on their rampage to take some credit of having killed some " terroist", name given to all Tamils whatever they be.

The facts are that the Tamils were in this island , Ceylo now termed Sri Lanka before the so called Vijaya thought to be the ancestor of the present day Sinhalese arrived. The history of these peoplle known as Mahavamsa, Kulavamsa etc were written only between 500 to 600 A.D by people who themselves had come from India at the time of the Hindu revival in India. These new commers were given shelter by the Tamils , whose religion was hinduism with the hindu philosaphy of Prince Siddthata the Hindu , born, bread and brought up as a hindu in the religion of his parents and practised it to the maximum. The new commers did not want to recognise the Tamils as Tamils for poupose of Political twist and instead termed them as Nagas and Yakkas in order to show spite and thus continued this spiteful policy over the years. To know and to follow the truth read the article " Who are the Sinhales by Ven Kotugoda Dhammawasa Nayake Thera " He addmits that Ceylon was occupied by an intelligent race before Vijeya and others landed in Ceylon, but gives a twist to inhabitants as Nagas and Yakkas instead of addmitting the truth that they were Tamils of Dravidra origion. thus the lying started from the time the history of the socalled sinhalese race was cooked up between 500 - 600 A.D. This article appeared in the Sunday Observer, February 10 1985, in page 10. Quote " It would be clear that in the very ancient times there were two human tribes named Yakkhas and Nagas in Sri Lanka." " The Yakkhas, for the most part inhabited the central hill country and the Dry Zone areas" " People of the Naga tribe inhabited the coastal areas of Sri Lanka ".

N.B. This is an admission of the fact that the Tamils were already in Sri Lanka and that the Sinhalese were of a much later origin.

Quote "From the initial advice given by the hermit, Vijaya was keen to take over the kingdom of Lanka. Vijaya fulfilled his desire through the help of a Yakkha princess named Kuveni and subsequuntly he made her his chief queen consort." . " When the Royal Yakkha chieftains from two leading Cities named Lankpura and Sirisavasthupura in the north western and north central provinces respectively were seatd at a wedding feast, Vijaya killed them all and wrested the kingdom of Lanka"

N.B. When the above mentioned article is read in full, thanks to the article at this period of time, the world could understand how the systematic genocide of the Tamil Nation was being carried out peridically by the socalled ancestor named Vijaya and his progeny, the Sinhalese of today who are carrying out the Genocide of the Tamil Nation even now with precise well planned scheme of Political Terrorism.

The undeniable facts that the Tamils were being periodically battered by the Sinhala people and the State law enforcement personal is better appreciated by reading the article by a Sinhalese Dr.Carlo Fonseka appearing on page 4 of the Daily News of January 11, 1985. Quote " The Tamil leaders sat down to a peaceful protest on the Galle Face Green near Parliament on June 5th 1956 ... A pro-government mob stripped and attacked them, while the police turned their eyes away from this. Riots broke out in the Gal Oya Valley and nearly 150 Tamils were killed there. This was the beginning of violence against the Tamil people in recent times. In parliament this mob attack on the Tamil leaders was treated as a joke. " This is part of the publication titled 'Catastrophe July 1983., (Logos Vol 22 No.4 December 1983)

When the Tamil leaders were being attacked in June 1956, the then Prime Minister standing on the steps of Parliament house and watchi watching enjoyed a good joke with his members that the Tamils leaders were enjoyinga sun bath, and let them enjoy. This same Prime Minister Solomon West Ridgeway Bandaranayake got on to the Radio in 1958 and announced that a tamil had shot the Mayor of Nuwara Eliya at his estate in Kalmadah when the Sinhalese went beresk and attacked all the tamils in the offices and burnt people alive in addition to comitting arson, loot rape etc. When a priest was being burnt alive in a temple at Panadura , the then High Commissioner of India in Ceylon Mr.Gandevia who was passing the temple saw this and rushing up to Colombo went into the residence of the Governor General bare feet and demanded immediate action to stop the merciless killings of the innocent tamils and it was only then that action was taken to introduce curfew after 3 days of killings. The shooting of Seneviratne the Mayor was on a private matt grudge and nothing to do with the tamils, but the foolish announcement on the Radio saw the merciless killing of Tamils and some decent Sinhale se who went to the help of tamils. Read"Emergency 1958 "

Quote " In 1974, nine Tamils were killed during the 4th Internation al Tamil Research Conference. The Police attacked the people at the Conference. The Government did not hold an inquiry into the atrocities."

However an independent Commission held the Police as having committed a crime on a peaceful people seated on the ground and were listening to the finale of the conference.

In 1977 the Jayawardena government, as soon as it came to Power let loose a reign of terror on the Tamils using state terrorism an and promoting the officers who committed the crimes with enhanced salary Ever since 1977 it is the same story of terror let loose on the Tamils by the State using the Sinhalese people and the Army and Police in the name of preventing tamil terrorism when it is full State Terrorism as now acknowledged by the world. The Sri Lankan Army and Police canne be easily judged from two events in the 1971 Insurgency. In Deniyaya a young woman was suspended by her hands between trees (the old system of punishment) and legs spread apart and a baynet sent through her private part. In the Sacred city of Kataragama a beauty queen was taken into custody for not reciprocating the love advances,kept in the army and police custody, raped the whole night and in the early morning made to walk stark naked with the blood still trickling down the thighs of the girl in front of the people who had assembled for woship . She walked followed by the army man with others watching to her grave which had already been prepared. She walked with dignity knowing her fate but with shame with people watching to the grave. She was shot from behind , but she staggered but continued to walk and as she approached the pit another shot from behind made her fall into the pit, she did not die. Still alive in the pit she requested the soldier who shot her to do her a favour before the third and final shot , taking a jewellery from her person and handing over to the soldier to hand it over to her mother. A third shot in the pit and she died. If such brutal treatment could be meted out to the Sinhalese themselves by the Sinhalese, what mercy could the Tamils expect from such a Sinhalese race. In the trial the commander of that platoon was not given the punishment that he should have been given , excaping with light sentence, he was only made a scape goat for the crimes of the state. After 1977 all crimes comitted by the police and army are rewarded with promotion and increased salary, and allowances.

The Tamils had taken a very bad beating over the years fromm the Sinhalese over many a decade , while the sinhala politicians were using the tamils as a bait to come to power and to stick in power at any cost. The leaders of the Tamils tried over half a century to make the kkkk the Sinhalese realise their folly in trying to supress the human rights of the tamils. Finally the Tamil leaders realised that the Sinhalese from what ever side could not be trusted. The intelligent Tamils youths realised the fate that was going to overtake the Tamil NNation and their future . The Tamils were being subjected , specially the innocent youths and civilians , to torture and loss of life. The intelligent tamil youths took up the challenge to State Terrorism only when every good means failed. It was state terrorism that brought about the reaction from the intelligent and educated tamil youths to free themselves and their people from constant killings by the Sinhalese.

The Youths will be ready to give an account with evidence to justify any killings the are reported to have carried in defence of themselves and their people.

Junius Richard Jayawardena should now think of ruling his community as he wishes to. The Tamils have no objection to it. Let the Tamils rule themselves in their own land. This is the only way to peace between the Sinhalese and Tamils.

No one should force the Tamils who have suffered so much over the years to live in a Unitary State with the Sinhaleze. Perhaps any one could live with any other but not with the Sinhalese.

human to human

a, Karakah

Copy to:

Jaffna, SRI LANKA.
20th March, 1985.

Hon'ble Mrs. M. Thatcher,
Prime Minister,
10, Downning Street,
London, U.K.

Honourable Prime Minister,

The ethnic problem which has been with us for decades in our once blessed island, is now at its peak. The grim picture in the North and the East, worsening day by day, is too well-known internationally for us to go into the details. However, we feel a summary of events leading to the present crisis would enable our appeal to be viewed in proper perspective.

During the British rule of Sri Lanka, Sinhalese and Tamils, the two major communities, were living peacefully as brothers and fought together for independence. Shortly after independence in 1948, SINHALA was made the official language of Sri Lanka, which embittered the Tamils in the North and East. They agitated for similar recognition for their language and regional devolution of power under a Federal set-up. This agitation only resulted in mass murder of Tamils in 1958. An agreement reached to solve the crisis then, between the late Prime Minister Bandaranaike and the democratically elected late Tamil leader Chelvanayakam, was literally untilaterally thrown away by the late Bandaranaike, due to pressure mainly from Mr. J. R. Jayawardena who is now the President. This led to further agitation and ethnic riots. The situation became worse in 1972 when Section 29 of the Constitution was withdrawn when the new Constitution was promulgated. This Section 29 had earlier given some kind of legal protection to the minorities. By this time, the Tamil youths had been systematically discriminated against in education and jobs. The Tamil areas were completely neglected in development, the results of which are now too obvious in the State Sector, when one excludes the semi-professionals and the top civil servants who had entered services long before the seeds of discord were sown between the brothers. The line followed at the International Tamil Conference held in Jaffna when nine members of the audience died due to Police action - the then Government even refused to hold a formal inquiry into this massacre.

(contd.)

With all forms of negotiations either having failed or not honoured and peaceful non-violent agitations leading to race riots indirectly helped by delayed action by the Government, and on a number of occasions, security forces turning a blind eye, all these had led to a new generation of Tamil youths who have become militant and want to find a political solution by guerilla warfare.

CURRENT SITUATION:

The solution the Tamil people now seek is meaningful devolution of power, no discrimination in education and job opportunities, equitable development of North and East and guarantee against a planned colonization of North and East by Sinhalese.

While the youngsters have taken up to arms to achieve these ends to eliminate these militants, the government has filled the North and East with armed State forces. Furthermore, a policy decision has been taken to settle two lakhs of Sinhalese civilians trained and armed in the North to "fight terrorism". The government is obviously seeking a military solution for a political problem. It still could be sorted out among us, brothers. It is no secret that the State forces have failed miserably in their duties in the North. Millions of rupees of State monies have been robbed in the very eyes of the armed forces. Instead of tackling the militants, they only succeed in killing hundreds of civilians, including public servants, raped several Tamil women, destroyed property and stole valuables running to billions. Refugees are fleeing to India daily in hundreds.

The most under-developed areas in the North are now totally deserted either due to army killing or people fleeing to safer places. Thousands of fishermen and the self-employed have lost their livelihood for several months. Many have died of starvation and some others have committed suicide. There is a dusk to dawn curfew in the North for the record-breaking fourth month. No official arrangements were made to transport the sick to hospital during curfew hours, for over two months. While the sick die pathetically at home, innocent civilians from children to eighty-year olds have got shot on the roads. Vehicles can be used only on certain roads in Jaffna. Public servants are not paid their salaries for months. All these indicate -

(a) complete breakdown of civil administration in the North;

(b) colossal wastage of State Funds;

(contd.)

and most important of all, an irresistible feeling, at least among some, that the present government is following a policy of genocide of the Tamils - Northerners and Easteners.

ROLE AND RESPONSIBILITY OF THE INTERNATIONAL COMMUNITY:

Rightly or wrongly, at this stage many of us feel that most of these problems could have been foreseen and prevented by the Britishers when Independence was given to us - but let bygones be bygones. Those who have been lucky enough to survive the State supported civil riots, killings by security forces, realise that it's only the beginning of a genocide. Thanks to the interest taken and repeated concern shown by India, Canada, Australia and the Scandinavian countries, there are still Tamils in the North and not all are starving and medical supplies do streak in. It is heartening to note that USA has recently come openly against a military solution and called for a meaningful devolution of power.

With violence by the militants and counter-violence by State forces worsening day by day (recently Christian Priests were planned and killed by State forces and even the bodies were not given for burial) the only hope, we surviving innocents have is the sympathy from the international community with a conscience. This at last seems to be showing some effect and it is our prayer that the international community will not fail in their normal obligation at this hour.

THE TIMING OF VISIT OF THE HONOURABLE PRIME MINISTER:

We are fully aware and [illegible] appreciate the millions of pounds given to our country as aid and utilised to develop the South. We understand that the Hon. P.M. is planning a visit to our country to ceremonially open one of these projects.

Foreign aid has helped the government to divert large amounts of other funds to kill hundreds of innocent civilians. Aid to develop also may be aid to kill!

WHAT DOES THE VISIT MEAN TO OPPRESSED SURVIVORS:

We have not even an iota of doubt that the two millions of Tamils in Sri Lanka will view your visit as an act of condoning the atrocities of a democratically elected government, following the path of genocide of minorities, under the pretext of containing terrorism. How could any Human Being leave alone the head of a most civilised nation, take part in a ceremony in a country where part of the country

(contd.)

is in flames - for whatever the reason. We are all against Terrorism. But no one in the civilised world will like to be a second class citizen. It is the duty of everyone, independent of one's race or religion to fight against injustice and support the cause of the oppressed by accepted methods.

At this juncture, when the existence of our own race at stake, the leder of the most civilised and highly respected democratic country to visit and participate in a ceremony is like the step mother attending the birthday party of her eldest step son, while the body of her youngest step son just killed by the brother (on a property dispute which probably could have been settled by the step father long ago) lies in the same house.

It is speculated that even if the Hon. Prime Minister comes to Colombo that you may speak out openly, in support of the Tamil cause. But we deeply appreciate silence is golden. You are one of the most respected and courageous leaders in the world. Thousand words will not leave so deep an impression as the dead.

APPEAL TO PRESERVE A UNITED SRI LANKA AND OUR RACE:

We are not asking you to even intervene in this matter. Your postponement of the proposed trip to Sri Lanka, we have no doubt, will not only ensure the death-knell to the atrocities and the gruesome killings but help ultimately all Sri Lankans with equal rights and dignity, in a united Sri Lanka, to welcome the leader of the country which has truly set the highest standards to human rights, civilisation and tolerance to fellow-beings, not only in words but also in deeds.

Your postponement may save thousands of our lives. Interestingly historians need not wait too long to know the effect either way. Nor is history likely to even forgive this blind eye in the name of diplomacy.

YOUR FAITHFULLY

PEOPLE OF NORTHERN CEYLON (SRI LANKA)

DR. A. KANDIAH. MEDICAL PRACTITIONER Kandiah

1 C. Kodeeswaran - Attorney-at-Law, Jaffna Kodeeswaran

2 S. Sanmugalingam Navalai Rd Jaffna

3 S. Sivakumar Kearey Road Jaffna.

4 K. Kugathasan. Candy Road. Chavakachchari Jaffna

5 J. J. Xavier Home for Aunty's Club

6 K. Rajasundaram, Chairman Citizen Committee, Thunnevely

7 S. Pennial, Hy. Secty, Jaffna Parents' Association

8 S. Sarvanamuttu, Sayalkari, Chavakachcheri. Sarvanamuttu All Ceylon Hindu Congress.

9 S. Nagarajah, Mayor of Jaffna (1969-70)

10 Mathew, Manipay Secretary Citizens Committee

11 K. Vaivanathan President Kopay South - Tenpalai citizen Committee

12 A. [illegible], President Nallur Citizens' Committee

13 A. Alfred, President, Mallakam Citizen Committee

14 S. Kanesan President Kankesanthurai Citizen Committee, Kankesanthurai

15 P. Navaratnam, Karainagar, President, Citizens Committee, Karainagar

16 Gamini Navaratne, Editor, "Saturday Review" Jaffna

N. Chelliah. Vavuniya President. Hindu Ma Mantram

17 W. JEYADALAN KILINOCHCHI PRESIDENT ROTARY CLUB Jeyadalan.

18 S. SHANMUGARASAH. Ex. Municipal Councilor. JAFFNA S. Shanmugam

19. K. Bewanenthiran. Teacher. T/Kondavil R.K.M.V.

20. J. I. Johnpillai Govt Pensioner Chendukuli

21 A. Sivagnanam, Mainsraar. Point Pedro.

22 A. S. Mously, Secretary A.K.O. Sankam

23 M. SIVARASA Vice President Cd. Thiruvaiyaru Jeevana Sangam Tiruvaiyaru

PETITION TO MRS. THATCHER

NO	NAME	PLACE	ORGANISATION	SIGNATURE
	K. P. Jeyasri	Soorawatta		Jeyasri
	S. Sriesswary	Soorawattai		Sriesway.
	S. S. Nagalingham	Soorawatta		
	S. Kandarajah	Erlalai	Family Lawn Centre.	
	M. Annalaxumy	Soorawattai		
	V. Appithurai	Soorawatta		
	J. Jeyarajalingam.	Soorawattai		J. Jeyar
	R. Thayarathy	Soorawattai		R. Thaya
	S. Subathini	Soorawattai		S. Suba
	R. PREMKUMARAN	SOORAWATTA		R.P.Kumaran
	S. Rajah	Soorawatta		Rajah
	S. Selvakumaran	Soorawattai		Selvakumar
	V. Srikanthan	Soorawattai		V. Srikanth
	S. Selvaratnam	Chunnakam		Selvat
	S. Kannan	Soorawattai		S. Kannan
	R.N. Varuden	Nallur		R.N. Varuden
	M.S. Ramanathan	Thirunelvely		
	S. S. Kanapathipillai	Erlalai South		S.S. Kanapathipillai
	Mrs. U. Jnanendran	Soorawattai		Jnanendran
	T. Siloapasalingam	Soorawattai		T. Siloapasalingam
	S. Srigowshalya	Soorawattai		S. Srigowshalya
	S. Shantha	Soorawattai		S. Shantha
	G. Vamadevan	Soorawattai		G. S. Vamadevan
	V. Rasanthini	Soorawattai		V. R
	V. Sarasswathy	Soorawattai		V. S
	S. Sivamany	Chunnakam		S. S
	T. T. Mangalam	Chunnakam		T.T.M
	S. Jacintha	Soorawattai		S. J

