

PRIME MINISTER

VISIT OF THE PRIME MINISTER OF MALAYSIA

As you know, this is a very important visit. Dr. Mahathir's evening at No. 10 could influence Anglo/Malaysian relations and the fortunes of British firms in Malaysia for a long time ahead.

Form of Talks

We have asked Dr. Mahathir what kind of talks he wants but have not yet had a clear answer. We hope to get firmer information tomorrow. But he does regard this as a private visit and seems to want to avoid the appearance of official talks. It may be that he, his High Commissioner, one or two other officials plus wives will all arrive here together at 7 o'clock tomorrow evening. We will make arrangements to look after everybody so that if he agrees, you and he, perhaps accompanied by notetakers, could go off for separate talks. Otherwise, you will be able to talk over a drink.

After Dinner Speech

I attach a draft but suggest you make a particular point of asking Dr. Mahathir whether he wants speeches.

Briefs

The attached letter summarises the briefs which I suggest you read in full. I also attach a letter from Lord Carrington.

I have arranged for Mr. Pym, Antony Acland and Alan Donald to come over at 1030 am tomorrow morning to provide further oral advice and go over the main points.

I wonder whether you would also be willing to have a word with them about the question of the countries The Queen might visit when

/ she goes

she goes to Delhi for CHOGM. You recently raised the question (see attached letter) of whether The Queen should go to Malaysia. I feel that it is a bit too soon to put this to the Malaysians after all that has happened. I am not sure that Dr. Mahathir would welcome the suggestion.

A.S.C.

8 March 1983



Foreign and Commonwealth Office

London SW1A 2AH

7 March 1983

*Dear John,*

Meeting with the Malaysia Prime Minister

9 March

Dr Mahathir's meeting with the Prime Minister will be his first with a British Minister since Lord Carrington saw him in Kuala Lumpur in February 1982. The projected meeting between the two Prime Ministers when Dr Mahathir passed through London last October foundered because their diary commitments were incompatible. This letter is by way of a steering brief to accompany the briefs which are attached.

Dr Mahathir's visit is a private one. Its object is to attend the graduation of his son at Brighton Polytechnic on 11 March. Thereafter he is going to Switzerland for a short holiday. His Private Secretary has emphasised that he is tired and badly needs a break. He has a history of working himself into a state of near-exhaustion. Apart from his meeting and meal with the Prime Minister, his only 'working' engagement is likely to be an informal lunch with a group of senior businessmen, hosted by Lord Jellicoe, on 10 March. (Mr Pym may call on him separately but his office have not so far responded to our request.) His programme, so far as we know it, is attached, together with biographical notes on Dr Mahathir and the new Malaysia High Commissioner and their wives.

UK Objectives

In view of the nature of the occasion, no attempt has been made to agree on an agenda for the discussion. The meeting is important for UK/Malaysia relations, and could be in the short term decisive. The atmosphere needs to be right, and in particular Dr Mahathir will want to feel that he is being treated as an equal. A successful meeting could lead (not necessarily instantly) to the effective ending of Dr Mahathir's policy of 'buying British last', already eroding as a result of the falling value of sterling. It would crown the dogged efforts of both Government and the private sector to disabuse Dr Mahathir of his believe that 'the British' know little and care less about contemporary Malaysia. What will count is

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the perception in Malaysia of Dr Mahathir's own attitude towards us, because this will be more or less faithfully reflected by the bureaucrats responsible for awarding government contracts. A clear, public signal from Dr Mahathir on his return that good relations have been re-established on a basis of realism and equality ought to be enough to do the trick. He has in a sense already prepared the way over the past months, by a succession of suggestions both to the press and through third parties that the climate of relations was thawing. The latest, and most striking example (attached) looks very much like Dr Mahathir's authorised version of a scene-setter for his meeting with the Prime Minister - the New Straits Times is known to take its cue from the Government.

