

PREM 19/11/99

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S E C R E T

Prime Minister's Visit to Asia

4th.-13th. April 1985

Briefing for Prime Minister

PREM 19/1499

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

BRIEFS FOR PRIME MINISTER

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

PROGRAMME (Revised 2 April 1985)

Serial

No

THURSDAY 4 APRIL

A1	1100	Depart Heathrow.
A2	2010	Arrive Bahrain. (GMT + 3 hours).
A3	2210	Depart Bahrain.

MALAYSIA (GMT + 8 hours)

FRIDAY 5 APRIL

M1	1045	Arrive Subang International Airport.
M2	1120	Welcoming ceremony Parliament (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray) (possibly to be followed by a wreath-laying ceremony)
M3	1150	To Hilton Hotel.
M4	1215- 1450	Private Lunch, Hilton Hotel.

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M5 1500 Arrive Prime Minister's office. Tete a tete
Prime Minister and Dr Mahathir.
Delegation talks (PM, PUS, PPS/PS, Mr
Benjamin, Mr Vereker, Mr Ingham, High
Commissioner, DHC, H of C).

M6 1800 To Hotel.

M7 1815- Free (in hotel).
2015

M8 2030 Prime Minister's Banquet (speech). (PM,
Mr Thatcher, PUS, PPS, PS, Mr Benjamin,
Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).

SATURDAY 6 APRIL

M9 0830- Discussion at Economic Planning Unit (PM, PUS,
0915 PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr
Murray, Miss Colvin).

M10 0915 Travel to Carcosa

M11 0915- Free
1000

M12 1000 Leave for INTAN (Institut Tadbiran Nasional:
Institute of Public Administration).

M13 1015 Arrive INTAN.

M14 1015- INTAN (speech) (PM, PUS, PPS/PS, Mr Benjamin,
1145 Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).

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M15	1200- 1230	Visit to British Council Offices (PM, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
M16	1240	Arrive High Commissioner's Residence, Carcosa.
M17	1240- 1300	Free (prior to arrival of guests).
M18	1300	Lunch with Malaysian business leaders and heads of parastatals (PM, PUS, PPS, PS, Mr Benjamin, Mr Vereker, Mr Ingham) (Mr Murray and Miss Colvin to hotel) (Mr Thatcher rejoins party after lunch).
M19	1445	Leave Carcosa.
M20	1500- 1600	Visit Housing Project (Bandar Tun Razak) (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr Murray).
M21	1600- 1610	Free (in hotel).
M22	1615- 1715	Call on Tunku Abdul Rahman (tea) (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr Murray).
M23	1715	Return to Hotel.
M24	1730- 1830	Free (in hotel).

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M25 1830 Carcosa to meet Committee of British Malaysia Industry and Trade Association (BMITA). Reception for members of British Community and British High Commission staff (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).

M26 2000 Private dinner at Carcosa (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin) (Mr Murray to hotel).

SUNDAY 7 APRIL

M27 0840 Leave Hotel.

M28 0905 Depart VIP Lounge, Terminal 1, Subang Airport for Alor Setar (throughout day - PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).

M29 1000 Arrive Alor Setar (met by Kedah State Secretary, Datuk Radzi Bin Basir).

M30 1000-1015 Free (Alor Setar Airport).

M31 1015 Depart for Sungei Ahning (helicopter)

M32 1037 Arrive dam site (met by Mr J Proctor, Balfour Beatty).

M33 1038 Official welcome by Chief Minister (speeches).

M34 1058 Unveil plaque.

M35 1100 Site Office.

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M36	1110- 1124	Tour site.
M37	1130	Depart dam site.
M38	1150	Arrive Alor Setar. Drive to Istana Cegar.
M39	1150- 1225	Free (Istana Cegar).
M40	1225	Arrive Palace (Istana Anak Bukit).
M41	1230- 1245	Audience with HRH Sultan of Kedah and HRH Sultanah.
M42	1245	Lunch (at Istana Anak Bukit).
M43	1340	Leave Istana Anak Buskit.
M44	1350	Arrive airport.
M45	1400	Depart Alor Setar.
M46	1445	Arrive Subang Airport, Kuala Lumpur. Drive to Railway Station.
M47	1510- 1540	Railbus (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
M48	1550- 1650	Visit International Trade Exhibition. View British Stands. Tea with Federation of Malaysian Manufacturers Committee (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
M49	1700	Return to Hotel.

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M50	1715- 1800	Free (Hotel).
M51	1800- 1900	Press Conference (PM, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray).
M52	2015	Drinks with Malaysian/British Society Committee, Negara Room, Hilton Hotel (PM, Mr Thatcher, PUS, PPS, PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
M53	2030	Malaysian/British Society Banquet (Speech). Nirwana Ballroom, Hilton Hotel.

MONDAY 8 APRIL

M54	0900	PM's Farewell at Hilton Hotel.
M55	0915	Drive to airport.
M56	0945	Depart for Singapore.

SINGAPORE (GMT + 8 hours)

(names of accompanying officials to follow)

S1	1045	Arrive Changi Airport, Singapore.
S2	1120	Arrival at Shangri La Hotel.
S3	1120-1210	Free (Shangri La Hotel).

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- S4 1220 Call on Acting President Dr Yeoh Ghim Seng and at Istana. (PM, Mr Thatcher, High Commissioner and Mrs Whyte - PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin to await in ante-room).
- S5 1245 Depart for:
- S6 1300 Working Lunch, given by Mr Lee Kuan Yew, at Istana Annexe. (PM, PUS, PPS/PS, High Commissioner).
- S7 1420-1430 Free.
(approx)
- S8 1430 - Tete a tete Prime Minister and Mr Lee (PUS, PPS/PS, High Commissioner, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin in ante-room with Singaporean counterparts).
- S9 1630-1650 Botanical Gardens (presentation of orchid). (PM, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
- S10 1705-1715 Free (Shangri La Hotel).
- S11 1715-1800 British Business Association Reception (speech) (approx) Jurong Room, Shangri La Hotel. (PM, Mr Thatcher and all members of Prime Minister's party).
- S12 1800-1815 Free for preparatory briefing.
(approx)

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S13 1815-1845 Press Conference, Hibiscus Room, Shangri La Hotel. (PM, PUS, PPS/PS, High Commissioner, Mr Ingham, Mr Murray).

S14 2000 State Dinner at Istana (speech). (PM, Mr Thatcher, and all members of Prime Minister's party).

TUESDAY 9 APRIL

S15 0645 Leave for Kranji. (PM, Mr Thatcher, PUS, PPS, PS, Mr Ingham, High Commissioner and Mrs Whyte).

S16 0715 Wreath laying ceremony, Kranji.

S17 0730 Depart Kranji for airport.

S18 0825 Depart Changi Airport.

BRUNEI (GMT + 8 hours)

B1 1030 Arrive Bandar Seri Begawan.
Met by member of Royal Family.
National Anthem. Inspect Guard of Honour.
Reception Line.

B2 1045 Drive to new hospital, Bandar Seri Begawan.
(PM, PUS, PPS/PS, High Commissioner, Mr Ingham, Mr Benjamin, Miss Colvin).

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B3	1100	Arrive hospital. Met by Minister of Education and Health, Pehin Aziz. Briefing. Visit hospital department.
B4	1130	Drive to River.
B5	1135	Board Royal Brunei Naval Craft. Through Capital, past water village. (Free on board) (PM, PUS, PPS/PS, High Commissioner, Mr Ingham, Mr Benjamin, Miss Colvin).
B6	1155	Disembark at Istana.
B7	1200	Private audience with Sultan.
B8	1235	Audience ends (PM, PPS/PS, High Commissioner). Meet Royal Family.
B9	1245- 1350	Lunch with the Sultan and members of the Royal Family (PM, Mr Thatcher, PUS, PPS/PS, High Commissioner, Mr Ingham, Mr Benjamin, Mr Vereker, Miss Colvin).
B10	1350	Farewell ceremony at Istana.
B11	1400	Board helicopter.
B12	1403	Helicopter arrives airport.
B13	1405	Depart Bandar Seri Begawan.

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INDONESIA (GMT + 7 hours)

- J1 1540 Arrive Halim Airport.
Welcoming Ceremony (details of welcoming party to follow).
State drive to Merdeka Palace. (PM, Mr Thatcher, PUS, PPS/PS).
- J2 1630 Courtesy call on President (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham). Escorted to Wisma Negara (Guest wing).
- J3 1655-1710 Free (Wisma Negara).
- J4 1720-1750 Call on Vice President. Exchange of gifts. (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham).
- J5 1800-2000 Free (Wisma Negara).
- J6 2000 State Banquet at Istana Negara and speech: exchange of gifts (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin). (Black tie.)
- J7 2230 Return to Wisma.

WEDNESDAY 10 APRIL

- J8 0740 Depart Wisma.
- J9 0800 Wreath laying (Heroes Cemetery) (PM, PUS, PPS/PS, Mr Ingham).
- J10 0820 Leave Cemetery for Wisma.
- J11 0840-0930 Free (Wisma Negara).

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J12 0930-1100 Talks with President (PM, PPS/PS). (PUS, PPS/PS, Mr Benjamin, Mr Vereker in outer reception rooms).

J13 1105-1200 Free (Wisma Negara).

J14 1200-1345 Working lunch at Wisma with Indonesian Ministers (PM, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham).

J15 1350 Leave Wisma.

J16 1400 Visit British Council premises. (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr Benjamin, Mr Vereker, Miss Colvin).

J17 1600 Taman Mini. Tour and tree-planting. (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr Benjamin, Mr Vereker, Miss Colvin).

J18 1700 Return to Wisma Negara.

J19 1730-1830 Free (Wisma Negara).

J20 1830 Leave for Mandarin Hotel.

J21 1840 Meeting with Embassy Staff (Mandarin Hotel). (PM, Mr Thatcher and all members of PM's party).

J22 1900 Ambassador's Reception at Mandarin Hotel (guests include British Community) (PM, Mr Thatcher, and all members of PM's party and visiting press).

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J23 2030 Private supper at Residence with Ambassador.
(PM, Mr Thatcher, PUS, PPS, PS, Mr Ingham).

THURSDAY 11 APRIL

J24 0730 Leave Wisma for Halim Airport (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).

J25 0800 Flight to Bandung.

J26 0900 Visit to Bandung Institute of Technology.
(PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).

J27 1015 Visit to Nurtanio Aircraft Industry (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).

J28 1145 Lunch hosted by Dr Habibie. (Speech). (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).

J29 1315 Leave for Jakarta.

J30 1415 Arrive at Wisma.

J31 1415-1430 Free.

J32 1430-1515 Press Conference/Interviews at Wisma.

J33 1515-1620 Free.

J34 1630 Farewell call on President Soeharto (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham).

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J35	1650	Leave for Halim.
J36	1710	Departure Ceremony.
J37	1730	Depart for Sri Lanka.

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PROGRAMME FOR THE VISIT TO ASIA OF THE PRIME MINISTER


SRI LANKA (GMT +5½ hours)

THURSDAY 11 APRIL

- C1 2025 Arrive Colombo (Katunayake Airport). Met by Mr Gamini Dissanayake, Minister in attendance, and High Commissioner
- C2 2035 Leave airport by car
- C3 2115 Arrive President's House.
- C4 2125 approx - Leave President's House for Westminster House (High Commissioner's Residence)
- C5 2140 Arrive Westminster House - Private Dinner (PM, Mr Thatcher, PUS, PPS, PS, High Commissioner, his wife, Mr Ingham, Mr Benjamin, Mr Vereker, DHC)
- C6 2255 approx - Leave Westminster House, and overnight President's House

FRIDAY 12 APRIL


- C7 0740 Formal welcome by the President at President's House (a gun salute will be fired by an SLA battery)(PM, Mr Thatcher, PUS, High Commissioner, his wife, Mr Ingham)
- C8 0810 Leave President's House for SLAF sportsground
- C9 0815 Leave Colombo for Adhikirigama (approx 3 miles from Victoria Dam power station) by helicopter (PM, PS, PPS, PUS, Mr Benjamin, Mr Vereker,



High Commissioner, his wife, Mr Ingham,
Miss Colvin, detective)

- C10 0850 Arrive Adhikirigama. Received by Gamini
 Dissanayake, Minister of Mahaweli Development
 and Mrs Dissanayake: by Mr E L Senanayake,
 Speaker: and by other Deputy Ministers and
 officials. Presentation of bouquet to Prime
 Minister and garlanding of Mr. Thatcher. Depart
 for Power Station in motorcade.
- C11 0905 Arrive Victoria Dam Power Station. Meet Power
 Station staff. Inspection of Power Station and
 unveiling of plaque.
- C12 0920 Leave Power Station in motorcade.
- C13 0940 Arrive at the crest of the Dam. British Contract
 staff (about a dozen) lined up for
 presentation.
- C14 0945 Unveiling of the monolith by the Prime Minister
 at the invitation of President Jayewardene.
- C15 0950 Procession of school children.
- C16 1005 Arrive at the main dais.
- C17 1007 Ceremonial lighting of the traditional oil lamp.
- C18 1010 Religious blessings (Buddhist, Christian, Hindu
 and Muslim)
- C19 1020 Mahaweli song.
- C20 1023 Cancellation of Victoria Commemorative stamp.
- C21 1025 Speech by Gamini Dissanayake, Minister of
 Mahaweli Development.

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- C22 1035 Speech by Ronnie de Mel, Minister of Finance and Planning.
- C23 1045 Speech by the Prime Minister (followed by reading out of summarised version in Sinhala)
- C24 1055 Speech by President Jayewardene.
- C25 1105 Ceremonial commissioning of the Victoria Dam.
(Three buttons pressed simultaneously by President Jayewardene, the Prime Minister and Gamini Dissanayake)
- C26 1110 Presentation to President and Prime Minister of mementoes by consultants and contractors.
- C27 1115 Vote of thanks by Deputy Minister of Mahaweli Development
- C28 1120 National Anthem (end of ceremony)
- C29 1125 Walkabout among expatriate children
- C30 1200 Leave Victoria for Kandy.
- C31 1300-1315 FREE
- C32 1315 Lunch at President's Pavillion. Planting of a tree and naming of an orchid in Pavillion garden (PM, Mr Thatcher, PS, PPS, Mr Ingham, PUS, Mr Benjamin, Mr Vereker, High Commissioner, his wife, Miss Colvin)
- C33 1445 Talks with selected Sri Lankan Ministers (PM, PS, PPS, Mr Ingham, PUS, High Commissioner, Mr Benjamin, Mr Vereker)
- C34 1515 Press Conference

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- C35 1600 Leave President's Pavillion for police grounds, Kandy. Visit Temple of the Tooth on the way.
- C36 1615 Leave police grounds by helicopter for Colombo (as for flight out)
- C37 1700 Arrive Colombo.
- C38 1710 Arrive President's House.
- C39 1710-2000 FREE
- C40 2000 State Banquet (short speech). (As for lunch plus DHC, defence adviser, his wife, Miss Noble, Mr Murray, British Council rep, his wife. DRESS: Black tie/uniform.) Overnight at President's House

SATURDAY 13 APRIL

- C41 0800 Leave President's House for Westminster House
- C42 0810 Short meeting with High Commission staff (PM, Mr Thatcher, PUS, Mr Benjamin, Mr Vereker, Mr Ingham)
- C43 0840 Leave Westminster House
- C44 0850 Parliament. Speech (PM, Mr Thatcher, PS, PPS, Mr Ingham, PUS, Mr Benjamin Mr Vereker, High Commissioner, his wife, Miss Colvin)
- C45 1030 Leave Parliament.
- C46 1040 Arrive Mahaweli Centre. (PM, Mr Thatcher, Mr Butler, High Commissioner, Mr Ingham)
- C47 1050 Leave Mahaweli Centre.

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- C48 1100 Final meeting with President at President's
 House (PM, Mr Thatcher, PS, PPS, PUS, High
 Commissioner, his wife, Mr Ingham)

- C49 1145 Departure Ceremonies (as for formal welcome)

- C50 1215 Leave Colombo for Katunayake airport by road.

- C51 1250 Arrive Katunayake Airport

- C52 1300 Departure

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INDIA (GMT +5½ hours)

SATURDAY 13 APRIL

- D1 1625 Arrive Palam Airport, to be greeted by Mr Gandhi
- D2 1635 Leave Airport by car
- D3 1700 Arrive High Commissioner's Residence
- D4 1700-1730 FREE
- D5 1730 Briefing session, High Commissioner's Residence
 (PM, PS, PPS, Mr Ingham, PUS, Mr Benjamin,
 Mr Vereker, High Commissioner
- D6 1820 Leave High Commissioner's Residence by car
- D7 1830 Arrive Indian Prime Minister's Office for talks
 (Tête-à-tête)
- D8 1845 Officials drawn into talks (PM, PUS, PS, PPS,
 Mr Ingham, High Commissioner)
- D9 1905 Leave Indian Prime Minister's Office
- D10 1915 Arrive High Commissioner's Residence
- D11 1915-1945 FREE
- D12 1945 Leave High Commissioner's Residence for
 Hyderabad House
- D13 2000 Arrive Hyderabad House for (working?) dinner
 (PM, PUS, PS, PPS, Mr Ingham, High
 Commissioner, ? Mr Thatcher, ? Lady Wade-Gery)
- D14 ?? 2200 Leave Hyderabad House for High Commissioner's
 residence [Dinner may well end later]

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Overnight at High Commissioner's residence

SUNDAY 14 APRIL

D15 0905 Depart New Delhi

SAUDI ARABIA (GMT +3 hours)

SUNDAY 14 APRIL

R1 1210 Arrive Riyadh

R2 1500 Depart Riyadh

R3 2030 Arrive London Heathrow Airport

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

PROGRAMME FOR MR DENIS THATCHER (Revised 2 April 1985)

Serial

No

THURSDAY 4 APRIL

A1*	1100	Depart Heathrow.
A2*	2010	Arrive Bahrain. (GMT + 3 hours).
A3*	2210	Depart Bahrain.

MALAYSIA (GMT + 8 hours)

FRIDAY 5 APRIL

M1*	1045	Arrive Subang International Airport.
M2*	1120	Welcoming ceremony Parliament (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray) (possibly to be followed by a wreath-laying ceremony)
M3*	1150	To Hilton Hotel.
M4*	1215- 1450	Private Lunch, Hilton Hotel.
	1450	Leave Hotel.
	1500-1600	Visit Castrol Offices.

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1615-1730 Visit British Council English Language
Training Centre.

1730 Sightseeing.

1915 Return to Hotel.

M8* 2030 Prime Minister's Banquet (speech). (PM,
Mr Thatcher, PUS, PPS, PS, Mr Benjamin,
Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).

SATURDAY 6 APRIL

0830 Leave Hotel.

0845 Arrive Sungei Besi RMAF Base. Depart by
helicopter.

0915 Arrive Carey Island.

0915-1145 Visit Harrisons Malaysia Plantation.

1200 Lunch in Clubhouse.

1300 Depart Carey Island.

1345 Arrive Hotel.

1425 Depart Hotel.

1440 Arrive Carcosa to rejoin PM for visit to
housing estate.

M20* 1500- Visit Housing Project (Bandar Tun Razak) (PM,
1600 Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr
Murray).

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M21*	1600- 1610	Free (in hotel).
M22*	1615- 1715	Call on Tunku Abdul Rahman (tea) (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr Murray).
M23*	1715	Return to Hotel.
M24*	1730- 1830	Free (in hotel).
M25*	1830	Carcosa to meet Committee of British Malaysia Industry and Trade Association (BMITA). Reception for members of British Community and British High Commission staff (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
M26*	2000	Private dinner at Carcosa (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin) (Mr Murray to hotel).

SUNDAY 7 APRIL

M27*	0840	Leave Hotel.
M28*	0905	Depart VIP Lounge, Terminal 1, Subang Airport for Alor Setar (throughout day - PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin).
M29*	1000	Arrive Alor Setar (met by Kedah State Secretary, Datuk Radzi Bin Basir).
M30*	1000-1015	Free (Alor Setar Airport).

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M31*	1015	Depart for Sungei Ahning (helicopter)
M32*	1037	Arrive dam site (met by Mr J Proctor, Balfour Beatty).
M33*	1038	Official welcome by Chief Minister (speeches).
M34*	1058	Unveil plaque.
M35*	1100	Site Office.
M36*	1110- 1124	Tour site.
M37*	1130	Depart dam site.
M38*	1150	Arrive Alor Setar. Drive to Istana Cegar.
M39*	1150- 1225	Free (Istana Cegar).
M40*	1225	Arrive Palace (Istana Anak Bukit).
M41*	1230- 1245	Audience with HRH Sultan of Kedah and HRH Sultanah.
M42*	1245	Lunch (at Istana Anak Bukit).
M43*	1340	Leave Istana Anak Buskit.
M44*	1350	Arrive airport.
M45*	1400	Depart Alor Setar.
M46*	1445	Arrive Subang Airport, Kuala Lumpur. Drive to Railway Station.

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M47* 1510- Railbus (PM, Mr Thatcher, PUS, PPS/PS,
1540 Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray,
Miss Colvin).

M48* 1550- Visit International Trade Exhibition. View
1650 British Stands. Tea with Federation of
Malaysian Manufacturers Committee (PM, Mr
Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker,
Mr Ingham, Mr Murray, Miss Colvin).

M49* 1700 Return to Hotel.

M50* 1715-1800 Free (Hotel).
1800-2015 Free.

M52* 2015 Drinks with Malaysian/British Society
Committee, Negara Room, Hilton Hotel (PM, Mr
Thatcher, PUS, PPS, PS, Mr Benjamin, Mr
Vereker, Mr Ingham, Mr Murray, Miss Colvin).

M53* 2030 Malaysian/British Society Banquet (Speech).
Nirwana Ballroom, Hilton Hotel.

MONDAY 8 APRIL

M54* 0900 PM's Farewell at Hilton Hotel.

M55* 0915 Drive to airport.

M56* 0945 Depart for Singapore.

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SINGAPORE (GMT + 8 hours)

S1*	1045	Arrive Changi Airport, Singapore.
S2*	1120	Arrival at Shangri La Hotel.
S3*	1120-1210	Free (Shangri La Hotel).
S4*	1220	Call on Acting President Dr Yeoh Ghim Seng and at Istana. (PM, Mr Thatcher, High Commissioner and Mrs Whyte - PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Mr Murray, Miss Colvin to await in ante-room).
	1245	Lunch hosted by Chartered Bank with senior bankers and businessmen at Chartered Bank Building (Mr Thatcher, Deputy High Commissioner, Mr Benjamin).
	1430	Leave Chartered Bank Building for visit to Jurong. (Mr Thatcher, Deputy High Commissioner).
	1500	Briefing at Jurong Town Corporation.
	1555	Tour of Industrial Estate.
	1600	Depart Jurong.
	1615	Visit Castrol Offices (Mr Thatcher, Deputy High Commissioner).
	1630	Leave Castrol Offices.
S10*	1705-1715	Free (Shangri La Hotel).

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S11* 1715-1800 British Business Association Reception (speech)
(approx) Jurong Room, Shangri La Hotel.
(PM, Mr Thatcher and all members of Prime
Minister's party).

1800-2000 Free.

S14* 2000 State Dinner at Istana (speech).
(PM, Mr Thatcher, and all members of Prime
Minister's party).

TUESDAY 9 APRIL

S15* 0645 Leave for Kranji. (PM, Mr Thatcher, PUS,
PPS, PS Mr Ingham, High Commissioner and
Mrs Whyte).

S16* 0715 Wreath laying ceremony, Kranji.

S17* 0730 Depart Kranji for airport.

S18* 0825 Depart Changi Airport.

BRUNEI (GMT + 8 hours)

B1* 1030 Arrive Bandar Seri Begawan.
Met by member of Royal Family.
National Anthem. Inspect Guard of Honour.
Reception Line.

1040 Helicopter trip to Shell, Seria (Mr Thatcher,
Mr Vereker).

Visit Shell offshore installations.

CONFIDENTIAL

B9* 1245-1350 Lunch with the Sultan and members of the Royal Family (PM, Mr Thatcher PUS, PPS/PS, High Commissioner, Mr Ingham, Mr Benjamin, Mr Vereker, Miss Colvin).

B10* 1350 Farewell ceremony at Istana.

B11* 1400 Board helicopter.

B12* 1403 Helicopter arrives airport.

B13* 1405 Depart Bandar Seri Begawan.

INDONESIA (GMT + 7 hours)

J1* 1540 Arrive Halim Airport.
Welcoming Ceremony (details of welcoming party to follow).
State drive to Merdeka Palace. (PM, Mr Thatcher, PUS, PPS/PS).

J2* 1630 Courtesy call on President (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham). Escorted to Wisma Negara (Guest wing).

J3* 1655-1710 Free (Wisma Negara).

J4* 1720-1750 Call on Vice President. Exchange of gifts. (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham).

J5* 1800-2000 Free (Wisma Negara).

J6* 2000 State Banquet at Istana Negara and speech: exchange of gifts (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin). (Black tie.)

J7* 2230 Return to Wisma.

WEDNESDAY 10 APRIL

0745 Leave Wisma (Mr Thatcher, Commercial
Counsellor).

0805 Arrive Commonwealth War Graves Cemetery.

0830 Depart Cemetery.

0900 Arrive PT Newage Engineers, Jakarta.

0940 Leave PT Newage Engineers.

0945 Arrive PT Arcon Prima, Indonesia.

1015 Depart PT Arcon Prima.

1020 Arrive PT Sinar Sosro.

1130 Return to Wisma.

1150 Leave Wisma.

1200 Arrive Mandarin Hotel. Drinks with
Indonesian British Association.

1330 Leave Mandarin Hotel.

1345 Arrive Wisma.

J15* 1350 Leave Wisma.

J16* 1400 Visit British Council premises. (PM, Mr
Thatcher, PUS, PPS/PS, Mr Ingham, Mr Benjamin,
Mr Vereker, Miss Colvin).

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J17* 1600 Taman Mini. Tour and tree-planting. (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham, Mr Benjamin, Mr Vereker, Miss Colvin).

J18* 1700 Return to Wisma Negara.

J19* 1730-1830 Free (Wisma Negara).

J20* 1830 Leave for Mandarin Hotel.

J21* 1840 Meeting with Embassy Staff (Mandarin Hotel). (PM, Mr Thatcher and all members of PM's party).

J22* 1900 Ambassador's Reception at Mandarin Hotel (guests include British Community) (PM, Mr Thatcher, and all members of PM's party and visiting press).

J23* 2030 Private supper at Residence with Ambassador. (PM, Mr Thatcher, PUS, PPS, PS, Mr Ingham).

THURSDAY 11 APRIL

J24* 0730 Leave Wisma for Halim Airport (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).

J25* 0800 Flight to Bandung.

J26* 0900 Visit to Bandung Institute of Technology. (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).

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J27*	1015	Visit to Nurtanio Aircraft Industry (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).
J28*	1145	Lunch hosted by Dr Habibie. (Speech). (PM, Mr Thatcher, PUS, PPS/PS, Mr Benjamin, Mr Vereker, Mr Ingham, Miss Colvin).
J29*	1315	Leave for Jakarta.
J30*	1415	Arrive at Wisma.
J31*	1415-1430	Free.
J32*	1430-1515	Press Conference/Interviews at Wisma.
J33*	1515-1620	Free.
J34*	1630	Farewell call on President Soeharto (PM, Mr Thatcher, PUS, PPS/PS, Mr Ingham).
J35*	1650	Leave for Halim.
J36*	1710	Departure Ceremony.
J37*	1730	Depart for Sri Lanka.

1.4.85

MR THATCHER'S PROGRAMME FOR THE VISIT TO ASIA OF THE PRIME MINISTER

SRI LANKA (GMT +5½ hours)

(* = Same as Prime Minister's Programme)

THURSDAY 11 APRIL

- * C1 2025 Arrive Colombo (Katunayake Airport). Met by
 Mr Gamini Dissanayake, Minister in attendance,
 and High Commissioner
- * C2 2035 Leave airport by car
- * C3 2115 Arrive President's House.
- * C4 2125 approx - Leave President's House for Westminster
 House (High Commissioner's Residence)
- * C5 2140 Arrive Westminster House - Private Dinner (PM, Mr
 Thatcher, PUS, PS, PPS, High Commissioner, his
 wife, Mr Ingham, Mr Benjamin, Mr Vereker, DHC)
- * C6 2255 approx - Leave Westminster House, and overnight
 President's House

FRIDAY 12 APRIL

- * C7 0740 Formal welcome by the President at President's
 House (a gun salute will be fired by an SLA
 battery)(PM, Mr Thatcher, PUS, High
 Commissioner, his wife)
- * C8 0810 Leave President's House for SLAF sportsground
- * C9 0815 Leave Colombo for Adhikirigama (approx 3 miles
 from Victoria Dam power station) by helicopter
 (PM, PS, PPS, PUS, Mr Benjamin, Mr Vereker,

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High Commissioner, his wife, Miss Colvin, two detectives)

- * C10 0850 Arrive Adhikirigama. Received by Gamini
 Dissanayake, Minister of Mahaweli Development
 and Mrs Dissanayake: by Mr E L Senanayake,
 Speaker: and by other Deputy Ministers and
 officials. Presentation of bouquet to Prime
 Minister and garlanding of Mr. Thatcher. Depart
 for Power Station in motorcade.

- * C11 0905 Arrive Victoria Dam Power Station. Meet Power
 Station staff. Inspection of Power Station and
 unveiling of plaque.

- * C12 0920 Leave Power Station in motorcade.

- * C13 0940 Arrive at the crest of the Dam. British Contract
 staff (about a dozen) lined up for
 presentation.

- * C14 0945 Unveiling of the monolith by the Prime Minister
 at the invitation of President Jayewardene.

- * C15 0950 Procession of school children.

- * C16 1005 Arrive at the main dais.

- * C17 1007 Ceremonial lighting of the traditional oil lamp.

- * C18 1010 Religious blessings (Buddhist, Christian, Hindu
 and Muslim)

- * C19 1020 Mahaweli song.

- * C20 1023 Cancellation of Victoria Commemorative stamp.

- * C21 1025 Speech by Gamini Dissanayake, Minister of
 Mahaweli Development.


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- * C22 1035 Speech by Ronnie de Mel, Minister of Finance and Planning. .
- * C23 1045 Speech by the Prime Minister (followed by reading out of summarised version in Sinhala)
- * C24 1055 Speech by President Jayewardene.
- * C25 1105 Ceremonial commissioning of the Victoria Dam. (Three buttons pressed simultaneously by President Jayewardene, the Prime Minister and Gamini Dissanayake)
- * C26 1110 Presentation to President and Prime Minister of mementoes by consultants and contractors.
- * C27 1115 Vote of thanks by Deputy Minister of Mahaweli Development
- * C28 1120 National Anthem (end of ceremony)
- * C29 1125 Walkabout among expatriate children
- * C30 1200 Leave Victoria for Kandy.
- * C31 1300-1315 FREE
- * C32 1315 Lunch at President's Pavillion. Planting of a tree and naming of an orchid in Pavillion garden (PM, Mr Thatcher, PS, PPS, Mr Ingham, PUS, Mr Benjamin, Mr Vereker, High Commissioner, his wife, Miss Colvin)
- * C33 1445 Talks with selected Sri Lankan Ministers (PM,PS PPS, Mr Ingham, PUS, High Commissioner, Mr Benjamin, Mr Vereker)

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- 
- * C34 1515 Press Conference
 - * C35 1600 Leave President's Pavillion for police grounds, Kandy. Visit Temple of the Tooth on the way.
 - * C36 1615 Leave police grounds by helicopter for Colombo (as for flight out)
 - * C37 1700 Arrive Colombo.
 - * C38 1710 Arrive President's House.
 - * C39 1710-2000 FREE
 - * C40 2000 State Banquet . (As for lunch plus DHC, defence adviser, his wife, Miss Noble, Mr Murray, British Council rep, his wife. DRESS: Black tie/uniform.) Overnight at President's House

SATURDAY 13 APRIL

- * C41 0800 Leave President's House for Westminster House
- * C42 0810 Short meeting with High Commission staff (PM, Mr Thatcher, PUS)
- * C43 0840 Leave Westminster House
- * C44 0850 Parliament. Speech (PM, Mr Thatcher, PS, PPS, Mr Ingham, PUS, Mr Benjamin Mr Vereker, High Commissioner, his wife, Miss Colvin)
- * C45 1000 Leave Parliament.
- C46 1010 Arrive British Council. Meet staff and British Scholars Association (Mr Vereker)
- C47 1030 Leave British Council



- * C48 1040 Arrive Mahaweli Centre. (PM, Mr Thatcher, Mr Butler, High Commissioner)

- * C49 1050 Leave Mahaweli Centre.

- * C50 1100 Final meeting with President at President's House (PM, Mr Thatcher, PS, PPS, PUS, High Commissioner, his wife)

- * C51 1145 Departure Ceremonies (as for formal welcome)

- * C52 1215 Leave Colombo for Katunayake airport by road.

- * C53 1250 Arrive Katunayake Airport

- * C54 1300 Departure

INDIA (GMT +5½ hours)

SATURDAY 13 APRIL

*D1 1625 Arrive Palam Airport, to be greeted by Mr Gandhi

*D2 1635 Leave Airport by car

*D3 1700 Arrive High Commissioner's Residence

D4 1700-1945 FREE

D5 1945 Leave High Commissioner's Residence for
Hyderabad House

*D6 ? 2000 Arrive Hyderabad House for (working?) dinner
(PM, PUS, PS, PPS, Mr Ingham, High
Commissioner, ? Mr Thatcher, ? Lady Wade-Gery)
otherwise dinner at the High Commissioner's
Residence

*D7 ? 2200 Leave Hyderabad House for High Commissioner's
residence [Dinner may well end later]

Overnight at High Commissioner's residence

SUNDAY 14 APRIL

*D8 0905 Depart New Delhi

SAUDI ARABIA (GMT +3 hours)

*R1 1210 Arrive Riyadh

*R2 1500 Depart Riyadh

*R3 2030 Arrive London Heathrow Airport



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PRIME MINISTER'S VISIT TO ASIA, 4-13 April 1985

A - GENERAL BRIEF (Revised 2 April 1985)

Our Objectives

(See also individual Country Briefs)

i) ASEAN

- a) To emphasise high priority we accord to relationship with ASEAN, recognising its growing regional significance politically and economically.
- b) To sound out ASEAN leaders on their priorities for the Association, in particular on EC/ASEAN relations.
- c) To register our recognition of the evolving nature of EC/ASEAN economic relations now ASEAN states increasingly New Industrialising Countries (NICs) not "developing" countries. To show understanding for their economic aspirations.
- d) To reaffirm our support for ASEAN policies on Indo-China. (see (ii) below)
- e) To seek continued ASEAN backing for West on Afghanistan.
- f) To exchange views on situation in Philippines, Brunei.

Bonn Economic Summit

- g) Dampen ASEAN expectations of possible outcome of Summit.

ii) Indo-China

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ii) Indo-China (for ASEAN countries)

a) To underline support for ASEAN in their stand against Vietnam over Cambodia and help them maintain a unified position; UK's determination to keep up pressure on Vietnam.

b) To probe ASEAN thinking on political prospects in light of current Vietnamese offensive.

c) To exchange views on Indo-Chinese refugee problem.

iii) Communist Policy: South and South East Asia

USSR

a) To seek views on Soviet activity and intentions in the region, and on likely progress in Sino-Soviet relations.

China

b) To underline China's adoption of increasingly positive regional role.

Arguments to Use

i) ASEAN

a) ASEAN now vital to stability and prosperity of region. A growing force for moderation in world affairs. In mutual interest ASEAN should flourish. Value regular exchanges on both economic and political issues.

b) EC and ASEAN both dynamic regions. Vital our relationship reflects this, taking full account of changes, eg you becoming NICs.

c) EC/ASEAN Foreign Ministers meetings play valuable role. Struck by extent of common ground at Dublin meeting.

/d)

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d) Ministerial meeting on economic matters. An opportunity better to understand each other's evolving priorities; basis for extending cooperation, promoting trade growth on basis of genuine free trade. Work of Joint Commission also important in identifying areas for cooperation and reducing protectionism.

e) Soviet occupation of Afghanistan, like Vietnamese in Cambodia, if allowed to succeed undermines framework of international order. Same in Falklands. Must resist. EC/ASEAN stand on Cambodia has won international respect.

f) Concerned at situation in Philippines. Prospects poor. Growth of communist insurgency (NPA now 12,000 strong). Implications for ASEAN?

(Use only in Malaysia and Singapore)

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Bonn Economic Summit

h) Industrial countries committed to sound economic policies. Summit will discuss ways of spreading these.

ii) Indo-China (for ASEAN countries)


Cambodia

a) Four square behind ASEAN. Respect stand you have taken. Must show aggression does not pay. Otherwise will spread. Like you, want a settlement but terms must be right, based on UN Kampuchea resolutions we co-sponsor. Any hopeful signs?

b) Confident you can ride out latest reverses. Time on your side, not theirs. Vietnamese are over extended. Economy in ruins; in thrall of Russians; isolated internationally. Must keep up pressure on them, maintain world support.

/c)

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c) Prospects now for resistance forces? Concerned that Khmer Rouge do not become more prominent in coalition. Can non-communists learn from their reverses? New tactics? UK will continue to support non-Communist resistance.

Refugees

d) Share ASEAN's concern over Indo-Chinese refugee problem. Gave extra funds recently to help in Thailand. Have our own severe problem in Hong Kong. Need to find durable solutions. Answer not in West. Voluntary repatriation is long-term solution. May require more international pressure on Vietnamese to reduce refugee flows.

iii) Communist Policy

USSR

(for ASEAN countries)

a) Clear maintenance of pro-Soviet Vietnam is major Soviet priority in region. Vietnam seen as political counterweight to China; strong military force in region; provider of Cam Ranh Bay facilities.

b) Soviet attitude to Cambodia tailored largely to Vietnamese requirements. Would Soviet interests be served by settlement?

c) Elsewhere in South East Asia, are Russians seriously trying to increase influence? If so, have they made any progress?

d) Soviet Union has historic fears about security of its eastern frontier. Partly explains demarches in 1984 about Japanese "militarism". Clear their main fear is China, hence importance they attach to achieving Sino/Soviet modus vivendi.

(for Sri Lanka)

e) Any sign of Russians trying to take advantage of political problems in North? Or of seeking better relations with government?

/(for India)

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(for India)

f) Some improvement in atmosphere of Sino/Soviet relations (if no progress on China's three central concerns). What implications for Indo/Chinese relations?

g) Cordovez' UN mediation on Afghanistan could collapse if Soviet Union do not agree to a troop withdrawal timetable. No hint of Soviet flexibility. Your views?

China

h) Needs regional stability to pursue internal modernisation.

i) Apparently genuine desire to reduce tension on Korean peninsula (applies equally to South Asia, but not in Indo-China).

j) Declining support for insurgent movements in ASEAN countries.

k) Signs of Chinese flexibility (albeit limited) in long-standing border dispute with India.

l) Mutual ASEAN/China interest in economic co-operation.