PETTITION TO MRS. MARGRET THATCHER

S. Muthucumaru	Soorawathi	[illegible]
M. Sri vathsala devi	Soorawathi	M. Srivathsalad[illegible]
M Sri Ranjana devi	Soorawathi	M. Sriranjanadevi
[illegible]	[illegible]	[illegible]
S. Suntharalingam	Soorawathi	[illegible]
S. Leelavathy	Soorawathy	S. Leelavathy
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
M. Balatheepan	[illegible]	M. Balatheepan
M. [illegible]	[illegible]	M. Balaranjini
[illegible]	[illegible]	[illegible]
K. Subaharan	Soorawathi	K. Subaharan
M. Jeevakumar	Soorawathi	M. Jeevakumar
T. Muralieharan	Soorawathi	T. Muralieharan
P. Thangasalai	Chunnakam	[illegible]
P. Sivasubramaniam	Kurumpasiddy	[illegible]
X. S. J. Francis	Kolomboyam	[illegible]
M. Sivadeepai	Pandaterippu	M. Sivadeepai
A. L. Kulil	Jaffna	[illegible]
N. Kugesparan	Chumaki	N. Kugesparan
M. Paramalingham	Koondavil	[illegible]
N. Selvarani	Jaffna	[illegible]
P. Thambipillai	Jaffna	[illegible]

No	Name	Place	Organisation	Signature
	[illegible]	[illegible]		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	mn. [illegible]	"		mn. [illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	P. Sivapatham	Karainagar		[illegible]
	P. Sivasubramaniam	do		[illegible]
	A. Sivayah	do		[illegible]
	K. Sowshan			[illegible]
	C. Shanmuganathan	"		[illegible]
	K. Ramachandram	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]			[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	A. Dharmaliegam	"		A. Dharmaliegam
	C. Arumugam	Karainagar	Siva Vehicle Owners	[illegible]
	[illegible]			[illegible]
	[illegible]	"		[illegible]
	S. SENATHIRAJAH	"	Seay Citizens Committee	[illegible]
	A. Kanagasabapathy	Jaffna		[illegible]

No	Name	Place	Organisation	Signatu[illegible]
	M. Velupillai	Karainagar	President Karainagar Rural Development Society	[illegible]
	S. SHANMUGARATNAM	do		S. Shanmugaratnam
	S. SIVAGNANAM	do	Manager Karainagar MPCS	S. Sivagnanam.
	K. Sabaratnam	do	Katangaly Murugamoorthy Thevasthanam	K. Sabaratnam
	S. Senthilnathan	do		S. Senthilnathan
	M. Nallathamby.	do		M. Nallathamby.
	M. Selvarajah	do		M. Selv[illegible]
	K. Parameswaran	do		K. Parameswaran
	S. Ramappillai	do	Karainagar Vilipattadi	S. Ramappillai
	T. Santhiramohanan	do		T. Santhiramohanan
	K. Paramasivam	"		K. Paramasivam
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
	[illegible]	"		[illegible]
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அறிவுடையார் எல்லாம் உடையார், அறிவிலார்
என்னுடைய ரேனும் இலர் - திருக்குறள் - 421

MATALE DENTAL SURGERY

Regd. No. 496

Dr. E. S. MAHENDRARAJAH, B.D.S. (Cey.)
No. 3, King Street,
MATALE.

Madam Prime Minister of Britain
Margaret Thatcher Ldy,

6th / April / 1985.

Be of Help to Alleviate the sufferings of Sri Lankan Tamils

MY DEAR MADAM PRIME MINISTER,

WE WELCOME YOU TO THIS ONCE PLEASANT ISLAND, WHICH IS PRESENTLY BLEEDING TO DEATH, DUE TO THE UNIMAGINATIVE ACTS OF SUCCESSIVE GOVTS. SINCE INDEPENDENCE FROM BRITAIN, IN 1948.

THOUGH THE CONSTITUTION DRAFTED BY THE PRESENT GOVT. CONCEDES TAMIL A NATIONAL LANGUAGE, IT IS THE SAME GOVT. WHICH IMPLEMENTS THE LAWS RELATING TO THE SAID PROVISIONS IN THE BREACH.

YOUR GOODSELF WOULD HAVE SEEN THE COLOURED POSTERS WHICH HAD COME UP IN KANDY AND COLOMBO PROCLAIMING YOUR VISIT TO LANKA, TO COMMISSION THE VICTORIA PROJECT. IN ALL THESE POSTERS, TAMIL, A NATIONAL LANGUAGE OF THIS COUNTRY, IS CONSPICUOUS BY ITS ABSENCE. ~~Go~~ THE GOVT. FUNDS SPENT FOR PUTTING UP THESE POSTERS, THOUGH COLLECTED FROM ALL PEOPLE IN THIS COUNTRY, THE BENEFIT OF KNOWING THE CONTENTS OF THOSE POSTERS HAVE BEEN DELIBERATELY DENIED THE TAMILS.

THIS IS NOT A SOLITARY INSTANCE OF THE OUTRAGE THE GOVT. OF Sri Lanka COMMITS ON ITS TAMIL POPULATION — ITS JUST A SIMPLE INDEX.

YOUR GOODSELF'S VISIT, SHOULD HELP PAVE A PEACEFUL CHANGE, FOR THE BETTER, FOR ALL PEOPLE WHO CALL THIS THEIR MOTHERLAND.

Thanking you,

Yours faithfully

E. S. Mahendrarajah

C copies 1 H.E THE PRESIDENT
2. HON GAMINI DISSANAYAKE.
3. HON K.W. DEVANAYAGAM

துன்பம் உறவரினும் செய்க துணிவாற்றி
இன்பம் பயக்கும் வினை - திருக்குறள் - 667

cc PC

NOTE FOR THE RECORD

In the ante-room to the Prime Minister's talks with President Soeharto, Sir Antony Acland had an informal discussion with the Minister of Foreign Affairs, H.E. Mochtar Kusumaatmadja. Mr. B.S. Arifin (Indonesian Ambassador to the United Kingdom), Mr. Nana Sutresna (Director-General of MFA), Mr. Alan Donald (HM Ambassador to Indonesia) and I were present.

China

The discussion started with each side describing its current relations with China. Dr. Mochtar said that Indonesia's relations with China were conditioned by history: their association had not been imperialised, but Indonesia had been influenced by Chinese culture and civilisation before the times when, first the Portuguese and Dutch and secondly the French and British, came to the region. In modern times Indonesia believed that China had helped the Communist coup in Indonesia in 1965: although the Russians had probably been the propagator of that coup they arranged things so that the Chinese were left holding the baby. Indeed, the present Chinese Government did not deny their involvement, but blamed it on the Gang of Four. In consequence the Indonesians felt that the Chinese should make the first move towards restoring relations.

Emphasising the privacy of what he was saying, Dr. Mochtar continued that this message had been conveyed bilaterally to the Chinese, and the Indonesians thought that it had been understood. They had nominated Wu Xue Chien to attend the commemoration ceremony in April and he had applied for an Audience with the President. Much would depend on the nature of his message. If it was an overture for better relations, Indonesia would regard the obstacle to the restoration of good relations as having been overcome: if, however, it was a purely formal message, no progress would be made.

/ Sir Antony

Sir Antony Acland briefly outlined Britain's historical relationship with China and our more recent experience over Hong Kong. Those negotiations had been complex and there had been moments of extreme difficulty, but the Chinese had accepted the common objective of maintaining the stability and prosperity of Hong Kong. Part of the difficulty had been to convince the Chinese what was needed to retain confidence, but they had accepted eventually a much more detailed agreement than might have been expected. Mr. Lee Kuan Yew had said that he could not believe that the Chinese could have been brought to sign an agreement in such detail.

Indo-China

At Sir Antony Acland's invitation, Dr. Mochtar described Indonesian policy on Vietnam and Kampuchea. He said that the Indonesians had reacted strongly to the Vietnamese invasion of Kampuchea out of principle. They attached much importance to the principle of self-determination, not least in order to get the message across to their immediate neighbours, and it was at his insistence that the Bangkok Declaration of January 1979 had criticised the Vietnamese action as neo-colonialism. The Indonesians' policy, however, was always to act through ASEAN. The policy of dealing with Vietnam's invasion of Kampuchea through the United Nations had not solved the problem; but it did not follow that it was a failure. The important objective of denying the Vietnamese the fruits of aggression and confining the embroglio to Kampuchea had been achieved. Diplomacy had succeeded in stopping the advance of the Vietnamese Communists, in contrast to America's use of force in Vietnam. The Vietnamese were bogged down and branded as the aggressor.

In answer to a question from Sir Antony Acland, Dr. Mochtar said that he did not expect the Vietnamese to make incursions into Thailand except for the limited purposes of hot pursuit. The

/ position

position reached was not a permanent solution or a foundation for real political stability. That was why he had visited Hanoi and had proposed a new initiative. Seen in the strategic context of South East Asia, the situation in Kampuchea was a symptom of the conflict of two strategies - the Chinese attempt to obtain hegemony in the region and the efforts of the Vietnamese to get domination with the help of the USSR. A Sihanouk regime in Kampuchea would probably be more viable than the present coalition but would not necessarily be more stable. And, because of this, Sihanouk was too smart to agree to it. There was a need to bring about a change in the configuration of forces in the region and the initiative which Dr. Mochtar had taken in Hanoi was to urge the Vietnamese to re-establish relations with the Americans. He thought that the Americans were reaching the stage of being ready for this, but two necessary conditions were a solution to the "missing in action" problem and a solution to the problem of Kampuchea. The former was probably the more important and he had urged the Vietnamese to make the Americans an offer which would not be seen as an attempt to bargain. He had also urged them to make the effort before President Reagan passed the mid-term of his present Administration. Phan Van Dong had reacted positively to the suggestion. His initiative had succeeded in uniting opinion within Indonesia. The Vietnamese recognised that their involvement with Russia was getting them nowhere. They had said that they could not change their policies before their Party Congress next year and he had urged them to bring this forward to July. There were many difficulties in the way, but Indonesian domestic opinion had demanded that some initiative were taken. Malaysia supported the initiative and Singapore accepted the logic but had not given it positive support. The Thais could also accept it but would be wary of the Chinese attitude. He had urged the Vietnamese as a goodwill gesture to release Mr. William Smithers, and they had done so although this had not succeeded in achieving a response from the Americans.

/ ASEAN

ASEAN

Dr. Mochtar said that the United States, Japan and Australia had talked for some time about setting up a Pacific Community. They had talked about a free trade area but the United States' attitude had been vague. Indonesia would have nothing to do with a community which would lose the identity of the ASEAN countries. This was the background to the ASEAN cooperative development initiative, covering trade, economy and human resources. The ASEAN countries would be permament members, but other countries could be involved in specific projects. The ASEAN secretariat would coordinate it. It was a deliberate policy of Indonesia not to put all their eggs in the Japanese and United States baskets.

East Timor

HM Ambassador invited Dr. Mochtar to explain the Indonesian position on East Timor. Dr. Mochtar said that Indonesia had reached an agreement with the Portuguese in 1974 to cooperate on achieving self-determination in East Timor. However, following the change of Government in Portugal, the Portuguese had negated the agreement by creating Fretilin and encouraging them to use force.

At this point, the meeting was brought to an end by the breaking up of the talks between the President and Prime Minister.

F.R.R.B.

cc: Sir A Acland
HM Ambassador, Jakarta

11 April, 1985

FILE

B/C: HM AMBASSADOR JAKARTA

cc MASTER

10 DOWNING STREET

From the Private Secretary

11 April, 1985

Dear Peter,

PRIME MINISTER'S MEETING WITH DR HABIBIE, MINISTER OF TECHNOLOGY OF INDONESIA IN BANDUNG ON 11 APRIL, 1985

You may find it helpful to have a brief note of the points raised in discussion between the Prime Minister and Dr Habibie over lunch in Bandung on 11 April.

Dr Habibie said that he was very keen to see a science and technology agreement between Indonesia and the United Kingdom. Ideally he would like to be able to sign this in June when he visits London. The Prime Minister agreed that we should work to this target. She also agreed that she would see Dr Habibie when he came to London.

They also discussed possible defence sales. Dr Habibie expressed strong interest in Scorpian/Alvis and in further purchases of Rapier. He undertook to examine the possibilities for co-operation on the Hawk 200.

Dr Habibie said that his priorities for infrastructure projects were:-

a. railways.

b. shipyards. Indonesia needed patrol boats and frigates, but the latter should be smaller than those which they had recently bought from us, around 2,500 tons. They needed about 20.

c. power generation. Indonesia would need some 22,000 megawatts of electricity by the year 2000.

d. gasification of coal.

e. facilities for the production of agricultural machinery in Indonesia.

f. telecommunications.

CONFIDENTIAL

/The Prime Minister

The Prime Minister said that she thought we would be able to help in virtually all these areas. She hoped that discussions could be pursued through officials with the aim of trying to reach some decisions by the time Dr Habibie visited Britain in June.

I am sending a copy of this letter to John Mogg (Department of Trade and Industry), Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence), Michael McCulloch (Overseas Development Administration) and Robin Nicholson (Cabinet Office).

Yours sincerely

Charles Powell

(C D Powell)

P Ricketts, Esq.,
Foreign and Commonwealth Office

File

DSG

(59)

10 DOWNING STREET

From the Private Secretary

11 April 1985

Tel no passed on 021-553-1001 (B'ham)

A Mr. Howles, of Kerrick and Jefferson, a security printing firm, rang me this morning. He has tendered for a contract to supply national passports to Sri Lanka, and asked if we would ensure the Prime Minister was aware that the Sri Lankan Government were about to decide on where the contract should be placed. I understand the deal will amount to around £1 million. There are three other companies in the competition, one from Italy, one from Singapore and one from another UK-based (though US owned) firm.

I explained it was very late in the day, but that we would consider whether to alert the Prime Minister's party to Mr. Howles' bid. I subsequently discussed with Peter Ricketts and we agreed that it did not seem sensible to provide supplementary briefing on this. You may, however, like to be aware that Mr. Howles did make contact with us, and to know of the contract for which he is tendering.

I am sending a copy of this letter to Peter Ricketts (Foreign and Commonwealth Office).

Mark Addison

Andrew Lansley, Esq.,
Department of Trade and Industry.

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DD 111100Z COLOMBO.

GRS 1075
CONFIDENTIAL
DESKBY 111100Z
FM JEDDA 110850Z APR 85
TO IMMEDIATE F C O
TELEGRAM NUMBER 208 OF 11TH APRIL 1985
AND TO IMMEDIATE COLOMBO (FOR PM'S PARTY), AND WARSAW (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE AMMAN
INFO PRIORITY WASHINGTON AND GULF POSTS.

PRIME MINISTER'S VISIT TO RIYADH 14 APRIL.
A. KING FAHD'S MAIN PRE-OCCUPATIONS.
ARAB-ISRAEL.

1. ALTHOUGH THEY HAVE NOT SAID SO PUBLICLY, THE SAUDIS SUPPORT THE JORDANIAN-PALESTINIAN AGREEMENT, AND KING FAHD INVESTED POLITICAL CAPITAL IN TRYING TO OBTAIN A FAVOURABLE US RESPONSE TO IT DURING HIS VISIT TO WASHINGTON IN FEBRUARY. PRIVATELY, THEY HAVE DOUBTS ABOUT WHETHER THE AMERICANS WILL EVER BE WILLING TO PRESS ISRAEL TO NEGOTIATE A SOLUTION, AND THEY ARE KEEPING THEIR LINES OPEN TO THE SYRIANS. BUT THE KING WILL CERTAINLY WISH TO EXCHANGE VIEWS ON HOW TO MAINTAIN THE MOMENTUM TOWARDS A PEACEFUL SETTLEMENT, AND ON HOW FAR PRESIDENT REAGAN CAN BE PERSUADED TO GIVE THE ARAB -ISRAEL QUESTION HIGH PRIORITY. THE SAUDIS WILL BE WATCHING MURPHY'S CURRENT TOUR CLOSELY.

IRAN-IRAQ.

2. THE SAUDIS REMAIN ACUTELY WORRIED THAT OVERSPILL FROM THE GULF WAR MAY DAMAGE THEIR VITAL INTERESTS, BUT SEE NO WAY OF PERSUADING IRAN TO GIVE UP WHILE KHOMEINI LIVES. THE KING SAW THE UN SECRETARY-GENERAL BEFORE THE LATTER'S APPARENTLY INCONCLUSIVE VISITS TO TEHRAN AND BAGHDAD. HE WILL PROBABLY NOT RAISE DIRECTLY THE QUESTION OF DEFENCE SUPPLIES TO IRAN, BUT MAY ARGUE FOR A ''MORAL LEAD'' BY US TO DISSUADE OTHERS FROM HELPING IRAN.

SUDAN.

3. AT SAUDI REQUEST, WE GAVE THE KING'S OFFICE AN EARLY ASSESSMENT OF SAWAR AL DAHAB'S COUP, AND THE NEW DEPUTY LEADER HAS BEEN IN RIYADH THIS WEEK. THE SAUDIS HAVE GIVEN THE NEW REGIME A CAUTIOUS WELCOME, BUT THE KING MAY ASK FOR OUR LATEST ASSESSMENT OF THE PROSPECTS, AND IN PARTICULAR ANY SIGNS OF LIBYAN OR OTHER EXTREMIST INFLUENCE.