Talks: International Issues

To help generate the right atmosphere (and to minister to Dr Mahathir's considerable vanity) it might be worth directing the discussion in the first instance to international issues. Dr Mahathir comes to London immediately after attending the first half of the Summit in New Delhi of the Non-Aligned Movement (7-11 March). Although he wishes to cut a figure on the world stage as a third-world radical, he is profoundly anti-Communist. He would no doubt welcome in particular some indication of the Prime Minister's thinking on East/West relations. He himself will probably be keen to give his impressions of the NAM Summit: exchanges on Afghanistan (where his views are close to those of the Prime Minister) and Cambodia (the issue of most importance to Malaysia at the Summit) could be particularly worth while. It might not be possible to avoid in the process topics on which there is disagreement and no prospect of any meeting of minds, notably Antarctica. But this is a risk in any case; defensive briefing has been prepared accordingly (Brief No 5). Defence briefing has also been prepared on Brunei (Brief No 4) and Hong Kong (Brief No 7).

It would be natural to discuss prospects for recovery of the world economy from recession (a topic of crucial importance to Malaysia with its heavy dependence on commodity exports), and the Prime Minister might wish to say something about progress of the British economy. (Dr Mahathir still thinks of Europe in general and Britain in particular as plagued by strikes and generally inefficient.) The Prime Minister might then enquire about the success of Dr Mahathir's own policies, in particular his 'look East' policy, which takes Japan and Korea as models of the work ethic in which Malays are so deficient.

/Bilateral



### Bilateral Relations

The main point of the talks for both sides will be the future of Anglo-Malaysian relations. Dr Mahathir has a reputation for being at heart anti-British. He believes the most difficult problem with which all Malaysian Prime Ministers have to cope is that of maintaining equilibrium between the 'native' Malays and the industrious Chinese, imported by the British in the colonial period, as he sees it, to maximise their profits from the extraction of the country's wealth. In short, his main problem was bequeathed to him by Britain, and to compound this historical fault, the British have over the past decade or so turned their backs on Malaysia (in favour of the EC), kept their old-fashioned attitudes, and failed to co-operate with Malaysia's 'New Economic Policy'.

The Prime Minister will wish to assure Dr Mahathir that, whatever the past, we sympathise with his aspirations for his country and have taken to heart his view that the British had come to take Malaysia for granted. It would be worth mentioning our recent gesture on student fees (which has had a favourable impact). Mrs Thatcher might add that we want a good relationship between equals on a realistic and unsentimental basis. As for trade, we want no more than an opportunity to compete on equal terms with others. Rather than complain to Dr Mahathir about his Directive, she might wish to press him to buy British not last, or for that matter first, but whenever it makes economic sense, reminding him at the same time that we are eager investors as well as keen exporters. These issues are covered in greater detail in Brief No 1. It would also be very useful to sound him privately on the question of the Residence in Kuala Lumpur - Carcosa (Brief No 6).

For his part, Dr Mahathir may raise one or more of the specific grievances of which he and the Malaysian press have made much in the past (commodity prices, the workings of the London Metal Exchange, the change in the Stock Exchange take-over rules, etc); defensive briefing is provided on the most important of these (Brief No 2).

### Tactics

Dr Mahathir takes pride in his own reputation for plain speaking and respects interlocutors who put their own points politely but firmly. He is acutely sensitive to certain words and phrases, which to him betray the old-fashioned British attitudes which he most resents and

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wants to see changed. Phrases such as 'traditional ties/ friendship' do not cut any ice. References to 'Malaya' rather than 'Malaysia' are the worst. While he would not dispute the special closeness of the two countries in the post-independence period (the fight against Communist terrorism and Indonesian confrontation), he has shown prickliness when references are made to common struggles of this kind because he wants Britain to show interest and sympathy for the Malaysia of the 1980s. (He responds particularly well to informed questioning and discussion on the New Economic Policy).

Modes of Address

Dr Mahathir may be addressed either by his title of Prime Minister, or as 'Datuk' (pronounced Dahto); his wife as 'Datin'.

*Your ever*  
*J E Holmes*

(J E Holmes)  
Private Secretary

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