Tactical Arguments


i) ASEAN

a) Joint aim should be mature and balanced relationship; better access to European resources matched by progressive opening-up of ASEAN markets, eg EC sales of cars and glass (Pilkingtons).

b) EC's record on economic links with ASEAN compares favourably with, eg Japan and USA. Genuine partnership. Technology transfer. Respect for commodity agreements. Remember, too, substantial bilateral and unilateral aid, eg Asian Development Bank (ADB), European Development Fund (EDF) flows, technical cooperation by EC states.

/c)

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c) Philippines: Any joint discussion/action in ASEAN?

ii) Indo-China (for ASEAN countries)

Cambodia

a) UK is playing full part, bilaterally and in EC. Announced 1979
no aid to Vietnam. Have held to this. Urging others to do
likewise.

b) UK keeping up political pressure on Vietnam, eg co-sponsoring UN
resolutions, supporting Democratic Kampuchea (DK) credentials,
initiating EC demarches, summoning Vietnamese Ambassador.

c) Maintain contact with non-communist leaders, eg Son Sann to see
Foreign Secretary again May 1985. Humanitarian assistance to
resistance groups.

Refugees

d) UK's and Hong Kong's excellent records: nearly 19,000 resettled
in UK and some 14,500 in Hong Kong. Severe strains in absorbing in
UK but continue to take some. Hong Kong overcrowded. Problem of
illegal immigrants from China.

iii) Communist Policy

Not applicable.


Their Objectives

i) ASEAN

a) To highlight collective strength of ASEAN, economically,
politically. Consequent importance for UK/West.

/b)

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b) To press EC/UK to "take more seriously" economic relations with ASEAN giving better market access (textiles, tapioca, vegetable oils), extra investment, training, technology transfer. More resources for trade promotion assistance.

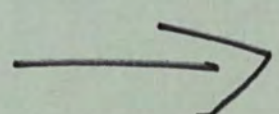
Specific (may be raised)

c) To win support for European Investment Bank (EIB), involvement in ASEAN development projects and promotion of private investment.

d) To seek further EC trade liberalisation through GSP to reduce ASEAN's trade deficit in EC.

e) To seek UK commitment to UK Ministerial attendance at Ministerial Meeting on Economic Matters.

f) To promote cultural cooperation, eg through EC/ASEAN Joint Committee.

g) To promote exchanges on narcotics control. 

Intra-ASEAN

h) To exchange views on the Philippines, Brunei.

Bonn Economic Summit


i) To maintain open access for exports to industrialised markets, without making concessions on their own import barriers.

j) To express concern about low commodity prices.

k) To seek support for global negotiations on international cooperation.

/ii) Indo-China

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ii) Indo-China (ASEAN countries)

- a) To explain current ASEAN policy on Cambodia, as interpreted locally.
- b) To seek reaffirmation of UK support for ASEAN line, in talks and publicly.
- c) To probe UK commitment to support resistance groups and pressure Vietnamese.

iii) Communist Policy

Not applicable.

Our Response

i) ASEAN

- a) Respect ASEAN's solid achievements, politically (eg Indo-China), economically. A success story. Example to others. Bulwark against Communism, instability.
- b) UK will continue to play full part in ASEAN's progress. Like EC partners, keen to put more substance into relations. Support closer dialogue.
- c) Useful to learn first hand of your priorities. We make big contribution already, eg development cooperation ECU 165 million 1980-83; 50% of EC inward trade promotion budget allocated to ASEAN 1984, ECU 4 million; programme to promote European investment in ASEAN received ECU 2 million, 1980-84; cooperation in science and technology ECU 3.5 million, 1980-84.

/d)

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d) EIB: extension of lending to ASEAN would mean major change in Bank's role; others would then seek access. As agreed at Dublin, need to study how to extend cooperation in financial sector. Role for EC/ASEAN Business Council

e) Committed to principles of GSP. Community's General System of Preferences (GSP); major review 1985; will take account of ASEAN concerns. As ASEAN economies strengthen they too have responsibilities to help roll back protectionism.

f) Ministerial meeting on economic matters: Decision on attendance nearer time.

Bonn Economic Summit

g) Fully support launching of new trade round to roll back protectionism. Newly industrialising countries also have obligations to open markets.

h) Recognise concern about low commodity prices. Support Integrated Programme for Commodities.

i) Do not believe Global Negotiations best way forward.

Philippines

j) Share your pessimism. Know USA does, too. Have relatively little involvement there but wish to keep closely in touch with your thinking. Do what we can to help.

k) Contributed to IMF/creditor bank rescue packages. Doubt whether Marcos Government will discipline itself sufficiently to enable country fully to benefit, restore stability.

l) Marcos still seems complacent about security. Perhaps country will muddle through pending Marcos' departure but risks grow as time passes.

/(Use

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(Use only with Malaysia and Singapore)

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ii) Indo-China (for ASEAN countries)

(For (a)(b) see Arguments and Tactical Arguments sections).

c) Have a keen interest in co-operating with you in the search for a settlement. Believe initiatives must come from ASEAN or others directly involved. But UK ready to welcome sensible proposals from any quarter if in line with existing internationally agreed framework.

d) Support aims of Cambodian resistance. Provide non-Communist movements with bilateral humanitarian assistance. Also multilatera humanitarian aid (£850,000 during 1984/85) to the Thai/Cambodian border population. Extra grant (£400,000) to cope with latest influx.

e) UK military aid to resistance: Common interests best met by UK keeping to humanitarian aid and strong political support. UK military aid might contribute to escalation of conflict, no benefit to ASEAN or resistance.

iii) Communist

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iii) Communist Policy

Not applicable.

Background

ASEAN

1. ASEAN founded in 1976. Malaysia current Chairman to July 1985. Strategic location across major sea lanes. Frontier with Communist Indo-China, issue on which ASEAN unity strongest. Limited intra-ASEAN economic cooperation (approximately 15% of Association's trade).

2. Of growing importance for West viz trade:

	<u>1983</u>	<u>1978-1983</u> (Average annual growth in monetary terms)
UK imports from ASEAN	US\$ <u>1,625</u> million -	18.9%
UK exports to ASEAN	US\$ <u>1,901</u> million -	11.0%
EC imports from ASEAN	US\$ <u>7,349</u> million -	5.7%
EC exports to ASEAN	US\$ <u>8,146</u> million -	10.4%

3. Frequent EC/ASEAN officials meetings on economic issues: annual Joint Commission. Also political exchanges, capitals. 18-monthly EC/ASEAN Foreign Ministers Meetings. Last, Dublin November 1984. Autumn 1985 (provisional) Economic Ministers Meeting, 5th Anniversary of Economic and Commercial Agreement.

4. Much common ground on international political issues, eg Indo-China, Afghanistan, importance of promoting East-West relations. Differences on Middle East.

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5. Sharper differences on economic matters. ASEAN showing some dissatisfaction with relations with "dialogue" partners, eg over market access. Communique after ASEAN Economic Ministers meeting February 1985 critical of developed world: "inward-looking domestically palatable policies affecting market access and investment"; "free traders of convenience"; called on to take dialogue with ASEAN more seriously. Principal targets of criticism Japan and USA.

6. ASEAN wants from EC better market entry (finished products; not just raw materials), more investment, eg through EIB (issue at Dublin, 1984), technology cooperation, training. Proposed EC/ASEAN Economic Ministers Meeting their initiative. Reluctant EC agreement. In our interests to make best of it.

Bonn Economic Summit

7. ASEAN presented a memorandum on points members wished to see covered at the Summit to Summit participants at end-March.

Brunei: Philippines

8.

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9. ASEAN embarrassed by Philippines. Weak link. Only Lee prepared to talk straight to Filipinos. Malaysia-Philippines relations bedevilled by territorial dispute over Sabah and alleged Malaysian support for Filipino Muslim rebels.

10. Western "rescue" package for Philippines (December 1984; elements still outstanding). IMF 615 million SDR arrangement agreed. Creditor banks on point of agreement (US\$ 6 billion rescheduling, US\$ 925 million new loans).

ii) Indo-China

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ii) Indo-China

11. April 1975, Khmer Rouge took over Phnom Penh; December 1978, Vietnam invaded Cambodia; January 1979, Vietnamese-backed Heng Samrin regime installed; December 1979, UK withdrew recognition of Pol Pot Government (only State of Cambodia recognised - no government); 1982, formation of "Coalition Government of Democratic Kampuchea", led by: Prince Sihanouk (Sihanoukists) with Son Sann (Khmer People's National Liberation Front) and Khieu Samphan (Khmer Rouge); October 1984, 110 countries voted for annual UN ASEAN resolution on Cambodia; best result yet. Resolution called for total withdrawal of foreign forces from Cambodia, internationally supervised elections and creation of an independent, neutral and non-aligned Cambodia. UK co-sponsored.

12. November 1984, Vietnamese launched most ferocious offensive to-date in Cambodia. Troop levels: Vietnamese Army 160,000, Heng Samrin forces 30,000, Khmer Rouge 30,000, KPNLF 12-14,000, Sihanoukists 6-8,000. Result:

- a) all border camps overrun; serious reverse for resistance;
- b) China increased military pressure on Vietnam's northern border;
- c) some 225-240,000 Cambodians fled into Thailand.

13. Vietnamese continue to launch diplomatic initiatives. No sign of genuine change in their position, eg no commitment on troop withdrawals. ASEAN continues to stand firm. ASEAN Foreign Ministers in February 1985 called for increased international support for political and military struggle in Cambodia. Australian Foreign Minister, Mr Hayden, made ill-timed visit to Vietnam in March 1985 resuming efforts to "facilitate" a settlement on Cambodia. Unsuccessful. Irritated ASEAN. Indonesian Foreign Minister Dr Mochtar, also visited Hanoi in March 1985, maintaining his dialogue with Vietnam on ASEAN's behalf.

/Recent

Recent UK Aid

14. On 3 July 1979, Prime Minister announced in Commons: "There will be no more aid to Vietnam so long as the present circumstances continue".

15. During this financial year UK provided £500,000 for 1985 budget of UN Border Relief Operation; £100,000 bilateral humanitarian aid to Cambodian non-Communists plus funds for UNHCR in Thailand, for Orderly Departure Programme from Vietnam, Thai anti-piracy programme and International Red Cross operations on Thai/Cambodian border.

Refugees

16. Total number of unresettled Indo-Chinese refugees in South East Asia: 160,000, the bulk in Thailand. (The 225-240,000 on the Thai/Cambodian border are not eligible for resettlement). UK has taken 19,000 (of whom 12,500 were Vietnamese from Hong Kong).

iii) Communist PolicyUSSR

17. Natural ASEAN antipathy towards Soviet Union and communism aggravated by Vietnamese occupation of Cambodia, Afghanistan, and shooting down of KAL airliner. Some signs of Soviet attempts to court ASEAN countries probably in attempt to counter Japanese/Chinese/US influence in region. Widespread Russian protests in Western capitals about rise of Japanese militarism and security of their Eastern frontiers. But unlikely that they will be able to put sufficient resources into efforts in ASEAN countries. Latter healthily suspicious of Soviet intentions in South East Asia.


18. Vietnam - cornerstone of Soviet influence in region. Major Soviet air and naval facilities at Cam Ranh Bay, which are of concern to region. Vietnam, Laos and Cambodia among six countries receiving 90% of Soviet aid.

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19. Malaysia - rebuffed Soviet proposals for closer political and commercial relations. Robust response to Soviet pressure on ASEAN countries over Vietnam.
20. Singapore - relations with Soviets almost devoid of substance. Singapore sees Soviet Union/Vietnam as main threat to regional stability. Has effectively rejected Soviet attempts to thicken up relations.
21. Brunei - no Soviet/Brunei diplomatic relations, though Soviets proposed joint accreditation from Malaysia.
22. Indonesia - thin relations with Soviets despite strong diplomatic presence, though increased contacts in 1984, largely due to Indonesian wish to diversify commercial relations.
23. Sri Lanka - Soviet/Sri Lankan relations almost devoid of substance. No evidence of Soviet involvement in troubles.
24. India - Soviets' closest friend in non-communist Third World. Gives benefit of doubt on many international issues (notably Afghanistan, Cambodia). Common security concerns vis-a-vis China and Pakistan.
25. Soviets wish to keep sound relationship. Rajiv had lengthy meeting with Gorbachev of 1 March. Soviet Union gives India largest share of aid to non-communist LDCs, and is India's main arms supplier. No major realignment likely although Rajiv may improve relations with West. Recent tensions about spy scandal (some Russians/East Europeans implicated) rapidly smoothed. Rajiv probably to Moscow, 16-19 May.
26. Sino/Soviet Relations - normalisation of relations with China remains high Soviet priority. Soviet aim to offset and possibly preempt Chinese links with West. Russians not prepared to offer concessions on three key issues for Chinese (Soviet military

/presence

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presence on Chinese border and in Mongolia; support for Vietnamese invasion of Cambodia; Afghanistan). Arkhipov's visit to China December 1984 most senior since 1969. Limited substantive discussion; though obstacles to normalisation were raised, no indication of a change by either side. But further impetus to increasing trade and other exchanges.

China

27. Underlying principle of Chinese foreign policy is strategic non-alignment. But in practice China's interests in South East Asia conflict strongly with those of the USSR, particularly in Indo-China.

28. China's primary objective in the area is to bring about the withdrawal of Vietnamese troops from Cambodia, thereby limiting Vietnamese, and consequently Soviet, regional influence, and promoting regional stability. Accordingly, China is seeking to establish mutual confidence with ASEAN countries. Good co-operation with Thailand.

29. Gradually reduced support for regional Communist insurgencies. Material aid now minimal. But refuses publicly to disavow these movements. Some ASEAN countries (particularly Indonesia) continue to regard China as greater expansionist threat in long run than Vietnam.

FOREIGN AND COMMONWEALTH OFFICE
APRIL 1985

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

COUNTRY BRIEF

A - MALAYSIA (Revised 3 April 1985)

Our objectives

a)

(i) Political Relations

a) To consolidate improvement in UK/Malaysian relations following Dr Mahathir's visit to UK March 1983, stressing common ground.

b) To convince Malaysians we seek a balanced, forward-looking mutually beneficial relationship.

c) To promote dialogue on international issues and encourage Malaysia to pursue moderate non-aligned policies not inimical to West.

d) To stress that any differences between us should be openly discussed and not allowed to upset wider relationship.

e) To encourage further high level contact.

(ii) Trade and Economic Relations

a) To promote bilateral trade generally and head off danger that Air Services dispute (see below) may spill over into wider trade field.

b) To increase British investment in Malaysia.

/c)

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- c) To allay fears that UK services sector is damaging Malaysia's development while maintaining UK foreign earnings from invisibles sector.
- d) To promote the expertise and wide range of services offered by UK services sector.
- e) To secure rural water supply contract for Biwater Shellabear. UK content £120 million.
- f) To encourage adoption by the Malaysian Government of railway system using UK equipment and contractors - (Taylor Woodrow/Davy/BR). UK content £400 million.
- g) To become established supplier of optical fibre technology in Malaysia.
- h) To encourage Malaysians to accept proposals from ICI and John Brown for a synthetic protein plant. UK content £100 million.

(iii) Air Services

(See separate brief)

- a) To see air services dispute solved quickly. Provided there is clear Malaysian commitment to early lifting discriminatory tax provision which unfairly favours MAS, we can agree to fifth MAS frequency starting in 1987 (or perhaps 1986) on basis identified in BA/MAS talks.
- b) Strong outline political agreement needed at Prime Minister level, to be followed quickly by official talks to fill in details.

/(iv)

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(iv) Aid/Studentships

- a) To underline UK's continuing commitment to assist Malaysian development plans. To publicise large Technical Co-operation (TC) and Aid Trade Provision (ATP) allocations.
- b) To announce extension of special fee support scheme (approx £1.75 million for 1986/87) and 40 new training awards under our TC programme: evidence of continuing importance we attach to student training.
- c) To welcome successful conclusion of Sungei Ahning Dam contract with ATP support and underline ATP availability for other projects.

v) Defence

- a) To stress value of our defence relationship with Malaysia and in South East Asia generally.
- b) To exploit growing Malaysian interest in British defence equipment, particularly Lynx helicopters and Rapier.
- c) To explore scope for joint collaboration between BAe and Malaysia/Indonesia on Hawk 200.
- d) To promote Vickers' 550 Class submarines.

vi) Diplomatic Estate

- a) Continued Malaysian cooperation with our detailed plans for the rationalisation of our estate in Kuala Lumpur.

/Arguments

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Arguments to Use

i) Political Relations

a) Malaysia's aspirations now well understood and respected in Britain. Recognise and respect each other's priorities and interests.

b) Current visit demonstrates UK's and Prime Minister's personal commitment to strengthening UK/Malaysian relations. Ample evidence of UK's positive approach: Government and commercial sector assistance to Malaysian students and trainees (eg £5 million for special Fee Support Scheme); an outstanding UK investment record in Malaysian manufacturing industry (UK has out-performed all countries other than Japan in the scale of new industrial investment in the past 15 years); restructuring of several large British companies in Malaysia (eg Harrisons and Crosfield, and the ready agreement of the Chartered and Hong Kong and Shanghai banks to undertake a degree of localisation).

c) In any relationship, however close, some disagreements. Our joint concern and interest to see that these do not poison relationship as a whole. Ultimately you and I have responsibility for this. Where necessary, should be in direct contact.

d) Important our ministers have frequent exchanges, resolving misunderstandings early. Importance of non-official contacts, e.g. Malaysian/British Society and UK counterpart.

ii) Trade and Economic Relations

a) UK always a major foreign investor in Malaysia. Wish to continue this as Malaysia's investment priorities change and develop.

/b)

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b) UK services sector is widely recognised as world leader in such areas as insurance, banking and consultancy. Have much to contribute to Malaysia's development.

c) Biwater's have extensive global experience, are competitive and work to a very high standard.

d) Railways: UK concept realistic, cost effective; aimed at producing early increase in revenue. Keeps investment costs down. Next step is detailed discussion on definition of first phase of programme.

e) Fibre optics: UK has most extensive operation. World leader. Proven capability.

f) Synthetic protein: ICI have only commercially-tested process in World. Plant product partly replaces expensive imported protein (Malaysia imports 95% of its animal protein requirements).

iii) Air Services

(See separate brief)

iv) Aid/Studentships

a) Will do what we can to meet Malaysian requirements. Conscious of investment in human resources which benefits us both.

b) Intend to maintain and increase our TC programme. Support scheme, under which we have given £5 million to Malaysia over 3 years, and are now making special arrangement to extend.

c) Other British official and private training schemes also contribute.

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v) Defence

- a) UK attaches importance to the FPDA and to our participation in exercises. Helps stability in the area.
- b) Excellence of British defence equipment proven in performance (Falklands). Happy to consider linking British Service expertise and training with specific sales.
- c) Lynx: Battle proven.
- d) Hawk: Very sophisticated development trainer. Ideal successor to Skyhawk. Inter-ASEAN collaboration a possibility (Indonesia).
- e) Vickers most experienced submarine designers and builders in Western world. Vickers prepared to help Malaysia build own submarines for export. RN training package.
- f) Full training support available from UK for all above.

Tactical Arguments

i) Political Relations

- a) UK does not expect privileged relationship. But between mature countries even friends may find interests clash. Our task is to resolve such problems and concentrate on promoting our wider mutual interests.
- b) Many world political and economic issues, which are important for both of us and on which we should consult more together. Pity if we waste our energies on bilateral issues which can usually be dealt with at technical level.

/ii)

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ii) Trade and Economic Relations

- a) Competition for investment money is fierce. A stable and predictable investment climate is needed to attract and retain investors. Confident Malaysia is providing this.
- b) No other country offers the range of facilities available from the UK.
- c) Railways: Radical changes (electrification or changing to standard guage as proposed by Japanese) expensive and disruptive.
- d) Fibre optics: UK can provide latest technology and training.
- e) Synthetic protein: Local production could place Malaysia in forefront of biotechnology in South East Asia; have market for protein in region.

iii) Air Services

(See separate brief)

iv) Aid/Studentships

Recognise continuing obligation to help you. But many other calls on our limited aid resources, particularly on humanitarian side. Nevertheless Malaysia has high priority. The £1.75 million for 1986/87 is substantial part of our special scheme for overseas students.

v) Defence

- a) Lynx: Our technology transfer training package and through-life support better than competition (France and US).

/b)

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b) Hawk: Latest technology at affordable cost (one-third of American F16 price).

c) Vickers expertise and Navy to Navy training and support unlikely to be bettered by competition.

Their Objectives

i) Political Relations

a) To consolidate improvement in UK/Malaysia relations, but on Malaysia's terms, "vindicating" Dr Mahathir's earlier tough line with UK. To propound Malaysian thinking on regional and international issues, eg China, Hong Kong, Soviet influence in region, Middle East, lobbying on some, eg protectionism.

b) To resolve our air services dispute, obtaining a 5th weekly frequency for the Malaysian airline on Kuala Lumpur/London route with the minimum concession on their part.

c) To enhance Dr Mahathir's domestic and international standing.

d) For Dr Mahathir to pay official visit to UK.

ii) Trade and Economic Relations

a) To claim that the UK has a surplus in visible and invisible trade with Malaysia and to press for a reduction of UK invisibles surplus with Malaysia to build up their own comprehensive services sector.

b) To encourage increased UK investment and to maximise financial assistance from Britain for education and training.

c) To seek better access to the EC for Malaysia's exports.

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d) Biwater: To secure an attractively low offer.

e) Railways: Malaysian government probably seeks trade-off: rail development with air services dispute, together with maximising UK aid.

f) Fibre optics: To acquire economic telecommunications system capable of handling high traffic volumes with low distortion.

g) Synthetic protein: To be convinced it is sound investment, and to obtain financial assistance.

iii) Air Services

(See: Their Objectives (i) b) above)

a) To maintain tax discrimination in favour of MAS, if possible, or not to lose too much face in removing it.

iv) Aid/Studentships

See (ii) (b) above.

v) Defence

a) To ensure continuing UK participation in FPDA.

b) To benefit from UK training for armed forces, subsidised where possible.

/vi)

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vi) Diplomatic Estate

- a) Britain to leave "Carcosa".
- b) Britain to build mission in Kuala Lumpur as opposed to renting.

vii) Antarctica

- a) To press Malaysian's case:
 - to overthrow Treaty system and replace it by UN Committee;
 - to have Antarctica declared part of "common heritage" of mankind;
 - to stop minerals negotiations.

Our Response

i) Political Relations

- a) Wish visit to set seal on new relationship established when Dr Mahathir visited UK in 1983.
- b) Depth of goodwill on both sides. Must capitalise on it; fresh opportunities to cooperate on international as well as bilateral issues.
- c) Where we differ, aim at least to understand other's viewpoint and seek ways of easing pressure. Demands restraint on both sides. Underlines importance of regular dialogue. Must not allow pressure to build up.
- d) Look forward to seeing Dr Mahathir and other ministers in UK.

/ii)

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ii) Trade and Economic Relations

a) Interested to hear about Malaysia's current industrial priorities and policies for attracting investment to them.

b) Pattern of visible trade between our two countries changing. Our figures show Malaysia moved into a surplus in 1984 of £37 million with an increasing proportion of manufactured products (60% in 1984). Argue that invisibles surplus partly due to Malaysia's own policies - and it provides them with benefits.

c) Recognise Malaysia's desire to develop a comparable trade in services. Willing to assist Malaysia in developing services sector: the 1984 seminar in Kuala Lumpur by the Council of Invisible Exports, which Dr Mahathir addressed, is evidence of this.

d) The Biwater proposal offers extensive water supply network at keenest possible price.

e) Railways: Prepared to consider aid requests to help with considerable investment involved. Need to define requirement. Seek discussion on first phase.

f) Our telecommunications sector can deliver proven system. Prepared to offer ATP towards achieving their objective.

g) Synthetic protein: We will give sympathetic consideration to Malaysian request for aid. Will also provide any data requested.

iii) Air Services

(See separate brief)

/iv)

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iv) Aid/Studentships

See (ii) (b) above.

v) Defence

a) Glad to provide military training and assistance. Ready to look at any new requests.

vi) Diplomatic Estate

a) Grateful for Malaysian cooperation. Hope Dr Mahathir content with outcome.

vii) Antarctica

a) UN Secretary-General's report supported our view that Treaty system most effective means of managing Antarctic affairs, and Antarctic Treaty best means of ensuring peace and stability in area. Attempts in UN to override a legitimate regional agreement an undesirable precedent. We do not support establishment of UN Committee.

b) [If pressed] We exercise sovereignty over British Antarctic Territory. Cannot accept concept of common heritage - existence of sovereignty claims, even if not universally recognised, distinguishes Antarctica from other areas where common heritage concept previously asserted.

c) Minerals negotiations now in wider forum with India and Brazil (new Consultative Parties) and non-Consultative Treaty States now included in discussions, a clear demonstration by the Consultative Parties that this is not an exclusive club.

/Background

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Background

i) Political Relations

1. Prime Minister met Dr Mahathir in London in March 1983. Dr Mahathir ended the "Buy British Last" policy in the following month. Introduced 1981. Britain accused of taking Malaysia for granted. Since 1983 UK/Malaysian relations much improved (though old special relations gone) but trend threatened by air services dispute. Dr Mahathir and some members of his government still question whether we have left behind our colonial past.

2. Dr Mahathir in UK privately in April. Declined lunch offered by Prime Minister Chequers 20 April. Dr Mahathir wishes to pay an official visit to the UK 1985, possibly in September. Under consideration.

3. Last State visit by HM Queen 1972. Former Agong paid State visit 1974.

4. British/Malaysian Society and its Malaysian counterpart formed in 1983, headed by Lord Richardson and Tun Datuk Ismail respectively. Boost to our relations. First joint meeting in Kuala Lumpur September 1983 attended by Dr Mahathir. First joint meeting in UK June 1985. Reception offered by the Prime Minister at No 10.

5. Influential Ministers of Education, Badawi, and Agriculture, Anwar Ibrahim, our guests in UK recently.

ii) Trade and Economic Relations

6. As deadlock on Air Services dispute continues Malaysians have threatened (in briefing senior UK business visitors) failure to resolve it could blight prospects UK winning further government contracts. Dr Mahathir has denied publicly.

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7. A recent survey by the British High Commission put the total value of UK investments in Malaysia at approximately £1,850 million - 29% of all foreign investment. The present figure is probably nearer £1,700 million given the recent sale of Dunlop's Malaysia interests. This is creditable, as approximately £1,600 million UK investment was lost in 1981/82 through the restructuring of major British plantation and other interests.

8. The level of foreign investment generally in Malaysia is declining (£185.3 million - 1982, £115.5 million - 1983), possibly due to continuing disinvestment by foreign companies brought about by the New Economic Policy. There is shortage of Malay (Bumiputra) partners for joint ventures and implementation of the New Economic Policy has slowed down. Domestic investment levels have not picked up despite recent tax cuts. The Malaysian authorities are therefore now reviewing foreign investment incentives for favoured industrial sectors (heavy engineering, processing of primary commodities).

9. There are wide discrepancies between British and Malaysian trade statistics. Our figures for 1984 show UK exports as £283 million, imports £320 million. Malaysian figures (first 11 months of 1984) indicate the UK as having a surplus of £70 million. Trade through the entrepot ports of Singapore and Rotterdam undoubtedly distorts the Malaysian figures.

10. Malaysian trade deficit in invisibles was estimated at M\$1 billion in 1974 but had grown to M\$8.3 billion in 1983 and over M\$9 billion in 1984 (M\$2.75 = £1). (Malaysian figures presented by Dr Mahathir at British Invisible Exports (BIE) Seminar).

11. The deficit in invisible trade is presented within Malaysia as the prime cause of the country's current account deficit and a major obstacle to development. Dr Mahathir criticised the UK for its contribution to the deficit when he addressed BIE Seminar in Malaysia last year.

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12. Biwater produced free study on rural water requirements. Biwater's Chairman has received positive response to his proposals. Project value approx £240 million, UK content £120 million and aid offer made £30.12 million.
13. Japan (whose exporters to Malaysia receive more support from official aid funds than the total ATP allocation for British exporters worldwide) produced expensive plan for rehabilitation of Malaysian rail system. UK (Taylor Woodrow/Davy/BR) plan offers lowest cost and better and quicker return on investment. Waiting for report to be adopted by Malaysians and programme to be defined. British Rail Engineering (BREL) chasing contracts.
14. Malaysians wish to use for their telecommunications network a fibre optic system which provides high capacity and clarity. GEC (as part of European consortium) and STC (sole supplier) have submitted bids. We have made an ATP offer of £6.2 million.
15. Synthetic protein: ICI and John Brown have had initial talks with Sabah Authorities. Malaysia imports 95% of animal feed protein requirements.

iii) Air Services

16. MAS seek a fifth weekly service to London (BA and MAS currently each operate four times weekly). On traditional air service grounds increases in capacity are granted to meet growing bilateral traffic. Present UK Malaysia traffic is not sufficient to justify an extra service, but the Malaysians are keen to carry more passengers on the lucrative UK/Australia route (already about 30% of MAS passengers on the London-Kuala Lumpur route are UK/Australia travellers - MAS is accordingly out-earning BA 3:1).

17. [REDACTED]

Dr

Mahathir has publicly denied that "Buy British last" policy is being resumed, but British businessmen have been warned that future
/contracts

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contracts hinge on a fifth MAS service. The Malaysians have used similar tactics in the past (1979, 1981) and may well be tempted to repeat them if they are again successful.

18. The position has been made more difficult still by a recent Malaysian tax concession on annual leave journeys which favour passengers who book seats on or through MAS. This amounts to discrimination against foreign airlines and is already costing BA and Cathay Pacific some £12 million per annum in lost revenue. Cathay have also had to defer introduction of a fifth Hong Kong-Malaysia service planned for July 1985.

19. BA and MAS have reached broad agreement on joint measures to stimulate market growth so that a new service might be justified in 1987 (MAS in any case would need some time to buy new aircraft for another service). But if the tax provisions are not removed BA may well find the whole route unviable and be forced off it. So they cannot reasonably discuss capacity increases unless these tax provisions are removed and fair competitive conditions are re-established.

(iv) Aid/Studentships

Aid/Trade (ATP)

20. ATP offers accepted are: Sungei Ahning Dam Project (Balfour Beatty): grant of £2.3 million. UK costs £9 million; Ulu Jelai River Basin Study: £1.85 million for consultancy. Offers made, awaiting Malaysian decision include: Rural Water Supplies Project (Biwater Group): £30.12 million for UK element of £120 million; Rail Bus (British Rail Engineering Ltd): grant of £1.105 million for UK element £4.4 million; Railway Locomotives (British Electric/GEC): £5.95 million for UK element £23.7 million; Fibre Optics Telecommunications Systems (GEC): up to £6.3 million for UK content of £25 million.

/Studentships

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Studentships

21. £1.75 million provisionally allocated for Malaysia for 1986/87 under special fee support scheme. Slight reduction from the £2 million provided in 1984/85 and 1985/86, but significant percentage of total monies available.

Technical Co-operation Programme (TC)

22. 1985/86: £1.5 million, 75% for training Malaysians in UK. 105 new awards per year. Plus 40 new awards to be announced by Prime Minister. Remainder on 11 resident experts.

v) Defence Relations

23. Close defence relations with Malaysia. We are partners in the Five Power Defence Arrangements (FPDA). FPDA established 1971 commits UK, Australia, New Zealand to consult Malaysia and Singapore if latter two are attacked or threatened. Malaysia provides valuable jungle training facilities for Hong Kong garrison. Malaysian Deputy Defence Minister Abu Bakar due to visit UK May 1985.

24. Major sales prospects: Lynx helicopters, submarines, Hawk aircraft and artillery. Royal Malaysian Navy spent 3 months in UK discussing submarine requirements.

25. Malaysians training in UK declined from 600 in 1980 to 77 in 1983/84 (Malaysian economic pressures). Major effort to improve UK military training assistance programme: 1984/85 £350,000; Defence Policy Fund provided further £50,000: (neither to be revealed to Malaysians).

26. Eight places at RCDS filled by Malaysia since 1980.

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27. Some signs of developing US/Malaysian defence relationship, including possible collaboration in submarine construction and repair yard (not to be used).

vi) Antarctica

28. Malaysia attempted to internationalise Antarctica at 1983 UNGA and declare its resources common heritage of mankind. In 1984 UN Secretary-General produced satisfactory report underlining value and benefits of Treaty system. Malaysia failed to gain widespread Third World support against Treaty or to call a halt to minerals negotiations in subsequent debate. Item remains on this year's agenda. Americans and Australians have recently put case on value of Treaty to Dr Mahathir. Malaysian motives unclear, probably connected with possible exploitation of minerals as well as Dr Mahathir's desire to cut a figure on world stage.

29. Antarctic Treaty (1959) is open to review after 1991. Objectives to demilitarise and denuclearise area; to set aside sovereignty disputes; to promote scientific research; and to protect environment. Currently 16 Consultative Parties to Treaty - Argentina, Australia, Belgium, Brazil, Chile, France, Federal Republic of Germany, India, Japan, New Zealand, Norway, Poland, South Africa, USSR, UK, USA.

30. Latest round of mineral negotiations, held in Rio (February /March), saw participation of non-Consultative Treaty States as observers for first time (as result of Malaysian pressure). No-one yet knows whether commercially exploitable minerals exist in Antarctica. Problems involved are difficult (particularly as they touch on sovereignty). No early conclusion likely.

FOREIGN AND COMMONWEALTH OFFICE
APRIL 1985

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FACT SHEET

MALAYSIA (FEDERATION)

DEMOGRAPHY

Population: 14.8 million (mid-1983 estimate)
Population Increase: 2.2% (1980)
Religion: Islam
Language (official): Bahasa (Malay)

GEOGRAPHY

Area: 329,749 sq kms
Capital: Kuala Lumpur

GOVERNMENT

Government: Federal (with bicameral legislature)
Ruling Party: UMNO (The United Malays National Organisation)
Head of State: The Yang di-Pertuan Agong
Prime Minister: Dr Mahathir Mohamed

ECONOMY

Basis: Commodities: Agriculture and semi-manufactures
Gross Domestic Product: US \$29,070 million (1983)
Per capita income: US \$1,964 (1983)
Inflation: 3.7% (1983)

TRADE

Total exports: US \$14,135 million (1983)
Total imports: US \$13,368 million (1983)

TRADE WITH BRITAIN

Exports to Britain: £320.3 million (1984)
Imports from Britain: £283.3 million (1984)

BRITISH AID

Capital Aid: Nil
Technical Cooperation: £1.3 million (1983)
CDC loans: £0.9 million (1983)
ATP: £0.8 million (1983)

March 1985

Malaysia: Oil and Gas Profile

1. Not a member of OPEC. Attended the December 1984 and January 1985 OPEC meetings as an observer. After the December meeting, Malaysia announced a cutback of 40,000 bd from their projected 1985 production of 440,000 bd.

2.

Oil

Production:	1983	365,000 bd
	1984	400,000 bd
Exports:	1984	350,000 bd (compare UK 1.6 mbd (1 mbd net of imports)).
Reserves:		3 billion barrels: about 20 years at current production: (compare UK 13 billion barrels, about 15 years at current production).
Refining Capacity:		207,000 (compare UK 2.0 mbd)
Companies:		State oil company is Petronas. Shell (Sarawak Shell and Sabah Shell) have a production- sharing contract with Petronas (about 170,000 bd). Esso produce about 130,000 bd.

Natural Gas

Production	1984	86 billion cubic feet.
Reserves		4.9 trillion cubic feet: over 100 years at current production (compare UK 25 trillion cubic feet): about 21 years at current production

3. The gas export scheme is owned by Petronas 65%; Shell 17.5% and Mitsubishi 17.5%. Sales are on a 20 year contract to Japanese utility companies.

March 1985



PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

MALAYSIA : PERSONALITIES

THE MALAYSIAN GOVERNMENT

PERSONALITY NOTES

The Yang Di-Pertuan Agong, The Sultan of Johor

Datuk Seri Dr Mahathir Bin Mohamed

Datin Seri Datuk Paduka Dr Siti Hasmah

Tunku Abdul Rahman Putra Al-Haj

The Sultan of Kedah

Datuk Paduka Haji Osman Bin Aroff

Datuk Musa Hitam

Daim Zainuddin

Tan Sri Chong Hon Nyan

Tengku Dato' Seri Ahmad Rithauddeen Al-Haj Tengku Ismail

Tengku Tan Sri Razaleigh Bin Tengku Hamzah

Anwar Bin Ibrahim

Datin Paduka Rafidah Aziz Binte Abdul Aziz

Dato' Abdullah Bin Haji Ahmad Badawi

Datuk Shahrir Bin Abdul Samad

Tun Datuk Dr Hussein Bin Dato' Onn

YB Datuk Dr Elyas Omar

Tan Sri Muhammed Ghazali Bin Shafie

Tan Sri Datuk Zainal Abidin Bin Sulong

Dato' Seri Radin Soernarno Al-Haj

ABDUL KADIR BIN SHEIKH FADZIR

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

THE MALAYSIAN GOVERNMENT

(party in brackets)

- | | |
|--|--|
| Prime Minister and Minister of Defence | - Datuk Seri Dr <u>Mahathir Mohamad</u> (UMNO) |
| Deputy Prime Minister and Minister of Affairs | - Datuk <u>Musa Hitam</u> (UMNO) |
| Minister of Finance | - Encik <u>Daim Zainuddin</u> (UMNO) |
| Minister Without Portfolio in the Prime Minister's Department and Minister for Justice | - Datuk Dr James <u>Ongkili</u> (BERJAYA) |
| Minister Without Portfolio in the Prime Minister's Department | - Dato' Mohd <u>Khalil Yaakub</u> (UMNO) |
| Minister of Transport | - Tan Sri <u>Chong Hon Nyan</u> (MCA) |
| Minister of Foreign Affairs | - Tengku Dato' Ahmad <u>Rithauddeen</u> (UMNO) |
| Minister of Trade and Industry | - Tengku <u>Razaleigh Hamzah</u> (UMNO) |
| Minister of Science, Technology and the Environment | - Datuk Amar Stephen <u>Yong</u> (SUPP) |
| Minister of Health | - Datuk <u>Chin Hon Ngian</u> (MCA) |
| Minister of Information | - Dato' <u>Rais Yatim</u> (UMNO) |
| Minister of Land and Regional Development | - Dato' Seri <u>Adib Adam</u> (UMNO) |
| Minister of Labour and Manpower | - Dato' <u>Mak Hon Kam</u> (MCA) |
| Minister of Primary Industries | - Datuk Paul <u>Leong</u> (GERAKAN) |
| Minister of Agriculture | - Encik <u>Anwar Ibrahim</u> (UMNO) |
| Minister of Telecommunications and Posts | - Datuk Leo <u>Moggie</u> (PBDS) |
| Minister of Housing and Local Government | - Datuk Dr <u>Neo Yee Pan</u> (MCA) |
| Minister of Works and Public Utilities | - Datuk S Samy <u>Vellu</u> (MIC) |
| Minister of Culture, Youth and Sports | - Datuk Dr <u>Suleiman Daud</u> (PBB) |
| Minister of Public Enterprises | - Datin Paduka <u>Rafidah Aziz</u> (UMNO) |
| Minister of Education | - Datuk <u>Abdullah Ahmad Badawi</u> (UMNO) |
| Minister of the Federal Territory | - Datuk <u>Shahrir Abdul Samad</u> (UMNO) |
| Minister of National and Rural Development | - Datuk <u>Sanusi Junid</u> (UMNO) |
| Minister of Welfare Services | - Dato' <u>Abu Hassan Omar</u> (UMNO) |

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THE YANG DI-PERTUAN AGONG, THE SULTAN OF JOHOR

His Majesty DYMM Almutawakkil Alallah Sultan Iskandar ibni Almarhum Sultan Ismail

Born 1932.