LEBANON.

4. THE SAUDIS ARE CONCERNED BY THE RESURGENCE OF TROUBLE IN LEBANON, WHICH THEY WILL BLAME ENTIRELY ON THE ISRAELIS. THEY APPEAR AT PRESENT TO HAVE WITHDRAWN FROM ACTIVE INVOLVEMENT IN THE SEARCH FOR A SETTLEMENT.

THE BUDGET, OIL PRICES AND PETROCHEMICALS.

5. THE LAST MONTH HAS SEEN THE PUBLICATION BOTH OF THE NEW SAUDI BUDGET AND OF THE NEXT FIVE-YEAR PLAN. BOTH SHOW THAT THE SAUDIS WILL HAVE TO UNDERGO SOME QUITE PAINFUL BELT-TIGHTENING IF THEY ARE TO BALANCE ESSENTIAL EXPENDITURE AGAINST AN INCOME FROM FALLING OIL PRODUCTION AT LOWER PRICES. AGAINST THIS BACKGROUND THE SAUDIS ARE LIKELY TO REFLECT CONTINUING ANXIETY ABOUT NORTH SEA PRICES AND ABOUT ACCESS TO EUROPEAN MARKETS FOR GULF

LATTER HAS SOFTENED NOTICEABLY IN THE PAST TWO WEEKS. THEY MAY WELL HAVE NOTED THE PRIME MINISTER'S REMARKS IN KUALA LUMPUR ABOUT PROTECTIONISM (ON WHICH THE SAUDI RECORD IS NOT BLAMELESS).

B. OBJECTIVES.

6. AGAINST THIS BACKGROUND, THE MAIN VALUE OF THIS BRIEF VISIT WILL BE TO RENEW THE RELATIONSHIP WHICH THE PRIME MINISTER AND THE THEN CROWN PRINCE FAHD ESTABLISHED DURING MRS THATCHER'S VISIT HERE ALMOST EXACTLY FOUR YEARS AGO. SPECIFIC POINTS I HOPE THE PRIME MINISTER WILL BE ABLE TO RAISE ARE AS FOLLOWS:

(A) TORNADO. IT IS IMPORTANT THAT THIS SHOULD NOT APPEAR TO THE KING TO TAKE PRECEDENCE IN DISCUSSION OVER THE QUESTIONS IN PARAS 2-5 ABOVE. IT WOULD BE PREFERABLE IF THE KING RAISED THIS FIRST, BUT THE PRIME MINISTER WILL OTHERWISE WISH TO SOUND HIM PRIVATELY ON CURRENT INTENTIONS AND TO REMIND HIM OF OUR REDINESS TO SUPPLY AS SOON AS HE IS IN A POSITION TO CONFIRM WITH A LETTER OF INTENT. I DO NOT YET KNOW WHETHER PRINCE BANDAR BIN SULTAN WILL BE PRESENT.

(B) BRITISH CALEDONIAN. I SENT A LETTER ON 10 APRIL TO THE PRESIDENT OF CIVIL AVIATION EXPRESSING OUR HOPE THAT BRITISH CALEDONION WILL BE ONE OF THOSE FOREIGN AIRLINES INVITED TO RUN DIRECT FLIGHTS TO AND FROM RIYADH, IN ADDITION TO THEIR NEW SERVICES TO JEDDA AND DHARAN. IT WOULD BE HELPFUL IF THE PRIME MINISTER COULD BRIEFLY ENDORSE THIS HOPE WITH THE KING (AND WITH PRINCE SULTAN, AS MINISTER RESPONSIBLE FOR AVIATION, IF HE IS PRESENT).

(C) CONSULAR CASES. I HAVE CONSULTED THE DEPARTMENT. WE ARE AGREED THAT NO CURRENT INDIVIDUAL CASES MERIT A MENTION BY THE PRIME MINISTER, BUT THAT IT WOULD BE USEFUL FOR THE PRIME MINISTER TO REFER TO THE QUESTION IN GENERAL TERMS, IN THE CONTEXT OF SOME 35,000 BRITISH CITIZENS WHO LIVE AND WORK IN THE KINGDOM WITHOUT SERIOUS PROBLEMS. SHE MIGHT NOTE THAT WHEN BRITISH SUBJECTS DO FALL FOUL OF THE AUTHORITIES HERE, THIS TENDS TO GIVE RISE TO DAMAGING AND DISPROPORTIONATE PUBLICITY IN THE UK SEMI COLON THAT THE GENEROUS AMNESTY DECLARED BY THE KING LAST RAMADAN WAS EXTREMELY HELPFUL IN DISPOSING OF A LARGE NUMBER OF THESE CASES SEMI COLON AND THAT SIMILAR GESTURES ON FUTURE OCCASIONS WOULD NATURALLY BE EXTREMELY WELCOME.

(D) COMMERCIAL RELATIONS. THERE ARE NO BILATERAL PROBLEMS AND THE VOLUME OF TRADE IS VERY SIGNIFCANT (THOUGH OUR MARKET SHARE COULD BE IMPROVED). THE PRIME MINISTER MAY WISH TO REFER TO THE INCREASED EMPHASIS WHICH HMG AND BRITISH INDUSTRY HAVE BEEN PLACING OVER THE PAST YEAR ON JOINT VENTURES WITH SAUDI COMPANIES AND TO OUR WILLINGNESS TO TRANSFER MODERN TECHNOLOGY AS PART OF THE SAUDI ECONOMIC DIVERSIFICATION PROGRAMME. SPECIFIC EXAMPLES OF CONTRACTS UNDER DISCUSSION: GEC/MARCONI IN ELECTRONICS (POSSIBLY AS PART OF THE OFFSET PROGRAMME), RTZ IN UNDERGROUND STORAGE OF PETROLEUM PRODUCTS, STANDARD TELEPHONES AND CABLES (IAL) IN AIR TRAFFIC CONTROL, IHG IN HOSPITAL MANAGEMENT, W S ATKINS IN ROADS SYSTEMS MANAGEMENT, BAE IN X-RAY SURVEILLANCE EQUIPMENT FOR CARGO. THE SAUDI GOVERNMENT IS THE POTENTIAL CUSTOMER IN ALL THESE CASES, BUT MOST OF THEM (EXCEPT POSSIBLY UNDERGROUND STORAGE) ARE UNLIKELY TO HAVE COME TO THE KING'S ATTENTION, AND NONE IS YET AT A STAGE WHEN IN MY VIEW, THE PRIME MINISTER NEED INTERVENE.

(E) VISITS. AS THE PRIME MINISTER KNOWS, THE KING HAS RESPONDED TO HER PRIVATE INVITATION TO HIM BY SAYING THAT IT WILL NOT BE POSSIBLE FOR HIM TO VISIT LONDON FOR SEVERAL MONTHS. THE EXISTENCE OF THIS INVITATION IS NOT OFFICIALLY KNOW OUTSIDE THE PALACE SEMI COLON BUT THE PRIME MINISTER WILL NO DOUBT WISH TO RENEW IT IN PRIVATE, IF OPPORTUNITY OFFERS.

(F) DIPLOMATIC MOVE TO RIYADH. THE KING MAY WELL MENTION THE CURRENT MOVE OF EMBASSIES FROM JEDDA TO RIYADH. THE PRIME MINISTER SHOULD KNOW THAT IT IS OUR INTENTION TO MOVE DIRECTLY TO OUR NEW BUILDINGS IN THE DIPLOMATIC QUARTER IN THE LATE SUMMER. WE HAVE NOT YET EXPLICITLY REVEALED TO THE SAUDIS THAT WE ARE UNLIKELY TO BE IN OUR NEW BUILDINGS BY THE SAUDI DEADLINE OF LATE AUGUST SEMI COLON BUT WE HOPE TO BE IN VERY SHORTLY THEREAFTER.

7. FINALLY, THE PRIME MINISTER SHOULD KNOW THAT THERE WILL BE IN RIYADH, AT THE TIME OF HER VISIT, A GROUP OF MPS AND OTHERS LED BY SIR ANTHONY KUTTING, WHO HAVE BEEN INVITED TO SAUDI ARABIA FOR ONE WEEK UNDER THE AUSPICES OF THE COUNCIL FOR THE ADVANCEMENT OF ARAB-BRITISH UNDERSTANDING (CAABU).

WRIGHT

SENT 111020Z JN

Y. A. Al-Shirawi

MINISTER OF DEVELOPMENT & INDUSTRY

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257229 - 244201

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STATE OF BAHRAIN

يوسف احمد الشيراوي

وزير التنمية والصناعة

تليفون: المكتب
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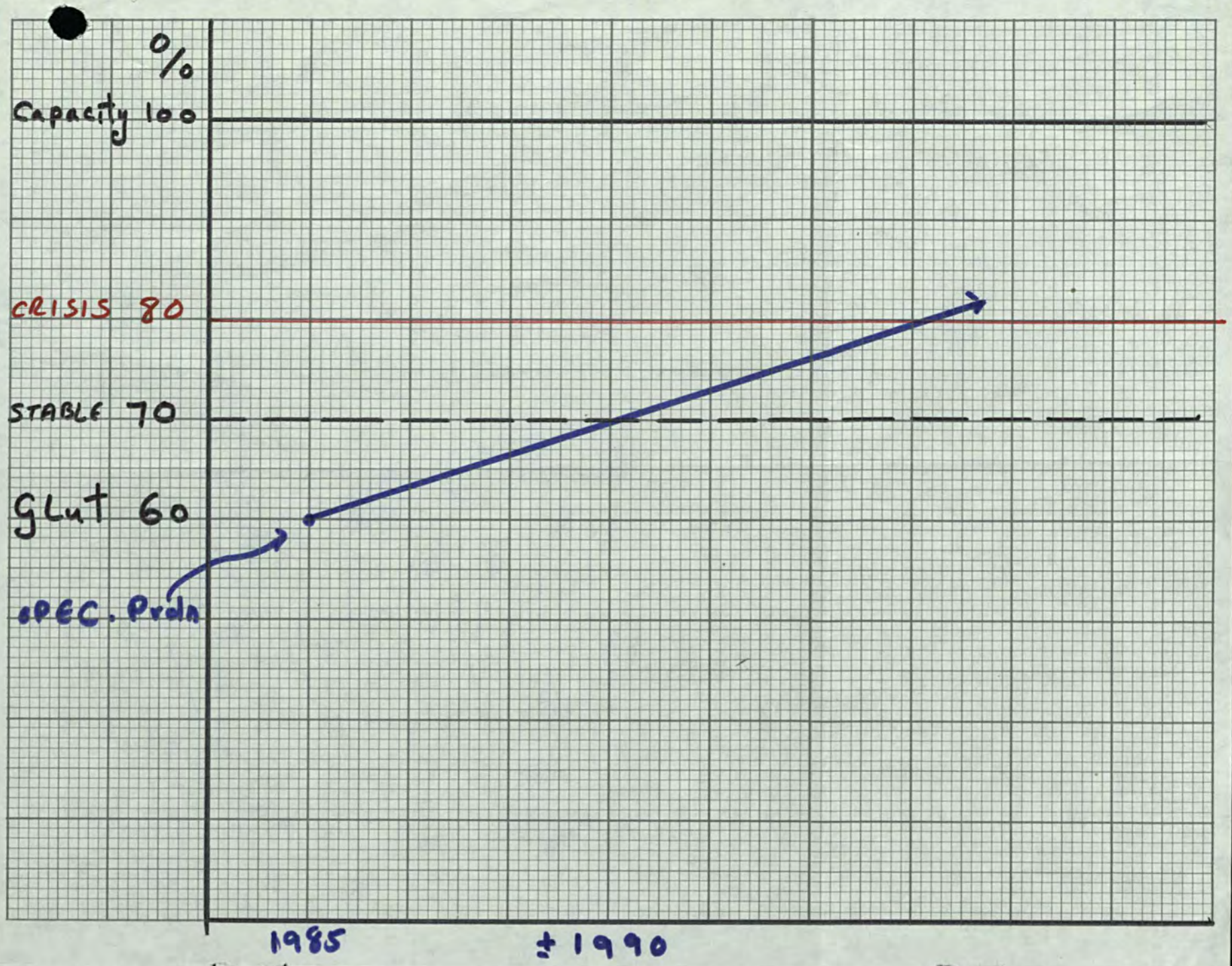
ص.ب: ١٤٣٥
دولة البحرين



Available Capacity	(32-35) MM / day.
Comfortable Production	24 MM.
Present Production	20
crisis Production	26-27

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10 DOWNING STREET

From the Private Secretary

10 April 1985

Dear Len.

PRIME MINISTER'S MEETING WITH PRESIDENT SOEHARTO OF INDONESIA

I enclose a record of the Prime Minister's meeting with President Soeharto in Djakarta on Wednesday, 10 April.

I am copying this letter to John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), Rachel Lomax (HM Treasury) and Michael McCulloch (ODA). The Prime Minister gave an undertaking to President Soeharto that the confidentiality of their discussion would be very strictly protected. I should be grateful therefore if the record could be shown only to those with a direct need to know.

Yours sincerely

(C.D. POWELL)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

Ce MASTER

Record of a Meeting between the Prime Minister and President Soeharto of Indonesia at the Istana Merdeka in Jakarta on Wednesday, 10 April, at 0930

Present:

Prime Minister
Mr. C. D. Powell

President Soeharto
State Secretary Sudharmono

President Soeharto extended a warm welcome to the Prime Minister and expressed his high appreciation of her acceptance of his invitation. He attached the greatest importance to the visit as the first to Indonesia by a British Prime Minister. Two factors gave it additional importance. 1985 marked the 40th anniversary of Indonesia's independence. It was also the beginning of the fourth 5-year plan which would be vital to the success of Indonesia's long term development strategy.

President Soeharto continued that the aim of this strategy was to provide Indonesia with both a dependable agricultural base and a strong industry. He had given priority to the development of agriculture and agriculture-related industries and considerable results had already been achieved, particularly in increasing food production: for instance, rice production had gone up from 10.5 million tons to 25.5 million tons and Indonesia was now self-sufficient in staple foods. The main remaining problem in this area was the need to develop technology to prevent post-harvest waste. At present some 10/15per cent of production was lost. The aim was to reduce waste well below the 10 per cent level. Indonesia wanted to learn from the experience of other countries, particularly in storage and food processing. It was not his Government's intention to mechanise production: this would only reduce the labour force.In any case the small size of agricultural plots made it unnecessary.

/President Soeharto

President Soeharto continued that Indonesia had also achieved some success in agriculture-related industries and the transformation of raw materials, in particular, tin, steel, nickel, copper and aluminium. Advances had also been made in timber processing. In the next 5-year plan, Indonesia's priority would be to obtain machinery to process raw materials into manufactured goods. It was crucial for Indonesia to master basic transformation technologies, both for home consumption and for export. Indonesia would like to learn from the United Kingdom in modernising its industry. In particular, he would like to see co-operation in the area of the strategic defence industries. He hoped that the Prime Minister would discuss this with Dr. Habibie who was in charge of defence industries. Indonesia was already manufacturing aircraft and ships and in these areas was co-operating with the United States and West Germany. His Government was interested in purchasing more air defence missiles from the United Kingdom and in developing armoured vehicle production. He mentioned, in particular, the Alvis/Scorpion project.

Moving on to international matters, President Soeharto noted that 1985 was also the 30th anniversary of the Asia-Africa Bandung Conference. There would be a further conference in Bandung later in April. His intention was that the participants should remind themselves of the basic principles of the original Bandung Conference and see how far they were applying them consistently. The principles which he had in mind were mutual respect for sovereignty, non-interference in the affairs of other states and mutually beneficial co-operation. For Indonesia, these principles found practical expression in ASEAN. There was a consensus in ASEAN that independence and sovereignty had to be assured by each nation itself on the basis of national resilience. Such resilience would guarantee national

/stability

stability and enable individual countries to face any threat to their integrity, whether internal or external. This concept was behind the South East Asian countries' wish to establish a Zone of Peace, Freedom and Neutrality. ZOPFN would not be based on any formal pact but would result from the behaviour of the countries themselves. He believed that it could contribute to regional stability, as well as give to South East Asian countries a growing international influence.

President Soeharto said that he also wished to raise the situation in Cambodia. Cambodia's sovereignty and independence had been violated by Vietnam's intervention. The rights of the Cambodian people must be restored and all foreign troops withdrawn. ASEAN was working for such a solution, although this did not mean that it wished to be directly implicated in the conflict. However, it seemed that Vietnam was unable to accept such a solution. Vietnam claimed that its troops were in Cambodia at the request of the majority of the Cambodian people. They were determined to annihilate Pol Pot and the Khmer Rouge which they saw as instruments of China. They had already devoted six years to this and were predicting that they would finally succeed by 1986. But based on his own experience of guerrilla activities in Indonesia, he was very doubtful whether this estimate would be realised. It might well take between five and ten years. Indonesia had tried to establish some contact with the Vietnamese regime to draw their attention to the longer term threat from China. While Vietnam was bogged

/down

bogged down in guerrilla warfare in Cambodia, China was modernising and reforming its economy which would greatly strengthen its longer term political influence in the area. Indonesia had therefore urged the Vietnamese to find a political solution to the Cambodia problem and concentrate on economic reconstruction.

President Soeharto invited the Prime Minister to react to these points. He would also be grateful if she would give her views on East/West relations. He was well aware of the extent of her contacts at the highest level with the American, Soviet and Chinese leaders and would be very interested to hear something of them.

