



file 16
L02 AAX

10 DOWNING STREET

From the Private Secretary

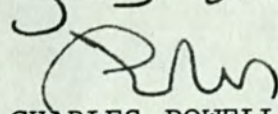
15 April 1985

Dear Michael,

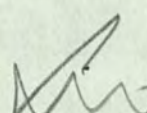
You wrote to me on 29 March with details of Samuel Montagu's business activities in Malaysia, Indonesia and Brunei.

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

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

yes sir,

CHARLES POWELL

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



Samuel Montagu

CR PPS

TELE 01-588 6464.

114, OLD BROAD STREET,

LONDON, E.C.2.

CDP
26/6.

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

24 April 1985

Dear Charles,

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

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

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

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

Many thanks again.

Yours,

Michael

Michael Palliser

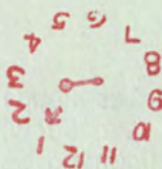
Visit to Asia; for POL

111, OLD BROAD STREET

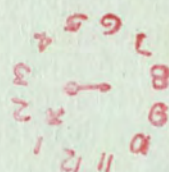
LONDON, E.C.C.

PHB

TELEPHONE 4433



5 1985



26 APR 1985



CONTRACTS FROM THE PRIME MINISTER'S VISIT

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

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

Prospects closest to being realised are:

MALAYSIA

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

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



INDONESIA

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

SINGAPORE

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

SRI LANKA

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

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



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