Educated at English college (now Sultan Abu Bakar College) then Australia and Britain.

Johor Civil Service until 1959.

- 1981 - Became Sultan.
- 1984 - Elected as Malaysia's eighth Agong (his appointment was a fluke, resulting from the sudden death of the preferred candidate, the former Sultan of Perak).

He retains an active interest in Johor politics and is maintaining his numerous (some dubious) business interests. Despite his feudal attitudes, he has a certain common touch and is popular at the grassroots level, particularly for his comments on Islam and attacks on corruption and inefficiency. Since assuming office his relations with Dr Mahathir, which were expected to be tempestuous, have been reasonably good.

Plays polo, golf and is a keen horseman, wind-surfer and helicopter pilot.

Married to Tunku Zanariah binte Tunku Ahmad (his second wife, a former beauty queen and air hostess). Ten children.

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DATUK SERI DR MAHATHIR BIN MOHAMED

Prime Minister and Minister of Defence since July 1981.

President of the National Front.

Born 1925.

- 1961 - Attended CPA Conference in London.
 - 1968 - Chairman, Higher Education Council.
 - 1969 - Expelled from UMNO for leading an attack on the Tunku.
 - 1969 - Defeated in Elections but returned unopposed in 1974.
 - 1970 - His influential book "The Malay Dilemma" published.
Banned in Malaysia until 1981.
 - 1974 - Minister of Education.
 - 1976 - Became Deputy Prime Minister.
 - 1977 - Minister of Trade and Industry.
- Became Prime Minister on Tun Hussein's resignation.
- Oct 1981- His "buy British last" directive in operation.
- Apr 1983
- 1984 - Returned unopposed as UMNO President in Party Elections.

Firmly in control. Proud of his blunt outspoken approach. Successfully convinced other racial groups especially Chinese, that their only chance of influencing national affairs is to work from inside the Government. Uncompromising exterior, but energetic and pragmatic. Sharp tongue and tendency to push people too far are danger points.

But has since considerably toned down his remarks.

Married to Datin Sri Dr Hasmah (see separate note). Five children.

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DATIN SERI DATUK PADUKA DR SITI HASMAH, SSDK DPMS KMN SMK PCK

Wife of Dr Mahathir.

Born 1926.

Graduate in Medicine from the University of Malaya and Singapore.

- 1956 - Married Dr Mahathir.
- 1965 - The first female Medical Officer in Maternal and Child Health Care.
- 1974 - The first female State Maternal and Child Health Officer.

She has published several works on maternal and child care. Since Dr Mahathir's appointment as Prime Minister, she no longer practices medicine. She is Chairman of the Association for the Rehabilitation of Handicapped Children, and of the new national handicapped organisation (Karyanika), President of the Malaysian Girl Guides Association, of the Malaysian Association for the Blind and patron of the Women Graduates Association.

Five children.

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**TUNKU ABDUL RAHMAN PUTRA AL-HAJ**

Born 1903 - a younger son of the then Sultan of Kedah.

Educated in Thailand, Malaysia and Britain (St Catherine's College, Cambridge; the Inner Temple).

- 1933 - District Officer.
- 1944 - Founded a Malay Nationalist organisation.
- 1951 - President of UMNO.
- 1957 - Prime Minister.
- 1970 - Retired.
- 1982 - Awarded Pakistan's first Hijrah Award for "dedicated service to the Islamic Community" by President Zia.

The Tunku still enjoys prestige among all races in Peninsular Malaysia. He is personally a most charming and delightful man but can become autocratic and stubborn when opposed. Took a leading part in forcing South Africa to leave the Commonwealth but is contemptuous of many African attitudes. He is personally sympathetic towards the West in general and Britain in particular and regards London as his second home. He writes a weekly article for the national newspaper "The Star" of which he is also the Chairman. His health took a turn for the worse in 1984. He appears to have rallied, but is still very frail.

Married to Tun Sharifah Rodziah. A son and a daughter by his first wife (deceased) and 7 adopted children.

Fond of children, golf, horse racing, football, poker and Malay dancing.

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THE SULTAN OF KEDAH

His Royal Highness Tuanku Sultan Abdul halim Mu'adzam Shah ibni Al-Marhum Sultan Badishah.

Born 1927.

Educated Malaysia and Oxford (Wadham: Diploma Course in Social and Public Administration).

1958 - Became Sultan of Kedah.

1965 - Elected Deputy Agong.

1970-1975 - Agong.

1974 - State Visit to Britain.


Interested in social welfare and patron of several societies including the Oxford and Cambridge Society of Malaysia. Well disposed towards Britain.

Married to Tunku Bahiyah. Three children (two adopted).

He is a keen sportsman (especially golf) and a photographer. The Sultanah is Chancellor of the University of Malaya.

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DATUK PADUKA HAJI OSMAN BIN AROFF

Chief Minister of Kedah.

Born 1940.

Educated Malaysia. Studied Political Science in Washington USA.

- 1969 - Entered active politics.
- 1972 - Appointed State Executive Councillor in charge of Works and Public Utilities.
- 1985 - Chief Minister of Kedah.

Married to Datin Hajjah Azizah Abdul Hamid. Four children.

CONFIDENTIAL

CONFIDENTIAL

DATUK MUSA HITAM

Deputy Prime Minister and Minister of Home Affairs since July 1981.
Vice President of UMNO.

Born 1934.

Educated Malaysia.

- 1969 - Assistant Minister to Deputy Prime Minister.
- 1969-1970 - Read for an MA (on the EC) at Sussex University.
- 1973 - Deputy Minister of Trade and Industry.
- 1974 - Minister of Primary Industries.
- 1977-1981 - Minister of Education.
- 1982 - Had lunch with Viscount Whitelaw in London.
- 1983 - Received an Honorary Degree from Sussex University.

Married to Datin Maria who is attractive, and interested in the arts. Three children (educated in the UK).

An ambitious, astute and pragmatic politician. Now clearly identified as Mahathir's complement, although there are occasionally rumours of a cooling between the two. Reinforced his claim as heir apparent with his second victory over Tengku Razaleigh for the UMNO No 2 slot at 1984 party elections.

Mother Chinese.

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DAIM ZAINUDDIN

Minister of Finance (UMNO).

Born 1938.

Studied Law in London during 1950s.

- 1981 - Appointed UMNO Senator.
- 1982 - Took over Chairmanship of Fleet Holdings, the parent company of the New Straits Times group of newspapers.
- 1982 - Acquired a controlling interest in the former Banque de l'Indo-China et de Suez (now renamed the Malaysian French Bank).
- 1982 - He played a key role in the Harrisons and Crosfield restructuring.
- 1984 - Appointed Minister of Finance (undoubtedly attributable to his close relationship with Dr Mahathir which dates back to the mid-'70s).

Probably the Prime Minister's most trusted confidante. Daim only recently entered active politics. Very wealthy, he achieved financial success as businessman through land deals. Before becoming Finance Minister had large business interests mainly in property and banking sectors.

An enigmatic character, he is quiet and almost obsessively self-effacing. There are signs that he intends to introduce a new and more businesslike approach at the Finance Ministry.

Reputed to have 3 wives: one in Britain, one in Malaysia and one elsewhere. His wife in Malaysia is Puan Mahani who has recently taken an active interest in promoting local arts and culture.



CONFIDENTIAL

TAN SRI CHONG HON NYAN

Minister of Transport.

Born 1924.


Educated Malaya, Raffles College Singapore and Trinity Hall
Cambridge (MA).

- 1974 - Deputy Minister of Finance.
- 1977-1983 - Minister of Health.
- 1983 - Minister of Transport.
- 1985 - Visited UK; met Secretary of State for Transport.

Able, urbane, tough and intelligent. More a technocrat than a politician. Has many contacts with the British medical profession.

Married; his wife is a senior official in the Ministry of Welfare Services. Four children.

CONFIDENTIAL


CONFIDENTIAL

TENGGU DATO' SERI AHMAD RITHAUDDEEN AL-HAJ TENGGU ISMAIL

Minister of Foreign Affairs.

MP (UMNO).

Born 1931 - a member of the Kelantan Royal Family.


Read Law at Nottingham University.

- 1957 - Served as a Magistrate in Ipoh and Kota Bahru.
- 1970 - Appointed Assistant (later Deputy) Minister of Defence.
- 1973 - Minister with special functions responsible for the General Planning Unit and assisting the Prime Minister in Foreign Affairs.
- 1974 - Minister of Information.
- 1975-1981 - Minister of Foreign Affairs.
- 1981-1984 - Minister of Trade and Industry.
- 1984 - Re-appointed Minister of Foreign Affairs following Ghazali Shaffie's retirement.

Not an impressive Minister but popular in UMNO. Political career now probably drawing to a close.

Married to Nor Aimi. They have a son at Cheltenham and a daughter at Benenden.

CONFIDENTIAL


CONFIDENTIAL

TENGGU TAN SRI RAZALEIGH BIN TENGGU HAMZAH

Minister of Trade and Industry (UMNO).
MP.

Born 1939 - a member of the Kelantan Royal Family.

Educated in Malaysia. Economics graduate of University of Belfast.

- 1970 - Managing Director, Bank Bumiputra.
- 1970 - Chairman of PERNAS.
 - Led Malaysian Trade Mission to China.
- 1974 - Chairman of Petronas.
- 1976 - Appointed Finance Minister.
- 1982 - Received an Honorary Degree from Queen's University, Belfast.
- 1984 - Appointed Minister of Trade and Industry.

Credited as being the architect of the restructuring of the economy in the late-1970s to restructure foreign-controlled companies. Never close to Dr Mahathir. Very ambitious but political future now unpromising. Has many enemies - the oil companies, non-Malay businesses. Extremely rich.

He takes an ambivalent attitude to Britain though he can be friendly. An impressive speaker and debater.

Unmarried.

CONFIDENTIAL

ANWAR BIN IBRAHIM

Minister of Agriculture since July 1984.
President UMNO Youth.

Born 1947.

Educated Malaysia.

- 1969 - Founded ABIM (Malaysian Islamic Youth Movement) as an off-shoot of the National Union of Malaysian Muslim Students.
- 1974 - Detained for almost 2 years under the Internal Security Act in the wake of student and farmer demonstrations in Kedah.
- 1982 - Left ABIM to join UMNO.
- 1982 - Appointed Deputy Minister in the Prime Minister's Department.
- 1983 - Appointed Minister of Culture, Youth and Sports.
- 1984 - Appointed Minister of Agriculture.
- 1985 - Made a Category I visit to the UK.

Formed ABIM into an influential fundamentalist Islamic organisation much feared by the Government.

Has a charismatic political talent and is an accomplished orator. Has made himself into a force to be reckoned with in Malaysian politics and a strong candidate eventually for the Party leadership. Close to the Prime Minister.

Married (his wife is a doctor who studied at Trinity College, Dublin). One child.



CONFIDENTIAL

DATIN PADUKA RAFIDAH AZIZ BINTE ABDUL AZIZ

Minister of Public Enterprises.
President of Wanita (Women's) UMNO.

Born 1943.

Educated Malaysia.

1977-1980 - Deputy Minister of Finance.


1980 - Appointed Minister of Public Enterprises.

Malaysia's youngest Senator and the fourth woman to be appointed to Senate. Was an economics lecturer in University of Malaya.

She is forceful, dynamic and highly intelligent.

Married to a senior Bank Negara adviser. Three children.

CONFIDENTIAL


CONFIDENTIAL

DATO' ABDULLAH BIN HAJI AHMAD BADAWI

Minister of Education since July 1984.
MP (UMNO).

Born 1939.

- 1981-1984 - Minister in the Prime Minister's Department.
- 1984 - Appointed Minister of Education (considered to be a major stepping stone to the top) in the Cabinet reshuffle in July.
- 1984 - Paid a Category I visit to the UK when he called on Sir Keith Joseph and Mr Renton.

Close to the Prime Minister. At the Prime Minister's Department he was spokesman for "look East" policy. Softly spoken and rather diffident but has a sense of humour when relaxed. Tipped as possible Prime Minister material.

Married to Datin Endon. Three children, one of whom will be studying in the UK from 1985 (probably Marlborough).

CONFIDENTIAL



CONFIDENTIAL

DATUK SHAHRIR BIN ABDUL SAMAD

Minister for the Federal Territory.

Born 1949.

Educated Malaysia.

1978 Parliamentary Secretary to the Prime Minister.
1980 Deputy Minister of Finance.
1981 Deputy Minister of Trade and Industry.
1983 Minister for the Federal Territory.

Shahrir, youngest ever Cabinet Minister, very talented. Reasonably well disposed towards the UK, he made a COI sponsored visit in 1981. Has travelled widely in Europe, Asia and America.

Married. One adopted child.

CONFIDENTIAL



CONFIDENTIAL

TUN DATUK DR HUSSEIN BIN DATO' ONN

Former Prime Minister (1976-81).

Born 1923.

Educated Malaysia.

- Served in Indian Army in Middle East during World War II, and subsequently with the Intelligence Branch HQ, New Delhi.
- 1945 - Returned to Malaya.
- 1958 - Read Law in UK (Lincoln's Inn).
- 1970 - Minister of Education.
- 1973 - Deputy Prime Minister, Minister for Trade and Industry.
- 1974 - Minister of Finance.
- 1976 - Prime Minister and Minister of Defence.
- 1981 - Resigned as Prime Minister and Minister of Defence and President of National Front, after open heart surgery.

As Prime Minister he moved with great determination against those who in his view threatened racial peace and the integrity of the country. He detested corruption.

Since his resignation, he has successfully distanced himself from political life although he will occasionally voice an opinion on controversial issues.

In March 1975 he suffered a moderately severe heart attack and in 1981 underwent heart surgery in London.

Married to Datin Suhaila. Four daughters and two sons.

CONFIDENTIAL



CONFIDENTIAL

YB DATUK DR ELYAS OMAR

Mayor of Kuala Lumpur and Secretary General, Ministry of Federal Territory.

Born 1936.

Educated Malaysia and USA.

- 1981 - Acting Mayor.
- 1983 - Mayor of Kuala Lumpur.

A dynamic administrator, Elyas probably has his eye on a political career.

Organised the visit of the Lord Mayor of London in September 1982 and was extremely courteous and welcoming. Visited UK in September 1984 on Category II visit.

Married.

CONFIDENTIAL



CONFIDENTIAL

TAN SRI MUHAMMED GHAZALI BIN SHAFIE

Former Minister of Foreign Affairs.

Born 1922.

Educated Malaya, Singapore (Raffles College) and Britain (University College of Wales, LSE and Lincoln's Inn).

- 1955-1956 - Attached to UK High Commission, New Delhi.
- 1957 - Commissioner for Malaya in India.
- 1959-1970 - Permanent Secretary.
- 1970 - Minister of Information.
- 1973 - Minister of Home Affairs.
- 1981 - Minister of Foreign Affairs.
- 1984 - Resigned from the Government.

Believed to have been a principal architect of the late Tun Razak's long-term strategy to solve Malaysia's racial problems. As Minister of Home Affairs he played the central role in directing the government response to the communist threat and supervised the police.

Played an important part in the formulation and execution of Malaysia's foreign policy, and will be particularly remembered for his role in the negotiations to end Indonesia's "confrontation" with Malaysia, and in the formulation of Malaysia's role in ASEAN.

Ghazali and Dr Mahathir never saw eye to eye, and when Mahathir became Prime Minister in 1981, it was thought to be only a matter of time before he removed Ghazali.

In January 1982 he incredibly survived a controversial light airplane crash in which his co-pilot and another man died. The

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subsequent inquest, delayed until 1983, found him responsible, but no charges were brought against him.

Generally well-disposed towards Britain and the Commonwealth. Sensitive and conceited, he can be excessively rude - not always on purpose - and can rub some people up the wrong way. On occasion he can be extremely charming. Recreations are golf, flying, photography.

Received an honorary degree from University of Wales, Aberystwyth, in 1983.

Married to Khatijah. Two sons, both educated at Harrow.

CONFIDENTIAL



CONFIDENTIAL

TAN SRI DATUK ZAINAL ABIDIN BIN SULONG

Secretary General, Ministry of Foreign Affairs.

Born 1933 in Kelantan.

Educated Malaysia.

- 1969-1972 - Deputy Secretary General, Ministry of Foreign Affairs.
- 1972-1977 - Ambassador to Indonesia.
- 1977-1980 - Ambassador to USSR.
- 1980-1984 - Malaysian UN Permanent Representative.
- 1984 - Secretary General, Ministry of Foreign Affairs.

An intelligent and generally affable character.

Married. Five children.

CONFIDENTIAL



CONFIDENTIAL

DATO' SERI RADIN SOERNARNO AL-HAJ

Director General, Economic Planning Unit (EPU)

Born 1932.

Educated Malaysia and Pittsburgh University, USA.

1979-1981 - Secretary-General, Ministry of Land and Regional
Development.

1981-1984 - Secretary-General, Ministry of Agriculture.

1984 - Director General of EPU.

Married. Four children.

CONFIDENTIAL



CONFIDENTIAL

ABDUL KADIR BIN SHEIKH FADZIR

Deputy Minister of Foreign Affairs.

Born 1939 in Kedah.

Educated Malaya and Lincoln's Inn (barrister at law).

- 1963 - Joined Malaysian Foreign Service and served in Karachi and Saigon.
- 1970-1974 - Political Secretary to Minister of Welfare Services.
- 1974-1978 - Partner in legal practice.
- 1978 - Elected MP for Kulim.
- 1982 - Appointed Parliamentary Secretary to Ministry of Foreign Affairs.
- June 1983 - Promoted to Deputy Minister.

He has recently worked hard to improve his standing in the party and was easily elected to the UMNO Supreme Council in May 1984. Tipped by some to be full Foreign Minister.

A flamboyant, pleasant character, Kadir is also rich and ambitious.

Married. Two children.

CONFIDENTIAL



IN CONFIDENCE

DATO' KASSIM BIN MOHD HUSSEIN

Malaysian High Commissioner in London

Born 1928 in Ipoh, Perak. Educated Malay College, Kuala Kangsar and University Malaya (BA). Joined Malaysian Foreign Service in 1957. Has served in Jakarta, Karachi, Manila, Cairo, Addis Ababa, Washington, Tokyo, Ambassador to Burma. Immediately prior to his appointment as Malaysian High Commissioner in London in 1983, he was Malaysian Ambassador to Belgium, Luxembourg and EC (based in Brussels).

A keen golfer.

Married to Datin Koeswardani. Four children.

IN CONFIDENCE



IN CONFIDENCE

NAWAWI BIN MAT AWIN

President, National Chambers of Commerce and Industry

Born Ipoh 1938. Degrees in Economics, Business Administration and Accountancy. Former senior partner of Coopers and Lybrand, Malaysia. Appointed Chairman of MARA (the foundation for the advancement of Bumiputras). Elected to the UMNO Supreme Council in 1981, but failed to win a nomination of a parliamentary seat in 1982. Appointed Chairman of Bank Bumiputra in 1982. He resigned from this post in 1984, at the height of the BMF scandal.

Married.

IN CONFIDENCE



IN CONFIDENCE

DR NOORDIN SOPIEE, BKT

Director, Institute of Strategic and International Studies (ISIS)

In his mid-30s, has a doctorate from the London School of Economics.

Noordin was Group Managing Editor of the New Straits Times newspaper group until late 1983, when he left to head the newly-established Malaysian Institute of Strategic and International Studies.

Knowledgeable about developments in South East Asia in which he takes particular interest. Noordin seems a good choice for this nominally independent, but entirely government funded institution.

Keen tennis player.

Married with two children.

IN CONFIDENCE



IN CONFIDENCE

YB TAN SRI DR MOHAMED OSMAN BIN KASSIM

Director General, Public Services Department

In his mid fifties. Educated in Malaya. Former Secretary General, Ministry of Information and Broadcasting and subsequently Secretary General of Ministry of Home Affairs. Appointed Director General, Public Services Department, in 1980.

IN CONFIDENCE



IN CONFIDENCE

DATO' MOHD KHALIL BIN YAAKOB, DSAP SMP JSM

Minister Without Portfolio in the Prime Minister's Department MP (UMNO)

Born 1938 in Kuantan, Pahang. Educated at Malay College, Kuala Kangsar and University Malaya (BA, 1962). Joined Malaysian Diplomatic Service in 1963. Resigned in 1974 to become manager of the Jengka New Town project in his home State of Pahang. Won his first parliamentary seat in 1978. Khalil was appointed Deputy Minister of Education in 1982. Following his success in party elections, he was promoted to become a full Minister (without portfolio) in the Prime Minister's Department in July 1984. His responsibilities include Public Services Department and INTAN.

Married to Datin Zurina Kassim. Two sons, one daughter.

IN CONFIDENCE



IN CONFIDENCE

TAN SRI DATUK SALLEHUDDIN MOHAMED PSM KMN JMN DIMP SIMP

Chief Secretary to the Government

In his mid-fifties. Born in Raub, Pahang. Degree in Economics from University Malaya. On completion of his studies, he joined the civil service as development officer with the Rural and Industrial Development Authority. He subsequently held various posts in the Public Service Department and was Deputy Secretary General at Ministry of Finance. In 1981, he undertook an advanced management training course at Harvard and on his return to Malaysia was appointed Director General of the Economic Planning Unit in the Prime Minister's Department. In September 1984 Sallehuddin was appointed as Chief Secretary to the Government, the top civil service appointment.

Married to Puan Sri Datin Hafsa, who is Deputy Director in charge of teacher training at the Ministry of Education.

IN CONFIDENCE



IN CONFIDENCE

TUN DATUK ISMAIL BIN MOHAMED ALI, SSM PMN PMB PNBS SPMS SPMJ

Chairman of Permodalan Nasional Berhad since July 1980 and
Chairman of Malaysia/British Society

Born 1918. Educated Malaya and Britain (Trinity, Cambridge and Middle Temple), Malayan Civil Service 1946. Minister, Malayan Embassy in Washington 1957-60. Executive Director of International Bank for Reconstruction and Development, Washington, 1958-60; Deputy Governor of Bank Negara 1960-62; Governor 1962-80; Member of National Development Planning Committee; Council of University of Malaya; Chairman, Malaysian Industrial Development Finance; Chairman, Capital Issues Committee; Member of Foreign Investment Committee; Adviser to PERNAS; Fellow, Malaysian Institute of Management.

Tun Ismail has played a major role, over the years, in Malaysian economic and financial affairs and is regarded as one of the main architects of Malaysia's sound economy.

Tun Ismail has been a critic of Britain in the past, but he played a helpful and important role in recent difficulties in Anglo-Malaysian relations and in 1984 agreed to lead the Malaysia/British Society, whose inaugural dinner he hosted, with attendance by the counterpart British/Malaysia Society, in September 1984.

As the doyen of the Commonwealth National bankers, he is well-known and respected by senior members of the Bank of England and other National Banks throughout the world.

A keen golfer.

Married, Toh Puan Maimunah. Two children.

IN CONFIDENCE



IN CONFIDENCE

TUNKU TAN SRI MOHAMMED BIN TUNKU BESAR BURHANUDDIN, PMN PSD PNBS PPT

President, Federation of Malaysian Manufacturers. Chairman of Rothmans Pall Mall (M) Sdn Bhd

Born 1914. Son of a former Ruler of Negri Sembilan. Served in Colonial Office briefly, on secondment from Malayan Civil Service. A former Malayan High Commissioner to Pakistan; Federal Secretary Kuching; Chief Secretary to the Government and Secretary to the Cabinet. Now Director of Alcan (M) Bhd; Chairman of Timuran Holdings; Vice-Chairman Zoological Society; Chairman of Council of Malaysian Red Crescent Society.

Adviser on Malaysian Affairs to the Standard Chartered Bank and very active in business.

A keen golfer.

Married.

IN CONFIDENCE



IN CONFIDENCE

ECONOMIC PLANNING UNIT (EPU) 0830-0915 ON SATURDAY 6 APRIL

1. Met by:- Tan Sri Sallehuddin, Chief Secretary to the Government and by Dato' Seri Radin Soenarno, Director-General, who will describe briefly the work of the EPU and the prospects for the Malaysian economy. There will then be a "dialogue session".

BACKGROUND

2. The initiative for this meeting comes from Dr Mahathir. The EPU is part of the Prime Minister's Department. Its main function is to draft successive Five Year Plans, to review progress of these Plans and propose mid-term amendments. The Unit is the clearing house for all offers of capital and technical aid from other countries, including HMG's ATP offers in support of British exporters.

3. Currently the EPU is preparing the Fifth Malaysia Five-Year Plan (5MP), which starts in January 1986. Budgetary and balance of payments constraints have obliged the government to cut back on new capital spending programmes in each of the past three Budgets. Headway has been made. The overall deficit of the Federal Government fell from 14% of GNP in 1983 to 10% of GNP in 1984. The Finance Minister wants the deficit reduced further.

4. Dato' Seri Radin heads a new inter-departmental committee to monitor the spending programmes of the so-called Off-Budget Agencies (parastatals such as Petronas, National Electricity Board etc), to ensure they are in line with government budgetary targets. The

/committee



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committee also examine the economic viability of new projects. An 18% economic rate of return is expected from such spending. In practice many schemes are approved with lower rates of return, for social or political reasons.

5. Present indications are that infrastructure will have priority in the Fifth Malaysia Plan especially rural electrification and rural water supply schemes. It is a moot point how much funding will be given to previously announced industrialisation programmes (steelmaking, paper and pulp mills etc) where rates of return may be unsatisfactory. Dato' Seri Radin told us recently that he would like to see "non-productive" investment on social services such as roads and hospitals sharply curtailed.

6. The EPU expects to complete the first draft of the Fifth Malaysia Plan in early May, indicating broad areas of public spending and investment for 1986-90, based on departmental bids. The draft Plan will then be submitted to the Prime Minister who will study it with a small group of close advisers. It is at that stage, for example, that the ATP-backed Biwater Shellabear rural water supply project proposal should receive approval. The final Plan will be presented to Parliament later this year.



THE NATIONAL INSTITUTE OF PUBLIC ADMINISTRATION (INTAN)

INTAN was established in 1972. Its principal objective is to provide specialised training for Malaysian Civil Servants. INTAN falls within the portfolio of the Public Services Department (PSD), which is in turn a department within the Prime Minister's Department.

Brief history

The original INTAN campus was officially opened in 1972 by Malaysia's second Prime Minister, the late Tun Abdul Razak. Since 1972 the Institute has expanded rapidly. Over the last decade the annual intake of students has tripled. By 1983 this had risen to 6,000 trainees per annum. With the recent addition of three new regional campuses in the States of Kedah (Sungei Petani), Trengannu (Kemaman) and Johor (Kluang), the intake will be increased to 15,000 per annum over the next decade. A new main campus at Bukit Kiara (where the Prime Minister's address will take place) was opened in 1984.

Organisation

Structurally, INTAN is divided into a number of centres and training units:

- Centre for Management Training
- Centre for Strategic Studies and Development
- Centre for Financial Management and Accounting
- Centre for Local Government, Urban and Regional Administration
- Centre for International Relations and Diplomacy
- Centre for Computer Training
- Centre for Supervisory Training
- Training Development Unit
- Diploma in Public Management Unit
- Bureau of Research and Planning

There is also an Advisory Council, comprising the Secretaries General of the Ministries of Education and Finance, the Deputy Vice Chancellor of University Malaya and three State Secretaries, whose function is to advise INTAN on the development of its programmes and to promote cooperation between INTAN and other Institutions of higher education in Malaysia.

Language courses (English, Chinese, Arabic, French and Japanese) are conducted at INTAN. Besides its various diploma courses, INTAN also conducts a large number of short courses and seminars each year. Although participants are principally government officers, some courses are also open to applicants from the private sector. Since 1983, INTAN also offers fellowships to trainees from other developing countries under the aegis of the Malaysian Technical Cooperation Programme.



Personalities whom the Prime Minister will meet at INTAN:

Tun Datuk Dr Hussein Onn, Chairman of Institute of Strategic and International Studies (a former Malaysian Prime Minister)

YB Dato' Khalil bin Yaakub, Minister in the Prime Minister's Department (with responsibility for INTAN)

YB Tan Sri Sallehuddin bin Mohamed, Chief Secretary to the Government

YB Tan Sri Mohamed Osman bin Samsudin Kassim, Director General, Public Services Department

Dr Mazlan bin Ahmad, Director of INTAN

Dr Noordin Sopiee, Director of Institute of Strategic and International Studies (Chairman of INTAN speech session)

Dr Nawawi Mat Awin, President, National Chambers of Commerce and Industry (NCCI)

Encik Ramli bin Kushairi, Secretary General, NCCI

THE BRITISH COUNCIL IN MALAYSIA

The British Council has worked in Malaysia since 1948. There are now four offices - in Kuala Lumpur, Penang, Kota Kinabalu and Kuching and a Language Centre in Kuala Lumpur.

The main library is in Kuala Lumpur with branch libraries in the other offices. There are 8,000 subscribers and a total book stock of 52,000. 180,000 issues were made in 1984.

Staff:

Malaysian	65
London-appointed	8
Key English Language Teaching specialists (in Sabah, Sarawak, Kuala Lumpur and at the Agricultural University)	4
English language teachers at the British Council Language Centre, Kuala Lumpur	15

The Year 1984:

In an atmosphere of improving UK-Malaysian relations there has been further expansion of British Council activity this year.

The British Council Language Centre in Kuala Lumpur, which opened in January 1984, has more than doubled its enrolment in four terms. Now 860 individual students plus a number of special groups are taking lessons at the Centre.

The British Council's Education Counselling Service, promoting the opportunities available for higher education in Britain and advising and placing Malaysians who wish to apply, was launched by the Minister of Education in November 1984.

The British Government's special assistance package for Malaysia (£5m for the years 1983-86) continued to fund a large number of part awards. The Malaysian Government sent to Britain 300 additional students including many serving or intending English language teaching professionals. Courses were specially designed by twelve British institutions. The British Council provided professional and administrative support for this programme.

As further evidence of renewed interest in studying in Britain, up to 1,000 Government scholars who will sit for British 'A' Levels in 1987 are currently on courses partly staffed by British teachers recruited by the Centre for British Teachers (CFBT). The Key English Language Teaching (KELT) officer with professional responsibility for this programme is a British Council officer seconded as English Language Adviser to the Schools Division of the Ministry of Education.

In July 1984 the Council arranged with the Prime Minister's Department for the training in Britain of 50 bumiputera entrepreneurs. In East Malaysia two Manpower Masterplan studies were successfully completed. The British Council's Regional Representative in East Malaysia continues to represent Council interests in Brunei.

The movement of people between Britain and Malaysia has continued to be a major part of the Council's work. Over 100 Technical Co-operation training awards were made and there were 45 full and part-scholarships to postgraduates under British Council and Foreign and Commonwealth Office schemes. Under British Council auspices, over 350 Malaysians visited Britain and 85 British specialists came to Malaysia to develop academic activity. Of special interest was a series of in-country courses on the Management of the Cerebral Palsied Child in March 1985 which attracted over 200 participants. Three "Study Tours" to Britain for English language teachers, sports administrators and mass-communication students were sponsored.

The British Council maintains an active programme of films, exhibitions, plays and recitals. The major cultural event in 1984 was the visit of the Lancashire Schools Symphony Orchestra (LSSO). The joint concert between the LSSO and the Malaysian Junior Symphony Orchestra was the perfect climax to a 12-day period of joint workshops and rehearsals involving the 120 youngsters from the two countries.

All four British Council libraries are subscription libraries, and there are now over 8,000 members. The audio-visual service in Kuala Lumpur has been considerably improved by the introduction of a video tape collection with in-house viewing facilities. A

micro-computer was installed in March and will shortly be available for use by library members. The continuing success of the Kuching library and the increase in membership and loans in Kota Kinabalu are both significant developments.



IN CONFIDENCE

PRIVATE LUNCH WITH MALAYSIAN BUSINESS LEADERS, 1PM ON SATURDAY 6 APRIL

1. The guests include the heads of the major public and private sector / corporations. List attached. Many are major importers of capital equipment and thus of direct interest to British industry.

2. The Prime Minister may wish to refer briefly to the outlook for the British economy and for British industry, especially the capital goods sector. She may wish to put the following questions to the Malaysian side:-
 1. What is their experience of British suppliers?
 2. British market share in Malaysia has fallen to the point where we now supply only 3% of the Malaysian import market. (The mirror image of Japan's record). How competitive are British companies in the market place? How can we regain market share?
 3. How does the Malaysian business community regard the British investment record? Are we in the right areas? What new opportunities are there for profitable investment by British companies? (We regard the British investment record in Malaysia as very good. We estimate the value of British investment interests at almost £2,000 million. MIDA figures show that British investment in Malaysia has been second only to Japan in the last 15 years).
 4. Technology transfer and training. What is the Malaysian /view of



IN CONFIDENCE

view of the British record? (The percentage of expatriates employed in British companies is low, indicating high levels of technology transfer. Under the technical cooperation programme, the British Government has funded 100 Malaysian students and trainees each year on courses in the UK. The Prime Minister will have made an offer during the official talks to increase this scheme by an additional 40 places, at a cost of £240,000 per year. All this is in addition to the special provision of £5 million made available by HMG in the period 1983-86 for Ministry of Education-funded students in the UK. The PM will also have offered an extension to this scheme).



IN CONFIDENCE

GUEST LIST. FORM OF ADDRESS IN BRACKETS

1. Tun Tan Sri Datuk Ismail bin Mohamed Ali (Tun Ismail)
Chairman PNB (National Equity Corporation which bought out British plantation interests including Harrisons and Crosfield and Guthries).
Former long-serving Governor of the Bank Negara, the Malaysian Central Bank. Brother-in-law of Dr Mahathir.
Chairman, Council of Malaysian Invisible Trade.
President, Malaysia-British Society. In this capacity Tun Ismail will be the Prime Minister's host at dinner on Sunday 7 April.

2. Raja Tan Sri Mohar (Rajah Mohar)
Special Economic Adviser to the Prime Minister.
Chairman, Malaysian Airline System (MAS).
Chairman, Foreign Investment Committee, which provides guidelines on foreign investment.

3. Tan Sri Datuk Haji Ibrahim bin Mohamed (Tan Sri Ibrahim)
Chairman, PROMET, one of the largest and fastest growing private sector companies in Malaysia. Offshore oil, shipyard and engineering, construction and property.

4. Tan Sri Dato' Nasaruddin bin Mohamed (Tan Sri Nasaruddin)
Chairman, HICOM (Heavy Industries Corporation of Malaysia - investment in Malaysian National Car project, steel mills etc.
Chairman, Malaysia Mining Corporation (Charter Consolidated have a minority interest). Until 31 March, he was also Chairman of the
/Tourist



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Tourist Development Corporation. Formerly Secretary-General, Ministry of Trade and Industry.

5. Tan Sri Datuk Haji Abdullah bin Mohamed Salleh (Tan Sri Abdullah) Chairman, Petronas, the Malaysian state oil company. Output 400,000 bpd. Exports gas to Japan. About to decide on consultants' short list for Trans-Malaysian gas pipeline project, for which British Gas is bidding.

6. Encik Jalaluddin bin Zainuddin (Enche Jalaluddin) General Manager, National Electricity Board (NEB). Graduate of University of Wales (Swansea). Whole career spent with NEB. NEB is focussing on hydro-electric projects. British consultants Watermeyer, Legge, Piésold & Uhlmann about to start on ATP-financed study for Ulu Jelai HEP project. GEC, Balfour Beatty amongst others bidding for switchgear, transmission equipment contracts.

7. Datuk Ahmad Badri bin Mohamed Basir (Datto Badri) General Manager, Malayan Railway Administration (MRA) under the Ministry of Transport. MRA currently considering rehabilitation and development plans, including proposals put forward by British consortium led by Davy-British Rail Engineering Ltd. British-built Railbus has just completed successful trials in Malaysia. ATP offers submitted for Railbus as well as for locomotives (GEC, Hawker Siddeley), cross-braced bogies (BREL).



IN CONFIDENCE

8. Tan Koon Swan (Mr Tan)

Managing Director, Multipurpose Holdings. Trading, insurance, manufacturing and plantations group controlled by the Malaysian Chinese Association.

9. Geh Ik Cheong (Mr Geh)

Managing Director, Perlis Plantations (sugar growing and refining), tin, iron ore mining, hotels, property development. Member, General Council, Malaysia-British Society. Member, Committee on Malaysian Invisible Trade.

10. Tan Sri Dato' Jamil bin Mohamed Jan (Tan Sri Jamil)

Executive Director, Heavy Industries Corporation of Malaysia (HICOM). Director, Malaysian Shipyard and Engineering Co. Director, Food Industries of Malaysia.

11. Datuk Haji Mohamed Desa Pachi (Datto Desa)

Chairman, Fleet Group (newspapers including New Straits Times), property, Merlin hotels, communications. Chairman, Bank of Commerce.



BANDAR TUN RAZAK: HOUSING DEVELOPMENT PROJECT

PROGRAMME

1. On arrival at Bandar Tun Razak the Prime Minister's party will transfer to a coach for a fifteen minute tour of the project, during which the party will receive a briefing from the Mayor of Kuala Lumpur. At the end of the tour the party will be taken to No 56 Jalan Jaya Lima, where the Prime Minister, Mr Thatcher, Datuk Shahrir, the Mayor, the Minister-in-Attendance, Ministers' and Mayor's wives, and PPS will meet the owner, Encik Azman bin Haji Bahari, his wife and three teenage children. The party will be invited to enter his home. They should remember to remove their shoes at the entrance. Once inside they will be offered coffee, soft drinks and kueh (cakes), and the Prime Minister will be given a small present by Encik Azman. The Prime Minister will present three silver House of Commons teaspoons to the children. The remainder of the party will be seated under an awning in the garden and will be offered refreshments.

BACKGROUND

2. Bandar Tun Razak is a development project designed to create a self-contained town some 7.2 km outside the centre of Kuala Lumpur. Hitherto the project has been both planned and implemented by the Dewan Bandaraya (City Hall) on behalf of the Federal Government. In accordance with the government's new privatisation policy, some elements of the project are now being allocated to the private sector.