The Prime Minister said that she had found President Soeharto's account of Indonesia's development and his analysis of regional problems fascinating. Indonesia's record in agricultural production was outstanding and should be a model for other developing countries. Too many of them had made the mistake of trying to create industry before building up a strong agricultural base. The more others followed Indonesia's example the less opportunity there would be for communism to extend its influence. She hoped that President Soeharto would make this point at the Bandung Conference. It came much better from a successful developing country such as Indonesia than from the industrialised countries.

Picking up the points which President Soeharto had made about how Britain could contribute to Indonesia's economic development, the Prime Minister said that the United Kingdom had a good record in food technology, particularly in food processing. We would be very glad to offer technical cooperation in this field. She thought

/ President

President Soeharto's decision not to go for mechanisation of agricultural production for its own sake a wise one. Agriculture would continue to offer a safety valve of employment. Leaving people on the land was a stabilising factor. We fully understood Indonesia's desire for transfer of technology. Indeed, we sometimes faced the same dilemma, for instance when the Japanese wanted to establish assembly plants in the United Kingdom rather than real manufacturing facilities. She thought that Britain had a particular contribution to make in the defence industries and aerospace; in communications, particularly in Indonesia's case with railways; with information technology; and with oil technology. The Prime Minister also made a specific reference to our interest in refurbishing the Balikpapan Refinery. Detailed discussion of these points should be left to Ministers and officials whom she understood were meeting in parallel.

The Prime Minister then referred to President Soeharto's remarks in his speech at the Banquet the preceding evening about the growing interdependence between the economies of the industrialised and developing countries. The industrialised countries had made a sustained effort to bring down inflation in their economies and she was confident that this objective would be sustained at the Bonn Economic Summit. She admired the way in which Indonesia was also trying to keep down inflation and was running its economy in the interests of long-term stability. The Prime Minister continued that the strength of the US dollar caused problems. It drew in capital from the rest of the world. It also led to demands for protectionism. It would be fatal if these were allowed to succeed. The world economy would be lifted out of recession only if we were able to keep the world trading system open. That was why Britain and the United States were keen to see a new GATT round. In her view, trade was even more important than aid for developing countries.

/President Soeharto

President Soeharto agreed.

Moving on to political questions, the Prime Minister said that she agreed with President Soeharto's emphasis on the goals of stability and national resilience. The main threat to these came from the Soviet Union which still had the aim of extending the Communist system by force, subversion or proxy. She thought that Mr. Gorbachev recognised the basic problems caused by the rigidity of the Communist system. He wanted it to work more efficiently but would not be willing to deviate from it. Soviet Communism was the only system which had not built into itself any capacity to adapt. The East Europeans were trying to secure some freedom of manoeuvre but even so had to move slowly and carefully. But the Soviet Union would not dare follow suit because once total control from the centre was relaxed there would be no way to control the pace of change. The Prime Minister continued that she expected the foreign policy objectives of the Soviet Union to remain unchanged under Mr. Gorbachev. They were trying all possible devices to divide the West and exploit our open societies. Their activities in Afghanistan and Vietnam were being stepped up. Britain was particularly concerned about the situation in Cambodia and had cut off all bilateral aid to Vietnam. We held no brief for Pol Pot but Vietnam latest successes were worrying. In Vietnam had its way in Cambodia it would only be a prelude to further steps to extend its influence.

The Prime Minister said that China, on the other hand, was seeing signs of change. The present Chinese leaders recognised the damaging influence of Mao and the damage done by the cultural revolution and would not wish to go through such a trauma again. They were also more open-minded about their

/economic

economic system. Britain had a particular interest in China's future development because of the agreement dealing with Hong Kong. She believed that China would keep the agreement, if only because it would be so bad for China's international reputation if it did not. Of course, the risk of some dramatic internal change remained. There were those in China who were opposed to the reforms introduced by Deng. One could not be sure what implications growing economic strength would have on China's international role but her own feeling was that the result of greater trade and economic contacts with other countries would be to give China a strong interest in stability, to allow it to concentrate on achieving higher living standards for its people. The Prime Minister mentioned Zhao Ziyang as the most likely successor to Deng. His main concern appeared to be with strengthening China's economy.

The Prime Minister referred briefly to the arms control negotiations between the United States and the Soviet Union in Geneva and summarised the British Government's approach to the Strategic Defence Initiative.

The Prime Minister said that she had great respect for the achievements of ASEAN, particularly in the growing economic cooperation between its members. This was a factor for stability. It was for a similar reason that the European Community had decided to bring in Spain and Portugal. We shared the aim of enlarging areas of stability. The Prime Minister Minister concluded that she would be interested to hear how President Soeharto saw Indonesia's relations with China and the Soviet Union.

President Soeharto said that he was grateful for the Prime Minister's full analysis of the international scene. Because of the abortive coup in 1965 Indonesia had banned Communism. It was forbidden to propagate Communist ideas. This did not necessarily mean that Indonesia was hostile to other Communist countries. She was ready to co-exist with them peacefully so long as they did not try to interfere in Indonesia's affairs. The fact was, however, that hitherto Communism had not

/been

been able to spread itself as an example of economic development and progress but only by military intervention and subversion. Indonesia was therefore wary of Communism and saw it as a latent danger. It was on this basis that Indonesia judged China. He believed that the Chinese were still supporting Communist elements in Indonesia. They could look at 3.5 million overseas Chinese for this. The Chinese Government claimed that it had no desire to interfere but the Chinese Communist Party seemed interested in keeping open links to its former cadres. His priority was the development of Indonesia's economy and national strength and he was not prepared to put that at risk just for the sake of restoring relations with China. However, he was following the modernisation process in China carefully and approaching the Chinese Government to discuss the establishment of trade relations, with a view to the eventual establishment of diplomatic relations. There were two basic conditions for the re-establishment of diplomatic relations: China must openly state that it would not support subversion in Indonesia or elsewhere in the region: and Indonesia itself needed to build up its resilience to the point where it could resist any threat.

The Prime Minister said that the situation in the Philippines was a matter of some concern. She assumed that China was giving some support to opponents of President Marcos. President Soeharto agreed. His worry was that in-fighting between rivals for the succession to Marcos would give the Communists a chance to intervene. The classic Communist tactic was to take advantage of rivalry and disorder. He thought that President Marcos still had the support of the armed forces. But he was disturbed by the role of the Roman Catholic Church which had failed to support national unity. He had encouraged the United States to do everything possible to keep the Philippines a stable country. The Prime Minister commented that matters might have gone too far. But she shared the aim of preserving the stability of the Philippines.

/The Prime Minister

The Prime Minister said that she wished to mention the subject of East Timor in a spirit of wanting to be helpful. As President Soeharto would know, the United Kingdom abstained on this matter at the United Nations and regarded it as an issue to be deal with between Indonesia, Portugal and the United Nations Secretary-General. She was aware from various correspondence she received that the role of the Catholic Church was not very helpful and that groups in London were receiving information about conditions in East Timor through the Church which was often not at all up to date. She was concerned that only one side of the story was getting across and she wanted to be able to put all the facts. Was it the case, for instance, that the International Committee of the Red Cross was present in East Timor and able to move freely there? She was likely to be asked by the press whether the principle of self-determination applied to East Timor. Her information was that if a referendum were to be held in East Timor there would be a clear majority in favour of Indonesia. The Prime Minister emphasised again that her concern was to get a fairer picture of the situation over to public opinion in the United Kingdom.

President Soeharto said that self-determination had already taken place with the statement by the inhabitants of East Timor of their wish to integrate with Indonesia. There were still some small groups left who wanted an independent state and continue guerrilla activities which were hard to eradicate entirely. But the Indonesian Government's approach was to develop East Timor in just the same way as it developed other parts of Indonesia. They openly welcomed the ICRC to East Timor though it must of course convey its desire to be active there through the Indonesian Government. The ICRC would be welcome to provide assistance, again in consultation with the Indonesian Government. He agreed with the Prime Minister that Church sources had been used to spread distorted views. An Indonesian Council of Churches had now been established and he hoped that the Vatican would agree

/that

that the Church in East Timor should join it. This should help get a fairer picture. The Indonesian Government was doing what it could to help the Church in East Timor and had recently donated funds to repair a church which had been destroyed. He wanted to stress that Indonesia fully protected religious freedom.

The Prime Minister said that she and the President ought to have a brief word about oil prices. President Soeharto agreed. Indonesia's budget depended on oil revenues and her interest lay in stable prices. The Prime Minister explained the British Government's recent decisions about the future of BNOC. The United Kingdom shared an interest in price stablility and did not wish to see the price go down.

The Prime Minister proposed that the press should be told only the headings which they had discussed without any details. President Soeharto agreed. The meeting ended at 1120.

10 April, 1985

E.R.

PRIME MINISTER

YOUR PRESS CONFERENCE: INDONESIA

You are to give a press conference in your guest house - first floor - soon after your return from Bandung. There will be little time for briefing; you should therefore have this note now.

Protocol in Indonesia requires their State Secretary for Information to introduce you. I will then take over and select the questioners who will include representatives of the Indonesian Women's Organisation; I shall call them.

Afterwards, I think you should give short news interviews to BBC (radio and TV) and ITN.

As of now, only East Timor presents a real problem in terms of Anglo/Indonesian relations. On this you will be able to announce that President Soeharto has confirmed that the International Red Cross have ~~absolutely~~ free access to the area, and are welcome in that part of Indonesia.

The other "issue" is our aid approach to Indonesia on which you are very well briefed.

There is, however, one presentational problem:

- how to make this visit appear positive and fruitful without the following:

  (a) any contracts to prove it (the first of the Tribal class frigates is due to be handed over this month);

  (b) anything more tangible in terms of a warming up of relations, apart from President Soeharto joining you on the visit to the Indonesia in Miniature exhibition;

/(c)

(c) my briefing yesterday, as rehearsed with you, on the theme running through your talks with President Soeharto - namely, the need to promote self-reliance, responsibility and stability.

So far as the British press is concerned, and subject to the COI News Digest and events, there are a number of issues which they may try to raise, though without I think much conviction.

- Mark Thatcher's reported involvement with another (blonde) girl; seen coming out of No. 10 with her last week and getting into a police car with her - No. 10 supplying a line today;

- the Labour Party row over your remarks on the "seeing off" of the coal strike. (On this I have said that the Labour Party is green with envy over your coverage and they are playing into your hands by keeping the story going);

- Sudan (not much new);

- your style of Government;

- the independent deterrent, arms control.

You should also know that Neil Macfarlane has criticised the £7500 fine against the Saudi Authorities. We have not reacted.

I hope this is helpful. But we ought to concentrate on the draft text attached, given that time for your press conference is so short.

Content?

10 April 1985

E.R.

DRAFT OPENING STATEMENT: INDONESIAN PRESS CONFERENCE

Very shortly my visit to Indonesia - the very first by a British Prime Minister - will be coming to its end.

This is therefore the right moment to sum up the 2½ days I have spent in Indonesia - and mostly in the capital of a country of enormous size, range - across 5000 KM of the Pacific - potential and strategic importance.

I must say that I think that Britain has ~~neglected~~ paid insufficient attention to Indonesia ~~for far too long~~. I hope - indeed intend - that my visit will be followed up by more Ministerial contacts with Indonesian Ministers so that we can get to know each other better - and thereby create the right basis for future cooperation.

Yesterday, President Soeharto and I had a very wide ranging discussion of the issues confronting South East Asia and the world. It was conducted in the very best of spirits - in an atmosphere of mutual goodwill - and I believe my objective of promoting and raising the momentum ~~and~~ of our political and economic relationship has been amply fulfilled.

I am particularly appreciative that President Soeharto and his wife spared the time to travel the 20 kms outside Jakarta to join me in a visit to the Indonesia of Miniature exhibition.

In our bilateral talks we discussed many things:

- Indonesia's agricultural and industrial development;

- areas in which we might help - for example, communications of all kinds; technology, aerospace, education - especially training in the English language;

/ - the world economy

E.R.

- the world economy;

- East-West relations and arms control; and

- regional issues, notably ASEAN, Vietnam/Cambodia, and the Hong Kong agreement.

The theme of our entire discussion was the need to maintain and develop stability in this very difficult world in which we live.

The European Community, shortly to be enlarged and greatly strengthened as a democratic grouping by the accession of Portugal and Spain, is one example of the stability. But so is ASEAN in which Indonesia plays an important part. I wish it well. But I wish Indonesia even more. As a major partner in ASEAN, this country of 160million people, has an enormous role to play.

I am confident it will do so, just as I am confident that a ~~newly~~ resurgent Britain, in terms of entrepreneurial drive, will develop trading links with Indonesia.

There is an enormous amount to do between us to realise our trade and cooperative potential, not merely to serve our citizens but also promote business and jobs.

We have, of course, discussed the main issues confronting the world, and especially this part of the world.

But trade is also a major issue because trade brings us together and identifies our interests.

I hope that trade between Indonesia and Britain will increase as a result of my visit. Indeed I expect it to do so, because I believe my mission has been accomplished - namely to give momentum to Anglo-Indonesian relations.

/We are the

E.R.

We are the best of friends, and I believe there is no adequate basis for future collaboration between our nations ~~than~~ without friendship, understanding and a desire to do business with each other.

These are, I think, the positive outcome of the last forty-eight hours.

CONFIDENTIAL

File

bc: Sir P.C.

10 DOWNING STREET

From the Private Secretary

10 April, 1985

Dear Len,

Prime Minister's Meeting with Dr. Mahathir

I enclose a copy of the record of the Prime Minister's meeting with Dr. Mahathir during her visit to Malaysia.

I am copying this letter and enclosure to John Mogg (Department of Trade and Industry) and Richard Allan (Department of Transport).

Yours sincerely,

Charles Powell

C. D. POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office

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ACTION

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FOR PS/PRIME MINISTER AND SIR A ACLAND
PRIME MINISTER'S MEETING WITH RAJIV GANDHI

1. OUR RELATIONSHIP WITH INDIA CONTINUES TO BE IMPAIRED BY WHAT THE INDIAN GOVERNMENT REGARD AS OUR FAILURE AND OUR RELUCTANCE TO CURB SIKH EXTREMISTS IN THE UK. FROM WHAT HIS OFFICIALS HAVE TOLD US MR GANDHI WILL PROBABLY NOT SEEK TO LABOUR THIS POINT WITH THE PRIME MINISTER: IT WILL, NONETHELESS, BE VERY MUCH IN HIS MIND AND HE WILL NO DOUBT LOOK TO THE PRIME MINISTER FOR CONFIRMATION THAT WE NOT ONLY TAKE THE PROBLEM SERIOUSLY BUT ARE PREPARED TO DO SOMETHING ABOUT IT. THE PRIME MINISTER WILL RECALL THAT INDIAN RETALIATION AGAINST US INCLUDED THE IMPOSITION OF AN EMBARGO ON COMMERCIAL DEALINGS WITH US: ALTHOUGH RAJIV INTERVENED TO LIFT THAT EMBARGO AND MADE IT CLEAR THAT HE DID NOT REGARD THE SIKH PROBLEM AS AN IMPEDIMENT TO NORMAL RELATIONS WE ARE STILL, AS IT WERE, ON PROBATION AND CONTINUING INDIAN PREVARICATION OVER THE WESTLANDS HELICOPTER CONTRACT (SEE PARA 6 BELOW) CONSTITUTES A FURTHER AREA OF AWKWARDNESS AND UNCERTAINTY. THE MEETING WITH RAJIV GANDHI THEREFORE PROVIDES A VALUABLE OPPORTUNITY FOR CREATING A BETTER ATMOSPHERE AND A CLOSER RAPPORT, AS WELL AS FOR SOME STRAIGHT TALKING.

2. SINCE THE PRIME MINISTER'S DEPARTURE FROM THE UK THE ONLY SIGNIFICANT DEVELOPMENT ON THE SIKH FRONT HAS BEEN A 'WORLD SIKH CONFERENCE' WHICH DR CHAUHAN CONVENED IN LONDON FROM 6-8 APRIL. ATTENDANCE NEVER EXCEEDED 150, AND THERE WAS ONLY A HANDFUL OF SIKHS FROM OVERSEAS. THE DEPARTMENT OF THE ENVIRONMENT REFUSED PERMISSION FOR A RALLY IN HYDE PARK PLANNED BY CHAUHAN FOR 8 APRIL. BUT ALTHOUGH THE CONFERENCE WAS EVIDENTLY A FAILURE THE INDIANS WILL INEVITABLY BE ANGRY THAT IT WAS 'ALLOWED' TO TAKE PLACE AT ALL. THE DEGREE OF EMOTION STILL FELT BY THE INDIANS WAS ILLUSTRATED IN A RECENT REPLY TO A QUESTION IN THE INDIAN PARLIAMENT WHICH BRACKETED THE UK WITH PAKISTAN (INDIA'S TRADITIONAL ENEMY) AS COUNTRIES WHOSE RESPONSE TO SIKH AND KASHMIRI EXTREMISM IS 'UNSATISFACTORY'.

3.

4. THE INDIANS CONTINUE TO QUESTION THE RIGHT OF CHAUHAN TO ENJOY RESIDENT STATUS IN THE UK. THE PRIME MINISTER WILL BE AWARE (THOUGH THE INDIANS ARE NOT) THAT GURMEJ SINGH GILL, CHAUHAN'S SO-CALLED PRIME MINISTER, ENJOYS AN ABSOLUTE RIGHT TO REGISTER AS A BRITISH CITIZEN UNDER THE PROVISIONS OF OUR NATIONALITY LAWS.

WE CAN EXPECT A VERY ADVERSE INDIAN REACTION TO THAT DECISION WHEN IT IS MADE.

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5. GIVEN THE MANY CONSTRAINTS ON OUR ABILITY TO CURB SIKH EXTREMISTS AS EFFECTIVELY AS THE INDIANS DEMAND OUR BEST HOPE IS TO TRY AND CONVINCE THEM THAT WE UNDERSTAND AND SHARE THEIR CONCERN AND THAT WE SHALL CONTINUE TO DO EVERYTHING WE CAN, WITHIN THE PARAMETERS OF CURRENT LEGISLATION, TO ENSURE THAT ANYONE WHO BREAKS THE LAW IS PUNISHED. IF THE NEED ARISES THE PRIME MINISTER COULD ALSO POINT OUT THAT THE BRITISH AUTHORITIES HAVE EXCLUDED SEVERAL SIKH EXTREMISTS FROM ENTERING THE UK OR, WHERE THIS HAD NOT BEEN POSSIBLE, HAVE ISSUED WARNINGS TO THEM NOT TO ADVOCATE VIOLENCE. THE FOLLOWING POINTS COULD ALSO BE MADE:

(A) WE SHALL TRY TO DETER FUNDS BEING COLLECTED IN THE UK WHICH MIGHT BE USED FOR TERRORISM IN INDIA. BUT THE NORAID ANALOGY DEMONSTRATES THAT THE QUESTION IS NOT SUSCEPTIBLE TO IMMEDIATE SOLUTION.

(B)

(C)

6. PROSPECTS FOR THE WESTLANDS CONTRACT DO NOT SEEM GOOD AND RAJIV GANDHI'S COMMENTS TO THE FINANCIAL TIMES OF 4 APRIL (MY TELNO 381 TO DELHI) SUGGEST THAT HE HAS ALREADY MADE UP HIS MIND TO GIVE THE ORDER TO THE FRENCH. SINCE THE PRIME MINISTER SENT HER LETTER OF 22 MARCH TO MR GANDHI IT HAS BECOME CLEAR THAT INDIAN AIRLINES, CHARGED WITH ESTABLISHING A NEW NATIONAL HELICOPTER CORPORATION, HAVE EVALUATED THE PROJECT ON DIFFERENT CRITERIA FROM THOSE EARLIER APPLIED AND THAT THE ADVICE THEY HAVE GIVEN OVERRIDES THE INDIAN AIRFORCE EVALUATION OF 1984. IF THIS IS INDEED THE CASE WESTLANDS HAVE NEVER BEEN INFORMED THAT THE RULES HAVE BEEN CHANGED: THEY HAVE CONTINUED TO MANUFACTURE THE W30 IN ACCORDANCE WITH THE SPECIFICATIONS LAID DOWN BY THE INDIAN GOVERNMENT AND ON THE BASIS OF THE GOI LETTER OF INTENT. THE PRIME MINISTER WILL NO DOUBT WISH TO IMPRESS ON MR GANDHI THE ADVERSE IMPACT ON BUSINESS CONFIDENCE IN INDIA IF THE DECISION NOW GOES AGAINST WESTLANDS.

7. THE LOSS OF THE ORDER TO WESTLANDS WOULD ALSO HAVE SERIOUS IMPLICATIONS FOR THE LEVEL OF OUR AID TO INDIA. THE INDIANS WILL NOT BE UNAWARE OF THAT: IF THEY HAVE DECIDED AGAINST THE W30 THEIR TACTIC WILL INEVITABLY BE TO PROPOSE THAT THE AID EARMARKED FOR THAT PROJECT SHOULD BE DIVERTED TO ALTERNATIVE PROJECTS. THERE IS, HOWEVER, ANOTHER OPTION OPEN TO THE INDIANS: THEY MAY SUGGEST SPLITTING THE ORDER BETWEEN THE FRENCH AND BRITISH SUPPLIERS. OUR GUESS IS THAT, PRESENTED WITH SUCH A COMPROMISE, WESTLANDS WOULD SETTLE FOR IT RATHER THAN LOSE THE WHOLE ORDER.

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SERVICES. BUT THERE ARE SIGNS

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CONFIDENTIAL

Record of the Official Talks between the Rt. Hon. Margaret Thatcher, FRS, MP, and YAB Datuk Seri Dr. Mahathir Mohamad held at the Malaysian Prime Minister's Department in Kuala Lumpur, 5 April, 1985

Those present:

Prime Minister
Sir Antony Acland, KCMG, KCVO
H.E. Mr. D. H. Gillmore, CMG
Mr. F. E. R. Butler
Mr. C. D. Powell
Mr. C. B. Benjamin
Mr. J. M. M. Vereker
Mr. B. Ingham
Mr. P. D. R. Davies
Mr. R. T. Fell

YAB Datuk Seri Dr. Mahathir Mohamad
Tengku Ahmad Rithauddeen, Foreign Minister
Tengku Razaleigh Hamzah, Minister of Trade and Industry
Tan Sri Chong Hon Nyan, Minister of Transport
Encik Abdul Kadir, Deputy Foreign Minister
Tan Sri Sallehuddin, Chief Secretary to the Government
Tan Sri Zainal Abidin, Secretary-General, MFA
Dato' Kassim, Malaysian High Commissioner in London
Encik Rajaram, Under-Secretary (Europe), MFA
Tengku Idriss, Head of Western Europe Division, MFA

Dr. Mahathir welcomed the Prime Minister to Malaysia. He had been disappointed when she had been compelled to postpone her visit last September but was all the more pleased that she had now been able to come. Because Malaysia had once been part of the British Empire and through continuing links many Malaysians knew Britain well, although he himself was not one of those who had studied in the United Kingdom. The systems of government and administration were very similar in the two countries. For example, both were constitutional monarchies. Perhaps if there had been more ministerial visits, links would have been closer still. But the Prime Minister's visit "would make up for lost time and lost opportunities". He looked forward to cordial discussions. Apart from one minor issue which had been discussed during their earlier private meeting, there were very few bilateral problems. He would like, however, to discuss some matters which arose from the United Kingdom membership of the European Community, and also higher education.

/The Prime Minister

The Prime Minister thanked Dr. Mahathir for showing understanding about the reasons which had made it necessary for her to postpone her visit in September. The industrial relations scene in the UK was now much improved. She was very keen that her visit should be a success, as successful indeed as Dr. Mahathir's own visit to London in 1983. There was admiration in the United Kingdom for the way in which he handled Malaysia's affairs and genuine good will towards Malaysia among the British people.

Air Services

The Prime Minister reported that she and Dr. Mahathir had reached agreement on how to deal with the problem of the Fifth Frequency for the Malaysian Airline System on their route to London. She had been aware before her visit that this matter was standing between the two countries. There was also the problem of the Malaysian discriminatory tax measure. She and Dr. Mahathir had agreed to deal with these two matters separately. The tax issue affected many countries, including the United Kingdom, and had been raised by the Board of Airline Representatives (BAR).

The Prime Minister summarised the terms of the agreement which had been reached (text attached). Agreement in principle to a Fifth Frequency for MAS: a similar frequency to be granted to British Airways, if requested: introduction of the Fifth Frequency expected in 1-2 years time: consideration to be given by the Malaysian Government to the representations made by the Board of Airline Representatives and a formal reply made.

Commercial Projects

The Prime Minister noted that she had also raised with Dr. Mahathir at their private meeting a number of commercial contracts, for which she believed British companies offered good value for money. These included the Biwater Shellabear rural

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water project, various railway projects, GEC's interest in fibre optics and the C3 system, the ICI synthetic protein project, Vickers Submarines, the British Aerospace 146 and the aluminium smelter feasibility study. Mr. Benjamin added the Lynx helicopter. He intended to follow up these projects with Malaysian officials during the Prime Minister's visit.

Dr. Mahathir said that the Malaysian government had been very happy with the British offers on feasibility studies for the aluminium smelter and rural water projects. But no decisions had yet been taken on these because the Malaysian government did not wish to over-extend its borrowing. He could say categorically, however, that the Malaysian government did not discriminate against the United Kingdom in awarding contracts nor favour the Japanese or anybody else. All would be treated on their merits. If products and prices were right, British companies had "every chance of winning contracts". The Malaysians were not interested in giving all their contracts to countries in the Far East. "Look East" did not mean this. The policy was aimed rather at learning from the work ethic of Japan and other Far Eastern countries.

Dr. Mahathir continued that the Malaysian government were interested in joint ventures with British companies, especially those which were export oriented. For example, he had recently met representatives of Vickers to discuss the production of submarines. Aerospace International Malaysia (AIM) were pursuing a joint venture with Bae.

Dr. Mahathir added that a Malaysian team had recently been sent to the Soviet Union to look at heavy lift helicopters. Although he was worried that they might "blow our huts away", they did need some of these. They had also been shown smaller Russian helicopters. Perhaps there were suitable British helicopters. It would, however, be a long time before a decision was taken to buy because Malaysia did not have the funds. Rural projects had priority.

/Tan Sri Chong referred

Tan Sri Chong referred to close contacts between his Ministry and British companies, some of which had already won contracts for work on Malaysia's railway system, although no decision would be taken on Railbus. Malaysia would also be looking for a replacement for the Fokker F27 aircraft used on internal flights in Malaysia. The Prime Minister suggested Malaysia should consider the Bae 146 as a replacement for the Fokker. Tan Sri Chong added that Taylor Woodrow was interested in the construction of a second runway at Subang airport.

Higher Education

Turning to higher education, Dr. Mahathir noted that Malaysia had sent students to the United Kingdom for many years. But following the increase in overseas student fees, many had gone to the United States instead. There were now 18,000 Malaysian students in the United States, compared to 2,000 in 1980 and only 10,000 (sic) in the United Kingdom. But with the decline in the value of sterling and the rise of the US dollar, it would be cheaper to have Malaysian students back in the United Kingdom.

Dr. Mahathir referred to the recently announced Malaysian government proposal to have split degrees with overseas institutions including British universities whereby Malaysian students would spend two years at a course at a Malaysian university and the final year or two at universities overseas. He was very keen on this. He hoped it would receive the British government's blessing. It would mean that British lecturers would come to Malaysia to teach courses, the medium for which would be English.

The Prime Minister said that she was aware of a proposal involving Scottish universities. She was enthusiastic about the concept and would keep an eye on its progress. She could

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also tell Dr. Mahathir that the British government would extend the £5 million special provision for Malaysia to cover the year 1986/87. An additional £1.75 million would be made available for that year, which would provide help for 700 Malaysian students. Dr. Mahathir thanked the Prime Minister for this.

European Community

Tengku Razaleigh said that there were very few problems concerning bilateral trade between the two countries. There had been a persistent deficit to Malaysia's detriment but this had declined recently and indeed Malaysia"s visible trade balance with the United Kingdom had been in surplus in 1984.

Malaysia was, however, experiencing problems with the European Community. Although Malaysia benefitted from the GSP, he hoped that the European Community could improve tariff preferences and ceilings and quotas for manufactured and semi-manufactured products produced by Malaysia such as plywood and other timber based products. The proposed consumption tax on processed palm oil was a matter of concern to Malaysia. He noted that the present Multi-Fibre Arrangement (MFA) would terminate in July 1986. He believed that consumer lobbies in the US and European Community as well as large producers such as Hong Kong, Taiwan and Korea wanted to end the MFA altogether. Malaysia, as a small producer, would prefer to see the MFA extended.

Tengku Razaleigh emphasised that British investment was welcome in Malaysia. Although the United Kingdom was still a large investor, the level of investment had slipped. In particular, he would like to see more British investment in export-oriented industries, especially those where the United Kingdom had technical expertise. Rubber manufacturing was an excellent example. The British had excelled in this and it was a resource-based industry of particular interest to Malaysia. Ceramics and machine tools, especially precision tools, were other examples.

/The Prime Minister

The Prime Minister stressed that the United Kingdom was in favour of trade liberalisation by the EC. Opposition to further liberalisation of plywood imports came from France and Italy. The proposal for a consumption tax on fats and oils had been opposed robustly by the United Kingdom, Germany and the Netherlands and was not currently an issue. The Community's GSP scheme would be reviewed this year.

Dr. Mahathir raised the question of lead content in canned food. Malaysian exports could be affected if unrealistic European Community standards were introduced. The Prime Minister said that she was already aware of the problem because of its possible repercussions for the tin plating industry in South Wales.

Tengku Razaleigh asked about the United Kingdom's attitude to a new round of multilateral trade talks in the GATT. The Prime Minister said the United Kingdom, like the United States, supported a new round, which would have to deal with trade in agriculture and with services, as well as the responsibilities of the Newly Industrialised countries (NICs). A further step towards a new round would probably be taken at the Bonn Economic Summit. There had been little discussion as yet about a new MFA.

International Issues

Cambodia:

Dr. Mahathir said that as a result of recent Vietnamese incursions into Thailand, the Thais were in a beligerent mood. He was worried that further Vietnamese encroachments might lead them to cross into Kampuchea. This danger underlined the urgency of ensuring that Vietnam understood that it could not resort to military action of this sort with impunity. Although the recent Vietnamese offensive had destroyed resistance bases, it had not destroyed the resistance. The CGDK was still effective. Malaysia, like Britain, did not care for Pol Pot and his supporters but none the less still regarded them as part of

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the legitimate government. Malaysia hoped that, if the Vietnamese withdrew, elections would be held in which the Cambodians would return Sihanouk and Son Sann, but not Pol Pot.

Mr. Mahathir continued that he was concerned lest Vietnamese success against the resistance camps might undermine support for the CGDK at this year's UNGA. If this happened, it would be a victory for the Vietnamese. Turning to the Soviet role, he hoped the Mr. Gorbachev might take a slightly different view from his predecessor, although he did not expect the Russians to leave their bases in Indo-China. The Vietnamese for their part continued to produce lists of five or six points which they claimed could form the basis for agreement but which were actually devices for maintaining Vietnam's position. Dr. Mahathir expressed appreciation of the British Government's stand on the Cambodian question. He hoped HMG would continue to support the CGDK despite its dislike for Pol Pot.

The Prime Minister suggested that it would be unrealistic to expect much change in the Soviet line under Mr. Gorbachev. Indeed, she feared that he might well increase Soviety activity in both Afghanistan and Vietnam. It was most important that Soviet designs should not succeed. The strong international reaction to the Soviet invasion of Afghanistan had probably prevented a Soviet invasion of Poland.

Brunei:

Dr. Mahathir said that he was worried about the situation in Brunei. Nothing at all was being done to satisfy even modest democratic aspirations. The Sultan did not seem to care about his people. He spent extravagantly abroad. His younger brother, however, appeared to be more sensible. Although Malaysia had close relations with the Brunei Government, it would not be possible for the Malaysian Armed Forces to fight against Brunei Malays in the event of an uprising against the Sultan.

/The Prime Minister

The Prime Minister said that she was aware of the problem which was one reason why she had decided to pay a brief visit to Brunei. The question was how to move the Sultan tactfully and effectively in the right direction. Dr Mahathir commented that the Malay Sultans had close contacts with the Sultan of Brunei. If there was trouble in Brunei, they would put pressure on the Malaysian Government to come to his aid. But he wanted to stress that this would not be possible. The Prime Minister commented that it would be better to encourage the Brunei Royal Family to take the steps necessary to prevent trouble before it happened.

Antarctica

Dr Mahathir outlined his approach on Antarctica on familiar lines, stressing that he was explaining Malaysia's position without expecting the Prime Minister to support it. The Prime Minister said that the British government believed the Antarctica Treaty worked well. In her view exploitation of Antarctica's minerals was a long way off.

China

Dr Mahathir said that the Malaysian government was in process of reviewing policy towards China. They had not yet reached final conclusions. But they believed the changes in China were real and meant that China was no longer really Communist. The Malaysian government would probably relax restrictions on Malaysians visiting China and he himself hoped to go there in November. In the past, Malaysia's policy had needed to take account of the fact that some people of Chinese origin in Malaysia were attracted to Chinese communism. However Malaysia had established diplomatic relations with China many years ago and China had stopped giving support to Communist insurgents in Malaysia. Broadcasts from China had now ceased. There were Communist broadcasts but these came from Southern Thailand.

Dr. Mahathir continued that his main concern was what would happen after Deng Ziaoping. The Chinese had followed one leader, Mao, almost to destruction. If China had a militaristic leader after Deng this would be very dangerous.

The Prime Minister explained the background to the Hong Kong Agreement. In her view, it would be implemented as agreed. She acknowledged that Dr. Mahathir's scenario was a possible one, though she thought it on balance unlikely. The Prime Minister continued that she had been impressed by Zhao Ziyang. It was important to try to influence the Chinese through encouraging their contacts with the outside world.

7 April 1985

The two Prime Ministers have discussed the matter of a further flight for Malaysia Airline System between Kuala Lumpur and London and agreed in principle that there should be a Fifth Frequency. A similar right would be granted to British Airways if requested.

Details of the Fifth Frequency will be discussed between the two sides. It is expected that it will be between one and two years before the additional service is operational.

It was noted that the Board of Airlines representatives had made representations to the Government of Malaysia about concessions for tax relief on air travel by Malaysia Airline System and that this matter, which calls for a formal reply, is being considered by the Malaysian Government.

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5 April 1985

BRITISH HIGH COMMISSION
P.O. Box 1030, Wisma Damansara, Jalan Semantan
Kuala Lumpur
Telephone: 202666

10 April 1985

027/1

CDP 15/4.