3. The idea for a development of this kind was first conceived by the late Tun Abdul Razak, who in 1974 initiated a policy designed to avoid over-concentration of population in Kuala Lumpur's city centre. Bandar Tun Razak was officially declared open by the Prime Minister of Malaysia on 1 September 1982.

4. A prime aim of the project is to provide adequate housing for lower and middle income groups. 2,964 units of residential accommodation have been completed and Bandar Tun Razak already has a population of 22,000. A further 1,224 flat units are in the building stage. There are three types of terraced housing: "cluster" (back to back); single storey and double-storey. All completed terraced units have now been sold at the following prices: M\$8,000 - 12,000 (cluster), M\$44,000 (single storey), M\$130,000 (double storey). All completed flats are now occupied and are rented at M\$75 - 90 per month.

5. 70 double-storey shop units, 64 stalls and 30 light industrial units have also been built. Additional residential units, the main industrial sites and the town centre, including a full range of public amenities, come under the privatisation scheme and are still in the preliminary planning and development stages.

6. The whole project is expected to be completed by the late 1990s. Bandar Tun Razak should then have a population of 50,000 and will also provide services to some 150,000 others living in surrounding housing estates.

/Official...



Official Welcoming Party

YB Datuk Shahrir bin Abdul Samad DPMJ PIS
Minister of the Federal Territory
Datin Shahrizan

Dato' Elyas bin Omar
Major of Kuala Lumpur
Datin Fauziah

Encik Mohd Noor bin Abdul Rahim
Acting Director-General, City Hall

Tuan Haji Noordin bin Abdul Razak
Deputy Director-General, City Hall



IN CONFIDENCE

BRITISH MALAYSIAN INDUSTRY AND TRADE ASSOCIATION COMMITTEE (BMITA)

7-7.30PM ON SATURDAY 6 APRIL

- / 1. Details of the Committee attached. Chairman Mr Geoffrey Taylor.
The Prime Minister might open by giving an impression of the visit so far and then asking about the Committee's views on those matters within the Government's sphere of interest that the British business community in Malaysia considers important. Mr Taylor wrote to the Prime Minister on 6 March a letter (copy attached) which can be summarised as follows:-

"The British Malaysian Industry and Trade Association (BMITA) takes an optimistic view of potential for growth of the Malaysian economy. While BMITA accepts the rationale behind Malaysia's New Economic Policy (NEP), it believes a more flexible application of NEP principles would help to create an even more attractive climate for investment.

In support of its objectives of encouraging the growth of bilateral trade and inward British investment, BMITA attaches importance to HMG's ATP and OPF schemes, HMG's financial support for Malaysian students and the English language teaching activities of the British Council, which BMITA would wish to see extended.

In the light of Malaysian concern over the large invisibles deficit, BMITA suggests that a British tourism consultant be seconded to the Malaysian Tourist Development Corporation."

/Membership



IN CONFIDENCE

2. Membership of BMITA is open to all companies operating in Malaysia in which there is a significant British interest or which are engaged in the promotion of British products or services. Some 190 companies are members.

3. BMITA organises business training programmes for Malaysian Civil Servants who are attached to British firms in Malaysia for a year, during which they attend courses in management training organised locally by the London Business School (funded by the ODA). BMITA companies pay all other programme expenses.



IN CONFIDENCE

THE BRITISH MALAYSIAN INDUSTRY AND TRADE ASSOCIATION
MEMBERS OF 1984/85 COMMITTEE

G E F TAYLOR (CHAIRMAN)

Managing Director of Timuran Holdings Bhd. Timuran is 49% owned by Inchcape plc, 51% Malaysian interests. Investments in trading, manufacturing, the service industries and property development.

D R McCARTHY (VICE CHAIRMAN)

Chairman of Lever Brothers (Malaysia) Sdn Bhd. This company is owned by Unilever (85%) and Malaysian institutions (15%). Manufactures soap, detergents, margarine. Over 1,000 employees, 3 expatriates. He organises BMITA management training for Malaysian civil servants.

H S BARLOW

Head of Southdene Bhd, a business consultancy company. Chartered Accountant, 14 years in Malaysia. Formerly financial director of large plantation company.

F K J JACKSON

Managing Director of Charter Consolidated (Malaysia) Sdn Bhd since 1978. Director of Malaysia Mining Corporation in which Charter Consolidated is a minority partner. Charter owns Cemboard, a building materials company.

/D G JAQUES



IN CONFIDENCE

D G JAQUES

Chief Executive, Malaysia, HongKong and Shanghai Banking Corporation which has 36 branches employing 3,000 persons in Malaysia. The largest foreign-owned bank, fourth largest overall. The HSBC pioneered computerised banking throughout this region.

M J H MOFFETT

Managing Director of Dunlop Malaysian Industries Bhd (DMIB). The leading Malaysian tyre producer, 2,800 employees. Dunlop Holdings plc recently sold its controlling interest in DMIB to a Malaysian company, Sime Darby.

H A NOWELL

Managing Director, Guinness Malaysia Bhd since 1977, which is 50.01% owned by Guinness UK. 800 employees. He is also President of the Malaysian International Chamber of Commerce and Industry.

DR J D RUSHTON

Chairman of the ICI Group of Companies in Malaysia, Singapore, Thailand, Brunei and Burma. In Malaysia ICI produces and markets fertilizers, agri-chemicals, chlor-alkali, paints and chemicals, 1,200 employees. Is discussing possibility of new high-technology protein plant in East Malaysia.

TUNKU IMRAN

(Malaysian citizen, educated in UK. Barrister (Grays Inn)).
Managing Director, Antah Holdings. The company controlled by the

/Royal



IN CONFIDENCE

Royal Family of the State of Negeri Sembilan, has joint ventures with many British companies including Biwater Shellabear and Charter Consolidated. Represents others including Rolls Royce (aeroengines).



BRITISH MALAYSIAN INDUSTRY & TRADE ASSOCIATION

P.O. Box 12574
Kuala Lumpur.

CONFIDENTIAL

G. E. F. Taylor
Chairman,
G. P. O. Box 10316,
Kuala Lumpur.
Tel: 576011

6th March, 1985.

The Rt. Hon. Margaret Thatcher, F. R. S., M. P.,
Prime Minister.

Dear Prime Minister,

The British Malaysian Industry and Trade Association (BMITA), as the representative body of the majority of companies with British connections in Malaysia, respectfully submits the following comments to The Rt. Hon. British Prime Minister for her information and consideration. BMITA's overriding objective, both in general and in this submission, is to try to encourage the growth of bilateral trade between Malaysia and the United Kingdom and to promote the inflow of investment capital to Malaysia from Britain.

Malaysia, with a GDP growth rate of 6.9% in 1984, is a country richly endowed with natural resources and one which is actively pursuing policies, designed to hasten the rapid industrialisation of the economy. As the world's leading exporter of rubber, tin, palm oil, pepper and hardwood timber, and as a net exporter of oil and gas, Malaysia's economy is strong and resilient with a sound growth potential. British companies are particularly well placed to participate in this healthy and expanding free-enterprise environment since, despite the difficulties of the past few years, the special relationship between Britain and Malaysia continues to exist although in a somewhat diluted form. It is known that Malaysia is anxious to promote a greater percentage of new investment from Britain to counter the increasingly dominant economic influence of the Japanese in this country, e.g. in the motor vehicle industry. Many of the political and commercial leaders are British-educated; the predominant commercial language continues to be English and the political, judicial and administrative model draws heavily on the British system. Above all else the Malaysian environment is welcoming to the foreign investor with minimal exchange controls and relatively generous taxation incentives on offer.

Malaysia's 'New Economic Policy' (NEP) and its effect on foreign Investment

There is one area, however, which does detract from Malaysia's appeal to foreign investors. This is mentioned not with a view to it being specifically raised with the Malaysian authorities, since it affects all investors from overseas and not only the British, but so that The Rt. Hon. Prime Minister is fully aware of its importance. Whilst most British companies with business interests

in Malaysia understand and support the underlying rationale of the NEP, they are concerned about the way in which the policy will be applied in the future and this has a negative influence on both existing and potential investors. When international companies make investments, one of the most important factors they consider is the degree of certainty that the arrangements for equity and management control will not be changed by the host country during the life of the investment.

There are, for example, some investments which a company will only make if it is assured of long-term equity and management control. Such investments often involve the transfer of high technology or the manufacture of speciality products requiring extensive and costly research and development programmes and safeguards for intellectual property. There are indications that the Malaysian Government is becoming more pragmatic and flexible on this issue and if the opportunity arises we would suggest that The Rt. Hon. Prime Minister should reinforce and encourage this trend.

BMITA takes this opportunity to mention several areas which we believe are important to the encouragement of specifically British investment in Malaysia and to the maintenance of the overall beneficial climate in which such investment takes place.

1. Government funding for feasibility studies

One area where the Japanese have in the past been particularly adept has been to undertake Government-funded feasibility or technical studies for new industrial or infrastructure developments, which invariably places Japanese companies in a better position in the award of tenders for the construction of such facilities. We understand that this approach is now being adopted by the British Government and we would like to lend our support to this and suggest that consideration be given to extending the concept of aid offers to finance, or at least to subsidise, the cost of technical studies by British companies on projects which the Malaysian Government is known to favour.

2. Aid-supported project tenders

Aid-supported tenders for large projects are also common now and our competitors' Governments - particularly the Japanese and the French - frequently use aid or soft credits in support of their contractors. This increasing availability of official financial assistance to our foreign competitors may well have to be at least matched by British Government assistance to redress the balance. Such Government aid need not necessarily consist entirely of finance: Government assistance could, for example, be given to private firms in arranging for places in universities or technical education institutes to be made available which could then be offered to Malaysians as part of the overall tender package.

3. Education subsidies for Malaysians

One of the advantages which British investors enjoy in Malaysia is the fact that many senior Malaysian businessmen have had their secondary or tertiary education in Britain. Following the abolition of broad subsidies for overseas students pursuing university studies in Britain there was a danger that this advantage would have been eroded over time. In view of this, BMITA was particularly supportive of the £5 million special education grant from Britain, channelled through Malaysia's Ministry of Education, over a period of 3 academic years. However, payments under this grant will cease in July 1986 and, in the light of both the advantages to Britain and the emotive nature of the issue of education to the Malaysian Government and to individuals of all ethnic groups in Malaysia, it is BMITA's firm view that this grant scheme should be renewed. The benefits to be derived by British business interests are obviously unquantifiable but we consider that there is much to be gained if Malaysians attend British universities in preference to those in the USA, Canada and Australia. The historic links, which have been built up over many years by exposure to the British way of life, should not be further weakened.

4. English teaching by The British Council

It is BMITA's view that the initiative of The British Council in opening its Language Centre in Kuala Lumpur in January 1984 was an invaluable start to what will hopefully be an on-going programme to teach English to Malaysians. The start-up costs of the Centre was about £150,000 but running costs are covered by fees charged to students. Enrolment on regular courses (originally targeted at 300) has risen to 860 and, in addition, a specially arranged course teaches a further 90 students from Malaysian Government organisations. It has been suggested that The British Council should extend this practical initiative to other parts of Malaysia - in particular to Penang and possibly to the East Coast of Peninsular Malaysia. BMITA would lend its full support to this proposal which, for a nominal cost, will help to stem the steady decline in the use and standard of the English language in Malaysia. Another suggestion, which BMITA also supports, is the use of small amounts of aid finance to 'top-up' local salaries so as to make it possible for Malaysian universities or technical training institutes to recruit British teachers or academics for specified secondment periods. Such moves would not only be welcomed by the Malaysian Government but would also continue to engender an attractive long term investment climate for British investors in Malaysia.

5. Advice on the development of the Malaysian tourist industry

Malaysia would probably welcome an offer of the services of a consultant (from the British Tourist Authority ?) to be seconded to its Tourist Development Corporation, for a specific period in order to give advice on tourist promotion - a major area for

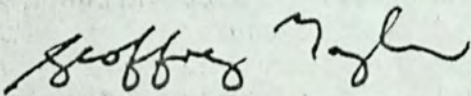
5. Advice on the development of the Malaysian tourist industry (Contd)

development. In the event that a person is so seconded, he should preferably have had some experience in attracting tourism in third-world countries.

In conclusion, it is BMITA's belief that there exists within Malaysia much goodwill towards Britain and a close affinity to our way of life. Given the sensitivities of Malaysians, however, our experience dictates that some degree of patience and tact is required in business and political dealings. Despite this, we strongly believe that the rewards for potential British investors in this relatively prosperous and pragmatic country are extremely worthwhile.

We are sure that your visit to this country will do much to strengthen the long-standing and valuable ties existing between Malaysia and the United Kingdom for the mutual benefit of the two countries.

Yours respectfully,



G. E. F. Taylor

In support of the growth of the tourist industry in Malaysia, BMITA has been actively engaged in financial and technical assistance to the Government of Malaysia. In the light



IN CONFIDENCE

VISIT TO KEDAH STATE, SUNDAY 7 APRIL

1. The Prime Minister will be greeted on arrival at Alor Setar airport by the State Secretary, Datuk Paduka Radzi Basir (pronounced Datto Radzi) who will board the aircraft. The Prime Minister and party will be greeted on the tarmac by Datuk Paduka Osman Aroff (Datto Aroff), Chief Minister of Kedah and his wife Datin Paduka Azizah (Dateen Azizah). Also present will be the former Chief Minister for Kedah, Dato' Seri Syed Nahar (Datto Nay-har) who left office at the beginning of January. He helped push the Balfour Beatty project through and he is still the Chairman of the joint venture company (Balfour Beatty Maju) formed between Balfour Beatty and the Kedah Development Authority. The Federal Minister for Public Works, Datuk Samy Vellu (Datto Vellu) who is head of the Malaysia-Indian Congress) will also be at the airport, as will Mr W O'Hara, Chairman of Balfour Beatty International. Full list attached.

2. The draft of the Chief Minister's speech at the dam site is attached. A reference in the PM's speech to the presence of the Minister for Public Works, Datuk Samy Vellu and the former Chief Minister, Datuk Nahar (late additions) would be appropriate, viz -

"I am delighted that the Minister of Works and Public Utilities Datto Samy Vellu is able to be here today. It gives me particular pleasure to endorse your comments about the former Chief Minister, Datto Seri Syed Nay-har, whose efforts have been an inspiration to all those concerned with this project."

/Personality



IN CONFIDENCE

Personality notes on Dato' Syed Nahar and Datuk Samy Vellu are
/ attached.

A list of those who will attend the audience with the Sultan is
/ attached.

BACKGROUND

3. a. Sungei Ahning Dam Project

The project is part of a scheme to provide water supply for 1.3 million people in Kedah, which is regularly affected by water shortages. The dam is a water supply storage and mini-hydro project on the Sungei Ahning River, 56 kilometres north-east of Alor Setar.

The main dam will consist of a rock filled embankment with a concrete membrane on the up-stream face, which will be cast on site.

Some other features of the project are:-

- a 7.5 kilometre access road from the nearby village of Padang Sanai to the site;
- a 270 metre long diversion tunnel, diameter 4.5 metres;
- an uncontrolled spillway comprising an open channel concrete chute, approximately 150 metres in length down the face of the dam;
- a 52 metre high hexagonal shaped, multi-level intake tower together with a mini-hydro electric generating plant and a 20km transmission line.

/Construction



IN CONFIDENCE

Construction work commenced in October 1984 and the dam should be completed in December 1987. Water from the dam will be channelled to a water treatment plant at Pelumbang, which will provide approximately 25 million gallons of water a day when it becomes operational in 1988.

The cost of the dam is M\$55.8 million (£20 million). Schroder Wagg has arranged a loan of M\$21 million to finance British supply. The loan is the largest British export credit signed by Malaysia for some time. HMG is providing an aid grant of £2.35 million for the project.

Organisation

Balfour Beatty formed a joint venture company, Balfour Beatty Maju Sdn Bhd with the Kedah Development Authority in 1984 to construct the Sungei Ahning Dam. The joint venture partner is Syarikat Majutani Sdn Bhd, a subsidiary of the Kedah Regional Development Authority (KEDA).

KEDA's primary objective is to improve rural living standards. KEDA is carrying out a number of programmes including the development of basic infrastructure in the State, which currently lacks good roads, adequate drainage, water and electricity supplies. KEDA also plays a major role in the development of small scale industries in Kedah.

/Personalities



IN CONFIDENCE

Personalities

The Prime Minister will meet the following personnel at the Sungei Ahning Dam site:

Mr John Procter	General Manager Balfour Beatty Maju Sdn Bhd
Mr John Shotton	Project Manager Balfour Beatty Maju Sdn Bhd
Encik Malik Waheed Ahmad	Balfour Beatty Maju Sdn Bhd District Officer Member of Parliament OCPD (Officer in charge of Police District)

b. Kedah State

One of the poorest states in Malaysia, Kedah is none the less significant as the Prime Minister's home state and because of the relative strength of the PAS (Islamic Opposition Party).

Kedah is in north-west Malaysia bordering Thailand. Agriculture is the most important activity. The largest current project in Kedah is the MUDA scheme for irrigation and development of 237,000 acres of paddy fields in north Kedah and the neighbouring state of Perlis. This is financed partly by World Bank loans and has so far involved 60,000 rural households. Kedah, "the rice bowl of Malaysia" produces almost half of Malaysia's rice requirements. Rice yields have improved markedly in recent years.

Other recent developments in the state include the establishment of the Northern University of Malaysia (Universiti Utara), the development of tourist hotels and a new airport on Langkawi island
/and



IN CONFIDENCE

and construction of part of the North-South Highway, from the Thai border.

c. British interests

London Rubber Company have a modern glove making plant at Kulim in southern Kedah, exporting 60 million pairs of gloves a year. Travers-Morgan (consultants) are just completing site supervision work on the construction of a section of the North-South Highway to the Thai border. Sir M McDonald and Partners (consultants) together with the Water Research Centre hope to win a contract for the Alor Setar water leakage control project. British firms should pre-qualify for the ADB-funded Sungei Petani water supply scheme, costing £20 million. Like all other states, Kedah would benefit from the implementation of the Biwater Shellabear water supply project, on which separate briefing has been provided. The Biwater team completed their consultations with the Kedah authorities earlier this year. A separate brief is also provided on Balfour Beatty's involvement in the Sungei Ahning dam project.



IN CONFIDENCE

DATUK PADUKA HAJI OSMAN BIN AROFF

Chief Minister of Kedah. Born 1940 in Jitra, Kedah. Attended Sultan Abdul Hamid College in Alor Setar and subsequently studied political science in Washington, USA. Liaison officer at Taiwanese Consulate in Kuala Lumpur, 1966-69. Osman entered active politics in 1969, when he won the Jitra State seat, which he has held in three subsequent elections. He was appointed State Executive Councillor in charge of Works and Public Utilities in 1972. Married to Datin Hajjah Azizah Abdul Hamid. Four children.

DATUK SAMY VELLU

Minister for Works and Public Utilities. President of the Malaysia-Indian Congress. Graduate of the Royal Institute of British Architects. The only Indian in the Cabinet.

DATO' SYED NAHAR SHAHABUDDIN

Chief Minister of Kedah until January 1985. Chairman of Balfour Beatty Maju joint venture company for Sungei Ahning dam project. Chairman of the National Savings Bank. Supreme Council Member of UMNO. A nephew of Tunku Abdul Rahman, he attended Dublin University. Married with six children. Interested in birds.

GUEST LIST OF VIP AT THE AIRPORT:

DATUK PADUKA HAJI OSMAN BIN AROFF, CHIEF MINISTER OF KEDAH

1. THE HON'BLE DATO' SERI SYED NAHAR SHAHABUDDIN
2. YANG BERBAHAGIA TOK PUAN NIK MAIMUNAH
3. THE HON'BLE DATO' SAMY VELU
4. THE HON'BLE DATO' HAJI ABDULLAH BIN HAJI ISMAIL N WIFE
5. THE HON'BLE DATO' ZAINOL ABIDIN BIN JOHARI N WIFE
6. THE HON'BLE DATO' HAJI KHALID BIN HAJI ABDULLAH N WIFE
7. THE HON'BLE RAJA ARIFFIN BIN RAJA SULEIMAN N WIFE
8. THE HON'BLE MR. YUSOF BIN ABDUL RAHMAN N WIFE
9. THE HON'BLE MR. ZAKARIA BIN SAID N WIFE
10. THE HON'BLE MR. FANG CHOK SEONG N WIFE
11. THE HON'BLE DATO' PADUKA HAJI RADZI BIN BASSIR N WIFE
12. TUAN SYED UNAN MASHRI BIN SYED ABDULLAH
(PRIVATE SECRETARY TO THE SULTAN OF KEDAH)

1. AUDIENCE PARTY N MEMBERS OF THE KEDAH ROYAL FAMILY:

- 1.1 YTM RAJA MUDA OF KEDAH
- 1.2 YTM RAJA PUAN MUDA OF KEDAH
- 1.3 YAB DATO' PADUKA MENTERI BESAR OF KEDAH
- 1.4 YANG AMAT BERBAHAGIA DATIN PADUKA HAJJAH AZIZAH
(WIFE OF THE MENTERI BESAR)
- 1.5 THE HON'BLE DATO' SERI SYED NAHAR SHAHABUDDIN
- 1.6 YANG BERBAHAGIA TOK PUAN NIK MAIMUNAH
(WIFE OF DATO' SERI SYED NAHAR)

- 1.7 YTM TUNKU INTAN SORAYA
- 1.8 YTM TUNKU INTAN SARINA
- 1.9 THE HON'BLE DATO' PADUKA HAJI RADZI BIN BASSIR
(STATE SECRETARY OF KEDAH)
- 1.10 YANG BERBAHAGIA DATIN ZUHURIAH
(WIFE OF STATE SECRETARY)
- 1.11 JUSTICE DATO' MOHD. ARIFF BIN DATO' OSMAN N WIFE
- 1.12 JUSTICE MUSTAPHA BIN HUSSAIN N WIFE
- 1.13 THE HON'BLE DATO' HAJI SHAARI BIN ABU BAKAR - SPEAKER
OF STATE ASSEMBLY
- 1.14 DATIN HAJJAH ZUWIYAH BT. ISMAIL
(WIFE OF SPEAKER)
- 1.15 THE HON'BLE DATO' SAMY VELU
- 1.16 THE HON'BLE MINISTER IN ATTENDANCE N WIFE
- 1.17 HIS EXCELLENCY THE MALAYSIAN HIGH COMMISSIONER TO THE
UNITED KINGDOM N WIFE
- 1.18 CHIEF PROTOCOL OFFICER FROM WISMA PUTRA.

BRITISH ENTOURAGE:

1. THE RT. HON'BLE PRIME MINISTER OF THE UNITED KINGDOM
1. MR. DENIS THATCHER
3. SIR ANTHONY ACLAND
4. HIS EXCELLENCY D.H. GILLMORE
5. MRS. GILLMORE



IN CONFIDENCE

VISIT TO FEDERATION OF MALAYSIAN MANUFACTURERS EXPO INTERNATIONAL

'85, SUNDAY 7 APRIL

1. Met by:-

- Tunku Tan Sri Mohamed bin Tunku Besar Burhanuddin (Tunku Mohamed)
FMM President and Chairman of some Inchcape Group companies
- Mr Geoffrey Taylor
Chairman of British Malaysian Industry and Trade Association (BMITA) and Chairman of Timuran Holdings Berhad

2. View company stands in British Malaysian Pavilion. These are:-

- Teamwork Corporation Sdn Bhd: Mr A R J Christodolo, Chairman. (Manufacture and distribution of cigarettes, cigars and pipe tobacco).
- BP Malaysia Sdn Bhd: Mr Flemming Wich, Managing Director. (Fuels, oils and other petroleum products, industrial chemicals. Associate of British Petroleum Company plc, UK).
- Balfour Beatty group: Mr Peter Birmingham, General Manager. (Civil engineering, construction, electrical and mechanical engineering. Malaysian and British subsidiaries of Balfour Beatty Ltd, UK).

/International Computers



IN CONFIDENCE

- International Computers (Malaysia) Sdn Bhd:
Encik Kamar, Marketing Director. (Marketing of ICL computers; consultancy, services and training. Wholly-owned subsidiary of ICL, UK).
- Timuran Holdings Bhd: Mr Vincent Huygen, Group Manager. (Large investment holding company. Associate of the Anglo-Thai Corporation Ltd, London, part of the Inchcape Group. Exhibiting Slumberland bedding products and Don brake and clutch pads - made in Malaysia).
- Glaxo Malaysia Sdn Bhd: Mr H A Ridgway, Director and General Manager. (Ethical pharmaceuticals, vitamins and dietetic foods. Wholly-owned subsidiary of Glaxo Group Ltd, UK).
- The HongKong and Shanghai Banking Corporation:
Mr David Jaques, Chief Executive Officer, Malaysia. (Retail and merchant banking services. Wholly-owned by the HongKong Bank Group, Hong Kong).
- ICI (Malaysia) Sdn Bhd: Dr Derek Rushton, Chairman. (Marketing of chemicals, pharmaceuticals, fertilisers; manufacture and marketing of paints, Subsidiary of Imperial Chemical Industries plc, UK).

3. Proceed to FMM stand inside main exhibition hall.

/Meet



IN CONFIDENCE

Meet FMM Council members and view award winners for Export Achievement and for New & Improved Product Development.

Winners include:-

- Albright & Wilson (Malaysia) Sdn Bhd. (A subsidiary of Albright & Wilson UK)
- Dunlop Malaysian Industries Berhad. (Now independent of Dunlop UK, but enjoying licencing and technical aid agreements with the British company).
- ICI Paints (Malaysia) Sdn Bhd. (A subsidiary of Imperial Chemical Industries plc, UK).
- Raleigh Cycles (M) Sdn Bhd. (Now totally independent of TI Raleigh Industries Ltd, UK, but continuing to use the Raleigh name by agreement).
- Tamco Cutler-Hammer Sdn Bhd. (A subsidiary of Harper-Gilfillan (1980) Sdn Bhd which is wholly-owned by Harper-Gilfillan (Jersey) Ltd.

Presentation of souvenir of visit to exhibition by Tunku Tan Sri Mohamed bin Tunku Besar Burhanuddin, FMM President.

4. Proceed to Tourist Development Corporation stand.

Malaysian government is keen to develop tourism in order to reduce the services account deficit.



IN CONFIDENCE

5. Proceed outside exhibition hall to Standard Chartered Bank stand and meet:

- Mr Magnus Stirling, Senior District Manager
- Mr Michael Hill, Senior Manager
- Encik Razman, Kuala Lumpur Manager
- Encik Abdullah Mat Noh, Manager Corporate Banking

(Standard Chartered Bank provides retail and merchant banking services in Malaysia. Its branch activities in Malaysia are controlled directly from London).

6. If time allows, proceed to auditorium for tea and refreshments before departure.

BACKGROUND

7. FMM held its first Expo in 1971. In 1983, the first International Expo was held, attracting approximately 250,000 visitors. At that event the Central Office of Information organised a prominent exhibit featuring British expertise in high technology industries.

Companies from fourteen overseas countries will participate in Expo '85 (Austria, Canada, China, FRG, GDR, Iran, Italy, Pakistan, the Philippines, Singapore, South Korea, Taiwan, Turkey and Britain). Some countries will provide national pavilions or joint venture stands.

/Official



IN CONFIDENCE

Official funds were not available for a British officially supported group exhibit this time but the British-Malaysia Industry and Trade Association (BMITA) agreed to sponsor a small joint venture of 9 British companies based in Malaysia, to create a small "British Malaysian Pavilion".



IN CONFIDENCE

VISIT TO BRITISH RAIL ENGINEERING - LEYLAND RAILBUS, SUNDAY 7 APRIL

1. Met by:
 - Tan Sri Chong Hon Nyan, Minister of Transport and Puan Sri Chong
 - Puan Rahmah Othman, Deputy Minister of Transport
 - Datuk Ahmad Badri bin Mohamed Basir, General Manager, Malayan Railway Administration
 - Mr Philip Norman, Managing Director, British Rail Engineering Ltd and Mrs Norman

2. Traditional drum welcome in booking hall by members of the Railway Women's Association.

3. Sign Visitors Book on Platform One and meet:
 - Dato' Abdul Hamid bin Pawanchee, Chairman of Railways Board, Members of the Railway Board

4. Board Railbus for journey to Port Swettenham Junction (five minutes) and return. After return to Kuala Lumpur Station, presentations by:-
 - Datuk Ahmad Badri bin Mohamed Basir, General Manager, Malayan Railway Administration (model of old steam locomotive);
 - Datin Rohani binte Mohamed Nor, Chairman, Railway Women's Association (pewter plate).



IN CONFIDENCE

BACKGROUND

5. The two-car Railbus started trials with the Malayan Railway Administration (MRA) in August 1984, following similar trials in Thailand. The trials have been highly successful. The sole competitor is Ganz-Mavag of Hungary, which produces a similar vehicle. The Hungarian model began trials in February 1985. Reports indicate it has been less successful than the BRE-Leyland Railbus.

6. MRA has requested government funding under the Fifth Malaysia Plan for an initial purchase of 10 2-car Railbus units. 12 further 2-car units will be required at a later date. The British Railbus is believed to be in lead position to win the contract; HMG has offered an aid grant of £1.105 million in support.

7. British Railbus units are on trial in Sweden, Denmark and the USA. The Thai authorities have issued a Letter of Intent to purchase 10 2-car units. Railbus is in operation in Northern Ireland; BR operates 20 2-car units and has 50 2-car units on order.

8. Kuala Lumpur railway station was built in 1909/10 and is one of the architectural features of Kuala Lumpur. It was designed by a British architect, Mr A B Hubbock. The striking style (shared by the Railway Headquarters opposite the main entrance) is North Indian (Moghul) with Moorish influences.



IN CONFIDENCE

MALAYSIA-BRITISH SOCIETY DINNER, 8PM ON SUNDAY 7 APRIL

1. The Prime Minister, Mr Thatcher and the official party will be escorted by the High Commissioner and Mrs Gillmore from their suite to the lower lobby of the Hilton Hotel where Tun Ismail, Chairman of the Malaysia-British Society will be waiting with his wife Toh Puan Mainunah to greet Mrs Thatcher. He will escort the Prime Minister and her party to the adjoining Raja Room where he will introduce the members of the General Council of the MBS. List attached. Also present in the Raja Room as guests of the Malaysia-British Society at the dinner will be:

- Tengku Rithauddeen, Minister of Foreign Affairs.
Wife: Tengku Nor Aini.
- Tengku Razaleigh, Minister of Trade and Industry.
- Encik Daim Zainuddin, Minister of Finance.
Wife: Puan Mahani.
- Datuk Shahrir bin Abdul Samad, Minister of Federal Territory. Wife: Datin Shahrizan.
- Tan Sri Datuk Sallehuddin Mohamed, Chief Secretary to the Government. Wife: Puan Sri Datin Hafsa.
- Tan Sri Dato' Haji Mohamed Salleh, the Lord President.
Wife: Puan Sri Hajjah Azimah
- Dato' Dr Elyas Omar, Mayor of Kuala Lumpur (and Secretary-General, Ministry of Federal Territory).
Wife: Datin Fawziah.
- Ambassador Tan Sri Zainal Abidin Sulong, Secretary-General, Ministry of Foreign Affairs. Wife: Puan Sri Siti Maznah.



IN CONFIDENCE

2. At 8.15 Tun Ismail will escort the Prime Minister into the Nirwana Ballroom, where some 400 guests will be already seated.

/ The seating plan for the top table is attached.

3. At the end of the dinner Tun Ismail will make a speech welcoming Mrs Thatcher, at the end of which he will invite her to address the gathering. Press and television will be present for the speeches.

4. Following this there will be a cultural show organised by Puan Mahani Daim, Wife of the Minister of Finance and President of the Arts Foundation. At the end of the cultural show Puan Mahani will present a silver Kris (Malaysian knife) to the Prime Minister who should give a coin in return (Malay tradition).

5. At the end of the dinner Tun Ismail and Toh Puan Mainmunah will conduct the Prime Minister and Mr Thatcher from the Nirwana Ballroom to the lift. The High Commissioner and Mrs Gillmore will accompany the Prime Minister and Mr Thatcher to their suite.

6. The Malaysia-British Society (MBS) was formed in 1984 as a counterpart to the British-Malaysia Society, formed the previous year, with Lord Richardson as Chairman. The Chairman of the MBS is Tun Tan Sri Datuk Ismail bin Mohamed Ali, Chairman of Permodalan Nasional Berhad (PNB - the National Equity Corporation). Personality
/ note attached. The MBS and its British counterpart held their first

/joint



IN CONFIDENCE

joint meeting in Kuala Lumpur in September 1984. Tun Ismail was then host at a dinner attended by Dr Mahathir and some 400 guests at the Hilton Hotel. The Prime Minister sent a congratulatory message which was read out by Lord Richardson. The two Societies will hold their next joint session in London in June this year when the Prime Minister will hold a reception at No 10 Downing Street to mark the occasion. There will also be a banquet at the Mansion House attended by the Foreign Secretary.



IN CONFIDENCE

TUN TAN SRI DATUK ISMAIL BIN MOHAMED ALI (TUN ISMAIL)

President, Malaysia-British Society. In this capacity Tun Ismail will be the Prime Minister's host at the banquet.

Chairman PNB (National Equity Corporation) which bought out British plantation interests including Harrisons and Crosfield and Guthries. He chairs Guthrie Board meetings in London.

Former long-serving Governor of the Bank Negara, the Malaysian Central Bank. Brother-in-law of Dr Mahathir.

Chairman, Council of Malaysian Invisible Trade.

Wife is Toh Puan Maimunah, 2 children.



MALAYSIA-BRITISH SOCIETY: GENERAL COUNCIL

Tun Tan Sri Datuk Ismail bin Mohamed Ali
Chairman, Permodalan Nasional Berhad (PNB)

President

Tan Sri Haji Basir bin Ismail
Chairman, Kumpulan FIMA Berhad

Vice President.
Chairman of
Committee on
Education Training
and Technology
Transfer

Tan Sri Abdul Aziz bin Haji Taha
Governor, Central Bank Negara Malaysia

Tan Sri Kishu Jethanand
Merchant

Mr Geh Ik Cheong
Managing Director, Perlis Plantations Berhad

Dato' Jaffar bin Hussein
Chairman, Malayan Banking Berhad
Governor-Designate, Central Bank Negara

Encik Zain Azahari
Senior Partner, Zain & Co, Solicitors and Advocates

Senator Tan Sri C Selvarajah
Chairman, United Motor Works (Malaysia) Holdings Berhad

Tunku Ahmad Yahaya
Group Chief Executive, Sime Darby Berhad

Chairman of MBS
Committee on Trade
and Investment

Tan Sri Nasaruddin bin Mohamed
Chairman, Malaysian Mining Corporation
Chairman, HICOM

Chairman MBS
Committee on
Cultural and Social
Affairs

Encik Din Merican
Group Treasurer, Sime Darby Berhad

Secretary

Mr Chuah Teong Hooi
Senior Partner, Price Waterhouse & Co

Treasurer

MAIN TABLE

- ✓ 1. YB Encik Abdul Kadir bin Sheikh Fadzir
- ✓ 2. Mrs. D.H. Gillmore
- ✓ 3. YB Dato' Shahrir bin Abdul Samad
- ✓ 4. Puan Mahani Idris
- ✓ 5. YM Tengku Ahmad Rithauddeen Al-Haj
- ✓ 6. Toh Puan Maimunah Ismail
- ✓ 7. Mr. Denis Thatcher
- ✓ 8. The Rt. Hon. Margaret Thatcher FRS MP
- ✓ 9. YAB Tun Ismail bin Mohamed Ali
- ✓ 10. YM Tengku Nor Aini bte. Tengku Ahmad Zainal Abidin
- ✓ 11. YBM Tengku Tan Sri Razaleigh Hamzah
- ✓ 12. Datin Shahrizan bte. Abdullah
- ✓ 13. YB Encik Daim bin Haji Zainuddin
- ✓ 14. Puan Sharifah Aishah
- ✓ 15. H.E. Mr. D.H. Gillmore

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PRIME MINISTER'S VISIT TO

SINGAPORE

Political Relations

1. No major issues between us.

Note that you quite often criticise state of Britain. Progress made and been sought: industrial relations, privatisation, reform of social security, taxation. Your strategy for next two-three years.

Foreign Policy Issues

/(i)
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ACT 500

(i) particularly welcome your views on Brunei and what I should say to the Sultan. How you assess internal situation?

(ii) other regional issues: Cambodia, Soviet role in South East Asia, assessment of changes in China, welcome his notice of withdrawal from UNESCO, problems over New Zealand and nuclear ship visits. Prospects in Philippines?

/(iii)

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ACT 2000

(iii) prospects for Bonn Economic Summit and CHOGM.

Air Services

(i) note you have recently given official support for SIA's request for three services to Manchester.

(ii) it was agreed as recently as 1983 that any new Manchester services by SIA (or BA) would replace existing services to Heathrow.

(iii) None the less ready to start consultations very soon. Officials will be in touch. Ready

/to

to consider in open minded way.

Defence

(i) continue to play part in Five Power Defence Arrangements. Value naval facilities in Singapore.

Thanks for helping over 'Invincible'.

(ii) hope Mr Goh will take up invitation to come to UK.

(iii) draw attention to Rolls Royce interest in contract to re-engine.

Skyhawks .

(iv) Vosper Thornycroft or Brooke Marine

/candidates

candidates for supply of patrol boats.

(v) ready to help with military training and assistance.

Trade

(i) hope British companies will be favourably considered for remaining contracts on Mass Rapid Transit Systems. Well in forefront of technology here.

(ii) particular enterprise in computer field in software writing. Ready to co-operate in establishing indigenous capability.

/(iii)

(iii) welcome recent judgement on copyright law. Hope further progress can be made to solve piracy problem.

Specific Contracts

- i. Thorn / EMI bid for computerized Police and Fire / Ambulance system
- ii. Ferranti bid for Flight Information System for Changi Airport.

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

COUNTRY BRIEF (Revised 2 April 1985)

B - SINGAPORE

Our Objectives

i) Political Relations

- a) To underline the priority UK attaches to relations with Singapore as an important regional centre and member of ASEAN.
- b) To back Singapore's moderate and pro-Western international policies and encourage its efforts to promote stability in South East Asia.
- c) To renew contact with Mr Lee Kuan Yew and exchange views on current international and regional issues.
- d) To establish links with newly promoted senior Ministers.
- e) To dispel myths about state of Britain.

ii) Trade and Economic Relations

- a) To reaffirm UK's capability to compete at highest level in technology sector and cooperate in Singapore's economic development to mutual advantage.
- b) To promote UK prospects for securing remaining contracts for Singapore's Mass Rapid Transit System (MRT).
- c) To secure for UK industry a share of growing computer hardware and software market, and related expertise.

d) To welcome recent judgement in Singapore's courts on copyright law and to encourage further progress towards solution of piracy problem.

iii) Air Services

a) To avoid serious dispute over SIA's recent request for three additional services to Manchester by offering prompt consultations.

iv) Defence

a) To stress our continuing interest in security of South East Asia

b) To repeat invitation for Singapore Defence Minister (Mr Goh) to visit UK.

c) To promote sale of British defence equipment eg re-engining of Sky Hawk.