C D Powell Esq
Private Secretary
No 10 Downing St
London SW1

Dear Charles,

You asked for a brief record of the Prime Minister's meeting with the BMITA Committee here on 6 April. This is enclosed, in final form for the sake of convenience. You may wish to send copies to the DTI (A Dunning, OT2) and Julian Hartland-Swann in SEAD.

Yours ever
Peter Davies.

P D R Davies
Deputy High Commissioner

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10 DOWNING STREET

From the Private Secretary

10 April 1985

PRIME MINISTER'S VISIT TO INDIA

I attach a letter from Wilf Weeks, of G.J.W. Government Relations. Mr. Weeks 'phoned me yesterday afternoon and was keen to ensure that the attachment to his letter found its way to the Prime Minister's party in the Far East. I subsequently had a word with Peter Ricketts.

I should be grateful if you would consider urgently supplying further briefing to the Prime Minister's party on the two projects for which Marconi are tendering. As you probably know, the Prime Minister arrives in India on Saturday afternoon, (noon our time), having left Colombo at 1215 (0745 our time). We should, therefore, be aiming to get any supplementary briefing telexed over by Friday midday (our time) at the latest. Done

I am copying this letter and enclosure to Peter Ricketts (Foreign and Commonwealth Office).

(Mark Addison)

Richard Mottram, Esq.,
Ministry of Defence

GJW

GJW GOVERNMENT RELATIONS
64 Clapham Road London SW9 Telephone 01-582 3119

Mark Addison Esq.,
Private Secretary,
10 Downing Street,
London SW1

10th April 1985

Dear Mr Addison,

We spoke this afternoon about potential Marconi business with India, and the Prime Minister's visit.

I am enclosing, as agreed, a short brief on the contracts involved.

Thank you for your help.

Yours sincerely,

Wilf Weeks

WILF WEEKS

ANDREW GIFFORD · JENNY JEGER · WILF WEEKS

In association with Thevenot, Murray & Scheer Washington DC Telephone 331 8788

There are several major programmes being pursued by the Marconi Company in India. The two below are imminent. They are vital to business and run to a total value of approximately £200m over the next four years. No credit or aid is involved. The competition is all from outside the UK.

Electronic Warfare

Airborne equipment for Jaguar aircraft. Initially the equipment would be fitted to a limited number of aircraft so that they can act in an escort role. Subsequently this would enhance the chances of fitting all Jaguars with the equipment, so that each aircraft is self protected. The value of both programmes exceeds £100m. Competition is from Sweden and Italy.

Low Level Radar

An Indian Airforce requirement. Competition again is from entirely outside the UK. Initial value is more than £25m with a real possibility of further business to the value of more than £75m. The Under Secretary of State for Defence Procurement has written to the Joint Secretary (Air) in support of Marconi's activities.

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TO IMMEDIATE FCO
TEL NO 204 OF 10TH APRIL 1985
INFO IMMEDIATE KHARTOUM, CAIRO, WASHINGTON, JAKARTA(FOR PRIME MINISTER'S PARTY)

SUDAN COUP: SAUDI REACTIONS

SUMMARY

1. THE SAUDIS HAVE SAID THAT THEIR CLOSE RELATIONS WITH SUDAN WILL NOT BE AFFECTED BY THE COUP, AND KING FAHD HAS SENT A MESSAGE OF CONGRATULATIONS TO GENERAL SOWAR EL DAHAB.

DETAIL

2. THE ONLY OFFICIAL SAUDI REACTION SO FAR TO THE SUDANESE COUP HAS BEEN A STATEMENT ATTRIBUTED TO 'AN OFFICIAL SOURCE', CARRIED BY LOCAL AND FOREIGN NEWS AGENCIES ON 7 APRIL, WHICH SAID THAT RECENT EVENTS IN KHARTOUM WERE 'AN INTERNAL MATTER, TO DO WITH THE WILL OF THE SUDANESE PEOPLE AND ITS LEADERSHIP.' THE STATEMENT ADDED THAT SAUDI ARABIA WAS DETERMINED TO MAINTAIN AND TO STRENGTHEN POLITICAL AND ECONOMIC RELATIONS WITH THE NEW REGIME, FOR WHICH SHE WISHED EVERY SUCCESS.

3. THE FOLLOWING DAY (8 APRIL), THE LOCAL PRESS CARRIED THE TEXT OF A WARM MESSAGE OF CONGRATULATIONS FROM KING FAHD TO GENERAL EL DAHAB. COUCHED IN SIMILAR TERMS TO THE OFFICIAL STATEMENT THE MESSAGE WISHED THE NEW REGIME SUCCESS AND PROMISED THAT THE 'BROTHERLY RELATIONS' BETWEEN SAUDI ARABIA AND SUDAN WOULD BE MAINTAINED. THE PRESS ON 10 APRIL REPORTED THAT GENERAL EL DAHAB'S DPUTY, GENERAL YOUSSEF HASSAN EL HAJ HAD ARRIVED IN RIYADH ON A VISIT.

4. THE LOCAL PRESS HAS REPORTED THE COUP IN A GENERALLY FACTUAL MANNER. THE ONLY EDITORIAL COMMENT SO FAR- IN THE JEDDA DAILY 'AL BILAD' ON 9 APRIL - PREDICTABLY ECHOES THE TERMS OF THE OFFICIAL STATEMENT. SAUDI ARABIA WANTED ONLY PEACE AND STABILITY FOR SUDAN, AND HOPED THAT THE NEW REGIME IN KHARTOUM WOULD BE ABLE TO TAKE THE COUNTRY FORWARD WITHOUT FOREIGN INTERFERENCE.

COMMENT

5. WE TAKE THESE INDICATIONS AS A CLEAR SIGN THAT THE SAUDIS ARE DETERMINED TO GIVE THE NEW REGIME A FAIR WIND, AND TO PROVIDE REASSURANCE THAT ECONOMIC AID WILL NOT BE INTERRUPTED. I WOULD EXPECT THE SAUDIS TO BE CONCERNED AT THE POSSIBILITIES OF LIBYAN AND OTHER FOREIGN INTERFERENCE IN SUDANESE AFFAIRS, BUT PERHAPS ALSO TO BE RELIEVED THAT THE REMOVAL OF NIMEIRI HAS BEEN MANAGED WITHOUT GREATER INSTABILITY OR BLOODSHED. THEY WILL CLEARLY BE FOLLOWING THE SITUATION VERY CLOSELY. IN THIS CONTEXT WE WERE VERY GRATEFUL FOR THE IMMEDIATE ASSESSMENT IN YOUR TELNO 220 TO KUALA LUMPUR, WHICH WE PASSED TO THE KING'S PRIVATE SECRETARY ON 6 APRIL.

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TO IMMEDIATE JAKARTA
TELNO 2 OF 9 APRIL

FOLLOWING FOR POWELL : PRIME MINISTER'S VISIT TO BRUNEI :

9 APRIL : AUDIENCE WITH SULTAN

1. PRIME MINISTER SAW SULTAN FOR ABOUT 30 MINUTES. I WAS ONLY OTHER PERSON PRESENT. PRIME MINISTER DID NEARLY ALL THE TALKING. SULTAN LISTENED CAREFULLY, WAS ANXIOUS TO PLEASE, BUT SAID LITTLE OF SUBSTANCE. IT WAS, I FEAR, A TYPICAL PERFORMANCE. PAST EXPERIENCE SUGGESTS THAT HE MAY HAVE TAKEN IN MORE THAN WAS APPARENT, BUT HOW MUCH ACTION HE WILL TAKE AS A RESULT IS UNCERTAIN.

2. PRIME MINISTER SAID THAT SHE HAD SPOKEN AT LENGTH TO DR MAHATHIR AND MR LEE KUAN YEW. THE LATTER IN PARTICULAR WAS EXTREMELY SOUND. HE HAD MADE A TREMENDOUS SUCCESS OF SINGAPORE WITHOUT BRUNEI'S FINANCIAL RESOURCES AND WAS WELL WORTH OBSERVING AND HEEDING. SULTAN AGREED. HE WAS IN REGULAR TOUCH WITH MR LEE.

3. PRIME MINISTER EXPLAINED THE THINKING BEHIND MR LEE'S SUGGESTION ON 8 APRIL THAT SULTAN SHOULD ACCOMPANY PRIME MINISTER ON HER PROGRAMME IN BRUNEI. SHE HAD BROUGHT WITH HER A GROUP OF JOURNALISTS WHO WOULD ENSURE THAT HE WAS SEEN AMONG HIS PEOPLE. THIS WOULD HELP CREATE AN INDISPENSABLE PERSONAL BOND. IN BRITAIN EVERYONE WAS CONVINCED THAT CONSTITIONAL MONARCHY WAS THE BEST WAY. THIS CAME ABOUT LARGELY BECAUSE EACH BRITISH MONARCH TOOK THE TROUBLE TO EARN THE LOYALTY OF THE BRITISH PEOPLE. THE SULTAN SAID HE WELL UNDERSTOOD. BEFORE INDEPENDENCE HE HAD MADE REGULAR VISITS TO VILLAGES AND HE PLANNED TO START AGAIN. ALREADY HE WENT TO A NUMBER OF DIFFERENT MOSQUES AND MET THE PEOPLE THERE. PRIME MINSTER SAID, IN CONTEXT OF BRUNEI'S FIVE YEAR DEVELOPMENT PLAN, THAT IT WAS ALSO IMPORTANT TO EXPLAIN POLICY TO THE PEOPLE - TO PUT ACROSS NOT ONLY WHAT WAS PLANNED BUT WHY. MR LEE WAS A MASTER AT THIS.

4. PRIME MINISTER SAID THAT THESE POINTS WERE PARTICULARLY IMPORTANT BECAUSE SOME OF BRUNEI'S REBELS FROM 1962 WERE STILL IN MALAYSIA. THEY NEEDED WATCHING SINCE THEY COULD BE USED TO CAUSE TROUBLE. IT WAS VITAL TO FORESTALL THIS BY FORGING A SOLID BOND WITH THE PEOPLE. IT WAS IMPTRTANT TO WATCH ONE'S BASE.

5. PRIME MINISTER SAID WE WANTED OUR FRIENDS TO SUCCEED AND PROSPER BECAUSE THEY WERE OUR FRIENDS, NOT JUST TO GET SOMETHING OUT OF IT FOR OURSLEVES. THE ADVICE OF BRITISH FIRMS AND BANKS WOULD ALWAYS BE IMPARTIAL. KLEINWORT BENSON, MORGAN GRENFELL AND JAMES CAPEL WERE ALL FIRST-RATE AND GENUINELY WANTED TO CONTRIBUTE. SULTAN GAVE AN ASSURANCE THAT BRUNEI STILL WANTED TO INVEST IN BRITAIN. THE POSITION OF MORGAN GRENFELL AND JAMES CAPEL WAS SECURE.

7. PRIME MINISTER SAID SHE HAD BEEN IMPRESSED BY BRUNEI'S HOSPITAL AND WHAT SHE HAD HEARD OF THE EDUCATION SYSTEM. IT WAS IMPORTANT FOR PEOPLE TO REALISE THAT THESE EXCELLENT SERVICES CAME FROM THE SULTAN'S GENUINE CONCERN FOR HIS PEOPLE. SHE WAS GLAD TO HEAR BRUNEI WAS PLANNING TO ESTABLISH A UNIVERSITY AND SHE KNEW THAT BRITISH FIRMS WERE KEEN TO CONTRIBUTE. SHE MENTIONED TAYLOR WOODROW. SULTAN SAID THAT BRUNEI WOULD USE BRITISH ADVICE ON THE UNIVERSITY.

8.

9. ON BRUNEI SHELL PETROLEUM, SULTAN SAID THE RECENT ARTICLE (26 MARCH) IN ASIA WALL STREET JOURNAL WHICH SUGGESTED THAT THE BRUNEI GOVERNMENT WAS DISSATISFIED WITH SHELL WAS MISLEADING. SHELL HAD BEEN IN BRUNEI SINCE 1929 AND HAD DONE MUCH GOOD. THE PRIME MINISTER SAID SHE HAD BEEN PLEASED TO SEE THE BRUNEI GOVERNMENT'S PRESS STATEMENT ON THIS.

8. PRIME MINISTER SAID SHE HOPED TO SEE SULTAN AT THE 1985 CHOGM. MR LEE WOULD ALSO BE THERE TO GUIDE HIM. THE SULTAN SAID HE PLANNED TO ATTEND.

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10 DOWNING STREET

From the Private Secretary

9 April, 1985

PRIME MINISTER'S MEETINGS WITH MR LEE KUAN YEW

AT THE ISTANA ANNEXE IN SINGAPORE ON 8 APRIL

The Prime Minister had a small informal lunch with Mr Lee and four of his Ministers at the beginning of her visit to Singapore. (Mr Goh Chok Tong, First Deputy Prime Minister and Minister of Defence, Dr Tony Tan Keng Yam, Finance, Education and Health Minister, Mr Ong Teng Cheong, Second Deputy Prime Minister and Professor S Jayakumar, Minister of Home Affairs). She and Mr Lee subsequently held a tete-a-tete meeting which lasted until shortly after 1600 hrs. This letter records briefly some of the points which arose over lunch and others which the Prime Minister has passed on about her tete-a-tete.

The discussion over lunch ranged widely covering such matters as declining standards of Parliamentary behaviour, the televising of Parliament, the changes wrought in the character of countries as a result of immigration, and the foreign policy problems increasingly presented by minority communities such as Sikhs. Only Mr Lee spoke on the Singapore side. His Ministers were mute.

Rather more substantively, there was a discussion of Mr Lange's non-nuclear policy in New Zealand. Both Prime Ministers agreed that Mr Lange's approach to strategic issues was naive. Mr Lee lamented the fact that the New Zealanders had once been the most robust members of the Five Power Defence Arrangement but had moved to the opposite extreme, although they were intending to retain their battalion in the area. The Prime Minister described the discussion which she had had with Mr Lange about nuclear ship visits. Mr Lee said that he was seriously concerned about the erosion of the Anzus Pact as a result of Mr Lange's policies. It was all right to cock a snook at the Americans in some areas of lesser importance where they were prepared to turn a blind eye, and not notice the snook that was being cocked. But this was serious. The Prime Minister commented that while the United Kingdom was prepared to be tolerant of New Zealand because of our long historical connection and to continue to help them in the EC context, there was no doubt that the Americans would make the New Zealanders pay for their sins.

/There

There was also a discussion of Cambodia. Both lamented the horrors which had been wrought upon that unfortunate country by the Pol Pot regime. Mr Lee said the Cambodians had never hurt anyone: now they were decimated and cowed. He did not expect any basic or early change in the situation there. The older generation of Vietnamese leaders were very stubborn and would not admit that they were wrong. The Vietnamese would push on until all the camps within Kampuchea were destroyed. There was a risk that thereafter they might try to attack the resistance and the refugee camps in Thailand. Continuing in a more philosophical vein, Mr Lee ruminated that it was ironic how the Communist governments had turned against each other in South East Asia rather than uniting to expand their sway. Five years ago everyone had expected Thailand to be the next to fall to Communism. In fact the opposite had happened and large areas had been cleared of Communist guerillas. Thailand was a domino that never fell.

Mr Lee went on to recall how Deng had told him that the Vietnamese were "ungrateful wretches": never a word of thanks for the massive aid which China had given during the Vietnam war but instead an assault on China's interests in the region. This led Mr Lee on to develop the idea that it was as well for countries like Singapore and Malaysia that China had been so pre-occupied over the last twenty years with its internal struggles and with the cultural revolution. Had that period instead been devoted to building the country's economic strength, China would have become an unstoppable influence in the area and Singapore and her ASEAN partners would have become peoples' republics.

There was some discussion of the Soviet Union in which Mr Lee lamented the waste of time and energy involved in keeping an eye on Soviet activities in Singapore. He wished he had never let them in.

Mr Lee also complimented the Prime Minister very warmly on the success of the Hong Kong negotiations. He would never have believed that the Chinese Government could be persuaded to put their names to such a detailed document. Every element necessary for maintaining confidence in Hong Kong had been included. It was a triumph of negotiating skill which must have involved a large number of able people.

The only action point which arose during the Prime Minister's tete-a-tete with Mr Lee concerned Brunei. Mr Lee spoke of his worries about corruption in Brunei and the degree to which the Sultan was out of touch with his people. He undertook to telephone the Sultan to try to persuade him to accompany the Prime Minister on her tour of the hospital and river trip. We were subsequently told by Mr Lee's Private Secretary that he had done so, but the reply had come back that it was too difficult to change the programme at short notice.

 /Otherwise

Otherwise the discussion touched on East/West relations, arms control, Sino-Soviet relations, regional issues (notably Indonesia, Philippines and Malaysia), international economic matters including the strength of the US dollar and oil prices. Mr Lee did not raise air services and Singapore Airlines' request for additional services to Manchester. Nor were any other bilateral matters mentioned.

(C D Powell)

L Appleyard Esq
Foreign and Commonwealth Office

Taylor Woodrow Group

The Lord Taylor of Hadfield
D.Sc. (Hon.) F.C.I.O.B.
Founder and Life President

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Telex No: 22513

Our Ref: FT/MO.

9th April, 1985.

The Right Honourable Margaret Thatcher, M.P.,
Prime Minister,
First Lord of the Treasury and Minister for the Civil Service,

10 Downing Street,
London, S.W.1.

Prime Minister
CDP
15/4

Dear Prime Minister,

Please may I tender my sincere thanks and congratulations on your very wise move in Malaysia. What you have done is great.