Arguments to Use

i) Political Relations

a) Close identity of views. No major issues.

b) Singapore universally respected. Important to stability of region. Counsel carries weight well beyond your size in various 'camps'. A moderating influence in Non-Aligned movement. Vital this should bear fruit to avoid sterile North-South confrontation. Welcome stand on UNESCO.

ii) Trade and Economic Relations

a) UK companies have proved to the Singaporeans they are competitive when competing on equal terms. Several recent successes

/Westinghouse,

(Westinghouse, Henry Boot).

- b) Proven UK strength in writing software and in manufacturing sophisticated hardware for specialised applications.
- c) Copyright Law: Singapore's business reputation can only suffer if abuses allowed to continue.

iii) Air Services

a) Your proposals have only recently been formally put to us. Of course, they represent substantial departure from present agreed arrangements. Pleased to hold consultations soon and our officials will be in touch.

iv) Defence

- a) UK attaches importance to the FPDA as a force for stability in the area and will continue to play our part (exercises).
- b) Value use of naval facilities in Singapore. Grateful your acceptance of HMS Invincible in January 1984 for urgent dry docking.
- c) Mr Goh welcome to see at first hand how UK defence market can benefit Singapore.
- d) Ready to provide training and assistance to Singapore armed forces in support of purchases of British equipment eg re-engining of Sky Hawk.
- e) British companies willing to set up in Singapore and transfer technology (particularly for fast patrol boats).

/Tactical

Tactical Arguments

i) Political Relations

-

ii) Trade and Economic Relations

a) We have great expertise on mass transit systems (eg Hong Kong and UK). Lowest price often means lowest effectiveness. UK companies in forefront of transport technology.

b) Our competitors cannot match UK expertise in writing software (including education).

c) Copyright: Reluctance to invest or transfer technology is inevitable when faced with inadequate protection.

iii) Air Services

a) In February 1983 you signed agreement with us which provided for SIA services to Manchester, only if SIA substituted a Manchester service for one of their existing daily services to Heathrow.

b) SIA's application last September for three services to Manchester in addition to their daily services to Heathrow was turned down, because it did not fall within these agreed arrangements.

c) SIA's services depend heavily on carrying UK/Australia traffic (about 150 passengers per flight). In 1981 SIA was granted access to cheap UK/Australia excursion fares - your authorities agreed that additional capacity would not be justified by such traffic.

/iv)

iv) Defence

a) Sky Hawk Engines

Rolls Royce can offer both supply and installation.

b) Fast Patrol Boats

Integration of modern weapons systems complex. We have considerable experience which would be available to Singapore Navy.

Their Objectives

i) Political Relations

a) To exchange views on current international issues, ie East/West, Soviet leadership, Sino/Soviet and Hong Kong, and regional ones (Brunei and Philippines).

b) To question the Prime Minister about the state of Britain and our economic prospects.

ii) Trade and Economic Relations

a) To discuss ways in which Britain can contribute, as partners, to Singapore's commercial/economic development.

b) To establish indigenous expertise in writing software through extensive training programmes and to further develop its computer component industry through inward investment.

c) Copyright: May still wish to stall the implementation of effective piracy laws because of the commercial interests involved. Argue UK is centre for video piracy and legitimate manufacturers/publishers charge too much.

/iii)

iii) Air Services

a) To obtain new Manchester services for SIA in addition to London services (so that, inter alia, SIA can carry more UK/Australia passengers).

iv) Defence

a) To ensure continuing UK commitment to FPDA.

b) To discuss future of ANZUS.

c) To benefit from UK training for armed forces.

d) To procure fast patrol boats and re-engine Sky Hawks.

Our Response

i) Political Relations

(See also General Brief)

a) Britain


New spirit in Britain. One of realism and determination.
Turn-round in economy.

ii) Trade and Economic Relations

a) UK industry has built up lead in computer-related technology.
Active in Singapore market for some time.

b) Copyright

UK has acted quickly against piracy and with effective laws has reduced pirated products from 60% of market to below 20%.


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Legitimate manufacturers/publishers bear costs which pirates do not.

iii) Air Services

- a) This technical matter should be sorted out by officials.
- b) (If challenged that our negative approach so far is protectionist). On the contrary we have been exceptionally liberal by normal international standards of Air Services Agreements. We have not made difficulties about the fact that SIA carry substantial quantities of passengers between London and Australia as well as UK/Singapore traffic. But additional capacity under the UK/Singapore ASA should not be justified by traffic flows not recognised in that agreement. True that traffic has grown a good deal since 1976, but effective available SIA capacity has grown even faster (they have cut out intermediate stops). We welcome this development - provides better service to the traveller - but not true that SIA's growth has been constrained by UK's protectionist policies. SIA's new request needs careful study.

iv) Defence

- a) Participating regularly in FPDA exercises. Concerned at developments ANZUS. Have told Mr Lange so.
- b) Keen to help with military training and assistance.
- c) Subsidies available for training Singaporeans in UK.
- d) Possible Vosper Thornycroft or Brooke Marine can meet patrol boat requirement, armed with Sea Wolf or Sea Eagle. RR 199 proposed for re-engining Sky Hawks.

/Background

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Background

i) Political Relations

1. Prime Minister last met Mr Lee Kuan Yew, CHOGM New Delhi, 1983. Mr Lee's last visit to the UK: 1982.
2. UK/Singapore relations excellent. But Lee frequently criticises state of Britain, eg contrasted to Japan.

ii) Trade and Economic Relations

3. UK companies have secured contracts on Singapore's Mass Rapid Transit System: Westinghouse Brake and Signal Co Ltd (£22 million)
Henry Boot International Ltd (£45 million)


and in other fields:

Northern Electric Industries - turbines (£70 million).

4. UK computers installed in Singapore risen 30% per annum since mid-'60s. Singapore Government strategy to squeeze out large intensive industries and replace with high technology enterprises. Long term objective to establish Singapore as computer service centre of South East Asia. Has big computer education programme. ICL deeply involved in a third centre (the largest) for computer studies.
5. Singapore's pirate trade worth several million pounds per year. Singapore court recently ruled in favour of British publishers to restrain a Singaporean from selling counterfeit works. Perhaps beginning of end for Singapore as pirating centre.

iii) Air Services

6. BA and SIA each operate seven services a week between the UK and


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Singapore under the 1971 ASA; this allows the airlines to mount whatever services they consider appropriate, but there has been an informal understanding that neither side will operate more than a daily service without prior approval. The Singapore authorities have now formally supported SIA application for three services to Manchester in addition to the daily SIA services to London, even though it was agreed in 1983 that any new Manchester services by SIA (or BA) should replace existing London services.

7. In conventional air services terms SIA have no case for additional services (UK/Singapore traffic carried by SIA is already exceeded by SIA's carriage of UK/Australia traffic). The Singaporeans argue that since 1976 they have flown daily services but that bilateral traffic has grown considerably since then; however, even though the number of SIA services has not changed during this period SIA's effective capacity has increased even more than traffic growth, because of larger aircraft and fewer technical stops.

8. An additional consideration for us is the UK lobby of North Western MPs who want regional airport traffic (particularly at Manchester) to grow, if necessary at London's expense. It may be politically necessary to make concessions to secure this lobby's support for plans to expand London's airport capacity, including Stansted, with an agreement on new SIA services to Manchester as part of a possible package. Any deal with Singapore on Manchester should therefore be delayed until close to the publication of the White Paper on Airports Policy.

9. Possible complications with BA/MAS negotiations if SIA given further services - MAS already believe we discriminate in SIA's favour.

/Defence

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iv) Defence

10. Defence relations close. Singapore welcomes UK participation in FPDA exercises. First Deputy Prime Minister and Minister of Defence, Mr Goh Chok Tong, (heir apparent to Mr Lee) invited to make first visit UK in December 1985, but has had to decline for then. Hope he can come later.

11. Mr Lee has watched with concern the increasing activity of Soviets in the area particularly at Cam Ranh Bay. Is concerned about future of ANZUS.

12.

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13. Rolls Royce RB 199 contract to re-engine Sky Hawks would help develop local industry. Singaporeans wish to extend presence in South China Sea so require six fast patrol craft.

FOREIGN AND COMMONWEALTH OFFICE
APRIL 1985

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FACT SHEET

SINGAPORE (REPUBLIC)



DEMOGRAPHY

Population:	2.5 million (1983)
Population Increase:	0.8% (1980)
Religion:	Mixed (Christian, Malay, Tamil)
Language (official):	English

GEOGRAPHY

Area:	581 sq kms
Capital:	Singapore

GOVERNMENT

Government:	Constitutional democracy
Ruling Party:	PAP (People's Action Party)
President of the Republic:	Mr Devan Nair
Prime Minister:	Mr Lee Kuan Yew

ECONOMY

Basis:	Services, manufacturing and entrepôt
Gross Domestic Product:	US \$16,644 million (1983)
Per capita income:	US \$6,658 (1983)
Inflation:	1.2% (1983)

TRADE

Total exports:	US \$21,832 million (1983)
Total imports:	US \$28,158 million (1983)


TRADE WITH BRITAIN

Exports to Britain:	£488.4 million (1984)
Imports from Britain:	£556.4 million (1984)

BRITISH AID

Capital Aid:	Nil
Technical Cooperation:	£109,000 (1983)

March 1985



Singapore: Oil and Gas Profile

1. Singapore has no indigenous energy production, relying wholly on imported oil, LPG and manufactured gas. Electricity produced entirely from oil (2,100 MW installed capacity).
2. But it is the world's third largest refining centre with five refineries having a total capacity of some 1.1 mbd.
3. Singapore imported 789,000 bd of crude and 181,000 bd of other oil products in 1983, and had 743,000 bd of re-exports.
4. Shell is Singapore's largest refiner (460,000 bd capacity). BP, Caltex, Esso and Mobil have important refinery interests.
5. Singapore is the main centre for oilfield equipment supplies in South East Asia.

MARCH 1985



PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

SINGAPORE : PERSONALITIES

THE SINGAPORE GOVERNMENT

PERSONALITY NOTES

Yeoh Ghim Seng, Dr MP

Lee Kuan Yew

Rajaratnam, Sinnathamby MP

Goh Chok Tong, MP

Ong Teng Cheong

Barker, Edward W

Dhanabalan, Suppiah

Tan Tony Dr

Yeo Ning Hong, Dr MP

Jayakumar, Professor S

Hu, Richard (TSU TAU), Dr

Lee Hsien Loong, Brig Gen (RES)

Members of the Committee of the British Business Association

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

THE SINGAPORE GOVERNMENT

HEAD OF STATE

Acting President

Dr Yeoh Chim Seng

CABINET

Prime Minister

Mr Lee Kuan Yew

Senior Minister (Prime
Minister's Office)

Mr S Rajaratnam

First Deputy Prime Minister &
Minister of Defence

Mr Goh Chok Tong

Second Deputy Prime Minister

Mr Ong Teng Cheong

Minister for Law

Mr E W Barker

Minister for National Development

Mr Teh Cheang Wan

Minister for Foreign Affairs &
Minister for Community Development

Mr S Dhanabalan

Minister for Finance, Minister for
Education & Minister for Health

Dr Tony Tan

Minister for the Environment

Dr Ahmad Mattar

Minister for Communications and
Information, Second Minister of
Defence & Second Minister for
National Development

Dr Yeo Ning Hong

Minister for Home Affairs &
Second Minister for Law

Prof S Jayakumar

Minister for Trade and Industry

Dr Richard Hu

Acting Minister for Labour (designate)

Mr Lee Yock Suan

MINISTERS OF STATE

Education & Communications
and Information

Dr Tay Eng Soon

Trade and Industry

Dr Wong Kwei Cheong

Prime Minister's Office

Dr Wan Soon Bee

Community Development

Mr Ch'ng Jit Koon

/Health and Foreign Affairs



Health & Foreign Affairs

Mr Yeo Cheow Tong

Home Affairs & Community
Development

Mr Wong Kan Seng

Defence & Trade and Industry

BG (Res) Lee Hsien Loong

SENIOR PARLIAMENTARY SECRETARIES

Defence

Mr Phua Bah Lee

Home Affairs

Mr Chin Harn Tong

National Development

Mr Lee Yiok Seng

Education

Mr Ho Kah Leong

Labour

Mr Eugene Yap

PARLIAMENTARY SECRETARIES

Trade and Industry

Mr Sidek bin Saniff

Community Development

Mr Teo Chong Tee

Communications and Information

Mr Wan Hussin Zoonhri

Communications and Information
& Environment

Dr Lee Boon Yang

POLITICAL SECRETARIES


Health

Mr Lau Ping Sum

Prime Minister's Office

Mr Ng Pock Too

April 1985



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YEOH GHIM SENG, DR MP

Speaker of Parliament. Appointed Acting President, April 1985.

Chinese.

Born 1918 in Malaya.

Surgeon - private practitioner.

Educated at Penang Free School and Cambridge University. BA (Hons) and MA Bachelor of Medicine and Surgery, Cambridge 1951.

- 1940-50 - Worked as a surgeon in the United Kingdom.
- 1950 - Returned to Singapore becoming Head of the Surgical Unit at the General Hospital.
- 1955 - Was appointed Professor of the Faculty of Medicine at the University of Singapore.

Currently President of the Executive Council of the Singapore Medical Institute. Justice of the Peace.

Recognised as Singapore's leading surgeon, of international standing. He is also one of their best golfers. In 1969 when the office of Vice-President was created, Dr Yeoh was offered the appointment. He refused to accept it in a permanent capacity, but is appointed to it for short periods when the need arises.

Married to a teacher who takes an active part in charitable work. Five daughters.

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LEE KUAN YEW

Prime Minister.

Born 1923. Chinese (Hakka).

Barrister-at-Law.

- 1946 - Educated at Anglo/Chinese school, London University and Cambridge (Fitzwilliam House). Double first in Law, first in the Honours list and starred for special distinction.
- 1951 - Called to the English Bar (Middle Temple).
Admitted to the Singapore Bar.
- 1954 - One of founder members of the People's Action Party (PAP). Secretary General of the PAP.
- 1956-1958 - Member of all Party Delegations to the Constitutional Conferences in London.
- 1959 - Appointed Prime Minister.
- 1970 - Made a Companion of Honour.
- 1972 - Received an Honorary GCMG.
- 1982 - Official visit to London (when he received the Freedom of the City).

Mr Lee has governed Singapore with a unique blend of Confucianism and democracy. More articulate and lucid than many of his contemporaries in the West. Widely respected and admired for his policies aimed at turning Singapore into a city state of model

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efficiency and an industrial, commercial and financial centre for the region. A reputation for arrogance but has gone to considerable lengths to cultivate relations with other Asian leaders particularly those of ASEAN and he has worked hard to encourage ASEAN solidarity. His efforts have won him a status as an international statesman out of proportion to Singapore's role in the world.

Married with three children. Mrs Lee, believed to be a strong influence with her husband, also took a First in Law at Cambridge and now runs the family law firm of Lee and Lee. Both sons obtained double firsts at Cambridge and the daughter qualified first in her year as a doctor from the University of Singapore. One son, Lee Hsien Loong, is a PAP MP and a Minister for Defence expected to rise to a senior Ministerial post and possibly to Prime Minister.

Lee speaks Mandarin, Hokkien and Malay. His first language is English. He does not smoke and dislikes other people smoking in his presence.

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RAJARATNAM, SINNATHAMBY MP

Senior Minister (Prime Minister's Office).

Ceylonese Tamil.

Born 1915.

1935 - Educated in Malaya, King's College, London and Middle Temple.

1959 - Appointed Minister of Culture.

1959-1964 - Associate Editor of the "Singapore Standard".

1965 - Singapore's First Minister for Foreign Affairs.

1968-1971 - Minister for Labour.

1971 - Returned to the Ministry of Foreign Affairs.

1980 - Became Second Deputy Prime Minister.

1983 - A successful coronary by-pass operation in London.

He retains a specific responsibility for foreign affairs in which he continues to play some part.

Married to a Hungarian wife. No children. Speaks Tamil as well as English.

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CONFIDENTIAL

GOH CHOK TONG, MP

First Deputy Prime Minister and Minister of Defence (since January 1985).

Chinese.

Born 1942.

- | | | |
|------|---|---|
| 1964 | - | First Class Honours in Economics, University of Singapore. |
| 1966 | - | MA in Development Economics, Williams College, USA |
| 1973 | - | Managing Director of Neptune Orient Lines (NOL), the State owned shipping line. |
| 1977 | - | A senior Minister of State in the Ministry of Finance |
| 1980 | - | Minister of Health in addition to that of Trade and Industry. |
| 1981 | - | Second Minister of Defence. |
| 1982 | - | Minister of Defence. |
| 1985 | - | Appointed First Deputy Prime Minister (retaining Defence portfolio). |

Goh's advancement has been striking, now heir apparent to Mr Lee. Responsible for Medisave, a scheme to enable people to use their national savings for hospital expenses in their old age.

Married with twin children. His wife, a lawyer, is with the law firm Lee and Lee. Plays tennis and golf.

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ONG TENG CHEONG

Second Deputy Prime Minister

Chinese

Born 1936

Educated in Singapore, University of Adelaide and University of Liverpool.

1972 Senior Minister of State (Communications).

1977 Acting Minister for Culture.

1979 Minister for Communications.

1980 Minister for Communications and Minister for Labour.

1981 Chairman of the PAP Central Executive Committee.

1981 Category II sponsored visit to the UK.

1983 NTUC Secretary General.

An architect and town planner by profession. Was responsible for construction of Changi Airport and the planning of the Mass Rapid Transit System.

Married with two children. Bilingual in English and Mandarin. Friendly and well disposed to Britain.

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BARKER, EDWARD W

Minister for Law (since 1981).

Eurasian.

Born 1920.

Lawyer.

1948 - MA and LLB, St Catherine's College, Cambridge.

1951 - Called to the bar at the Inner Temple.

1952-1963 - Practised law with the Prime Minister's firm,
Lee and Lee.

1964 - Minister for Law.

1965-1975 - Minister for National Development (when the Environment
was added to his portfolio).

1977-1981 - Minister for Science and Technology.

On close terms with Mr Lee.

Married. Both he and his wife are Eurasian Catholics. Four
children.

CONFIDENTIAL

DEHANABALAN, SUPPIAH



Minister for Foreign Affairs and Minister for Community Development
(includes Culture and Social Affairs).

Tamil.

Born 1937.

1960 Educated University of Malaya.

1969 Vice-President of the Development Bank of Singapore.

1978 Senior Minister of State for National Development.

1980 Minister for Foreign Affairs.

1981 Minister for Foreign Affairs and Minister of Culture.

Married with two children. A Christian. His performance as Foreign Minister has been impressive. But he is unlikely to rise to greater heights. His wife is Chinese. Two children. Enjoys squash.



TAN TONY DR.

Minister for Finance, Minister for Education and Minister for Health.

Chinese.

Born 1940.

1962 Educated University of Singapore (1st class honours in Physics), Massachusetts Institute of Technology and University of Adelaide.

1979 Minister of State in the Education Ministry.

1980 Minister of Education.

1981 Minister for Trade and Industry.
Assistant Secretary General of the PAP.

Often referred to as the "Cabinet Peace-Maker". Dr Tan will swap his present portfolio with Dr Richard Hu after the April budget.

Married. Four children. A Christian. Speaks English, Malay and Mandarin.

CONFIDENTIAL

YEO NING HONG, DR MP

Minister for Communications and Information, Second Minister of Defence and Second Minister for National Development.

Chinese.

Born 1943.

- 1966 - Educated University of Singapore (First Class Honours in Chemistry) and Fitzwilliam College, Cambridge.
- 1970 - Appointed a Research Associate at Stanford University, California.
- 1971 - Lecturer, University of Singapore.
- 1977 - Attended a management course at the Graduate School of Business Studies, London University.
Became a member of the British Institute of Management.
- 1981 - Minister of State for Defence.
- 1982 - Accompanied Mr Lee Kuan Yew on his trip to London.
- 1983 - Acting Minister for Communications.
- 1985 - Minister for Communications and Information.

A Chartered Chemist and Fellow of the Royal Society of Chemistry, Dr Yeo has published more than 25 research papers in international journals.

Married. Two daughters. Speaks good English.

CONFIDENTIAL

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JAYAKUMAR, PROFESSOR S

Minister for Home Affairs and Second Minister for Law.

Indian.

Born 1939.

Educated University of Singapore and Yale.

- 1971-1974 - Led the Singapore delegation to the Law of the Sea Conference when High Commissioner to Canada.
- 1974-1980 - Dean of the Law Faculty of the University.
- 1981 - Minister of State for Home Affairs and Law.
- 1983 - Acting Minister for Labour.
- 1984 - Visited Britain in June on an FCO Category I Sponsored Visit.
- 1985 - Minister for Home Affairs and Second Minister for Law.

Married to a doctor. Three children.

His hobbies include jogging, badminton and swimming.

CONFIDENTIAL

HU, RICHARD (TSU TAU), DR

Minister for Trade and Industry. Chairman of the Monetary Authority of Singapore.

Chinese.

Born 1926.

Educated Anglo/Chinese school and at University of California, Berkeley (BSc in Chemistry) and Birmingham University (PhD). In the 1950's he lectured in chemical engineering at Manchester University.

- 1960 - Joined the Shell group of companies.
- 1977 - Chairman and Chief Executive of Shell, Singapore.
- 1983 - Managing Director of the Monetary Authority of Singapore.
Managing Director of the Government Investment Corporation of Singapore.
- 1985 - Minister for Trade and Industry. (He will swap this portfolio for the Finance Ministry after the April budget).

Married with two children.

Plays golf and chess.

CONFIDENTIAL

LEE HSIEN LOONG, BRIG GEN (RES)

Minister of State for Defence and Trade and Industry

Chinese.

Born 1952.

Elder son of Prime Minister Lee Kuan Yew.

Educated Singapore and Trinity College, Cambridge (Double First in Mathematics and a Diploma in Computer Science with Distinction).

1979 - Gained a Masters degree in Public Administration at Harvard.

1984 - Brigadier General, Singapore Air Force.
Political Secretary to Defence Minister Goh Chok Tong.
Elected to Parliament and appointed Minister of State for Defence and Trade and Industry.

Speaks English, Mandarin, Cantonese, Malay and Russian.

Two children. His wife, a doctor, died in 1982.

Enjoys reading, swimming and jogging. Has retained an interest in computers.

CONFIDENTIAL

CONFIDENTIAL

**BBA COMMITTEE MEMBERS ATTENDING BBA EVENING RECEPTION IN SINGAPORE,
8 APRIL**

Mr J Snowden

Managing Director of Rediffusion (S) Pte Ltd, Rediffusion Services (S) Pte Ltd, Hotelvision Singapore Ltd.

Came to Singapore to set up Rediffusion in 1948. Fellow of BIM. President of BBA since 1983. Deputy Chairman of Singapore International Chamber of Commerce since 1983.

Set up Singapore Yachting Association in 1963. Participated in Tokyo Games (sailing) in 1964. President of Far East Yacht Racing Association.

Mr Marcus C Buck

Manager, Singapore and Indonesia, of British Airways. Previously served in Africa, West Indies, Australia and more recently in Japan. In Singapore since 1983.

Mr Clive M Fairfield

Managing Director of Alliance Engineering. Previously in Northern Rhodesia. In Singapore since 1968.

Mr John K S Wardale

Overseas Business Manager, Whessoe Heavy Engineering Ltd. After short period with Beechams, joined Whessoe in 1948. Singapore office was set up in 1983.

CONFIDENTIAL



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Mr Brian C N Hockey

General Manager of Singapore Branch of British Steel Corporation (Exports) Ltd. Has been in Singapore since 1982.

Mr David G Compton ,

Joined Coopers and Lybrand in London 1969. Senior Manager in 1976. Transferred to Singapore in 1980 on a two year secondment. Stayed on after admitted as a Partner in 1982.

Mr Michael G C Bolsover

Joined British American Tobacco in 1955. Served in Africa and Far East. Chairman and General Manager of BAT Company, Hong Kong from 1976-79. Currently Chairman and General Manager of BAT operations in Singapore. Vice President of BBA. Singapore Tobacco Co (part of BAT) opened new factory in Singapore last year.

Mr A Gilchrist

Managing Director of Vosper Pte Ltd.


Mr J S Davidson

Manager (Singapore) of Commercial Union Assurance Co.

Mr R Michael James

Counsellor (Economic and Commercial) at the British High Commission. Previous service in Wellington, Colombo, Georgetown, Ankara and Accra.

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Mr Douglas A Beaton OBE

Chairman of the British Association since 1977. Senior partner of Ernst and Whinney. In Singapore for over 10 years. Also Chairman of the Auditing Standards Committee of the Singapore Society of Accountants.

CONFIDENTIAL

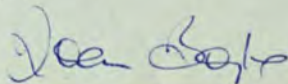
With Compliments

28

8 APRIL 1985

PRIME MINISTER

I took the liberty of writing your Horoscope when I was Editor of The Beam magazine, please see Editorial and pp 23/36. I hope you may be able to find time to read it in view of the presentation made by the British Business Association with whom I am now working. Thankyou. The BBA has been honoured to meet you.



Executive Director

Joan Boyle MBE. AMIPR.

**BRITISH
BUSINESS
ASSOCIATION**

3rd Storey, Inchcape House, 450/452 Alexandra Road, Singapore 0511. Tel: 4754192, 4754194

THE BEAM

Free to members, Volume 27, October 1983, Singapore.

OFFICIAL MAGAZINE OF THE BRITISH ASSOCIATION OF SINGAPORE





THE BEAM

THE BRITISH ASSOCIATION OF SINGAPORE

Inchcape House, 450/452 Alexandra Road, Singapore 0511

Tel 637888 Secretary: Mrs A R Berg

MAGAZINE COMMITTEE

EDITOR — Joan Boyle

Deborah Alexander

Margaret Bann

Vic Feasey

Patricia Seward

Robert Seward

Marjorie Temple

ADVERTISEMENT MANAGER — Yvonne Oh

THE BEAM IS THE OFFICIAL MAGAZINE OF THE BRITISH ASSOCIATION OF SINGAPORE, PUBLISHED MONTHLY IN SINGAPORE, FREE TO MEMBERS.

CONTRIBUTIONS are welcomed and should be addressed to the Editor, The Beam, Inchcape House, 450/452 Alexandra Road, Singapore 0511. General contributions should be restricted to 750 words with photographs and articles for the centre page spread to 1200 words plus photographs. Articles should be typed on one side of the paper only, double spaced and with wide margins, although hand written MSS are also acceptable. Manuscripts should be in the hands of the Editor one month before intended publication. It should be noted that we cannot guarantee the return of photographs. Whilst an endeavour is made to ensure that editorial matter reflects accurately the views of the British Association of Singapore, nonetheless it cannot be taken that all the opinions expressed represent the policy of the Council of the Association unless this is explicitly stated.

COVER STORY

Persian miniature showing polo in progress at a time when the game was Iran's national sport.

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OCTOBER 1983

Editorial

We certainly hope that in October we shall not hear of so many disasters and trouble spots as in the previous month. Suddenly, it feels as though Judgment Day is a distinct possibility. It may be true, as the philosophers would have us believe, that each day we do or say something which influences another's actions. If so, the estimated 12,000 readers of The Beam — a mere drop in the ocean — could become, on the double-up principle, a number at which the mind would soon boggle. In seven easy moves, the word of a Beam reader could reach one and a half million people and in another seven, one hundred million, nearly double the population of the UK and more than forty times that of Singapore!

The capacity for positive, constructive thinking lies within us all. Let us use it and our influence, first, to firm up on our personal morale, second to build up on the successes which Britain is chalking up around the world, not least in Singapore and third, on that potential 100,000,000. Let us impinge on that, if possible, just a little of what it means to be British, free and fair-minded. After all, the ocean is made up from several drops . . .

There was some good news, however, in Singapore last month. September 16th celebrated the 60th birthday of the Prime Minister Mr Lee Kuan Yew and during the evening of that day, a public dinner was attended by a thousand guests of all colours, races and creeds. It was held in the Mandarin Hotel, which, as usual, rose superbly to a superb occasion. We are looking forward to Mr Lee's 70th birthday, when, to use his own words, he hopes to become a Grand Senior and to sit back and enjoy a younger PM and an established Cabinet.

We are honoured to be able to wish Mr Lee, in his own country, continued good health, prosperity and long life after such an auspicious birthday. The British Prime Minister, Mrs Thatcher, has not yet reached the age of 60, but she has a birthday this month and we wish her, too, long life and happiness, health and prosperity. Please see page 23.

Our September issue apparently found favour with many members. We are, of course, glad of this but would say, yet once more, that The Beam is a members' magazine. It reflects members and their lives and we would wish every issue to find favour! So please do not be shy in coming forward with your news and views.

We have a Stop Press item which could not be included in the Contents list. Please turn to page 5.

Thank you.

Happy Birthday to Prime Minister Margaret Thatcher

On the 13th October 1925, a daughter was born to grocer, Alfred Roberts and his wife Beatrice. Into such a trade, what more fitting astrological sign under which to be born than the scales of Libra?

Alfred and Beatrice's daughter Margaret grew up to become the first woman Prime Minister of Great Britain, in which capacity she has had more than ample opportunity to practise the balancing power of this sign. What are the other attributes of the true Libran, one who does not have to pander to either cusps of Virgo or Scorpio?

Librans are often accused, because of their thorough reasoning and exact adherence to facts and figures and fair judgment of "sitting on the fence", in an agony of indecision in their ability to see both sides! Not so with Margaret Thatcher who has more than the Libran's normal share of intuition. So far, this appears to have worked well for her.

The law is a natural choice of career for anyone who is endowed with Libran qualities, so is doctoring and we remember that Margaret Thatcher was first a chemist. The demands of such exacting talents almost always lead to perfectionism, which in the Prime Minister, has manifested itself in knowledge, knowledge and more knowledge. Here again she follows the true signs of mid-October, for she delights in acquiring such knowledge and uses it either to confound her critics or to search out obscure facts which could otherwise distort the dispensing of fair judgment which is her overriding goal.

The female Librans are well known for their love of harmony. They often go to what would seem excessive lengths in their efforts to "make things look nice". This can apply to their looks, their homes or any surroundings for which they themselves feel a responsibility.

Yet Margaret Thatcher lives in what is virtually a service flat above No 10. It is comfortable, we are told, but has no frills. Perhaps this is a psychological defence against the

temporary nature of an accommodation which goes "with the job". It could be that the need for harmony is all the more directly channelled into her working life.

Continued on page 36

Sunday Curry Tiffin at Raffles

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Raffles Hotel

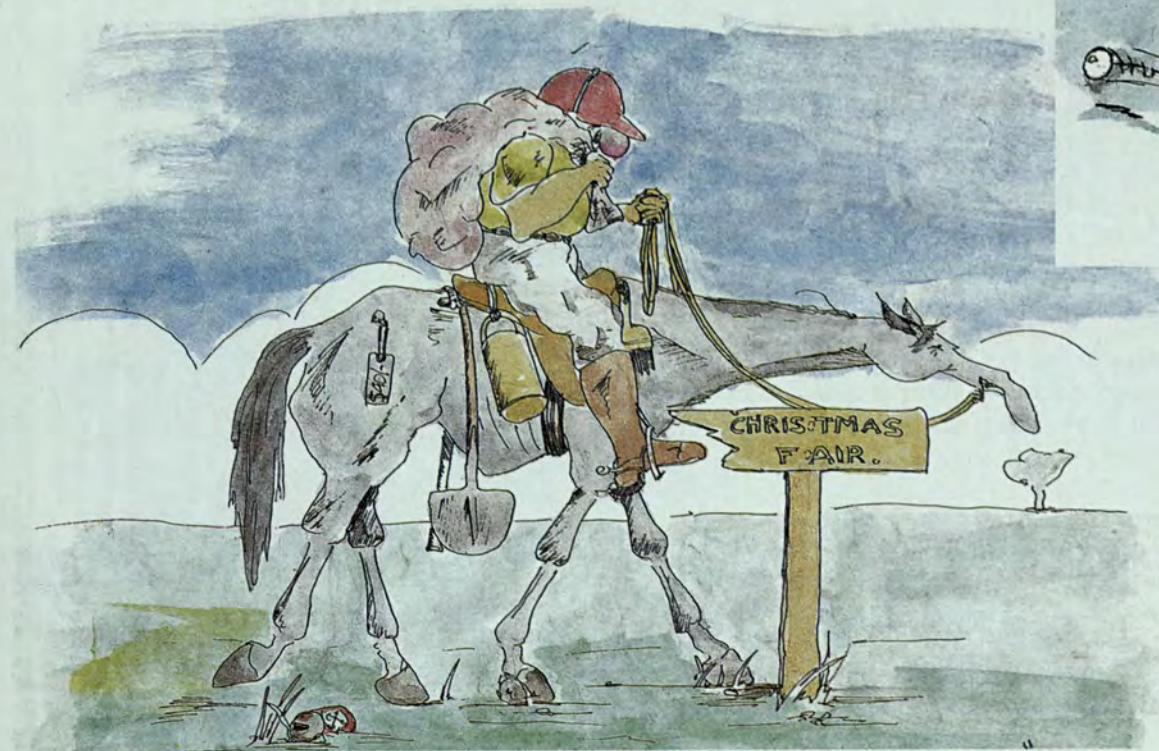
Beach Road, Singapore 0718. Tel: 3378041.
Cable: "RAFFLOTEL" Telex: RS 21586.

When Polo



“... So what's the forecast for the Council elections this year?...”

“... No doubt my wife has ended up with a lot of useless junk again...”



heard the B Club

by Clyd

THE BEAM

Land's End gets a facelift

The most famous single spot along the coastline of Britain is almost certainly the promontory called Land's End, the westernmost 'toe' of England — and yet it has also been the most neglected. In 1981, in fact, none other than its owner called it "the worst tourist slum in the country". But now it has a new owner, and things are changing. A BBC World Service reporter recently made the long train journey from London to Land's End to find out what has been happening:

It was just over a year ago that Land's End was put up for sale. A short description from the estate agents might have read something like this:

"Large lump of granite rock, very bleak and barren. Situated at extreme south west of country; just into the Atlantic. Often bombarded by tempestuous seas, lashed by windblown rain. Very inhospitable indeed."

What this doesn't mention is the view. It is extraordinarily dramatic. Stand on these cliffs, look west — and in the mind one is looking across 5000 kilometres of ocean, towards America. But a year ago an estate agents' description would have had to mention other facts — such as that there were more than a million visitors each year; that the unmetalled road was a duststorm in summer; that overhead telegraph cables rattled cacophonously in the wind; that over the headland were strewn a ramshackle collection of kiosks and shacks selling largely worthless souvenirs: in short, that the property was in need of urgent attention.

The new owner was a self-made millionaire businessman called David Goldstone. He reasoned that if he charged people for admission to Land's End, while also improving the facilities, he would get a good return on his investment.

"It wasn't difficult to improve upon what was available — effectively there was nothing available. I well remember that the morning after the acquisition was announced Michael Montague, who is the Chairman of the English Tourist Board, telephoned me. He congratulated us on our acquisition, and said that he hoped we would endeavour to do something to improve matters because of course many of the visitors, whether from Britain or from the rest of the world — came away disappointed. There seemed to be no *raison d'être* to it. And we decided that we had to provide a worthwhile experience and this I think is what we've done."

An astounding amount has been done in a short length of time. The overhead cables have been buried; several of the more unattractive buildings have been demolished; the road has been metalled. But the major achievement is the creation of a workshop for local craftsmen, and the conversion of two

barns to exhibition centres. The exhibition designer, Jo Poynton, explained what he thought people are looking for when they come to Land's End.

"They've arrived at the end — the end of the land. The sea is all around them — they want to know facts. They look out there and see a lighthouse but in the past there's been no information about it. It's to give this information without being educational — it's to be informative and entertaining at the same time, that's what we're aiming at."

The exhibition tells the story of Land's End from its beginnings 300 million years ago as a lump of molten granite. Iron Age settlers came here and built the nearby village of Chauster which still, remarkably, survives, and in later times smugglers used the rocky coves around Land's End to hide illicit liquor. Some way offshore stands the impressive Longships lighthouse. In fact the waters off Land's End are among the most treacherous in the world: in the last 70 years alone, some 600 ships are known to have been wrecked in the area.

The exhibition also reveals that Land's End has had more than its fair share of eccentric visitors. This comes from the fact that it is one end of the longest direct land journey you can make on the British mainland between Land's End itself, and the most northerly point of Scotland, John O'Groats. People travel the 1,400 kilometres in all sorts of peculiar ways — in wheelchairs, on foot, or even on stilts. Among the most bizarre of these was the team of cyclists who — for reasons best known to themselves — chose to ride the last twenty kilometres stark naked!

Some local people remain deeply sceptical of what is going on at Land's End and would rather have it left entirely to nature. Certainly, there is something rather curious about hearing the taped sounds of crashing waves when the real waves are breaking just a hundred yards away against the cliffs. But with the sort of weather that Land's End has all too often, an exhibition like this is certain to be very welcome to the visitor. During the reporter's visit the weather was very typical — a howling gale, almost constant rain, and a thick mist enveloping everything. But Jo Poynton described how Land's End can look at its best.

"On a fine day, it's one of the most beautiful places I know. If you're looking straight into the west in the late afternoon, you can see the sun set over the Scilly Isles. And when there's been a bit of a rough wind the day before, the waves are then breaking on the Longships out there about a mile offshore, there's a great run of white water on the reefs — so you get this contrast with the blue sky and the sunset, and it's just one of the most beautiful places you can imagine." **bbc**

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Continued from page 23

Often, with conscientious Librans, marriages can be difficult. Their success depends very much on their partner's strength of mind and ability to see through the outward and visible manifestations of this astrological sign and recognise the enduring loyalty and affection which underlies this exacting outward nature. Librans are warm-hearted and emotional, nearly always with a fair share of sex appeal, but due to their hereditary balancing scales, have to keep such emotion well under control, in order to climb down from their fence on one side or the other!

Denis Thatcher, obviously, has the right formula for living with a dedicated Libran. His wife was distraught when her son Mark, was missing on holiday. She was distraught upon hearing of the loss of the "Sheffield" in the Falklands. It is in her nature to be emotional. How does she control this and submit herself to so much self-discipline?

Such a perfectionist nature also often leads its host body into physical stress and into resultant illness. However, Margaret Thatcher seems to have any such stress well in hand.

It could be because, despite Private Eye, she has the constant support and affection of her husband, another 'must' for the true Libran — real affection and loyalty behind the scenes.