Now it is up to British Contractors, including Taylor Woodrow, and British Manufacturers, to really concentrate on obtaining orders and contracts from Malaysia and thus help to reduce unemployment here and improve our own economy.

Every good wish.

Sincerely.

Frank

Please dont reply you have thousands of demands in so many directions.

F.

MT

TAYLOR WOODROW

SP1ABQ

PRIME MINISTER'S SPEECH

AT THE

SULTAN OF BRUNEI'S LUNCH

TUESDAY, 9 APRIL 1985

E.R.

Your Majesties, your Royal Highnesses.

I am proud and delighted to be the first British Prime Minister to visit Brunei Darussalam.

Just over a year ago in this magnificent palace and in the presence of the Prince of Wales and many other eminent figures, your Majesty said that Brunei Darussalam did not intend to abandon its long established friendships, and expressed the hope that the relationship with Britain would always be a cordial one in the years to come.

It is certainly a long standing friendship.

It was first put into the written word in the

E.R.

Treaty of 1847 which declared that "peace, friendship and good understanding shall from henceforward and forever subsist between Her Majesty The Queen of Great Britain and Ireland, and His Highness Omar Ali Saifudeen Sultan of Borneo, and between their respective heirs and successors and subjects".

Those words are as good now as they were then.

Although I have not been here before, I feel at home in this country.

That is because of your Majesty's warm hospitality.

It is also because our links are so strong.

Over the years the relationship has been, for the most part, a happy and fruitful one, and the role played in this by His Royal Highness The Seri Begawan Sultan has been a most significant one.

I am told that Your Royal Highness is writing his memoirs of a long and illustrious life. It will be a fascinating story.

During all this time, Britain has tried to help and to co-operate.

This we shall continue to do.

The end of the constitutional arrangement will lead to no diminution in Britain's interest in Brunei.

E.B.

We help to train your Majesty's armed forces.

We welcome the many Bruneian students who come to Britain.

British business will continue to work with Brunei - and one major company, Shell, has been producing oil here since 1929.

We shall continue to offer the benefit of our own long experience in many fields.

We shall work together in these matters as two free and equal partners.

But the history of Britain's involvement in Brunei is only a small part of the whole.

Your Majesty's family has ruled this country for more than five centuries and your Majesty

is its 29th member to occupy the throne.

We too come from a monarchy and we have found that institution to be a powerful focus for the people and a strong force for stability.

It is a great pleasure to visit a country where the same tradition prevails and which, at the same time, moves forward by selecting and accepting the best which the modern world can offer - as I saw this morning at the new hospital.

Indeed, Brunei enjoys many advantages.

But we live in a world where we are all increasingly dependent on one another.

I am impressed by the rapidity with which

Brunei has moved to recognise that interdependence.

We were pleased to welcome Brunei to the Commonwealth and to the United Nations.

We were particularly glad to see Brunei take its seat in Asean.

This is the third Asean country I have visited during my current tour and I am going on to a fourth.

I have been struck by the association's sense of common purpose, particularly at a time of economic difficulty and when confronted with severe tensions in Indo China.

I look forward to watching Brunei develop its role as Asean's sixth member.

Your Majesty, this visit has been too short but for me it has been more than useful.

I am grateful for your Majesty's invitation, for our helpful discussions and for your generous hospitality.

I hope your Majesty will know that we are always ready to welcome you and members of your family to Britain.

ToR 090146Z

09 APR 1985

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FM CABINET OFFICE
TO AIRBORNE 004 IMMEDIATE DESKBY 090215Z
BT
C O N F I D E N T I A L
AIRBORNE 004
FOLLOWING RECEIVED FROM BRUNEI
FOR PM'S PARTY
FOR PRIME MINISTER'S PARTY : TELECON POWELL/CORNISH

1. SULTAN'S GENERAL ADVISER HAS TOLD ME THAT THE SULTAN DECIDED THAT IT WAS TOO LATE TO GO ALONG WITH MR LEE KUAN YEW'S SUGGESTION TO HIM LAST NIGHT. ISA'S EXPLANATION WAS THAT THE SULTAN DID NOT WISH TO DISRUPT ARRANGEMENTS ALREADY MADE.

2. ALL BEING WELL, THE PRIME MINISTER WILL STOP BRIEFLY AT A NEW OPEN AIR VEGETABLE MARKET ON THE WAY FROM HOSPITAL TO CUSTOMS WHARF. IF CROWD JUSTIFIES IT, PRIME MINISTER WILL OF COURSE BE ABLE TO GET OUT AND MEET PEOPLE THERE.

CORNISH
GRS 00100
NNNN

MR POWELL

GRS 535
RESTRICTED
FM BRUNEI 080824Z APR 85
TO IMMEDIATE SINGAPORE
TELNO 3 OF 8 APRIL
INFO FCO

FOR PRIME MINISTER'S PARTY: PRIME MINISTER'S VISIT TO BRUNEI:

LATE DETAILS

1. ON ARRIVAL, PRIME MINISTER WILL BE MET BY SIR OMAR. PRINCE MOHAMED (FOREIGN MINISTER), PRINCE SUFRI AND PRINCE JEFRI (MINISTER OF CULTURE YOUTH AND SPORTS) WILL ALSO BE AT AIRPORT.

2. THROUGHOUT VISIT PRIME MINISTER WILL BE ACCOMPANIED BY PENGIRAN BAHRIN (MINISTER OF LAW AND OF COMMUNICATIONS) ACTING AS MINISTER IN ATTENDANCE. BY FAR THE BEST CHOICE.

3. THERE WILL ALSO BE AN HONORARY ADC - MAJOR ISBAH, A FLYING INSTRUCTOR IN THE ROYAL BRUNEI ARMED FORCES AIR WING. HE WAS ON SANDHURST COURSE IN 1972 AND HAS SINCE TRAINED AT OXFORD AIR TRAINING SCHOOL AND WITH 150 SQUADRON RAF.

4. ON ARRIVAL AT HOSPITAL PRIME MINISTER WILL BE INVITED TO PLANT TREE TO COMMEMORATE VISIT, BEFORE GOING INTO MAIN BUILDING. INSIDE SHE WILL MEET BRIEFLY MEDICAL STAFF TRAINED IN BRITAIN AND WILL THEN BE TAKEN AROUND RENAL UNIT, SPECIAL BABY CARE UNIT AND LABORATORY (OR AS MANY OF THESE AS TIME PERMITS).

5. ON ARRIVAL AT ISTANA PRIME MINISTER WILL BE MET ON THE STEPS BY SULTAN AND SIR OMAR. (FOR THIS REASON WE HAVE ARRANGED FOR HER TO FRESHEN UP, IF NECESSARY, AT PALACE SPORTS PAVILION - A SEPARATE BUILDING BETWEEN LANDING QUAY AND MAIN ISTANA).

6. BEFORE AUDIENCE SULTAN WILL INTRODUCE PRIME MINISTER TO THE RAJA ISTERI AND CHILDREN. (IT IS POSSIBLE THAT THE PENGIRAN ISTERI AND HER CHILDREN WILL BE THERE ALSO/INSTEAD.) PRIME MINISTER WILL MEET REMAINDER OF FAMILY BEFORE LUNCH.

7. AT AUDIENCE THERE IS NOW STRONG RISK THAT ANY BRITISH OFFICIALS PRESENT WILL BE MATCHED ONE FOR ONE BY BRUNEIAN OFFICIALS. PRESENCE OF LATTER WOULD CLAM UP THE SULTAN, SO WE HAD BETTER BE PREPARED TO EXCLUDE OUR OFFICIALS. ? See him alone ? or plus note-taker ?

8. AT LUNCH PRIME MINISTER WILL BE SEATED BETWEEN SULTAN AND SIR OMAR. MR THATCHER WILL PROBABLY BE SEATED BETWEEN SIR OMAR AND PRINCE MOHAMED. LUNCH IS FOR 36:
ROYAL FAMILY, MINISTERS, A FEW OF THE CHETERIA (ADVISORY BODY OF ELDERS), RBAF AND POLICE COMMANDERS
MD OF BRUNEI SHELL, HEADS OF DIPLOMATIC MISSIONS.

PRIME MINISTER, MR THATCHER, ACLAND, BUTLER, POWELL, INGHAM, BENJAMIN, VEREKER.

NO BRUNEI SPOUSES.

9. THERE HAS BEEN NO MENTION OF SPEECHES.

10. AFTER LUNCH SULTAN WILL PROBABLY TAKE HIS LEAVE, AND PRIME MINISTER WILL PROBABLY BE TAKEN TO FAREWELL CEREMONY BY SIR OMAR.

11. MR THATCHER'S PROGRAMME: BRUNEI SHELL HAS NOW OPTED, WITH OUR AGREEMENT, FOR OVERFLYING MAJOR OFFSHORE INSTALLATION, LNG PLANT AND OIL REFINERY BEFORE BRIEFING ETC AT HEADQUARTERS. THERE WILL NOT BE TIME TO LAND AT OFFSHORE INSTALLATION.

CORNISH

47/85.

Transcript by
JAMES LEE of:

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER, MRS. THATCHER, AT THE HILTON HOTEL, KUALA LUMPUR, MALAYSIA, ON SUNDAY, APRIL 7, 1985

PRIME MINISTER

Minister, Ladies and Gentlemen,

My first visit to Malaysia is now, I fear, coming to an end, but before we depart, I would like you to know how valuable and enjoyable I have found my three days in this impressive country.

I am very grateful to Dr. Mahathir for inviting me to come. It was time a British Prime Minister visited Malaysia. Indeed, 28 years after Malaysian independence, my official visit was long overdue, and I glad I have repaired the omission.

In those 28 years, Malaysia has become a very important country and its significance in world affairs will grow. I therefore hope that I have paved the way for more Ministerial visits from Britain, so that we can learn more about this country, and put our relationship in a broader world context.

The value of our meeting and talking to each other was demonstrated in my very first afternoon here and Dr. Mahathir and I managed to sort out the air services issue in a comparatively short time, and I think it was a great relief to us both.

We quickly identified two separate issues: one, the build-up of air services between Kuala Lumpur and London as

traffic grows; and the second, the question of the tax concessions to Malaysian Air Services, which is a separate matter and which is the subject of representations by the Board of Airline Representatives. You know how we dealt with the matter, and having put it behind us we went on to a very wide-ranging exchange on regional and international issues, as well as the important one of trade, which I will return to in a moment.

Since my initial talks with Dr. Mahathir, I have had the pleasure of meeting Malaysian people from many walks of life - politicians, businessmen, technocrats, academics and ordinary people in their homes yesterday and at the British Council I was delighted to hear of the keen interest in the British language.

Then, of course, I flew north to Kedah, the rice bowl of Malaysia, to see the start of a joint venture dam involving our own firm, Balfour Beattie, which will provide supplies of water to the domestic consumer, and some power.

That brings me back to this question of trade and my impressions of Malaysia.

May I sum it up in this way: our economic philosophies clearly have a great deal in common.

Second, Malaysia is a land of opportunity, as well as of immense potential; but it is a land of opportunity not only for Malaysians, but also for British firms who have had good competitive, well-designed products, and the stamina and perseverance to sell them, or to invest here in joint ventures, which as I have indicated, Balfour Beattie's project in Kedah is a notable and good example.

Our trade officials are already following up my talk with Dr. Mahathir, and I hope my visit will encourage British businessmen to enter or step up their involvement in the Malaysian markets.

Finally, I have been very struck by the friendliness of the people and the warmth of their welcome. They have given me a wonderful welcome wherever I have gone, quite spontaneously, and I would like to say that I have had a very happy and valuable visit.

May I now answer your questions?

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ROBERT WOODROW

Prime Minister, unless I am mistaken, this is the first time you have made an official first visit to any country and not paid a call upon the Head of State. Could you explain the significance of this departure from established practice?

PRIME MINISTER

I believe that the Head of State is not at the moment in Kuala Lumpur, and therefore was not, I believe, available.

QUESTION

(very faint) At the end of this three-day visit...how has your perspective on Anglo-Malaysian relations changed or been affected by actually being here for the first time?

PRIME MINISTER

Dr. Mahathir paid a very successful visit to London a few months ago and that was really the start of my visit here, in a way, and I was very anxious to come back here and he asked me to come last September. I was not able to come in September, because there were pressing matters at home, and so the visit was postponed until now. But I see the two visits as really part of one enterprise which I believe has sorted out some of the problems - indeed, I think all the remaining problems - between Malaysia and Britain, and I hope now that the relationship is on a very good, successful and lasting basis. We should like very much to think so.

QUESTION (FEMALE, BUT INAUDIBLE)

(What message do you take home?)

PRIME MINISTER

That Malaysia is a country which is growing extremely fast; that the development is very impressive; that the spirit of the people is warm and welcoming; and that if Britain, as she has, has well-designed products at competitive prices and can deliver on time, then there is a very good future for British trade in Malaysia.

QUESTION (very faint, but question is on technology)

PRIME MINISTER

I think the fact that a number of our companies are here and have transferred some of their technology here, already speaks for itself, and in some projects - for example, the manufacture of protein from methanol - ICI leads the world, and obviously, ICI would also like to have a plant here, if such a plant is required.

Yes, I do recognise very much that when companies set up here, the country wishes to have some transfer of technology and not merely to be an assembling plant - and we are very much aware of that - and I believe that you will find that in joint ventures from Britain.

DAVID WALTER

Prime Minister, your remarks about the trade unions yesterday here, have been described by your opponents as dangerous and vitriolic. Why did you wait to make those remarks until you came here?

PRIME MINISTER

There was nothing new in what I said here, as I am sure you are well aware, which answers your question, but you are clearly looking for a secondary!

Nothing new in that, as you clearly know well, and I am surprised that you cannot have been listening to me very carefully in Britain. I wonder why you come here to listen?

But I think I must also make it clear that, really, I am not going to have British chances of trade, which are good, ruined by an undeserved reputation for bad industrial relations. There are very very few difficulties in the private sector. People are working together as one company, as one interest, because the interests of management and trade unions are identical, to have a successful company, and I really do not want that very good performance in any way put at risk by the reputation we have had because of one or two very well-known strikes in the public sector.

DAVID WALTER

Don't you think that "seeing the miners off" is a bit too.....

PRIME MINISTER

Many of the miners stayed at work and we are immensely grateful to them for having done so. They remember, and we remember, and I am afraid the world knows the violence and intimidation connected with that strike. My point is to isolate that strike. It is over. It was over after a year. No other

trade union joined it. That augurs well for industrial relations - it does not bode ill - and I do not want the historic fact of that strike to be so much in people's minds that it clouds their view of Britain, because now our industrial relations, for the greater part, are good. Our products are good; we are competitive; and our delivery times are good; and that is the impression abroad that I want of Britain.

DAVID WALTER

Should you not be talking about conciliation with the unions rather than seeing them off?

PRIME MINISTER

The strike came off after a year. That is a fact. Over a third of the miners were at work, as you know, prettywell the whole time, and the numbers increased towards the end. I cannot alter facts - neither can you!

QUESTION (inaudible)

PRIME MINISTER

The Prime Minister and I may have a slightly different idea of the Commonwealth. Nevertheless, Malaysia always sends a representative to the Commonwealth Prime Ministers Conference. As you know, both Prime Ministers and Foreign Ministers attend that conference. I have never been, I think, at a Commonwealth Conference when Malaysia has not been represented, and I hope

one day that Dr. Mahathir will join the Commonwealth Conference, which we hold alternate years, because it is a unique organisation, the Commonwealth. It has countries - I think now 44 - which girdle the world. It is a remarkable international conference, in which we do not need any translators, because we all speak English, and that really is a very great bond and makes discussions very much easier and within the short span of that conference we have many valuable talks, not only in full conference but many valuable bilateral meetings, and I am sure we each and every one of us profit from those contacts.

QUESTION

You were interviewed by Radio Television Malaysia in London recently. Is it true that you or your office objected to the harsh tone of the questions originally submitted and is it true that you only agreed to the interview after the questions were toned down?

PRIME MINISTER

I did not think the questions were harsh at all. They were quite easy compared with Tuesdays and Thursdays in the House of Commons! No, I did not think the questions were harsh at all. People usually want to know what are the subject areas, but as you know, I take any questions that come and answer most of them.

QUESTION

In your discussions with Dr. Mahathir the subject of Antarctica was touched on. The question is, does *Britain understand the Malaysian initiative in the UN on Antarctica - if not, why?

PRIME MINISTER

Because Britain is very happy with the present Antarctic treaty. It is working well. It comes up for review from time to time. I has enabled many countries to do research there, and broadly speaking, that treaty is honoured, and I have no proposals to change it, because I am very satisfied with it and I think most countries are.

QUESTION

In your discussions with our Prime Minister, did you talk on the defence commitment from Britain and if so, could you tell us what the discussion was like?

PRIME MINISTER

We did not have detailed discussions on defence commitments. We did, of course, talk about defence equipment. It is very important that that be right for the country.

QUESTION

(very faint) You made a comment earlier about the Commonwealth, where now, the communality of language seems to be a device for people to yell at each other. Do you think that the Commonwealth can develop, given that the communality of the.....given that the only connection with the Commonwealth is through historic rule by Britain? Can the Commonwealth actually rise to the new demands that are being made upon it?

PRIME MINISTER

I have been at several Commonwealth Conferences - at Lusaka, at Melbourne, and at Delhi. I have never heard people yell at one another - never.