Or it could be that the answer lies in the Chinese Calendar of 12 Animals. Margaret was born in the Year of the Ox or Buffalo.

One Chinese horoscope tells us that this animal is pre-occupied with "family, fatherland and the old firm"! Not much doubt about those qualities with our Prime Minister. It also tells us that the Ox although usually self-contained and introspective, can at other times, command a formidable eloquence! We are sure there are several members of Parliament who will testify to this aspect of Margaret Thatcher's year of birth. The Ox is industrious and invariably prosperous no doubt due to his extreme hard work — and is authoritative.

(It is interesting to note that her twins were born in the year of the Snake, which symbolically will get on quite happily at home with the Ox, provided that the Ox is allowed to be Boss!) The female Ox is a perfect housewife and hostess but usually wears the trousers. She is also dutiful, often pursuing ideals to the point almost of fanaticism.

We turned again to the Scales of Libra and found that an Ox born under this sign, particularly female, is sociable, well-balanced — **and always knows exactly what to do!**

So it seems that our Prime Minister's birthday and date is a most enviable combination for someone who controls a nation and its 55,000,000 population.

The next Year of the Ox is 1985!



VISIT TO BRUNEI

1. Recall discussions in January. My visit intended to build on this. Want to give emphasis to closeness of UK/Brunei relations. Your resources and our expertise can mesh.
2. Important to exchange views regularly with Brunei playing a growing role in the international community. Hope Sultan will attend CHOGM.
3. A bit worried to see press reports that there are plans which could affect the position of Shell. Should not under-estimate the contribution they have made to Brunei's development.
4. Remember our discussion about the management of Brunei's reserves. Has Sultan given more thought

/to

arrangements for this?

5. Hope very much that Memorandum of Understanding on defence procurement can be signed soon. Britain has a great deal of experience in the needs of country's in Brunei's position. Guarantee not press on you equipment you don't need.
6. Hope to be able to open British Council Office in Brunei soon.
7. (Importance that Sultan should be seen to be taking a direct and lively interest in the good administration of Brunei).
8. Will look carefully at proposal for Special Adviser to RBAF Commander.

CONFIDENTIAL

PM's VISIT TO ASIA, 4-13 APRIL 1985

COUNTRY BRIEF

C. BRUNEI

Our Objectives

i) General and Economic Relations

a) To set the seal on new UK-Brunei post-Independence relationship, building on successful visit to UK by Sultan January 1985.

b) To protect and promote UK business and defence sales interests. Give backing to Shell in current confidential talks with Brunei.

c) To encourage Brunei on path of constitutional development

d)

e) To encourage Brunei to play full role internationally; Sultan to attend 1985 CHOGM.

ii) Defence Relations

a)

b) Progress toward MOU on Defence procurement.

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/Arguments

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Arguments to Use

i) General and Economic Relations

a) Traditional friends establishing new mutually beneficial relationship.

b) Recall discussions in January. Beginning of greater things. My visit building on this. Each can help other. Your resources. Our expertise, eg financial institutions. UK keen play full, trusted part in Brunei's development.

c) Education and training also important. Hope we can establish British Council Office soon.

d) Your plans for Brunei? Progress through stability. Important involve new generation and limit communal tension. Not easy. Know from our case, but crucial.

e) Brunei's membership of international community added reason now for us to exchange views regularly at all levels. We shall continue to give you any advice you need. Particularly welcome your membership of ASEAN. Hope Sultan can attend CHOGM.

f) Shell: HMG values Shell's relationship with Brunei. Mutually beneficial. A good company. Reliable long term partners.

g) Churchill College Cambridge: Aware special affection in Brunei for Churchill (your own museum). Churchill College Archives Centre would like links with your museum - support too.

ii) Defence Relations

a) Expect the trend to localisation to continue but LSP will of course continue to be available to continue together with UK training and advice.

/b)

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b) Eager to help advise on how best to meet your defence requirements. Hope MOU can be signed soon. Further ministerial visits can then take matters forward.

Tactical Arguments

i) General and Economic Relations

a) Natural Brunei wishes diversify relations, develop own ways. UK not seeking exclusive privileged position though relations special. All we ask is opportunity to contribute; play our part and ensure you get best advice.

b) CHOGM: Hope we shall have opportunity to discuss international and Commonwealth issues again in Bahamas in October. Important occasion for Heads of Government to get to know each other.

ii) Defence Relations

Confident we can offer a better mix of high quality specially tailored defence equipment with training support than any of our rivals. Can count on us not to press equipment you do not need.

Their Objectives

i) General and Economic Relations

a) To make the visit (first by a British Prime Minister) a success and to enhance standing of Sultan, his family and Brunei, particularly on international stage.

b) To discuss ways in which UK can help Brunei, e.g. investments; training; education.

/Defence

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CONFIDENTIAL

ii) Defence Relations

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Our Response

i) General and Economic Relations

a) Investment Management

Grateful for confidence shown in UK financial institutions. Know they are keen to help with their unrivalled expertise. Confident they can provide the service you require.

b) Brunei Investment Agency Audit

Can count on skill and probity of UK companies. World renowned. Example of co-operation for mutual good. If Government can help facilitate will do.

c) Students and British Council

Welcome Brunei students in UK. Want to have more. Know have been some minor problems. British Council investigating. Hope they may be able to establish an office in Brunei soon.

ii) Defence Relations

a) Recognise Sultan's wish to maintain continuity. Pleased that General Friedberger's advice is valued. Proposal for Special Adviser to new RBAF Commander will be looked at carefully.

b) [REDACTED]

/c)

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c) Confident we can help with finding ex Gurkha officers for GRU.

Background

i) General and Economic Relations

1. The Sultan visited the Prime Minister at Number 10 in January and had meetings with Mr Heseltine, Mr Luce, Sir A Acland, CDS.

Chinese Community

2. 1979 Exchange of Notes; commitment to allow non national permanent residents to stay in Brunei. But Chinese (now stateless, formerly UK protected) face discrimination. Some concern about long term future.

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Investment Management

4. UK still manages 40% of Brunei's reserves, (\$14 billion) despite dismissal Crown Agents 1983. Sultan recently hinted to Mrs Thatcher that considering returning some of this business (£4 billion) to UK institutions. This, plus other indications of wish to do more business with UK

[redacted] Kleinwort Benson approached to act as Sultan's financial advisers.

Brunei Investment Agency (BIA) Audit

5. Earlier confidential approach by Brunei Auditor General has we understand now led to appointment of British auditors (McLintock) to audit BIA, provide training, and assess fund managers' performance. Contract worth substantial sum.

/Shell

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Shell

6. Brunei Government intent on renegotiating their agreements with Shell. They believe are too favourable to Shell. Bad time to squeeze operator margins: seem to underrate Shell's contribution to Brunei. But some prospect of flexibility.

Students and British Council

7. Criticism in Brunei following suggestions some UK institutions accepting under-qualified Bruneian students for their money. British Council keen to set up office in Brunei to maximise assistance they offer to students, but funds a problem. Shell have put up some; conditional pledges from others. Remainder may be sought from Council budget.

Churchill College Cambridge

9. Sir Omar established the Churchill Museum in 1971 as part of Brunei Historical and Cultural Centre. Sir Hermann Bondi suggested that the Sultan might contribute to the Churchill College Archives Centre which specialises in the history of Churchill's era.

ii) Defence Relations

10. Under Friendship Treaty committed to "consult over matters of mutual concern".

11.

12.

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/13.

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13.

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14.

15. Sultan told Defence Secretary in February 1985 wished to purchase substantial quantities of defence equipment and needed help in identifying requirements.

16. Renewed efforts to get Bruneians to sign MOU on defence procurement. Idea that we make our procurement expertise available - to indirect advantage of UK supplies. Draft with them. Progress slowed by Sultan's decision in late-March to defer visit (by UK officials) to discuss details. Ministerial visit to sign would follow.

FOREIGN AND COMMONWEALTH OFFICE
MARCH 1985

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FACT SHEET

BRUNEI DARUSSALAM

DEMOGRAPHY

Population: 0.25 million (1982 estimate)
Distribution: 65% Malays, 21% Chinese,
8% indigenous peoples, 6% others
(1981)
Population Increase: 5.4% pa (1980-81)
Religion: Islam
Language: Malay

GEOGRAPHY

Area: 5,765 sq kms
Capital: Bandar Seri Begawan

GOVERNMENT

Government: Executive authority vested in the
Sultan
Head of State: The Sultan: HM Sir Muda Hassanal
Bolkiah Mu'Izzaddin Waddaulah

ECONOMY

Basis: Oil and natural gas
Gross National Product: US \$4,050 million (1981)
Per capita income: US \$17,380 (1981)

TRADE

Total exports: US \$3,366.7 million (1983)
Total imports: US \$724 million (1983)

TRADE WITH BRITAIN

Exports to Britain: £22.0 million (1984)
Imports from Britain: £122.7 million (1984)

BRITISH AID

Nil

MEMBERSHIP OF INTERNATIONAL
ORGANISATIONS:

UN, Commonwealth, ASEAN, Islamic
Conference Organisation

March 1985

Brunei: Oil and Gas Profile

1. Not a member of OPEC. Attended recent OPEC meetings as observer. After the December 1984 meeting, Brunei announced a reduction in production for 1985 from 200,000 bd to 170,000 bd.

2.

Oil

Production:	1983	175,000 bd	
	1984	170,000 bd	(compare UK 1.6mbd; 1 mbd net of imports)
Exports:	1983	170,000 bd	
Reserves:	1.39 billion barrels: about 22 years at current production. (Compare UK 13 billion barrels, about 15 years at current production)		
Refining:	10,000 bd (Compare UK 2.0 mbd)		
Companies:	All existing production is by Brunei Shell Petroleum.		

Natural Gas

Production:	328 billion cubic feet (1984).
Reserves:	7 trillion cubic feet: about 23 years at current production. (Compare UK 25 trillion cubic feet : about 21 years at current production).

March 1985

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

BRUNEI : PERSONALITIES

THE BRUNEI GOVERNMENT

PERSONALITY NOTES

His Majesty Sir Muda Hassanal Bolkiah Mu'Izzaddin Waddaulah

His Highness Sir Omar Ali Saiffuddin Seri Begawan Sultan

His Highness Pengiran Muda Mohamed Bolkiah Perdana (Chief) Wazir

His Highness Pengiran Muda Jefri Bolkiah Pengiran Digadong

His Highness Pengiran Muda Sufri Bolkiah Pengiran Bendahara

Pengiran Bahrin Bin PG Haji Abbas

Pehin Haji Aziz Bin Umar

Pehin Abdul Rahman Taib

Mohamed Al-Fayed

Brigadier J P W (John) Friedberger MBE

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

THE BRUNEI GOVERNMENT

Royal Ministers

PRIME MINISTER	The Sultan
(including Direct responsibility for the Police, Religious Affairs and Petroleum)	
MINISTER OF FINANCE	The Sultan
(including Brunei investment authority)	
INTERIOR MINISTER	The Sultan
MINISTER OF DEFENCE	Sir Omar
(including Royal Brunei Armed Forces and Gurkha Reserve Unit)	
MINISTER FOR FOREIGN AFFAIRS	Prince Mohamed
MINISTER FOR CULTURE, YOUTH AND SPORT	Prince Jefri
DEPUTY MINISTER OF FINANCE	Prince Jefri

Non-Royal Ministers

MINISTER OF JUSTICE	Pengiran Bahrin
MINISTER OF COMMUNICATION	Pengiran Bahrin
MINISTER OF EDUCATION AND HEALTH	Pehin Aziz
MINISTER OF DEVELOPMENT	Pehin Abdul Rahman
(including Agriculture, Fisheries, Forestry, PWD, Planning, Land Resettlement, Electricity)	

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

THE BRUNEI ROYAL FAMILY: STYLES OF ADDRESS

The correct terms of address for members of the Brunei Royal Family are as follows:-

- | | | |
|--|-----|--|
| The Sultan | - | His Majesty the Sultan |
| Sir Omar | - | His Royal Highness the Seri Begawan Sultan |
| Prince Mohamed | -) | |
| |) | |
| Prince Sufri | -) | His Highness Prince |
| |) | |
| Prince Jefri | -) | |
| Raja Isteri
(Sultan's first
wife) | - | Her Majesty the Raja Isteri |
| Pengiran Isteri
(Sultan's
second wife) | - | Her Royal Highness, the Pengiran Isteri |

Foreign and Commonwealth Office
March 1985

HIS MAJESTY SIR MUDA HASSANAL BOLKIAH MU'IZZADDIN WADDAULAH

29th Sultan of Brunei.

Prime Minister, Minister of Finance and Minister of the Interior.

Born 1946.

Educated Kuala Lumpur and Sandhurst.

- 1966 - Sandhurst.
- 1967 - Recalled to Brunei before the Passing Out Parade at Sandhurst on his father's abdication. (Granted an Honorary Commission in the Coldstream Guards.)
- 1968 - Coronation. Awarded an Honorary CMG.
- 1972 - Awarded an Honorary GCMG.
- 1981 - Took a second wife, the Pengiran Isteri Hajjah Mariam.
- 1984 - Given rank of Honorary General in British Armed Forces.
- 1985 - Visit to London. Saw Mrs Thatcher, Mr Heseltine, Mr Luce, CDS.

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Visit to London in January and February marked an improvement in Anglo-Brunei relations, hints of financial and defence contracts for UK firms.

Married with two wives. His first wife, the Raja Isteri Anak Saleha: five children. His second wife, the Pengiran Isteri Hajjah Mariam: two children. His English is quite good.

Private interests are polo, flying his personal helicopter and driving his expensive fleet of cars.

HIS HIGHNESS SIR OMAR ALI SAIFUDDIN
SERI BEGAWAN SULTAN ("Noble Erstwhile Sultan").

Minister of Defence (position uncertain).
Born 1916.

Educated in Kuala Lumpur. Served in various Government departments. During the Japanese occupation, he was forced to work as a labourer.

- 1941 - First marriage.
- 1947 - Became first Wazir and Member of the Council.
- 1950 - Succeeded to the Throne, becoming the 28th Sultan.
- 1967 - Abdicated, for tactical reasons.
- 1976 - Third heart attack.
- 1979 - First wife died.
- 1982 - Two severe heart attacks.
- 1984 - Remarried (his first wife's half sister).

Once a strong personality of considerable ability who maintained Brunei's independence from her neighbours by remaining under British protection, and preserved the power and privilege of the Sultanate. As Sultan, he faced a series of problems (eg, the 1962 Revolt, negotiations over joining the Malaysian Federation) but always retained absolute power in his own hands. He has been anxious to maintain the British connection. Abdicated in favour of his son in 1967.

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He has ten children. His capacity to converse in English is limited. Formerly an excellent marksman, he has a fine private collection of guns. Enjoys writing Malay poetry and designing uniforms and ceremonial dress.

HIS HIGHNESS PENGIRAN MUDA MOHAMED BOLKIAH
PERDANA (CHIEF) WAZIR (1970)

Minister of Foreign Affairs.

Born 1947.

Educated in Kuala Lumpur and Brunei.

- 1966 - Sandhurst (left before the Passing Out Parade).
Given honorary Commission in the Irish Guards.
- 1979 - Formed a private oil marketing company (SABERU) with
Datuk Harriss of Sabah (handled 20% of Brunei Shell
Petroleum's production).

Honorary Colonel in the Royal Brunei Armed Forces. Member of the
Brunei Privy Council, the Council of Ministers and the Defence
Council. Frequently represents the Sultan on minor ceremonial
occasions and in meeting distinguished visitors. Has substantial
business interests (is President of the National Bank).

Is more forthcoming and articulate than the Sultan (at least in
English)

ministerial role very seriously.

Takes his

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Married with 3 children. He speaks English quite well.

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HIS HIGHNESS PENGIRAN MUDA JEFRI BOLKIAH
PENGIRAN DIGADONG (1979)

Minister for Youth, Culture and Sports.
Deputy Minister of Finance.

Born 1954.

Educated in Kuala Lumpur and private tutoring at the Istana.

1979 - Second Wazir.

Chairman of Royal Brunei Airlines and Chairman-Elect of Brunei Shell Petroleum. Head of Jasra Group of Companies including Jasra Harrison (formerly Harrison and Crosfield) and Jasra-Jackson (Jackson Oil).

His approach to work is erratic. Occasionally applies himself.

[REDACTED] Often accompanied the Sultan on ceremonial occasions and overseas visits.

Is a determined polo player, likes fast cars [REDACTED]

Married with 3 children.

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HIS HIGHNESS PENGIRAN MUDA SUFRI BOLKIAH
PENGIRAN BENDAHARA (1979)

Born 1951.

Educated in Kuala Lumpur and a private British tutor.

1978 - Went on haj to Mecca.

1979 - First Wazir.

Vice-President of the National Bank of Brunei. Is associated with a number of different commercial enterprises.

Somewhat outside the immediate family circle, although is still very close to his father. Is reported to be very bitter about the way in which life has treated him, but seems to cope well nevertheless.

Formerly married, with two children, but later divorced
Remarried in 1982.

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PENGIRAN BAHRIN BIN PG HAJI ABBAS

Minister of Law and Communications.

Born 1946.

Educated at Millfield, and at Birmingham and London Universities where he obtained bachelor's and master's degrees in Law.

- 1970 - Assistant Legal Adviser.
- 1975 - Deputy Attorney General.
- 1978 - Attorney General.
- 1984 - Minister of Law and Communications

Deputy Chairman of Royal Brunei Airlines, Board Member of Brunei Shell and Brunei Investment Agency.

A man of considerable intellectual ability. Is well disposed to Britain, and more Anglicised and less inhibited than some other Brunei Malays.

Married with 4 children. His wife, Datin Masmi, studied in Britain and is a qualified microbiologist.

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PEHIN HAJI AZIZ BIN UMAR

Minister of Health and Education.

Born 1936.

Graduate of Birmingham University.

- 1965 - Administrative Officer.
- 1972 - Secretary of the Municipal Board.
- 1973 - Acting State Secretary.
- 1975 - State Secretary.
- 1977 - Created a Pehin.
- 1981 - Mentri Besar (Chief Minister).

Intelligent, tough and imaginative. A good administrator and impatient of inefficiency. Almost certainly nurses political ambitions.

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Married with 3 children.

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PEHIN ABDUL RAHMAN TAIB

Minister of Development.

Born 1942.

Educated Malaysia.

- 1975 - Director of Establishment.
- 1980 - Appointed a Member of the Diplomatic Service of Brunei
- Went to Oxford to pursue a course related to his new career.
- 1981 - Appointed State Secretary.
- 1984 - Masterminded the Independence Day celebrations.

Tough minded and intelligent, frank and honest. Something of an anglophile.

Married with children. A devout Muslim. Speaks excellent English.

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MOHAMED AL-FAYED (FAYEED),

Born 1934.

A rich Anglophile financier.

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Until 1984 was closely involved with the United Arab Emirates
Since turned his attention to the Sultan of Brunei. Reputedly
financial adviser for the Sultan's European interests

Instrumental in arranging the purchase of the
Dorchester Hotel. Believed to be the moving spirit behind the
Sultan's donations to British charities

Al-Fayed's business interests now include prime properties and
prestige establishments, banking, construction, aviation and oil.
Recent publicity over House of Fraser, Harrods.

Al-Fayed is reputedly a difficult man to deal with. Obsessed with
security, maintains his own private bodyguards who are also
responsible for the Sultan's security at the Dorchester.
Camera-shy, and according to some reports a recluse. Briefly
married to Adnan Kashoggi's sister, son. Remarried, daughter and
son.

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BRIGADIER J P W (JOHN) FRIEDBERGER MBE

Commander of the Royal Brunei Armed Forces (RBAF).

Born 1937.

- 1956 - Commissioned into the Tenth Hussar (became Royal Hussars in 1969).
- 1969 - Australian Staff College.
- 1975-1977 - Commanded the Royal Hussars.
- 1978-1979 - GSOI (DS) at Royal College of Defence Studies.
- 1979-1981 - Colonel to the Staff of the Staff College, Camberley.
- 1981 - Assumed Command of RBAF.

He has also served in the BAOR, Oman, Aden, Australia and Northern Ireland.

Married with three children. His current appointment is due to expire in December 1985.

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

Country Brief

D - INDONESIA (Revised 2 April 1985)

Our Objectives

i) Political Relations

a) To demonstrate the importance Britain attaches to its relations with Indonesia and understanding Indonesia's policies, as a leading member of ASEAN and major regional power.

b) To give our relationship fresh momentum in Britain's political and commercial interests.

c) To exchange views on international political and economic issues encouraging Indonesia's moderate inclinations.

ii) Trade and Economic Relations

a) To show support for Indonesia's financial policies.

b) To promote UK commercial interests generally and in specific sectors:

- Power: eg contract bid for Paiton Electricity project (stage IV) by UK/French Consortium (Balfour Beatty): development of Ombilin Coal Mine (NCB/Dowty).

- Communications: eg rail projects bidding for Merak and Jabotabek lines; railbus; rolling stock. Communications: navigation aids contract due for signature (AGA). Inter island Vessels/LPG Ships: British shipbuilders keen to supply. National Registration System: De la Rue bidding for feasibility study.

- Scientific and Educational Collaboration: eg Laboratory equipment. Darwin Instruments bidding for Ministry of Education's contract.

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iii) Proposed Science and Technology Agreement (If raised)

- a) To disseminate information in Indonesia about UK technical and scientific developments and capabilities.
- b) To maximise the trade return by using the agreement to steer Indonesia towards choosing UK goods and services for project business.
- c) To encourage future Indonesian decision makers to study science and engineering in the UK.
- d) To do this at least cost in resources.

iv) Defence Relations

- a) To welcome their growth and underline our commitment to their further expansion.
- b) To promote British defence sales, specifically:
 - Hawk/Hawk 200: Persuade the Indonesian Air Force to procure more Hawk trainers and purchase Hawk 200 fighters. Ascertain scope for joint collaboration between Indonesia, Malaysia and BAe on Hawk 200.
 - Rapier: Welcome recent purchase; hope for more.

v) UK Aid to Indonesia (If raised)

- a) To obtain full credit for our aid programme and improve our image in the Inter-Governmental Group on Indonesia (IGGI).

/b)

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b) To obtain agreement for a special arrangement for use of our ATP provision.

c) To encourage the Indonesian Government to accept more of our offers from the Aid and Trade Provision outside any such agreement.

vi) The Ambassador's Residence

To enlist President's backing for new accommodation.

Arguments to Use

i) Political Relations

a) Indonesia major power within ASEAN; regionally. Respected voice internationally.

b) We have many interests in common. UK keen for closer mutually beneficial relations, better understanding of your policies and priorities.

c) Think we can work together on many international issues, eg disarmament, economic matters.

ii) Trade and Economic Relations

a) International respect for Indonesia's firm measures in light of recession. An example to others. Wish more would follow your path.

b) Keen to learn about your current five year development plan. Want to help.

c) UK a dependable, competitive trading partner. Revitalised industries. Keen to do business in Indonesia.

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d) Specific Projects:

- Power: UK playing major role, eg Mrica Dam (Balfour Beatty); diesel generators for rural sites (Hawker-Siddeley - contract signed 1985). First submarine power connector (Java/Madura - with UK aid).

New Projects:

Paiton Electricity UK/French Consortium unrivalled expertise; have demonstrated their capability in phase 1 of project.

Ombilin Coal Mine: successful UK involvement already. UK front-runner in coal mining. Also coal fired power generation.

- Communications: UK well established, eg in study for Jabotabek (Foster Wheeler), supply of navigation equipment (AGA), airport construction (Balfour Beatty - Batam Island). Vast experience.

New Projects:

Railways: keen to help with upgrading schemes (Merak and Jabotabek), supply railbus and international coach and electric multiple units (EMU's). Competitive, wealth of experience.

Sea Communications: Navigation aids contract: look forward to early signature. AGA equipment already giving good service in Indonesia.

British Shipbuilders: welcome contract for supply ship; they also want to build your inter island cargo ships, LPG carriers.

Civil Air Communications: Delighted at letter of intent for BAE 146 for President. First class aircraft. Hope you will buy more. UK has expertise for your airport development programme.

National Registration Scheme: De la Rue trusted company in Indonesia. Serving you well (security printing works). Have given you their preliminary views on Registration Scheme; best partner for feasibility study and scheme.

/Scientific

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- Scientific and Educational Collaboration: Darwin, keenly priced equipment; high quality. Reliable company (providing £30 million equipment to Mexico).

iii) Proposed Science and Technology Agreement (If raised)

a) The UK is responsible for many scientific and technological advances which Indonesia may be able to use now or in the future.

b) Training facilities for scientists and engineers in the UK are among the best in the world, as are some of the private sector research establishments.

iv) Defence Relations

a) Indonesia's strategic position similar to the UK: both need forces with large degree of flexibility and mobility.

b) UK military methods and equipment proven during Falklands Campaign.

c) UK already closely involved in meeting and assessing Indonesia's defence requirements, eg

- Air Defence Study by RAF Advisory Team completed 1984.

- Tribal Class Frigates - three purchased ex-RN in January 1984, supported by large RN training package. NB: First scheduled for handover April 1985.

- Hawk trainers in service with IAF.

/d)

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d) New Projects

Hawk/Hawk 200 Ideal for Indonesia's needs. Extra Hawk Trainers will meet IAF's requirement for more fast-jet pilots. Hawk 200 provides sophisticated but affordable air-defence cover for your vast coastline. Excellent range, simple to maintain. Will benefit from developments on the Tornado. Ideally suited to technology transfer. Ideal product for intra-ASEAN collaboration with UK, eg Indonesia and Malaysia.

Rapier Welcomed your purchase of Rapier (1984). Keen to supply more. Excellent example of Government to Government cooperation in financing, operational training and assistance to further technology transfer.

v) UK Aid to Indonesia (If raised)

a) Wish to contribute to Indonesia's development through bilateral technical cooperation and capital aid, investment by Commonwealth Development Corporation, encouragement of private investment and scientific and technological cooperation. Net financial aid flows \$620 million 1980-83; will continue to be substantial in future.

b) Intend to make pledge at this year's meeting of IGGI similar to that recorded by Indonesian Government last year (£5 million for Technical Cooperation).

c) Small part of our bilateral aid is available for deployment on projects of special mutual value. If we follow requirements of Presidential Instruction No 8, fewer of many highly capable technically advanced UK firms will be able to contribute to Indonesia's development.

/d)

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d) Regret special arrangement, on point of signature when Instruction No 8 came into force, was not concluded. If President could see way to allowing this agreement to be concluded would enable us to reinstate proposed £30 million over 5 years.

e) Welcome commendable measures taken by Indonesia Government to restrict commercial borrowing. But investment choices should not be conditioned more by cheapness of finance than by technical suitability.

vi) The Ambassador's Residence

a) Understand plans for relocation in centre may require Presidential approval (because of rebuilding requirements). Hope President can give this. Grateful for cooperation which MFA are giving.

Tactical Arguments

i) Political Relations

None.

ii) Trade and Economic Relations

a) General UK proposals offer best package, for technology transfer and training. Beware false economy of other bids. All bids supported by ATP are based on competitive ex-factory prices and high quality products.

/b)

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b) National Registration Scheme Indonesia wants projects to go ahead quickly. De la Rue in best position to achieve this. A sensitive area; need a trusted company.

c) Scientific Equipment Darwin have the experience to implement this project quickly.

iii) Proposed Science and Technology Agreement (If raised)

a) The UK through its research establishments, universities and advanced companies is in the forefront of scientific and technological progress in many fields.

b) The UK recognises that developing countries need new technology and training to be able to use it to aid development.

iv) Defence Relations

a) Size, role of UK forces comparable with other regional powers. Good model for Indonesia. More applicable than super powers.

b) Hawk contract could benefit local Indonesian industry, (PT Nurtanio); Hawk Trainers (20) with Indonesian forces demonstrate high standard of British aircraft.

c) Rapier Purchase of Rapier includes the benefits of training by the British Army/Royal Air Force. Is air transportable and manoeuvrable. Its competitor, Roland (US/French/German), is heavier, harder to move.

/v)

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v) UK Aid to Indonesia (If raised)

- a) UK has very good record of readiness to transfer technology.
- b) Conclusion of special arrangement would place us on same basis as France and Germany, who signed agreements only weeks earlier.

vi) The Ambassador's Residence

- a) Present house badly located - traffic problems deterring potential visitors - hampering normal functioning of bilateral relations.
- b) Our wish to move reflects desire to have a base from which we can maximise our efforts to develop UK/Indonesian relations.

Their Objectives

i) Political Relations

- a) Achieve better understanding of and support for Indonesia's underlying philosophy (Pancasila) and domestic policies, eg East Timor, Transmigration.
- b) Set out their foreign policy priorities, viz increasing role in the Non-Aligned Movement (including the forthcoming Bandung anniversary meeting), and in ASEAN. To set out their distinctive approach within ASEAN on Cambodia and Vietnam.
- c) Seek the Prime Minister's views and our perspectives on East/West relations; arms control and the Soviet Union, China and Hong Kong, the Middle East, terrorism.

/d)

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d) Ensure thier views on international economic issues are taken into account, particularly at the Bonn Summit. To seek views on Britain's oil strategy.

e) Encourage further Ministerial and other contacts.

f) Persuade the UK to support and possibly accede to the Law of the Sea Treaty.

g) Indian Ocean Peace Zone (IOPZ)/Zone of Peace Freedeom and Neutrality (ZOPFAN) Exchange views.

ii) Trade and Economic Relations

a) Paiton Electricity: Let contract at keenest price.

b) Railways: Reduce dependence on Japanese equipment but secure soft finance such as offered by Japan, through playing off once country against another.

c) Scientific Equipment (Darwin): Acquire equipment for training in technical subjects at keenest prices and with foreign aid.

d) Secure UK funding for the full cost of the De la Rue National Registration study. To obtain an information system to assist their planning and regulate expenditure requirements.

iii) Proposed Science and Technology Agreement

a) Secure cooperation with the UK in science and technology which will give them cheap access to high quality training and information.

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iv) Defence Relations

a) Diversify sources of assistance and equipment; lessen reliance on USA; explore potential of UK as source of supply, eg of Interceptor aircraft and training.

v) UK Aid to Indonesia

a) Seek additional aid in the form of concessional loans or grants for the full funding of development projects.

b) Persuade the UK to announce a pledge of capital aid this year.

Our Response

i) Political Relations

a) Appreciate immense task of administering and developing this country. Share international confidence in Indonesia and success of your policies (Pancasila and transmigration) in promoting stability and growth. Importance of new development plan (Repelita IV). Have every confidence for future - after 40 years of independence (17 August 1985).

b) Have a common interest in stability of region. May be sure of our continued backing, eg on Indo-China. Admired Indonesia's role as Chairman of ASEAN in 1984. Good wishes for the Bandung meeting later this month. Its priorities? Importance of moderation: to promote North-South dialogue.

/c)

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- c) Bonn Economic Summit: Main themes World Economy and Trade. Hope to promote more vigorous world activity through combating protectionism and liberalising trade, especially via new GATT round. Believe key to better economic prospects in developing world is sustained adjustment through prudent macro and structural policies.
- d) UK Oil Strategy: Agree usefulness of informal two-way exchanges. HMG does not control level of UKCS production - oil company licencees would be disinclined to invest in high capital cost of North Sea if they thought production controls likely. BNOG aim to terminate period from beginning of April, BNOG will agree prices with suppliers by reference to prices actually realised in the market.
- e) Law of the Sea: Recognise much of value in Treaty, but were unable to sign as Deep Seabed Mining Regime not satisfactory. If others recognise flaws, it may be possible to obtain general agreement to a more satisfactory Regime.
- f) (If raised) IOPZ/ZOPFAN: Still no agreement on what IOPZ would mean in practice, premature to convene conference. Unlikely to resolve conflicts in the area, could prejudice legitimate defence interests of other states. More discussions needed, UK will continue to play full and constructive role in committee. ZOPFAN, matter for the ASEAN countries.
- g) East Timor
(Defensive only) Note the situation on the ground has improved considerably; international aspect, following UN Secretary-General's initiative, also seems to be moving in the right direction. Hope you can work out a solution with the Portuguese to solve issue of East Timor's status. Our own position would no doubt be reviewed in the light of any understanding you reached.
(If pressed) I shall ensure that our European Community partners and the Portuguese are made aware of your views.
- h) Human Rights (If raised) There is a vocal human rights lobby on Indonesia in the UK. Includes some members of Parliament. No wish

/to

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to intervene in Indonesia's internal affairs but being able to discuss particular cases with Indonesian authorities can help us to defuse criticism and correct misapprehensions.

ii) Trade and Economic Relations

a) Paiton: UK companies have shown they are competitive in terms of quality, price and delivery.

b) Rail: Willingness to help shown by financing studies on Merak/Serpong and Jabotabek lines and offer of free trial railbuses. But help more effective if focussed on particular assignments.

c) Scientific Equipment: Darwin - UK prepared to consider funding a study to define exact requirements. Also application for assistance to finance supply of equipment. Have great experience in requirements for technical training.

d) National Registration Scheme: De la Rue: UK has made good offer to assist study. Prepared to consider an aid application for implementation.

iii) Scientific and Technical Cooperation Agreement:

a) Very willing to explore the possibility of entering into a science and technology agreement.

b) Suggest that officials might discuss this to see what kind of agreement can be reached.

/iv)

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iv) Defence Relations

a) Ample scope for armed forces and defence industries to cooperate further to mutual benefit.

b) MOD's Air Defence Advisory Team's 1984 impartial study provided Indonesia with valuable planning framework into which Rapier and Hawk 200 fit well.

v) UK Aid to Indonesia

a) Obligated to give priority to aid to Commonwealth countries and to poorest developing countries. Multilateral aid commitments are also taking an increasing proportion of our aid disbursements. Nevertheless programme to Indonesia is one of largest outside Commonwealth. Would like to do more when resources permit. Hope Indonesia will take advantage of offers from our Aid and Trade Provision of mixed credits for supply contracts and to fund consultancies.

b) One UK capital aid project now being implemented - the Java-Madura Submarine Power Interconnector Project (BICC, Balfour Beatty and GEC, with Ewbank Preece as Consultants) - aid cost: £8.4 million. Two new projects have been proposed and Indonesian Government agreement is awaited: rail-buses (British Rail Engineering Ltd) and mini-hydro development.

c) In technical cooperation main activity the UK Training Programme - 120 new awards a year. Also provide consultancy services, particularly in the power and water resources sectors, eg for ground water development; various new power studies have been proposed. English language training.

/d)

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d) We are waiving repayment and interest on past development loans. Indonesia's benefit is £40 million between 1978 and the early 90's (now running at £2.2 million a year).

Background

i) Political Relations

1. Since the downfall of President Soekarno and the Communists in 1965 Indonesia stable politically but riots and religious/communal tension 1984. Some concern that state philosophy, Pancasila (principles supreme God, humanity, national unity, democracy, social justice) being pushed too hard, eg against Islamic interest. Anti-Communist. Now increasingly non-aligned, but moderate. Size and geographical position make key to region.

UK-Indonesian Relations

2. Britain has neglected Indonesia mainly for historical reasons. Serious conflict in past, eg Battle Surabaya (1945: UK occupying forces vs Soekarno's troops), during Indonesia/Malaysia "confrontation", 1963-65; sacking of Embassy (1963); "trouser war", 1981. No current bilateral problems and goodwill towards Great Britain, but potential points of friction remain, eg oil pricing policy; protectionism; Law of the Sea.

Internal Political/Economic

3. More than a decade of rapid progress (considerable revenue from oil and gas) but pace is slowing down. In addition to the effects of world recession, and particularly the effect of lower oil prices, the problems ahead are:

- a) Population growth (2% pa: 1982).
- b) Concern about possible religious extremism.

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- c) The need to bring on a new generation of leaders (President Soeharto has been in power since 1965).
- d) Worry about oil prices and the search for alternative sources of revenue to maintain development, and provide jobs for the 1.8 million increasingly well-educated young people who join the labour market each year.

4. Indonesia has dealt firmly and promptly with domestic economic problems. Measures taken to control debt include reduction in foreign borrowing, strengthening of monetary policy, control of expenditure and anti-inflationary measures.

Foreign Relations

5. Indonesia Chairman of ASEAN in 1984. Spokesman for ASEAN over Cambodian issue with Vietnam (with whom have better relations than other ASEANS). Increasingly active in Non-Aligned Movement.

24/25 April hosts meeting in Bandung on the 30th Anniversary of the Afro-Asian Conference at Bandung, which was a key event in the early development of the Movement.

6. Indonesia broke diplomatic relations with China in 1967. Remains deeply suspicious of Chinese expansionism. But is now interested in developing direct trade with China, by-passing Hong Kong.

7. Indonesians sensitive at interference in internal affairs. Human rights image poor: (political detainees (several hundred), abuses in East Timor (now much reduced) and Irian Jaya, alleged forced movement of population (transmigration policy). Vocal lobby in UK criticizes HMG for failure to condemn and for arms sales.

8. IOPZ/ZOPFAN

UN Ad Hoc Committee considering proposal since 1971. Danger of excluding Western military presence, eg Gulf, Diego Garcia. UK line: constructive criticism. But must maintain relations with

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regional states (ie passage of warships through Indonesian waters) Conference (Colombo, first half 1986) will probably slip. ZOPFAN first proposed 1971 by Malaysia calls for guarantees of non interference by great powers and institution of nuclear free zone. No likelihood of early implementation.

9. East Timor

Annexed by Indonesia in 1975. UK not recognised but since 1977 have abstained on UNGA resolutions. Fretilin guerillas much reduced now. UN Secretary General seeking settlement.

ii) Trade and Economic Relations

10. Stage I of the Paiton Electricity project was carried out by UK/French consortium, Stage II by Italians and Stage III by Germans. State IV is valued at £60 million with UK share of 50%.

11. Indonesia needs a wide range of rail equipment and improved track facilities. Davy/BR have begun a free study on Merak/Serpong line rehabilitation, and Foster Wheeler lead a UK group in aid funded study to upgrade lines in suburban Jakarta (Jabotabek). An offer of free supply of three railbus units has been made.

12. Indonesians require equipment for technical training, which they regard as a high priority. Darwin Instruments have been negotiating for 18 months. Exact requirements are not yet determined.

13. A national registration/identity system comprising security printing computers and telecommunication equipment is planned, to be ready by next election in 1988 and census in 1990 and used to keep government funding to 27 provinces in line with population numbers. De la Rue's study of this is backed by £242,000 UK aid: implementation cost approximately £100 million. UK content includes computers and communications equipment.

iii)

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iii) Proposed Science and Technology Agreement

14. Indonesia already has agreements of this kind with a number of countries including Japan, France and Germany. The Indonesians attach a great deal of importance to these arrangements. Dr Habibie, Minister of Research and Technology and Dr Sumarlin, Minister of Development Planning have proposed that the UK should enter into such an agreement. It is possible that preferential treatment could be given to companies whose countries have concluded such agreements when major projects are being considered. But the short-term advantages will lie almost entirely with Indonesia.

iv) Defence Relations

15. Indonesian admiration for UK performance in Falklands created interest in our methods at time keen to move away from over-reliance on US.

16. General defence sales MOU signed 1983.

17. Minister of State (Defence Procurement) Mr John Lee MP visited Indonesia in November 1984. Chief of Defence Staff visited same month.

v) Aid

18. President and Ministers pay close attention to the annual Inter-Governmental Group on Indonesia (IGGI) pledging session as a yardstick to value donor countries as economic and commercial partners. Affects decisions about public sector contracts. Our standing low. Annual UK aid £7 million. Germany, France, Netherlands, Canada and Australia offer \$20 million-\$60 million, Japan, US more.

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19. IGGI 1984 we pledged £12.6 million for technical cooperation over the next three financial years (does not cut much ice with Indonesians because most donors do not pledge TC aid at all): 1984 Presidential instruction (No 8) recently defined concessional terms for aid (ie seven years grace period, 25 years repayment, 3.5% rate of interest). Although we might be prepared to meet these conditions occasionally for particularly worthwhile major projects, we cannot accept them overall; they imply a grant element of over 50%, producing an aid subsidy well in excess of Treasury provisions.

20. Commonwealth Development Corporation (CDC) operating in Indonesia since 1970. Total commitments close to £75 million in 14 projects. £39 million committed to Indonesian Government's nucleus estate and smallholder development programme. Also involved in power sector.

FOREIGN AND COMMONWEALTH OFFICE
APRIL 1985

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FACT SHEET

INDONESIA (REPUBLIC)

DEMOGRAPHY

Population:	160 million
Distribution:	Mainly Malay with Chinese minority
Population Increase:	2% pa (1980-81)
Religion:	90% Muslim, 9% Christian, 1% Hindu
Language:	Bahasa Indonesia. (English is widely spoken)

GEOGRAPHY

Area:	1,904,569 sq kms
Capital:	Jakarta

GOVERNMENT

Government:	A Constitutional republic, largely dominated by the military. Executive power is vested in the President elected every 5 years by the People's Consultative Assembly. Parliament is partly elected and partly nominated by the President.
Ruling Party:	Golkar, the government faction
President:	Soeharto

ECONOMY

Basis:	Industry (oil, natural gas, other minerals), manufacturing, agricultural commodities, including rubber and palm oil.
Gross National Product:	US \$78,318 million (1983)
Per capita income:	US \$580 (1983)

TRADE

Total exports:	US \$21,146 million (1983)
Total imports:	US \$16,423 million (1983)

TRADE WITH BRITAIN

Exports to Britain:	£181.5 million (1984)
Imports from Britain:	£186.7 million (1984)

BRITISH AID

Capital:	£0.5 million (1983)
Technical Cooperation:	£3.8 million (1983)
CDC loans:	£2.8 million (1983)
ATP:	£2.9 million (1983)
Debt cancellation:	£2.3 million (1983)

MEMBERSHIP OF INTERNATIONAL
ORGANISATIONS:

UN, UNCTAD, G77, NAM, OPEC,
Islamic Conference Organisation
(ICO), ASEAN, IMF, World Bank

March 1985

Indonesia: Oil and Gas Profile

1. Member of OPEC since 1962.

2. Indonesia produces light crudes. The world's 9th largest oil producer (1.4 mbd, targetted production 1.8 mbd by 1984). Oil production was reduced to 1.3 mbd in 1982 and further reduced to 1.18 mbd in November 1984; both reductions were made in order to comply with OPEC quota restrictions.

3.

Oil

Production:	1984	1.47 mbd (about 1.35 mbd net of condensates).
Exports:	1983	0.86 mbd (compare UK (1984) 1.6 mbd (1 mbd net of imports).
Reserves:		9 billion barrels: about 20 years at current production. (Compare UK at 13 billion barrels - about 15 years at current production).
Refining Capacity:		750,000 bd. (Compare UK: 2.0 mbd).
Companies:		State oil and gas company, Pertamina. Caltex (Standard Oil), ARCO and Total between them produce half of Indonesia's oil. BP, Britoil, Shell, Lasmo and Ultramar have prominent interests.

Natural Gas:

Production:	Indonesia is the world's largest exporter of liquid natural gas (10 billion tonnes/year, presently all to Japan). Plans are in hand to double LNG production.
Reserves:	30 trillion cubic feet : 52 years at current production: (compare UK: 25 trillion cubic feet, 21 years at current production).

March 1985

PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

INDONESIA : PERSONALITIES

THE INDONESIAN GOVERNMENT

PERSONALITY NOTES

Soeharto, General

Soeharto, Mrs Raden Aju Siti Hartinah ("Ibu Tien")

Wirahadikusumah, Major-General Umar

Sudharmono S H, Lt General

Mochtar Kusumaatmadja S H, Professor Dr

Moerdani, Lt General (Leonardus) Benny

Wardhana Professor Dr Ali

Salim, Professor Dr Emil

Sumarlin, Dr Johanes Baptista

Prawiro, Drs Radius

Habibie, Dr Ir Backruddin Yusuf

Soebroto, Professor Dr

Saleh, Drs Rachmat

Sudomo, Admiral Raden

Hartato

Poniman, General S

Siregar, Dr Arifin M

Hariadi, Paminto Soepang Kat

Hadjiwibowo, Raden Mas

Sosrodarsono, Ir Sujono

Ginandjar, Ir Drs Kartasasmita

Rusmin Nurjadin, Air Chief Marshal

Affandi, Ir Achmad

THE PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

THE INDONESIAN GOVERNMENT

President	General Soeharto
Vice President	Major-General Umar Wirahadikusumah
Coordinating Minister of State for Politics and Security	General Surono Reksodimedjo
Coordinating Minister of State for the Economy, Finance, Industry and Development Supervision	Professor Dr Ali Wardhana
Coordinating Minister of State for People's Welfare	Lieutenant General H Alamsjah Ratu Perwiranegara
Minister of State for Efficient Utilisation of State Apparatus/Deputy Chairman of National Planning Board	Dr Saleh Affif
Minister/State Secretary of Coordination of Administration and Finance of Non-Departmental Government Institutions	Lieutenant General Sudharmono SH
Minister of State for National Development Planning and Chairman of the National Planning Board	Dr Johannes Baptista Sumarlin
Minister of State for Population Affairs and the Environment	Professor Dr Emil Salim
Minister of State for Housing	Drs Cosmas Batubara
Minister of State for Research and Technology/Chairman of Board for Study and Application of Technology	Professor Dr Ir Bachruddin Yusuf Habibie
Minister of Defence and Security	General S Poniman
Minister of Home Affairs	Lieutenant General Soëpardjo Roestam
Minister of Foreign Affairs	Professor Dr Mochtar Kusumaätmadja SH
Minister of Justice	Major General Ismail Saleh SH
Minister of Information	Harmoko

Minister of Finance	Drs Radius Prawiro
Minister of Trade	Drs Rachmat Saleh
Minister of Cooperatives/Head of State Logistics Agency	Major-General Bustanil Arifin SH
Minister of Agriculture	Ir Achmad Affandi
Minister of Forestry	Soedjarwo
Minister of Mines and Energy	Professor Dr Soebroto
Minister of Public Works	Ir Sujono Sosrodarsono
Minister of Communications	Air Chief Marshal Rusmin Nurjadin
Minister of Tourism, Post and Telecommunications	Lieutenant General Achmad Tahir
Minister of Manpower	Admiral Raden Sudomo
Minister of Transmigration	Martono
Minister of Education and Culture	Major-General Professor Dr Nugroho Notosusanto
Minister of Health	Major-General Dr Soewardjono Surjaringrat
Minister of Religion	H Munawir Sjadzali MA
Minister of Youth Affairs and Sport	Major Dr Abdul Gafur Tengku Idris
Minister for Women's Affairs	Dra Lasiyah Sutanto SH
Minister for Social Affairs	Mrs Nanai Soedarsono SH
Cabinet Secretary	Drs Mardiono
Junior Minister for Development of Food Products	Ir Wardoyo
Junior Minister for Development of Hard Crops	Ir Hasrul Harahap
Junior Minister for Development of Fishery and Animal Husbandry Products	Professor Dr J H Hutasoit
Junior Minister for Promotion and use of Domestic Products	Ir Drs Ginandjar Kartasasmita

Officials with Cabinet Status

Attorney General

Harry Soeharto

Governor of Bank Indonesia

Dr Aritin M Siregar

Commander-in-Chief of the Armed Forces

**Lieutenant General Leonardus Benny
Moerdani**

Head of the State Audit Board

General Andi Muhammad Jusuf

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Interested in agriculture and owns a farm near Bogor. Speaks fluent Dutch and fair English (but always uses an interpreter). One son studied English in London for a time.

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SOEHARTO, GENERAL

President of the Republic since 27 March 1968. Appointed President by the Peoples' Congress (MPR) in March 1973, March 1978 and March 1983.

Born 1921.

- 1940 - Entered Dutch army as a non-commissioned officer.
- 1956-1959 - Military Commander Central Java (he was removed on account of his corrupt business deals).
- 1960 - First Deputy to Army Chief of Staff.
- 1960 - Accompanied General Nasution on European Tour.
- 1962 - Commander of West Irian campaign.
- 1962-1965 - Commander of the Strategic Reserve (KOSTRAD).
- 1966 - Minister of Defence.
- 1967 - Acting President.
- 1968 - Appointed President.
- 1973 - Post of Minister of Defence and Security/Commander in Chief of the Armed Forces formerly held by the President handed over to General Panggabean. (Constitutionally he remained Supreme Commander).
- 1979 - State Visit to the UK.
- 1983 - Re-appointed President for a further five-year term.

A gradualist, reserved, patient, intuitive, methodical by temperament, he is capable of sudden and sometimes unpredictable decisions which he always sticks to. He takes all major and many minor political decisions himself. He has a strong though perhaps nebulous obsession with economic development, and compensates for his own lack of economic expertise by using trusted specialist advisers. While his power has not diminished, his general popularity is not increasing.

Married with six children (they live in a Jakarta suburb rather than the Presidential Palace). A practicing Moslem. In private, he is unassuming and affable, though initially reserved with strangers.

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SOEHARTO, MRS RADEN AJU SITI HARTINAH ("IBU TIEN")

President's wife.

Born 1923.

Moslem.

1947 Married Soeharto.

Head of the Indonesian Girl Guide Movement.

Patroness of Red Cross and Association of Army Wives (Kar) Tika Chandra Kirana).

Head of the charitable foundation Harapan Kita.

Patroness of Central Javanese Culture.

Her political influence is difficult to assess; her moral hold over the President may be very great and some of her attitudes verge on the prudish. Her business interests are extensive

She has learnt passable English. Accompanied her husband on his State Visit to the UK in November 1979.

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WIRAHADIKUSUMAH, MAJOR-GENERAL UMAR

Vice President since March 1983.

Born 1924.

Student at Pajaran University, Bandung.

- 1944 - Joined Peta (the Japanese trained but Indonesian officered military organisation).
- 1947 - Commander of the First Brigade of the Siliwangi Division at Cirebon.
- 1948-1949 - Commander of a "battalion" in Solo.
- 1951 - On the general staff of the Siliwangi Division.
- 1965-1967 - Commanded the Army Strategic Reserve.
- 1967-1969 - Vice Chief of Staff of the Army.
- 1969-1973 - Chief of Staff.
- 1973-1983 - Chairman of the National Audit Board.
- 1983 - Vice President.

Married with two children. His was a surprise appointment as Vice President and having been in a backwater for the previous ten years his knowledge particularly of international problems is somewhat limited. His wife (Mrs Umar) is Chairman of the Association of Wives of Resigned Army Officers and is active on the Indonesian Cancer and Heart Foundations.

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SUDHARMONO S H, LT GENERAL

State Secretary since March 1973 and concurrently Minister of State for Coordination of Administration and Finance of Non Departmental Government Institutions.

Born 1927.

Active during the revolutionary period.

1960 - Graduated in Law.

Returned to military career.

1966 - Appointed adviser to Soeharto.

1967 - Cabinet Secretary.

1979 - Accompanied President on State Visit to Britain.

1983 - Elected Chairman of Golkar (the Government party).

Soeharto's eminence grise, and undoubtedly the most influential of his advisers. Friendly, interesting and extremely direct he is in on most matters of importance (attending Cabinet meetings, vetting public contracts and having access to the President's correspondence with Ministers). He normally shuns publicity but his appointment in Golkar is now giving him a greater public role.

Married with grown up children. Both he and his wife speak English: she is also Chairman of Dharma Wanita (the association of army and state officials' wives) and is keen on golf.

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MOCHTAR KUSUMAATMADJA S.H., PROFESSOR DR

Minister of Foreign Affairs since March 1978.

Born 1929. Graduate of University of Indonesia.

- 1955 - First Indonesian Graduate of Yale Law School.
- 1964-1965 - Special student at Harvard Law School.
- 1974-1978 - Minister of Justice.
- 1977-1978 - Acting Minister of Foreign Affairs.
- 1979 - Accompanied Soeharto on his State Visit to the UK.

Head of a Jakarta law firm and still lectures in law at Bandung. An expert on law of the sea matters. Has no power base beyond the personal support of the President but increased his standing internationally during Indonesian Chairmanship of ASEAN in 1984. Articulate, friendly and has personal charm, but combined with a strong streak of vanity.

Married with three children. Speaks excellent English.

CONFIDENTIAL

AOERDANI, LT GENERAL (LEONARDUS) BENNY

Commander in Chief and Head of Kopkamtib (security) since March 1983. Also Head of Intelligence in Department of Defence.

Born 1932.

Roman Catholic.

Military career (parachute commando) and active in guerilla operations in Irian Jaya in 1962 and in North Borneo during Confrontation.

As a battalion commander in Jakarta in 1965 worked closely with Soeharto in operations after the coup. Involved in negotiations to end Confrontation.

- 1967-1971 - Counsellor Kuala Lumpur (leading delegation to normalise relations).
- 1971-1974 - Consul General, Seoul.
- 1974 - Head of Intelligence HANKAM (Department of Defence).
- 1978 - Also appointed Deputy Chief of BAKIN (National Intelligence Coordinating Board).
- 1983 - Commander-in-Chief (with Ministerial status) and Head of Kopkamtib.

Ambitious, tough and unusually forthright for a Javanese. He is close, and loyal, to the President. He has earned respect for his attempts to reorganise the armed forces but there are some signs that his rapid promotion has provoked some jealousy amongst other senior officers.

Ham radio operator and keen golfer. His wife (a Muslim) is a formidable lady, good value socially and keen on bowling. Both speak excellent English.

CONFIDENTIAL

WARDHANA PROFESSOR DR ALI

Co-ordinating Minister of State for the Economy, Finance, Industry and Development since March 1983.

Born 1928. Javanese.

Studied economics at the University of Indonesia and California.

1962-1968 - Appointed Professor of Economics in Jakarta.

1964-1968 - Unofficial Adviser to the Central Bank and a Member of Soeharto's Economic Advisory Team.

1968-1983 - Minister of Finance.

Hard working, not readily accessible but intelligent, articulate and a good sense of humour.

Replaced Widjojo as the Economic Co-ordinating Minister when the latter fell from grace as a result of matrimonial complications. Relations between the two remain close. One of the chief architects of Indonesia's economic policy.

Married with four children.

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SALIM, PROFESSOR DR EMIL

Minister of State for Population Affairs and Environment since 1983.

Born 1931.

Economist (PhD University of California 1964).

- 1968-1978 - Chairman of National Planning Board (Bappenas).
- 1971-1973 - Minister of State for improving State Apparatus.
- 1972-1978 - Minister of Communications.
- 1978-1983 - Non Departmental Minister of State for Development and Environment.

One of the most outstanding of the young Western-educated economists advising Soeharto. With Widjojo, responsible at Bappenas for drafting of several Five-Year Plans and has played a leading role in the negotiation and utilisation of large amounts of aid channelled through the Inter-Governmental Group on Indonesia (IGGI). A lucid pragmatist impatient of economic theory, businesslike and hardworking but none too effective as an administrator.

Both he and his wife are friendly and speak excellent English.

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SUMARLIN, DR JOHANES BAPTISTA

Minister of State for National Development Planning and Chairman of BAPPENAS, National Planning Board since 1983.

Born 1932.

Roman Catholic.

Educated at University of Indonesia (Faculty of Economics), Univeristy of California (Berkeley). MA degree (1962). University of Pittsburgh, Pennsylvania Ph degree.

- 1952-1957 - Employee of NV Sar's Industry at Jakarta.
- 1956 - Assistant lecturer at the Faculty of Economics, University of Indonesia.
- 1960 - Secretary of the Monetary Council of the Department of Finance.
- 1973-1983 - Non Departmental Minister of State for Administrative Reform. (His first major concern was to disentangle the Pertamina disaster.)
 - Deputy Chairman of the National Planning Board (BAPPENAS).
- 1983 - Minister of State and Chairman of BAPPENAS.

Despite his allegedly brilliant mind, there is some disenchantment with his performance as an administrator.

Married with five children. He is quiet, studious and sometimes unforthcoming.

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PRAWIRO, DRS RADIUS

Minister of Finance since 1983.

Born 1928.

Christian.

Studied economics in Indonesia and the Netherlands.

- 1965 - Vice Chairman of the Supreme Audit Council.
- 1966 - Governor of Central Bank.
- 1973-1978 - Minister of Trade.
- 1978-1983 - Minister of Trade and Cooperatives.
- 1983 - Minister of Finance.

He had an important role in organising the Pertamina rescue and has over the years become one of the key architects of Indonesia's economic policy. He is a trusted protector of Palace business interests.

Married with four children (one son is at University in England, one in the States and one in Switzerland). Both he and his wife speak good English.

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HABIBIE, DR IR BACKRUDDIN YUSUF

Non-Departmental Minister for Research and Technology since March 1978.

Born 1937 in South Sulawesi. At the age of 13 impressed Soeharto by his intelligence.

During the early 1950s he studied at Institute of Technology Bandung. Moved to the FRG at the age of 18 and gained a doctorate (summa cum laude) in aviation at the Technical Institute of Aachen. He has a long standing connection with the company Messerschmitt-Bolkow-Blohm of which he has been Director of Applied Technology and Vice-Chairman.

- 1973 - Return to Indonesia.
- 1974-1976 - Head of the Advanced Technology Division at Pertamina Oil Company.
- 1976 - President Director of PT Nurtanio (has effectively been the Head of Soeharto's Research and Technology Think Tank).
- 1983 - Visit to Britain: meeting with Prime Minister.
- 1984 - Chairman National Research Council.

A brilliant academic brain, a confident, energetic individual and as an economic fixer has become increasingly close to and influential with the President who has protected him from attack. He has a decisive influence on Indonesian aviation and other high technology purchases. He is cultivated by the Germans whom he tends to favour.

Highly nationalistic and inclined to yield to wild ambitions for hi-tech projects for which Indonesia's present resources are inadequate. His methods and views sometimes put him at odds with the US educated economic planners, and his interference in the field of defence contracts (he has ministerial responsibility for defence production) has incurred resentment in the armed forces leadership.

Married to a doctor. Excellent English and German.

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SOEBROTO, PROFESSOR DR

Minister of Mines and Energy since March 1978.

Born 1928.

Studied economics in Indonesia and North America. Professor of Economics University of Indonesia.

- 1966 - Joined Soeharto's economic advisory team.
- 1971 - Minister of Transmigration and Co-operatives.
- 1973-1978 - Minister of Manpower.
- 1971-1973 - Chairman of National Export Promotion Institute.
- 1983 - Minister of Mines and Energy.
- 1984 - Elected Chairman of OPEC: re-elected 1985.

Highly intelligent and pleasant but a weak administrator. He and his wife both speak good English.

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SALEH, DRS RACHMAT

Minister of Trade since 1983.

Born 1930.

Educated University of Indonesia (Faculty of Economics).

Began his career at Bank Indonesia where he made rapid progress. He has been Chairman of the Directorate of Foreign Exchange Institute and alternate Director of Bank Indonesia/Central Bank.

1973-1983 - Governor of Bank Indonesia/Central Bank.

1976 - Involved in rescue operation on Pertamina (consequently very well regarded in the International financial community).

1983 - Minister for Trade

Married with four children. Both he and his wife speak good English.

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SUDOMO, ADMIRAL RADEN

Minister of Manpower since March 1983.

Born 1926.

Roman Catholic.

- 1945 - Naval career began (gunnery officer).
- 1962-1963 - Commander-in-Chief West Irian Naval Campaign.
- 1964-1965 - Deputy Minister of Sea Communications.
- 1966-1974 - Various naval appointments.
- 1974-1978 - Chief of Staff Kopkamtib (internal security organisation).
- 1978-1983 - Deputy Commander-in-Chief Armed Forces and Commander-in-Chief Kopkamtib.

Extremely active and very close to the President, from whom his position in Kopkamtib devolved and whose will he executes. Sensible and not illiberal, though will take a hard line when ordered to: he supervised the programme of release of political detainees in 1978-80. Well disposed to the West and speaks excellent English.

Married: his wife is also westernised and speaks English.

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HARTATO

Minister for Industry since March 1983.

Born 1932.

- 1958 - Graduate in Engineering from University of New South Wales. Worked industry.
- 1975 - Joined Ministry of Industry.
- 1978 - Promoted Director General for Basic Chemical Industries.
- 1983 - Appointed Minister.

Immensely hardworking and well qualified for his job. Speaks excellent English.

CONFIDENTIAL

PONIMAN, GENERAL S

Minister of Defence and Security.

Born 1926.

Active in the South Moluccan campaign of 1950.

1966-68	Commander of KODAM III (West Sumatra).
1968-70	Commander of KODAM XV (Moluccas).
1970-73	Promoted to Major General. Commander KODAM V (Jakarta area) and Commander Jakarta garrison.
1973-74	Commander of KOSTRAD (army strategic reserve).
1974-77	Promoted Lieutenant General. Commander of KOWILHAN I (Sumatra and West Kalimantan).
1977-80	Deputy Chief of Staff army.
1980-83	Promoted General. Chief of Staff army.

Despite having held a series of top command appointments he is neither a colourful nor a forceful character and eschews the limelight. Considered loyal, non-political and to adopt a pragmatic approach to problems. Understands English but prefers to use an interpreter; avoids both foreign contacts and social events.

Married with three daughters.

CONFIDENTIAL

SIREGAR, DR ARIFIN M

Governor of the Bank of Indonesia.

Born 1934 in Sumatra.

- 1956 - Graduated in Economics at Rotterdam.
- 1960 - PhD in Economics at Munster.
- 1961-1963 - Economics Affairs Officer in the Bureau of the General Economic Research at UN Headquarters.
- 1963-1965 - Worked at the UN ECO SOC office at Beirut.
- 1965-1969 - Economist in the Asian Department of the International Monetary Fund in Washington.
- Since 1970 - Has been an Adviser and Member of Indonesian Delegations to meetings of the IMF, World Bank, ADB, Islamic Development Bank and ASEAN.
- 1972 - On the Board of Directors in the Executive Committee of the Private Development Finance Company of Indonesia.
- 1973 - Alternate Governor of the International Monetary Fund on behalf of Indonesia.
- 1979 - President of the Indonesian Economic Association.

Speaks fluent English, Dutch, French and German. Charming and cosmopolitan. Active member of the IGGI team.

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HARIADI, PAMINTO SOEPANG KAT

Rector of the Institute of Technology, Bandung (ITB) since 1980.

Born 1933.

- 1959 - Graduated ITB in Nuclear Physics and joined ITB teaching staff.
- 1962-1965 - Assistant Director) National Physics
- 1965-1966 - Acting Director) Institute (LIPI).
- 1966 - Assistant Director, Centre of National Research.
- 1968-1972 - Research in USA (including MIT).
- 1975-1980 - Returned to ITB.
- 1983 - Member of formulation committee on guidelines for education.
- 1984 - Member of Committee on draft bill on Higher Education. Member of Development Council of the Association of Indonesian Engineers.

Open and amiable and well disposed to the West. Strong interest in the arts and has sponsored sculpture and arts exhibitions.

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HADJIWIBOWO, RADEN MAS

Chairman of the Indonesian/British Association since 1978.

Born 1923.

- 1942-1951 - Served in Royal Netherlands Navy.
(Japanese prisoner of war for over 3 years).
- 1952-1956 - Studied economics in Rotterdam.
- 1956-1973 - PT Unilever Indonesia.
- 1968-1973 - Member of Unilever Board of Directors.
- 1973 - Associated with a number of firms.

A highly civilized, slightly mannered, Javanese with superb English.
His wife also speaks good English.

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SOSRODARSONO, IR SUJONO

Minister of Public Works since 1983.

Born 1926. Muslim.

Educated at Dutch schools. Early career in Public Water Office for South Sumatra.

- 1963 - Chief Assistant to Minister of Basic Irrigation.
- 1965 - Director General of Irrigation, Department of Public Water and Power.
Subsequently Director General of Water Resources.
- 1982 - Secretary General, Ministry of Public Works.

Was one of most highly regarded and ablest of Indonesian civil servants. A rather shy manner. Has visited Britain, and seems to value his connections with us through various aid projects.

Married with three children. His intelligent wife is a doctor and formerly a UNESCO official.

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GINANDJAR KARTASASMITA, IR DRS

Junior Minister for the Promotion of the Use of Domestic Products since March 1983, and concurrently Chairman of the Capital Investment Board (BKPM) since February 1985.

Born 1941. Moderate Muslim. Education at Bandung Institute of Technology and Tokyo University (Degree in chemical engineering).

- 1965 - Indonesian Air Force (Directorate General for Research and Development).
- 1968 - Bureau for Research and Development Analysis (Sekneg).
- 1971 - Secretariat to the Cabinet - various posts including work on the development of the Nurtanio Aircraft Co.

Attended the Air Force Command College in 1974 and holds the rank of Air Force Colonel. Right-hand man of State Secretary Sudharmono (qv). Chairman of the Indonesia - Japan Friendship Association. One of the new generation of technocrats being given Ministerial responsibility at an early age.

Married with three children. Excellent English.

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RUSMIN NURJADIN, AIR CHIEF MARSHAL

Minister of Communications since March 1978.

Born 1930. Moslem. Active with the student forces during the Revolution. Joined the Air Force in 1951. Trained as an instructor by the RAF in 1951 and led a Mig 17 aerobatic team.

- 1964 - Air Attaché, Bangkok.
- 1965 - Air Attaché, Moscow.
- 1966 - Deputy Minister and Commander-in-Chief of the Indonesian Air Force.
- 1970-1974 - Ambassador in London.
- 1974-1977 - Ambassador in Washington.

Pleasant, modest, lacking shrewdness, and not over-intelligent. Relies heavily on officials within his Ministry. Technically minded, and well disposed to the West. A golf player.

Both he and his wife speak fluent English and Dutch, but prefer to use English. They are both related to other prominent Indonesians.

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AFFANDI, IR ACHMAD

Minister of Agriculture since March 1983.

Born 1927. Moslem. Fought with students' army in the late 1940's. Taught in schools in Bogor where he later studied and lectured on agriculture. Has also taken military courses and studied in Kentucky.

1969-1971 - Agricultural Attaché, The Hague.
1971 - Director General for Animal Breeding.
Later - Director General for Food Crops.
1978 - Junior Minister for Food Production.

Speaks adequate English.

CONFIDENTIAL



PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

COUNTRY BRIEF

E - SRI LANKA (Revised 2 April)

Our objectives

- (a) To express sympathy for the Sri Lankan Government's efforts to cope with the inter-communal problem, in particular Tamil terrorism.
- (b) To persuade them that they should resume their efforts to secure Tamil support for a negotiated settlement and against seeking a solely military solution.
- (c) To persuade them also that they should make a determined effort to win Mr Rajiv Gandhi's cooperation in controlling Tamil extremists.
- (d) To avert possible Sri Lankan requests for direct UK military involvement or major increase in supply of arms.
- (e) To draw attention to concern in UK about human rights abuses in Sri Lanka.
- (f) To express continuing (though limited) British support for Sri Lankan economic development including through a new aid agreement.
- (g) To promote the British companies seeking contracts for the Samanala Wewa hydro-electric project and for the privatisation of the Sri Lankan Telecommunications Department.

Arguments to UseInter-communal situation

- (a) Experience demonstrates terrorists cannot be defeated if they enjoy sympathy of local community. Essential therefore to avoid

alienating Tamil minority. In Northern Ireland have for this reason sought to use police rather than army. Have also sought to engage local communities in democratic process. Believe lesson here for you.

(b) Believe Mr Rajiv Gandhi would be willing to help constrain Tamil extremists in South India, if he could point to renewed efforts on your side to relaunch negotiations. Important to follow up dialogue initiated by Rajiv Gandhi/Athulathmudali meeting in February and visit of Indian Foreign Secretary in March with joint action.

Military involvement/arms sales

(c) Cannot become directly involved in your internal affairs. Would be impossible to justify to British parliamentary/public opinion. Happy to continue providing military/police training in UK. Would be willing to consider small increase in such training.

Human Rights

(d) Important you demonstrate concern about human rights abuses against Tamils by taking firm action against those responsible. This would greatly assist your case internationally.

Economic development/aid

(e) Although aid levels will naturally decline somewhat following high expenditure on Victoria Dam, we shall continue to aid your development, in particular by assisting consolidation of Sri Lanka's economic infrastructure. With your agreement will announce on 13 April new £20 million aid agreement for expenditure over next few years. Would also like to grant £250,000 special aid to Save The Children Fund for victims of inter-communal troubles.

Commercial opportunities

(f) Bid by tri-national consortium led by Balfour Beatty, who led Victoria Dam consortium, for Samanala Wewa hydro-electric project financially and technically attractive. We have sought to help, in particular in response to your Finance Minister's request, and are seriously examining provision of ATP aid.

(g) British competitors for privatisation of Sri Lankan Telecommunications Department both very experienced. Both Cable and Wireless and British Teleconsult have recent experience of their own privatisation. Cable and Wireless have won a privatisation contract in Macao.

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Tactical Arguments

Inter-communal situation

(a) Difficult for your friends to continue to provide support if it appears military option is being pursued to exclusion of negotiation.

(b) Public statement of willingness to grant greater measure of devolution to Tamils would

as would withdrawal of plan to establish armed settlers in Tamil majority areas.

(c) Current lack of political dialogue leaves initiative with Tamil terrorists and with hard-liners in majority Sinhalese community, to detriment of Government's authority.

Military assistance/arms

(d) Have to look carefully at military assistance/arms supply questions given widespread concern in UK about human rights issues.

Human Rights Issues

(e) Tamil lobby in UK and elsewhere winning propoganda battle because they can point to security forces excesses, some of which your Government have acknowledged.

Aid/economic development

(f) Concentration on major Mahaweli programme, including Victoria, has diverted resources from the rest of the economy, which badly needs further investment in infrastructure and better management of existing assets. Believe our aid programme should help with this.

Commercial opportunities

(g) Aid and trade provision more appropriate for big projects like Samanala Wewa than normal aid programme.

President Jayewardene's Objectives

(a) To explain, and to obtain the Prime Minister's public support for the Sri Lankan Government's approach to the inter-communal problem.

(b) To persuade the Prime Minister to use her visit to New Delhi to urge Mr Rajiv Gandhi to do more to constrain Tamil extremists in South India.

(c) To explore HMG's attitude to providing direct military assistance and weapons, including through the provision of soft loan arrangements for arms sales.

(d) To express appreciation for British aid contribution to Sri Lanka's economic development, in particular the Victoria Dam, and to seek assurances of further aid, including the Samanala Wewa hydro-electric project.

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Our Response

(a) Agree firm action to counter-terrorism necessary, but this must form part of overall strategy to isolate Tamil extremists from rest of the community.

(b)

Will make similar point to Mr Rajiv Gandhi, but easier to do this if commitment of your Government to resumption of negotiating process had been made clear.

(c) Inappropriate for Britain to become directly involved in long-standing internal problem. Hence difficult to contemplate

military involvement. Economic circumstances do not permit us to provide soft loans for arms sales, but British companies concerned may be able to arrange financial packages to meet your requirements.

(d) We intend to maintain substantial aid programme but our resources are limited. Interested in Samanala Wewa project: studying possibility of providing aid from ATP provision: shall give decision as quickly as we can.

Background

1. Prime Minister met President Jayewardene most recently at New Delhi during Mrs Gandhi's funeral, November 1984. Other meetings: CHOGM, New Delhi November 1983; President Jayewardene's private visit to UK 23-29 June 1984.

Inter-communal problem

2. Sri Lankan population about 15.4 million: some 11.3 million (74%) Sinhalese (Buddhist); 1.9 million (12.6%) Sri Lankan Tamils (Hindu): 0.8 million (5.4%) Indian "Estate" Tamils and 1.1 million (7.1%) Muslims. Long history of communal tension between Sinhalese and Sri Lankan Tamils: later concentrated in northern (Jaffna) province (95%) and eastern province (40%). Main organisation of Sri Lankan Tamils, Tamil United Liberation Front (TULF) led by Mr Amirthalingam, in 1970s demanded creation of "Eelam" (an independent Tamil state) constituted from the northern and eastern provinces; modifying this demand recently to creation of a single provincial council covering both provinces with large measure of autonomy. Since 1970s demand for "Eelam" also espoused by Tamil terrorist organisations, which have secured wide popular support in north following major outburst of communal violence in July 1983 when several hundred Tamils died. Indian Tamils have hitherto not supported this demand and are currently represented in the Sri Lankan Government by Mr Thondaman, Minister for Rural Industrial Development.

3. All-Party Conference, convened following Indian mediation, met during 1984 but failed to reach agreement. President Jayewardene in

December 1984 belatedly proposed constitutional reforms including large measure of provincial autonomy, but refused single council covering both northern province and eastern province (where non-Tamils are in majority). TULF rejected these proposals which were also condemned by Sinhalese chauvinists, including significant section of President Jayewardene's Party, and main opposition party, the Sri Lanka Freedom Party. Government responded by emphasising military response to terrorism: President Jayewardene said publicly on 20 February there could be no negotiations with Tamils until terrorists defeated. Has claimed this line similar to that taken by Indians in Punjab and British Government in Northern Ireland.

4. Tamil terrorist problem acute. Government security forces confined to two police stations in Jaffna peninsula and have only tenuous control of rest of northern province. Terrorists have also extended activities through most Tamil areas in eastern province. Reaction of Government security forces has been heavy handed: government have publicly admitted excesses including killings of Tamil civilians, and officials have referred privately to army being "out of control". Government have declared intention to establish armed settlers (all of whom would be Sinhalese) in Tamil-dominated areas of north. This would exacerbate tension if pursued but Sri Lankan Government have told Indians they will hold plans in abeyance.

Indian attitude

5. Indian Government influenced by presence of 60 million plus Tamils in Tamil Nadu, South India, and by continuing influx of Sri Lankan Tamil refugees, currently over 50,000.

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Meeting between Mr Rajiv Gandhi and Sri Lankan Minister of National Security, Mr Athulathmudali, on 8 February appears to have gone well. Followed by visit of Indian Foreign Secretary (PUS), Romesh Bhandari, to Colombo late March. Bhandari claims he promised Indian cooperation over Tamil extremists in India "even beyond our laws"

and that Indian Government were already taking steps to limit movement of men/arms across Palk Strait. Mr Gandhi has also claimed to Americans that Indian Navy have intercepted some Tamil terrorists crossing the Palk Strait between India and Sri Lanka. Indian Government now apparently believe Sri Lankan Government may be willing to contemplate gesture to Tamils, but Sri Lankans for their part remain sceptical about Indian intentions and President Jayewardene has indicated reluctance to meet Mr Gandhi, until latter publicly denounces Tamil extremism. Indian Government have asked that Prime Minister emphasise to President Jayewardene need for parallel de-escalatory steps by both Governments and that Mr Gandhi is acting in good faith.

6. British security firm, KMS Ltd, employed by Sri Lankan Government to train counter-insurgency police force. Sri Lankan Government recently requested KMS Ltd to train army counter-insurgency commando unit. Company were told Foreign Secretary did not wish to see them directly involved in inter-communal fighting.

Bilateral Relations

7. Sri Lanka supportive over Falklands and have suffered Argentine hostility in UN Human Rights Commission this year. Have not invoked UK-Ceylon Defence Agreement of 1947, which remains in force though Prime Minister wrote to President Jayewardene on 13 November 1984 stating that Britain would not be able to provide military assistance under Agreement in any circumstances connected with internal situation in Sri Lanka including external threat arising from that situation.

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8.

All approaches considered carefully in light of scope for use for internal security purposes, and risk of strong adverse Indian reaction. Soft credit for arms sales not available, though media have alleged credit agreement.

Aid

9. UK contributed £113m for Victoria Dam project (two-thirds of cost) between 1979 and 1985. Aid programme 1984/85 approximately £19m (including £2.8m within ATP) falling to approximately £7m in 1985/86 (latter figure not be revealed). New aid grant of £20 million to be announced during visit: time-frame for expenditure open, but will permit commitments over next 3-4 years. Central objective of future aid programme will be to improve existing infrastructure, eg transport, power transmission systems, Sri Lanka's most pressing need. Cannot agree to use these funds for the Samanala Wewa project (see below). Agreement reached with Sri Lankan Government at official level that Prime Minister should announce £250,000 special aid to Save The Children Fund for victims of inter-communal troubles: rehabilitation of Sinhalese fishermen and food aid for Jaffna Peninsula (Tamil area).

Commercial opportunities

10. Balfour Beatty, who led the Victoria Dam consortium, are leading a tri-national consortium (UK, France and Japan) bidding for the £250m 120MW hydro-electric Samanala Wewa power station. Sri Lankan Government have consistently pressed for HMG to provide aid for the project. [HMG have been asked to provide £14.4m ATP to supplement £22.6m ECGD credit and £20.2m commercial finance. This is to be considered by EX on 3 April within overall ATP budget.]

11. Cable and Wireless convinced Sri Lankan Government of need to privatise telecommunications department and have pursued contract for implementation since 1980. Sri Lankan Government decision to privatise: announced 13 February 1985. Strong interest by Japan who offered aid, but offer frozen as a result of privatisation decision. Sri Lankan Government have told Cable and Wireless that their proposed financial stake insufficient. British Teleconsultant invited in late 1984 to consider bidding.

12 ● Commercial opportunities are limited by uncertainty about the Sri Lankan economy (heavily dependent on high tea prices) and commitment of all available ECGD cover.