QUESTION (SAME MAN)

Figuratively!

PRIME MINISTER

No, no. Yelling is not figurative; it is very noisy! I have never heard people yell at one another. Yes, I have heard some fierce arguments. Yes, I have heard some very interesting debates and discussions, and they have usually been extremely useful. The first one results in the end in the independence of Zimbabwe. The second one, there was no major subject; and at the third one, we had many matters for discussion. They have all been constructive. They have all been particularly valuable for some of the smaller countries who

do not belong to some of the larger alliances, but nevertheless want their voice and influence to be felt, and the Commonwealth is particularly valuable for that.

I wonder if one needs to be obsessed by the history. The fact is that this is an organisation with a common language, which girdles the world; which has one of the largest countries in it - India-and which has I think one of the smallest independent countries - so we span an enormous range in size of country, an enormous range in development and, of course, the Commonwealth does help with technical cooperation in many ways through the Commonwealth Office; and we do have a particular regard for one another and perhaps watch particularly the development of other countries.

So I think it is a very valuable organisation. Any other international conference that I go to has a battery of translators down there, another battery down there, another battery down there, and everything comes over earphones, and then there is inevitably a gap between the end of one sentence from one speaker and the beginning of the next.

So, if you had been there, you would have known we do not yell at one another. We are really very courteous!

QUESTION (female, but inaudible)

PRIME MINISTER

Well, I can pack quite a lot into a day! I shall of course see the Prime Minister and see a number of businessmen and see a number of other things while I am in Singapore. I

hope to have quite a long talk with Mr. Lee Kuan Yew, as I have had also with Dr. Mahathir. They are always extremely valuable and they are particularly valuable in the context of their own countries, and we shall talk about not only bilateral relations, but as we have done with Dr. Mahathir, world affairs both economic and polical, and it will be very valuable, I can assure you.

QUESTION

At the beginning of your remarks you were talking about inviting British businessmen here. There was rather a long period nonetheless when the official policy of the government was to buy British last. In your conversations with Dr. Mahathir, did he indicate to you that that policy would not take place again or give you assurances that if British businessmen came here they would not be treated like that?

PRIME MINISTER

Dr. Mahathir obviously makes his own statements and does not need me to make them for him. I think you will find that after Dr. Mahathir visited Britain, and then with my own visit in prospect, relations have improved enormously, because we have tried to deal with some of the issues that undoubtedly were a running sore. I think you will also see from the export figures that British companies do export quite a lot here. You will also see that for Britain, Malaysia is a considerable investment, something of the order of £2 billion. So we have got a good foundation on which to increase our trade. You

heard Dr. Mahathir say at the banquet the first evening, that Malaysia judges applications for contracts on ability, design and performance. As I told Dr. Mahathir in another session, on ability design and performance, we would not expect to get 100% of the contracts, but we would be very satisfied with 90%!

QUESTION

Prime Minister, why are you going to Brunei and is there at this stage any discussion to extend the 5-power defence arrangement to include Brunei?

PRIME MINISTER

I am to Brunei because, again, I have not visited Brunei, and because I am not far away and I thought it advisable to go for a half-day. As you know, there has been a very close relationship between Britain and Brunei and the Ghurkas are still there.

No, I am not going for any great revision of any defence pact. I am just going because I want to see it and also to have the opportunity of talks with the Sultan; and I think I am also going to see a hospital and also going to one other thing,

and I think my husband is going to one of the oil installations. So we are packing as much as we can into a visit which is only a few hours.

You know, it is very strange, when I am in London, all the newspapers say why do I not go to a particular country, and when I am here, you ask why I do come!

QUESTION

It is being said at home, Prime Minister, that you prefer to go to foreign countries than to visit the depressed regions of England.

PRIME MINISTER

Well it just is not true, is it? For example, when I did not come in September, I went to Liverpool, I went to York, I went to the northern parts of Wales, to Wrexham to have a particular look at the Youth Training Scheme, what we were doing for young people. But you know, they were such successful visits that they got practically no publicity!

There were not any demos, so they got no publicity!

QUESTION

(inaudible) (re views on Star Wars)

PRIME MINISTER

Yes, I have given them very very clearly. I think it absolutely right that research should be done on how to stop nuclear weapons. That is what the issue boils down to.

The Soviet Union, in fact, is already doing a considerabl amount of research. She was very forward in her work on lasers, on electronic pulse beams. She had an anti-satellite capability which the West did not have, and having had an anti-ballistic system round Moscow for 20 years and updating it, she has therefore a considerable experience in dealing with anti-ballistic missile weaponry. So it is absolutely right

that the United States should embark upon that research and I think most people would think that it is right to try to find an effective defence against nuclear weapons. It would seem to me very strange if they were to quarrel with that supposition.

If it ever comes to deploying weapons; if the result of research is to have a successful system, then the actual deployment of weapons is governed by the Anti-Ballistic Missile Treaty which was signed between the Soviet Union and the United States of America in 1972, which treaty recognised that there would be developments in technology and there might be new weaponry, and provided a process under which negotiations could take place.

I think if you look at a recent lecture by Mr. Paul Nitze, who is doing some of the negotiations, and also, more importantly, at the statements of President Reagan, you will see that he says research must be done; research cannot be governed by a treaty, because it is just not verifiable, but if it comes to negotiations, that is governed by the ABM treaty of 1972.

QUESTION

With regard to Campuchea, did you discuss any aid for the Kemir Rouge?

PRIME MINISTER

We have, as you know, from time to time tried to give aid to the people of Campuchea in trying to fly in food and

doing all we can to relieve the refugee problem which bears very very heavily upon Thailand. That it is a tragedy is known to all of us, and we wish - as everyone else does - for the complete withdrawal of Vietnamese troops from Cambodia. In political terms, we back the coalition government in Campuchea.

QUESTION

(Female and inaudible) (re the High Commission building)

PRIME MINISTER

I am well in touch with that, even when I am not here. I think we are coming to an arrangement with the Malaysian Government, which I think you probably know.

The Malaysian Government regards it as a historic house. It is a historic house and the Malaysian Government would wish, in fact, to have possession of that house and they have offered us a very nice piece of land and we are going ahead with having a house designed on that land and we shall therefore fully....I beg your pardon.....

(REMARK INAUDIBLE)

PRIME MINISTER

...oh but we have agreed. It has got past the stage of "Are you agreeable?" We have agreed.

QUESTION (FEMALE AND INAUDIBLE)

PRIME MINISTER

I suppose you might say we are both pretty powerful personalities and that is when controversial issues get settled.

I just find it very very strange sometimes. When they are not settled, I am constantly cross-examined about them; when they are settled, I am asked "Why?". I hope you are pleased that it is settled! And does it matter if two prime ministers can perhaps settle it? Prime Ministers do not get involved in everything and if every single decision had to come up to the top, there would be no point in us keeping a lost of Ministers, would there, and that would upset Ministers a great deal! But there are from time to time, when Ministers between themselves cannot settle things, when sometimes they have to be settled by committees of the Cabinet or by Cabinet - or they involve two or three departments - then Prime Ministers take them over.

Prime Ministers usually, indeed always, carry their Ministers with them in the decisions they make and the point was this time the matter has been settled and I hope it will be very successful in the future.

QUESTION (FEMALE AND INAUDIBLE)

PRIME MINISTER

It will not come as any surprise to you, but when you embark /on a new path increasing your commitment, you actually may well need new aircraft, new maintenance provisions, all sorts of arrangements to be made with your air traffic control, with other airlines. These just cannot be done immediately. They do take a time.

QUESTION

You said yesterday in reply to a question put to you at INTAN, that "feel" matters. What is your "feel" now about the future of Anglo-Malaysian relations?

PRIME MINISTER

The theme is one of cooperation between two independent States, pursuing a very similar political philosophy, believing passionately in the way of life. The political philosophy is very similar. Always willing to defend that way of life and where we have two nations so similar in their political philosophy, so similar in their commitment to it and so friendly, it seems to me that there is great scope in cooperation, both in trading matters and in discussion of the great political matters that affect the world.

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CAB/FCO 002/05

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TO IMMEDIATE KUALA LUMPUR
TELEGRAM NUMBER MISC 137 OF 05 APRIL

FOLLOWING FROM ADDISON, 10 DOWNING STREET, FOR BUTLER, PRIME MINISTER'S PARTY.

MICHAEL ALISON HAS OBTAINED ON A PERSONAL BASIS AN EARLY DRAFT OF THE FOREIGN AFFAIRS COMMITTEE REPORT ON THE BELGRANO. THE DRAFT HAS BEEN DRAWN UP BY THE ADVISORY AND SELECT COMMITTEE STAFF, WITH SIR ANTHONY KERSHAW (CHAIRMAN). I UNDERSTAND THE DRAFT HAS YET TO BE CIRCULATED TO COMMITTEE MEMBERS. IT IS DUE TO BE DISCUSSED SOON AFTER THE EASTER RECESS, AND EXPECTED TO BE PUBLISHED TWO WEEKS OR SO AFTER THAT. OPPOSITION MEMBERS ARE LIKELY TO CONCLUDE IT IS A WHITE-WASH, DISSOCIATE THEMSELVES FROM THE DRAFT, AND PROBABLY PUT IN THEIR OWN MINORITY REPORT.

THE CONCLUSIONS READ AS FOLLOWS:

''WE CONCLUDE THAT THE DESIRE NOT TO REVEAL ALL THE INFORMATION IN THE POSSESSION OF THE GOVERNMENT WAS AND IS A PROPER ONE, AND THAT THE SUBSEQUENT RELUCTANCE TO PROVIDE THE INFORMATION REQUESTED BY MEMBERS WAS THE RESULT OF EXCESSIVE CAUTION RATHER THAN A DELIBERATE OR MENDACIOUS DESIRE TO MISLEAD. IN THE EVENT, IT WOULD ALMOST CERTAINLY HAVE BEEN PREFERABLE IF, WHEN IT BECAME APPARENT THAT MEMBERS WERE CONCERNED ABOUT THE EVENTS OF THE WEEKEND OF 1 AND 2 MAY, AND THAT THE QUESTIONS WOULD NOT GO AWAY, MINISTERS HAD VOLUNTEERED A COMPREHENSIVE STATEMENT ON THOSE EVENTS, INCLUDING MUCH OF THE MATERIAL WHICH HAS BEEN EXTRACTED FROM THEM SO PAINFULLY OVER THE LAST THREE YEARS.

AS A RESULT OF THE APPROACH ADOPTED BY MINISTERS THE HOUSE REMAINED FOR TOO LONG IN IGNORANCE OF INFORMATION WHICH MEMBERS WERE PERFECTLY ENTITLED TO REQUEST AND SOME OF WHICH CEASED TO BE OF OPERATIONAL SIGNIFICANCE SOON AFTER THE END OF HOSTILITIES. TO THAT EXTENT THE HOUSE WAS MISLED ABOUT SOME OF THE DETAILS OF THE BELGRANO AFFAIR. IT WAS NOT, WE BELIEVE, THE RESULT OF A DELIBERATE QUOTE COVER-UP UNQUOTE, BUT OF EXCESSIVE CAUTION ON THE PART OF MINISTERS AND THEIR ADVISERS. THE HOUSE WAS NOT, HOWEVER, MISLED ON THE MAIN ISSUE: THAT THE ATTACK ON THE BELGRANO WAS AUTHORISED FOR LEGITIMATE MILITARY REASONS, AND NOT OUT OF POLITICAL DESIGN.''

MICHAEL ALISON IS VERY CONCERNED THAT THE FACT WE HAVE SEEN THE DRAFT OF THE REPORT SHOULD IN NO CIRCUMSTANCES GET OUT.

NNNN

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OUTWARD TELEGRAM

Classification	Caveat	Precedence

TC — SECURITY CLASSIFICATION CONFIDENTIAL

CAVEAT — PRIVACY MARKING/RESTRICTIVE PREFIX

FM — FM (post)

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AND TO — AND TO (precedence/post)

AND TO SAVING

INFO — INFO (precedence/post) ACS 580

INFO SAVING

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PRIME MINISTER'S VISIT TO MALAYSIA: CIVIL AVIATION

This was discussed at the beginning of the official talks between the Prime Minister and Dr Mahathir alone.

Dr Mahathir stressed that the issues of the Fifth Frequency and the tax measures favouring travel by MAS had to be dealt with quite separately. There was a strong case for the Fifth Frequency which was recognised by the airlines and its introduction

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not be made dependent upon any extraneous fact. He claimed that capacity between Kuala Lumpur and London was already full, and that traffic was in consequence being diverted through Singapore. He also claimed that agreement had virtually been reached between the airlines for the Fifth service to start as early as April, 1986.

The tax discrimination issue was a multilateral one and was being handled quite properly in discussions between the Malaysian Government and the Board of Airline Representatives, representing a large number of carriers. The representations made by this body were being considered by the Malaysian Government and a formal reply would be given, but in the proper multilateral context not in a bilateral meeting. He could give no guarantee what the outcome would be, though he left the Prime Minister in little doubt that the discriminatory measures would be removed (~~though~~ it is essential that we should not say this publicly). In reply to the Prime Minister's question when a decision could be expected, Dr Mahathir said that it must be no later than October (i.e. at the time of the Budget) but might be earlier.

In the light of this exchange, the Prime Minister and Dr Mahathir agreed the following text, which was subsequently made public: (A-B attached)

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A

The two Prime Ministers have discussed the matter of a further flight for Malaysia Airline System between Kuala Lumpur and London and agreed in principle that there should be a Fifth Frequency. A similar right would be granted to British Airways if requested.

Details of the Fifth Frequency will be discussed between the two sides. It is expected that it will be between one and two years before the additional service is operational.

It was noted that the Board of Airlines representatives had made representations to the Government of Malaysia about concessions for tax relief on air travel by Malaysia Airline System and that this matter, which calls for a formal reply, is being considered by the Malaysian Government.

B

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5 April 1985

Since Dr Mahathir had committed himself to the last paragraph of this text, the Prime Minister's assessment was that it would not be practicable to get a bilateral assurance on lifting of the discriminatory tax measure, but that the strong probability was that he would infact lift it at some time in the reasonably near future. The position of BA is fully protected in the event that the expansion of traffic justifies their introducing an extra service. We also of course have a longish period before the Fifth Frequency becomes operational to see whether the Malaysians do indeed take action on the tax.

FCO please pass advance to PS Department of Transport.

CDP

PART 2 ends:-

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PART 3 begins:-

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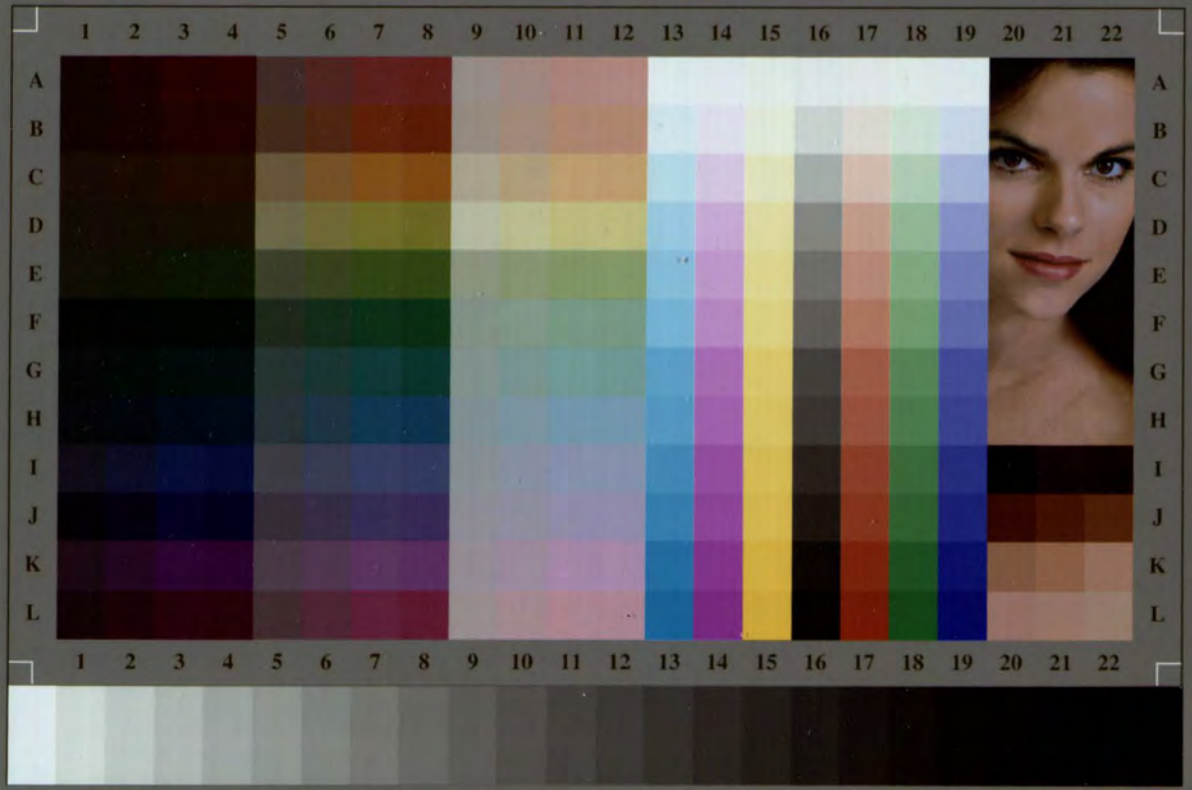

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