FOREIGN AND COMMONWEALTH OFFICE

APRIL 1985

FACT SHEET

THE DEMOCRATIC AND SOCIALIST REPUBLIC OF SRI LANKA

GEOGRAPHY

Area : 25,332 sq miles (65,600 sq km)
Capital : Colombo (population 585,776 in 1981)

POLITICAL

Independence : 1948
National Day : 4 February
Government : Executive President directly elected for 6 year term. Unicameral Parliament elected 6-yearly by proportional representation (last held July 1977) but extended to 1989 after referendum
Ruling Party : United National Party
President : Junius Richard Jayewardene
Prime Minister : R Premadasa
Ministers : Foreign: A C S Hameed
Finance: R J F (Ronnie) de Mel
National Security and Deputy Defence: L W Athulathmudali

DEMOGRAPHY

Population : 15.6 million (1983 estimate)
Distribution : 74% Sinhalese, 18% Tamils, 7% Muslims
Population Increase : 2% per annum (1.7% allowing for net migration)

ECONOMY

GDP 1983 : US \$5,199 million
GNP per capita : US \$320
Balance of trade : 1983 imports US \$2,136 million
1983 exports US \$1,354 million
Composition of GDP: 1983
Agriculture : 28%
Industry : 54.5%
Services : 17.5%

SOCIAL

Life expectancy : 65.7 years
Infant mortality (per thousand) : 121.2
Adult literacy : 86.5%
Primary School Enrolment : 85%
Language : Sinhalese (official language)
Tamil (national language) and English
BBC Broadcasts in Tamil and English
Religion : Buddhist (67%), Hindu (18%),
Christian (8%), Muslim (7%)



SRI LANKA/UK

- UK/Sri Lanka trade 1983: UK exports £70.1 million
UK imports £39.8 million
- UK aid to Sri Lanka 1984/85: £16.3m (estimated)
- UK is fourth largest bilateral donor to Sri Lanka (1983)
after USA, Japan and FRG
- UK Aid Framework figure 1985/86: £7 million
- Sri Lankan community in UK approx 45,000 includes of 25,000
Tamils

SRI LANKA'S FOREIGN RELATIONS

Commonwealth member.
Member of South Asian Regional Co-operation forum (SARC)
Founder member of Non-Aligned Movement (NAM)
Group of 77

SOUTH ASIAN DEPARTMENT

MARCH 1985

SRI LANKA



PERSONALITIES TO BE MET BY PRIME MINISTER

President:	H E Mr J R Jayewardene Mrs Jayewardene
Minister of Foreign Affairs:	The Hon A C S Hameed MP Mrs Hameed
Minister of Finance:	The Hon R J F (Ronnie) de Mel MP
Minister of National Security and Deputy Minister of Defence:	The Hon Lalith W Athulathmudali MP
Minister of Lands and Land Development (Minister of Mahaweli Development:	The Hon L Gamini Dissanayake MP
Speaker	The Hon E L Senanayake MP
Secretary to the President:	Mr W M P B Menikdiwela
Secretary Ministry of Finance and Planning:	Dr W M Tilakaratna
Attorney-General:	Hon Mr Shiva Pasupati
Chief Justice:	Mr S Sharvananda
Inspector General of Police:	Mr Rudra Rajasingham
Second MP for Nuwara Eliya- Maskeliya:	Mr A P S D Bandaranaike
Lawyer (ex-MP for Vaddukoddai)	Dr Neelan Tiruchelvam
Adviser to the President	Mr H W Jayewardene
High Commissioner in London	Mr L B C Monerawela Mrs Monerawela

JAYEWARDENE, JUNIUS RICHARD

President, Minister of Defence, Minister of Plan Implementation, Minister of Higher Education, Minister of Janata Estates Development, Minister of State Plantations, Minister of Power and Energy.

Sinhalese Buddhist, Goigama caste. Born 1906. Educated Royal College and Law College, Colombo. Advocate. Colombo Municipal Council 1940. State Council 1943. Minister of Finance 1947-53. A Governor of the World Bank and IMF 1948-52. Co-proposer of Colombo Plan at Commonwealth Foreign Minister's Conference 1950. Minister of Agriculture and Food 1953-56. Lost seat in 1956 election, but returned to Parliament in 1960. Minister of State and Parliamentary Secretary, Ministry of Defence and External Affairs (de facto Deputy Prime Minister) from 1965-70. After his party's resounding defeat in the 1970 election he was elected Parliamentary leader of the UNP and thus assumed the difficult task of leading the small opposition group in Parliament. Leader of the UNP 1973. Carried UNP to electoral victory in 1977 becoming Prime Minister.

In 1972 he clashed with his party leader Dudley Senanayake and the main UNP rank and file by urging a 'national' alliance with the moderate wing of the SLFP to attempt to counterbalance Marxist influence. In 1973 he took over the leadership on Mr Dudley Senanayake's death and led the party and the opposition groups against the government.

He resigned his seat and duly recaptured it in 1975 in protest against the Government's failure to hold elections (the 1972 Constitution extended the date for these by two years beyond 1975, the date they were previously due). In the two years before the 1977 elections he took a firm hand on the party, ousting a group of 'Dudleyite' supporters and deliberately building up the UNP organisation at the grass roots.

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He gained an overwhelming victory in the 1977 elections, the cost of living and unemployment being the main issues. He had also emphasised the need for clean Government, without nepotism. Many years a senior politician, he became Prime Minister for the first time following his party's victory in the election of July 1977. By an amendment to the 1972 Constitution he became the country's first executive President on 4 February 1978. Returned to office for a further six years in October 1982 in the country's first Presidential Election, securing 52.9% of the vote. Shortly afterwards he realised that in the forthcoming General Election with its attendant requirement for voting under a form of proportional representation, his UNP would lose its two-thirds parliamentary majority and with it the Party's ability to amend the Constitution.

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Married, one son (who acts as his security adviser).

MRS ELINA JAYEWARDENE

Sinhalese Buddhist, Goigama caste.

Born 15 December 1913. Married the President 25 February 1935.

Born to a wealthy and influential family, the only child of a successful planter. Her maternal grandfather was a Sinhalese member of the old Ceylon Civil Service who retired from the Public Service as Police Magistrate.

Educated at home by well known teachers. In addition to usual school subjects, she studied stenography, book-keeping and music. She is well versed in Sinhalese and Early Sinhala writing. Greatly interested in Sinhalese arts and culture.

Apart from reading her other main interest is gardening.

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HAMEED, ABDUL CADER SAHUL, MP (UNP)

Minister of Foreign Affairs.

Ceylon Moor Muslim. Born 1929. Educated St Anthony's College, Matale and Zahiri College, Matale. Interested in Adult Education and has organised several Adult Education Centres. Has been President of the Central Ceylon Muslim Educational Society and of the Central Province Muslim Parents' Association. Joined UNP 1956, and elected second MP for Akurana, a largely Sinhalese Buddhist constituency, at the March and July elections in 1960 and 1965. Deputy Leader of the Sri Lankan Delegation to the UN 1966, where he first made his mark. First MP for Akurana 1970 and 1977 (seat now called Harispattuwa). Active in CPA. Attended London meeting in September 1973 and stayed on as a Category III visitor. Also Category III visitor 1975.

This is the first time that the Foreign Minister portfolio has not been held by the Prime Minister and reflects J R Jayewardene's expressed desire to concentrate on domestic affairs. Speaks English, Tamil and Sinhala with equal facility.

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Married with three young children.

MRS SHAMINA HAMEED

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DE MEL, RONALD ('RONNIE') JOSEPH GODFREY, MP (UNP)

Minister of Finance and Planning.

Sinhalese Buddhist. Karawa caste. Born 1925. Educated St Thomas's College and University of Ceylon (Honours History 1934). Ceylon Civil Service 1948-65 during which time he held appointments in Ministries of Home Affairs and Agriculture, and was Government Agent in various districts. Deputy Controller of Immigration, Commissioner of Co-operative Development and Director-General of Broadcasting. Joined SLFP and contested Bibile at 1965 elections and lost. Contested Devinuwara at by-election 1967 and won, winning the seat again in 1970 and 1977 (latter as UNP candidate). Crossed to UNP late 1975.

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Wife acts as his private secretary.

ATHULATHMUDALI, LALITH W, MP (UNP)

Minister of National Security and Deputy Minister of Defence (1984), (previously Minister of Trade and Shipping).

Sinhalese Buddhist. Goigama caste. Born 1936. Son of Mr D D Athulathmudali, State Council Member for Matugama 1931-36. Educated Royal College. Read Law at Jesus College, Oxford 1956-9. MA (Oxon), BCL (Oxon), LLM (Harvard). Was member of Oxford University Labour Club and President of Oxford Union. Founder of Oxford Buddhist Union.

Called to bar at 22 (Gray's Inn). Also advocate of Supreme Court and a barrister of the Australian bar. Has been guest lecturer at several universities including Edinburgh.

First made his name in politics as UNP organiser for Agalawatte, the then constituency of Dr Colvin R de Silva (LSSP), but contested and won the new constituency of Ratmalana in 1977 election at his first attempt to enter Parliament.

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Good orator in English and Sinhalese.

DI ANAYAKE, LIONEL GAMINI, MP (UNP)

Minister of Lands and Land Development, and Minister of Mahaweli Development.

Sinhalese Buddhist. Goigama caste. Born 1942. Educated Trinity College, Kandy. Attorney at Law. Entered politics in 1970 and elected UNP MP for Nuwara Eliya. Re-elected 1977 as first MP in the new three-member seat. His father had been elected for Nuwara Eliya in 1956 on the SLFP-MEP ticket.

Thrust into prominence by being one of the few UNP MPs elected to Parliament 1970, he soon became a 'front bench' spokesman as well as a prominent youth leader. He continued to run a private law practice. Elected third in a working committee poll to decide on a ten member election committee before the 1977 elections. This position was reinforced by his assumption (without previous experience of Ministerial office) of the influential Ministry of Irrigation, Power and Highways - often the portfolio held by the number two in the Government (Mr Premadasa on this occasion preferring local Government). He held the portfolio until September 1978, when he took over his present equally important portfolios. Good public speaker, he toured widely to assist less well-known candidates in 1977 election campaign; he was a major factor in attracting the 'new' vote to the UNP. Has remained solidly behind Mr Jayewardene since the latter took over as leader of the UNP and is critical of those old-style members of the party that still remain. One of the thinkers behind the new UNP policy direction. Hardworking. Well disposed towards Britain.

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President, Board of Control for cricket in Sri Lanka.

SENANAYAKE, E L , MP (UNP)

Speaker 1983.

Sinhalese Buddhist. Goigama caste. Born 1920. Educated Trinity College, Kandy and university of Ceylon. Managing Director of the Senanayake Estates Co Ltd. Member of Municipal Council Kandy 1943-54, Mayor of Kandy 1950-55 and 1965. MP for Kandy 1952 but unseated in an election petition. Unsuccessful in 1956 but has retained the seat (now called Mahanuwara) since March 1960. 1968-70 held office as Minister of Health.

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Married. Two daughters, one a lawyer, the other married to a businessman. Several sons, two studying in UK. Brother-in-law is Sydney Harasgama, Chairman Collettes group of companies.

MENIKDIWELA, WEERASEKERA MUDIYANSERUJE PUNCHI BANDA

Secretary to the President.

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Married. His wife, a University of Ceylon graduate, teaches.
Four children.

TI. KARATNA, WIJETUNGA MUDIYANSELEGEDARA, DR.

Secretary, Ministry of Finance and Planning.

Sinhalese Buddhist. Goigama caste. Born 1927. Educated University of Ceylon (BA Economics) 1946-49 and London School of Economics (PhD) 1955-57.

Various financial appointments culminating in Senior Deputy Governor of Central Bank of Ceylon before present appointment in 1978.

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Married.

HC MR SHIVA PASUPATI



Attorney-General.

Born August 1928 - Hindu.

Called to the Bar in 1953. Appointed Attorney-General by the President of Sri Lanka in July 1975. Also appointed President's Counsel (equivalent to Queen's Counsel). Earlier held the offices of Director of Public Prosecutions and Solicitor-General.

Graduated in Law at the University of Ceylon. Later followed a Post-Graduate Course in International Law at the Cambridge University. Delegate at the Conference of Attorneys-General in Italy and Spain, Law Ministers Conference in United Kingdom and the Asian-African Legal Consultative Committee Meetings in Indonesia and Japan.

As Attorney-General, he is in charge of all civil, criminal and constitutional matters relating to the State. Also Adviser to His Excellency the President and the Cabinet of Ministers in all legal matters. The Department of the Attorney-General has on the staff the Solicitor-General, two Additional Solicitors-General, six Deputy Solicitors-General, fourteen Senior State Counsel and fifty-five State Counsel. Under the Constitution all Bills, before they are presented to Parliament, should be submitted to the Attorney-General for his opinion regarding constitutionality. The Attorney-General has under the Constitution, a right to be heard in the Supreme Court in all applications for enforcement of Fundamental Rights, matters relating to Bills presented to Parliament, its Consultative Jurisdiction and proceedings for breach of the privileges of Parliament. The Attorney-General is a member of the Council of Legal Education which is the governing authority of the Sri Lanka Law College.

In the legal sphere the Attorney-General ranks next to the Chief Justice in order of precedence and above all Judges of the Supreme Court. The Attorney-General is also the leader of the Bar and addresses the Supreme Court on behalf of the Bar at all ceremonial sittings of the Court.

Married with three children; one son and two daughters.

SHARVANANDA, S

Chief Justice (1984)

Tamil. Born 22 February 1923. Educated St Anthony's College, Kayts College (Jaffna) and Jaffna Hindu College. Further studies at Law College, Colombo (BA). Took oath as advocate October 1946. Practised in the Appeal Courts in Colombo and in Jaffna and Batticaloa. Worked for Tamil leader S J V Chelvanayakam. Appointed Supreme Court Judge 1974 and reappointed under new Constitution in 1977. Appointed Chief Justice 28 October 1984.

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Married 1 son, 1 daughter.

RAJASINGHAM, RUDRA

Inspector General of Police (1982).

Tamil. Born April 1926 and educated at Trinity College, Kandy.

He joined the Police in November 1949. In 1971 he was promoted to Deputy Inspector General of Police and appointed Inspector General of Police in 1982.

During his career he has served in almost all parts of Sri Lanka except Jaffna. Amongst numerous courses, he did a four month "observation" tour in UK in 1968 attached to the Home Office. He was largely responsible for organising the police duties during both the Non-Aligned Conference in 1976 and the visit by HM The Queen in 1981.

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He enjoys listening to light classical music and used to play rugby and cricket.

He is married with one daughter.

BANDARANAIKE, ANURA PRIADASSI SOLOMON DIAS, MP (SLFP)

Second MP for Nuwara Eliya-Maskeliya.

Sinhalese Buddhist. Goigama caste. Born 1949. Upper second class degree at University College, London 1973. Active in publicising Sri Lankan politics in London. On return appointed head of SLFP Youth Leagues (in which he was not very successful) and made (unpaid) adviser on Youth Affairs to Ministry of Planning 1975. Obtained a controlling interest in the "Times" newspaper group together with some business associates 1975. This together with a Sinhalese newspaper "Adha", which he founded, served as a public voice for him until the UNP victory at the 1977 election, shortly after which the new Government took over the "Times" group which was in financial trouble. Elected for first time 1977. Professes a special interest in Latin America. Has travelled widely.

Since both his parents have been Prime Ministers and he is one of only 8 SLFP MPs he is clearly regarded as a possible heir apparent in the SLFP. He is to the right of his party and had a hand in the expulsion of the LSSP from the coalition in 1975.

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TIRUCHELVAM, DR NEELAN

Tamil. Lawyer.

Ex-MP (Tamil United Liberation Front) for Vaddukoddai.

Born 31 January 1944. Father a lawyer and politician.

Educated at Royal College Colombo and University of Sri Lanka (Bachelor of Law).

Lecturer at law faculty of University for one year then awarded a Fulbright scholarship to Harvard obtaining a Masters degree and Doctorate of Law.

Research fellow at Yale Law School, 1972-73.

Representative of TULF on Commission which recommended establishment of direct development councils.

Nominated by the TULF for Vaddukkoddai in March 1983, he lost his seat in December 1983 after failing (along with all the TULF MPs) to take the oath of allegiance demanded by the 6th Amendment of the Constitution.

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JAYEWARDENE, H W, QC

Adviser to President and leading barrister.

Sinhalese Buddhist, Goigama caste. Born 1916, brother of the President, J R Jayewardene. Educated Royal College and Ceylon Law College. Colleagues in Legal Practice included Dr Colvin R de Silva (qv). After a successful 13 years at the Bar he was the youngest Queen's Counsel to be appointed in Sri Lanka (1954). Helped set up the Bar Association and was elected its First President (1975). Re-elected without a contest 1976. Vice President of the Organisation of Professional Associations of Sri Lanka and of the local branch of the International Commission of Jurists. He is also a member of the UN Subcommission on the Prevention of Discrimination and Protection of Minorities.

Outside the law he has served as Chairman of the Royal Commission on Industrial Disputes; a Founder Member of the Ceylon Tourist Board, he was Draftsman of the Tourist Development Act. In business, he is Chairman of Asian Cotton Mills Limited, Lambretta (Ceylon) Ltd, Associated Batteries Ltd, and serves as Director on the Boards of several other companies. Assisted by the Fredrich-Ebert Foundation in setting up the Sri Lanka Foundation of which he is a founder member and currently President. Member of the UN Commission to Iran on hostage questions.

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Married. 4 children.

MONERAWELA, MR LOKU BANDA CHANDRASEKERA

High Commissioner for Sri Lanka in London since May 1984.

Born in September 1937; obtained a BA in Economics from the University of Ceylon.

1961: joined Foreign Service. Held diplomatic assignments in Peking, Washington and Bangkok.

1971-1974: Chief of Protocol, Ministry of Foreign Affairs.

1974-1980: Permanent Representative to the Economic and Social Commission for Asia and the Pacific (ESCAP).

1980-1983: Director, Economic Affairs, Ministry of Foreign Affairs.

January 1984: High Commissioner to Singapore.

Mr Monerawela is married with three children.

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PRIME MINISTER'S VISIT TO ASIA: 4-13 APRIL 1985

BRIEF FOR OFFICIALS

SRI LANKA: DEFENCE RELATED ISSUES

Military Training in UK

1. With a consistently low GNP per capita (\$320 in 1983), Sri Lanka is a regular member of the UKMTAS "club". For the past three years Sri Lanka has received an allocation towards the cost of UK military training of £100,000. In FY 1984/85 this was used to pay for the attendance of individual officers on military training courses (costing £115,000) in the UK, including places at the Royal Navy and Royal Air Force Staff Colleges. A similar programme is planned for 1985/86. Loan Service Personnel (LSP) were last provided in 1980 to 1983, to help the Sri Lankan Government establish a Women's Army Corps. There are no plans at present to send more LSP to Sri Lanka.

Police Training in UK

2. Twelve places were offered to Sri Lanka for police training in 1984/85 under the ODA sponsored Technical Co-operation Training Programme (TCTP) but only seven places were filled. Provision is made for nine places in 1985/86. Lady Young during her visit to Colombo in October 1984, offered to provide appropriate attachments

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Defence Sales

3. Ministers have given political clearance for arms sales to Sri Lanka, including sales of helicopters and patrol boats provided these are supplied without armaments. Defence sales in recent years include Saladin armoured cars and small arms. The Sri Lankan Government have also made enquiries from commercial channels in the past 18 months about the purchase of armoured personnel carriers, reconditioned Saracens and Landrovers, light, hand-held anti-tank weapons, radio equipment and Cougar craft (normally used for

recreational purposes). There have also been limited sales of riot-control equipment. No applications were made in 1984 or 1985 for ECGD cover on arms supplies to Sri Lanka. Sri Lankan Foreign Minister in December 1984 asked whether it would be possible for HMG to provide credit for military sales, but the Sri Lankan Government have not reverted to this point. No soft term credit arrangements for the financing of arms sales exist between HMG and Sri Lankan Government.

UK-Ceylon Defence Agreement 1947

3. Lady Young told President Jayewardene during her visit (23-26 October) of HMG's current interpretation of the UK-Ceylon Defence Agreement 1947. The Prime Minister wrote to President Jayewardene on 13 November repeating these points. President Jayewardene accepts that Britain would not be able to provide any military assistance under the Agreement in any circumstances connected with the internal situation in Sri Lanka. This covers also response to an external threat arising from that situation.

KMS Ltd

4. The British security company, KMS Ltd, has provided training since late-1983 in order to create a 600-strong counter-insurgency police force. Sri Lankans asked KMS in January 1985 to increase number of trainees from 6 to 22 to train an army counter-insurgency commando unit. We have told Colonel Johnson, the Chairman of KMS, that we consider it extremely inadvisable for them to extend their involvement and urged caution and restraint. Lady Young raised the matter with Mr Athulathmudali during meeting in January and expressed her reservations about KMS expanding their involvement.

Ships Visits

5. The Armilla Patrol and new Hong Kong patrol craft, HMS Starling visited Colombo 22 December - 3 January. Another Hong Kong patrol craft, HMS Swallow will visit Colombo 27-31 March and the Armilla Patrol is scheduled to visit Colombo again in July 1985.

Other military issues

6. In December 1984, the Sri Lankan Foreign Minister asked if HMG might loan manned naval patrol vessels

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requests.

HMG rejected both

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PRIME MINISTER'S VISIT TO ASIA, 4-13 APRIL 1985

COUNTRY BRIEF

F - INDIA (Revised 2 April)

OUR OBJECTIVES

To persuade Mr Gandhi:

(a) that we are doing everything possible within our legal constraints to curb Sikh extremists in the UK;

(b) to agree to conclude the contract for the sale of Westlands helicopters;

(c) to expand our defence sales relationship and in particular, conclude the contract for purchase of Sea Harriers;

(d) to accept that we can do more no more than use best endeavours to maintain current aid levels (£115 million pa); we can do that in 1985/86 only if Indians do not cancel Westlands deal which would prevent us spending all the money.

(e) that we will react favourably to constructive initiatives on the Indo-Pakistani nuclear issue;

(f) that we will continue to be helpful to India in international financial agencies, especially IDA;

(g) that we believe that the solution to Sri Lankan terrorism must be a political settlement which satisfies Tamil concerns, and that we have sought to persuade the Sri Lankan Government of this;

(h) that we look forward to seeing him in UK in October.

ARGUMENTS

Sikh Extremists

(a) Will do what we can, but within constraints of UK law:



Attorney-General studied case of Dr Chauhan thoroughly but concluded prosecution not possible. Number of court cases against Sikh extremists: some of these recently refused entry to UK. Important to maintain close liaison between our security authorities.

Westlands Helicopters

(b) Westlands helicopter deal 100% aid funded: Indians sent Westlands a letter of intent in June 1984: our two Governments clearly envisaged the contract being signed by now - Westlands have built helicopters on basis of Indian word of honour.

Defence Sales

(c) UK in strong position to assist expansion of Indian defence Industry and ready to do so; discussions on agreement on scientific collaboration at advanced stage: prepared to offer relevant training to support equipment bought by India: Sea Harrier Working Group an example of support we are prepared to give after sale.

Aid

(d) We are India's largest net bilateral aid donor, have increased aid allocation for 1985/86: but can spend all the money only if Indians sign Westlands contract: willing to continue to support her in multilateral institutions such as IDA and ADB.

Indo-Pakistan Nuclear

(e) Concerned about nuclear dimension of your relations with Pakistan. Believe progress only possible through Indo-Pakistan agreement. Interested in Mr L K Jha's suggestion that Indo-Pakistan agreement on levels of weaponry might be possible. Could such arrangement include understanding on nuclear issue?

Sri Lanka

(f) Support unity and integrity of Sri Lanka. We oppose terrorism. But terrorists cannot be defeated if Tamil minority alienated. Necessary to separate moderates from extremists. Acknowledge role India can play.

(g) Have told President Jayewardene that we believe he should try

to relaunch negotiations: that it is important to follow up dialogue initiated by Athulathmudali's visit to you in February and Bhandari's visit to Colombo in March: and that we thought that if he were doing more on these lines you would be better able to constrain Tamil extremists in South India.

TACTICAL ARGUMENTS

Sikh Extremists

(a) Welcome assurances that commercial negotiations can go ahead normally; know some in Indian bureaucracy advocate economic pressure on UK: must point out this only inhibits action by HMG: we cannot appear to be acting under duress. Advocates of such pressure unaware of real extent or history of Indo-British co-operation on Sikh problem, both inside and outside UK.

Westlands Helicopters

(b) 1983/84 aid programme was underspent (only £92 million disposed out of £105 million) because of Indian delay on BALCO contract. Now even bigger problem over 1985/86 programme, if Westlands contract not signed, and £45 million allocated to project cannot be spent. As I said in my letter of 22 March the technical merits/de-merits of the rival machines were fully considered before your Government gave Westlands letter of intent.

HIS OBJECTIVES

(a) to emphasise Indian concern over Sikh extremists, and urge us to take more action (though he may not take initiative in raising issue);

(b) to stress that a solution to Sri Lanka must be negotiated with full participation of Tamils; that HMG should not provide weapons to Sri Lankans nor assist with training there;

(c) to get UK support for India over Indo-Pakistan nuclear issue;

(d) to push the Delhi Six-Nation Declaration on Nuclear Disarmament;

(e) to press for more bilateral aid and UK support in international financial institutions, especially IDA;

(f) to complain about lack of progress by Northern Electrical Industries (NEI) on the Rihand project.

YOUR RESPONSE

Sikh Extremists

(a) cannot do more than our best; we are doing that; recently reviewed all relevant legislation eg on public order; but must warn you that this cannot help with immediate problem.

Sri Lanka

(b) Agree on need for political settlement acceptable to Tamils. Very limited arms sales to Sri Lanka: we keep careful eye on such sales and take account of internal situation. No soft loan agreement with Sri Lanka for arms sales: press reports untrue. No control over private firms (KMS Ltd) engaged in police training in Sri Lanka.

Indo-Pakistan Nuclear

(c) Have made our concern clear to Pakistanis, as have the Americans. President Zia's assurances welcome, but do not go far enough. Would like Pakistan to sign NPT or put all facilities under IAEA safeguards. This easier to secure if you could take similar steps.

Delhi Six-Nation Declaration

(d) agree on need to avoid nuclear war, but deterrence has worked in Europe for 40 years: Geneva negotiations the best forum for disarmament talks.

Aid

(e) Have allocated increased aid for 1985/86: many other demands on limited aid programme. Will continue to help with IDA/Asian Development Bank: principal difficulty is with US reluctance to increase multilateral aid fundings.

/Rihand

Rihand Project

(f) will pass on what you say to Chairman of NEI. Cannot interfere in contractual arrangements.

BACKGROUND

1. Prime Minister last met Mr Gandhi at President Chernenko's funeral on 13 March; previous meeting at Mrs Gandhi's funeral in November 1984. Mr Gandhi invited to London in October.

Other Ministerial Visits

2. Mr Ridley is visiting India from 9-22 April and Mr Raison from 23-25 April. Visits by Mr Heseltine and Mr Lamont earlier in the year were postponed and new dates have not yet been found.

Sikh Extremists

3. Indian concerns about the activities of Sikh extremists in the UK, and what they see as HMG's lenience towards them, led to an Indian embargo on British ministerial visits and commercial negotiations. Mr Gandhi's Principal Secretary assured us in January that visits and negotiations could now go ahead. This was confirmed by Mr Gandhi on 8 February. However Indian doubts about our willingness to constrain Sikh extremists persist: the Indian Minister of State for external Affairs has told their Parliament that the British attitude is "unsatisfactory".

4. These concerns are primarily focused on Dr Jagjit Singh Chauhan, self-styled "President" of the Sikh "Republic of Khalistan". Dr Chauhan "predicted" Mrs Gandhi's assassination after the storming of the Golden Temple in June 1984, and recalled this "prediction" after her death. The Attorney-General and DPP have concluded that there are no grounds for prosecution, and Dr Chauhan is exempt from deportation under the Immigration Act 1971.

5. The Home Secretary has used his powers of exclusion against two prominent Sikh extremists, Talwinder Singh Parmar and Jasbir Singh; a number of others have been refused entry to the UK. Several prosecutions for acts of violence have been brought against (low-level) members of Sikh extremist organisations.

6. we have reason to suspect that reporting from the Indian High Commission is heavily slanted against us. To compensate, we have increased [redacted] While Mr Gandhi is aware of this, he may not be fully aware of the historical background to our co-operation, which does not support suspicions that we have encouraged Sikh extremism.

Aid

7. Prime Minister promised Mrs. Gandhi in 1982 to use best endeavours to hold aid level up to 1985/86 at about £110 million pa. Aid level 1984/85 £110 million: for 1985/86 to 1987/88 planned at £115 million.

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Indo-Pakistan Nuclear

8. India exploded a nuclear device in 1974, and opposes the non-proliferation regime; but there is no evidence that they have a weapons programme. By contrast the Pakistani Government have said they will sign the NPT as soon as India does so; but there is widespread concern about their nuclear programme which is undoubtedly aimed at obtaining a weapons capability.

9. We suggested a joint Indo-Pakistan moratorium on nuclear testing in May 1983. After an initially encouraging response, the Indians told us it was not "appropriate". In January 1985 Dr Kissinger met Mr Gandhi, who said he would be prepared to envisage a joint declaration, by which, it seemed, both countries would formally declare that they would neither conduct a nuclear test nor construct a weapon. This is similar to our idea of a moratorium.

10. Mr L K Jha mentioned Indian concerns about Pakistan's nuclear programme and acquisition of sophisticated arms to the Prime Minister in March. He said Mr Gandhi saw a possibility of reaching an understanding with Pakistan over an agreed level of weaponry: the Indians ignore their massive preponderance in military terms when criticising Pakistan's acquisition of sophisticated weaponry (eg F-16s). Not clear whether such an understanding could be extended to nuclear field.

Commercial Contracts

11. The Indian and British Governments had always envisaged that the contract for 21 100% aid-funded Westlands W-30 helicopters, for India's Oil and Natural Gas Corporation, would be signed in the financial year 1984/85. Negotiations were held up in the Indians' trade embargo over Sikh extremists. A further blockage then ensued when the Indians linked progress over Westlands to a reduction in the price for Sea Harriers. This behaviour derives partially from Indian awareness of Westlands' financial difficulties; but we know that they also have doubts about the suitability of the helicopters themselves - even on a 100% aid-funded basis. We believe they are seriously considering either a French alternative, or continuing with the present (cheaper) leasing arrangement.

12. Another aid-funded contract, the Rihand Power Station, has also run into difficulties: construction is nine months behind schedule. We believe that the British contractors, Northern Electric Industries (NEI), are primarily at fault.

Defence Sales

13. Since 1975 the UK has sold over £1.3 billion of defence equipment to India. Current sales prospects include 11 Sea Harriers (value £150 million), 200-400 FH-70 155m towed howitzers (value £800 million), Sea Eagle missiles (£20 million). Refits of Vijayanta tanks could give short-term prospects of £300 million and long-term prospects of £1,500 million. The Indians are also to decide soon on their collaborative partner in the design of a Light Combat Aircraft. BAe are competing: the short term value is minimal but long term value could be over £1 billion.

FOREIGN AND COMMONWEALTH OFFICE

APRIL 1985

INDIA



FACT SHEET

Political

- Capital : New Delhi
Independence : 15 August 1947. Republic Day: 26 January (1950).
System of Government :
- Republic. President: Giani Zail Singh (elected for 5 years by members National and State legislatures).
- Parliamentary democracy. Prime Minister: Mr Rajiv Gandhi. Ruling Party Congress (I). Elections took place in December 1984.
- Federal system. 22 states with own legislative assembly and elected Chief Minister. 9 Union territories (centrally governed).
- Foreign Minister: Mr Gandhi Finance: Vishwanath Pratap Singh
Home : S B Chavan Defence: Narasimha Rao
- Free Press. World's largest democracy (interrupted during emergency rule 1975-77).

Population

746 million (estimate by Population Reference Bureau, Washington)
Population growth: 2.1% pa
1 billion by year 2000

Economy (Exchange rate £1 = 14.31 rupees)

GDP : US \$171 billion (1982/83)
GNP per capita : US \$260
Balance of trade : 1983/84 (estimated) imports US \$14.4 billion.
Exports US \$ 8.4 billion.

Composition of GDP :	% of GDP	% of labour force
Agriculture	35	71
Industries	24	13
Services	41	16

Oil : 65% self-sufficient
Food grains : virtually self-sufficient

India/UK

- UK/India trade 1983 : UK exports £805 million. UK imports £367 million.
- India is UK's 17th largest export market (largest developing country market)
- UK aid to India 1985/85: £110 million (estimated). UK's largest bilateral programme. UK is largest bilateral donor to India
- Indian community in UK: over 700,000

India's Foreign Relations

- Commonwealth member. Hosted CHOGM in Delhi November 1983
- Current Chairman of NAM (last NAM Summit in Delhi March 1983)
- Member UN Security Council to end 1985
- Treaty of Friendship with USSR 1971

Indian Armed Forces and Paramilitary

Army : 960,000 men 31 Divisions (2 armoured) + 13 Brigades
including 1 para
Air Force : 113,000 men 730 Combat aircraft
Navy : 47,000 men 49 Surface ships (including 1 aircraft carrier)
8 submarines
Paramilitary : 600,000 men under Ministry of Home Affairs
UK defence sales: £1.28 billion since 1975

Social

Life Expectancy : 52 years Infant mortality (per thousand): 121.2
Adult Literacy : 36% Primary School Enrolment : 76%

Language and Religion

- 15 official languages including Hindi, Bengali, Tamil, Urdu, Telegu, Marathi. (English is widely used in government and business). BBC broadcasts in all but last two.
- Hindus (83%), Muslims (11%), Christians (2.5%), Sikhs (2%), Buddhists (0.5%), Jains (0.5%).

SOUTH ASIAN DEPARTMENT

January 1985

RAJIV GANDHI



Appointed Prime Minister of India on 31 October 1984.

Born 1944. Eldest son of Feroze and Mrs Indira Gandhi (qv). Educated at Doon School, a tutorial college in London and Trinity College Cambridge (1962-65) where he read Engineering although failed to get his degree (his friends say this was lack of work rather than lack of ability but he is very sensitive about it). On return to India he took up flying and subsequently joined Indian Airlines as a commercial pilot. In May 1981 he resigned from Indian Airlines to fight the Lok Sabha by-election for Amethi, Uttar Pradesh, the seat held by his younger brother Sanjay until his death in June 1980. Rajiv was elected on 14 June 1981 by an overwhelming majority of over 80% of the votes polled. Appointed General Secretary of Congress (I) (one of five) in February 1983.

Rajiv Gandhi was drawn into the political vacuum created by the death of his brother Sanjay, his mother's only trusted confidant, in June 1980. Once decided upon, his entry into politics was carefully managed and scrupulously above board. During his first year or so as an active MP he hardly spoke in Parliament but was reportedly active behind the scenes in state politics, travelling widely around India and campaigning hard, though apparently without great fire on the platform, at by-elections and State Assembly elections. As he was closely associated with the Congress (I) electoral campaigns in Andhra and Karnataka, his reputation took a knock when Congress (I) was badly defeated in the Assembly Elections in those two States in January 1983.

Nevertheless, despite criticism of Rajiv's role, Mrs Gandhi appointed him as Party General-Secretary in February 1983 thus legitimising his leading role within the Congress (I) party. He has since been given much of the credit for efforts to improve the Party's tarnished image. Although Mrs Gandhi always denied that she was grooming him for succession few others had any doubts on this score. As Mrs Gandhi's closest confidant he enjoyed a uniquely influential position up to her death.

He was sworn in as Prime Minister on the day of Mrs Gandhi's assassination, 31 October 1984. His appointment reflected Mrs Gandhi's own position of complete dominance in the Congress (I) party. He was the obvious person around whom the party could rally in its hour of crisis.

Rajiv is quietly spoken, courteous and diffident. He is not an intellectual, nor impulsive. He is a good listener and seems sincerely concerned to get to grips with some of India's big national problems. Although withdrawn in some ways, he is mentally tough and shows signs of an independent mind. He is thus in many ways like his mother was before she became Prime Minister. His great advantages are that he is his grandfather's grandson, his mother's son, that he is decent and an Indian aristocrat, and that he is on the way to acquiring an All-Indian, not a sectional, image.

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Praviv married Sonia, an Italian girl (who took Indian citizenship only in 1983), he met at Cambridge, in 1968. She is good-looking, quiet, and while not interested in politics, clearly gives him a feeling of security at home. She got on well with Mrs Gandhi. They have a son and a daughter.

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PARTHASARATHI G

Cabinet Minister (with de facto control of Foreign Ministry).

Born 1912. Educated Madras, Wadham College Oxford and Lincoln's Inn. Assistant Editor "The Hindu", 1936-49. Chief Representative of Press Trust of India (PTI) in London 1949-52. Chief Editor PTI 1952-53. Chairman, International Control Commission for Cambodia, 1954-55. Chairman, International Control Commission for Vietnam, 1955-56. Ambassador to Indonesia January 1957-June 1958. Ambassador to China, 1958-1961. Again Chairman of Vietnam ICC November 1961-June 1962. High Commissioner to Pakistan, 1962-65. Indian Representative at the United Nations 1965-69. Vice-Chancellor of the Nehru University 1969-74. Chairman, Policy Planning Committee, Ministry of External Affairs 1975-77.

GP (as he is usually known) has spent recent years in a number of jobs which have allowed him to act as Mrs Gandhi's personal emissary both on internal matters (eg negotiations with Sheikh Abdullah over Kashmir in 1973-75 and with Laldenga after Mizorm in 1980) and on external affairs. For instance he acted as Mrs Gandhi's representative during the crisis in Sri Lanka in 1983. The fact that he is a Tamil made him particularly appropriate for this job in Indian eyes. He is said to be losing some of the influence which he formerly held under Mrs Gandhi.

A man of high intellectual ability and great experience of international affairs and Indian bureaucracy, he is generally cynical and pessimistic. He has a good sense of humour, but generally takes a pessimistic view of world events. He sets his sights on "damage limitation" rather than solution.

A widower. Formerly a notable cricketer, he still retains a keen interest in the game. His son Ashok studied science at Cambridge and is a rising star of the Indian bureaucracy. His speciality is electronics.

BHANDARI, ROMESH



Foreign Secretary (PUS equivalent) since 1985.

Born Lahore, (Pakistan) 1928; educated at Trinity College, Cambridge; Indian Foreign Service 1950; New York 1952-55; served in New Delhi as Private Secretary to the Ministers without Portfolio and of Defence and in the MEA until 1968; Minister Moscow 1969-71; Ambassador to Thailand and Permanent Representative to ESCAP 1971-1974; Ambassador to Iraq 1974-76; Additional Secretary MEA 1977-79. Secretary, MEA 1979-1985.

Bhandari is an extremely busy and ambitious operator. He is a good negotiator and has no difficulty in making up his mind and taking decisions. Though well-connected and very intelligent, it is thought that he over-reached himself as Secretary, MEA in promoting an Indian role in mediating between Iran and Iraq and that this might have delayed his promotion to Foreign Secretary. He is quite well disposed towards Britain and in Indian terms holds moderate views on most international economic questions. He is not always completely straight in his dealings and needs handling with care.

Married with one son (one died tragically in 1982) and one daughter; his wife is a daughter of the Maharaja of Patiala.

