

Malaysia

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FM KUALA LUMPUR 230845Z NOV 81

TELEGRAM NUMBER 298 OF 23 NOVEMBER

AND TO IMMEDIATE DOT

INFO PRIORITY BANGKOK SINGAPORE MANILA JAKARTA

1. I HAD FIFTY MINUTES ALONE WITH DPM TODAY. HE SAID HE ARRANGED THINGS T 2-6 -S HE WISHED TO TALK AS AN OLD FRIEND.
2. WHAT WAS NOW HAPPENING BETWEEN BRITAIN AND MALAYSIA WAS BOUND TO HAVE COME SOME TIME (I.E. MY OWN 24 YEARS LATER THAN NORMAL THEORY). IT HAD BEEN BUILDING UP THROUGH YEARS IN WHICH ADVICE TO MOVE WITH THE TIMES HAD CONSISTENTLY BEEN IGNORED BY BRITISH BUSINESSMEN WHO HAD COME TO QUOTE MALAYA UNQUOTE ONCE A YEAR IN THE BRITISH WINTER TO SEE HOW THE LOCAL QUOTE BOYS UNQUOTE WERE HANDLING THEIR EASY, LONG ESTABLISHED AND PROFITABLE INVESTMENTS. BOTH AT NATIONAL RESOURCES AND TRADE AND INDUSTRY HE HAD URGED DIVERSIFICATION INTO NEW AND ADVANCED FIELDS, BUT IN VAIN.
3. WHAT AAS NOW SOUGHT WAS A CHANGE OF ATTITUDE AND ATMOSPHERE. THE POLICY MIGHT BE DR MAHATHIR'S (IMPLYING THAT HE HIMSELF MIGHT HAVE ACTED DIFFERENTLY) BUT IT WOULD BE A GREAT MISTAKE TO ASSUME THE EXASPERATION LEADING TO IT WAS NOT WIDELY SHARED, BOTH IN UMNO AND IN MANY SECTIONS OF CHINESE OPINION.
4. HE BELIEVED THE PRESENT MALAISE WOULD BE TEMPORARY THOUGH ITS CURE MIGHT TAKE TIME. FOR THE MOMENT QUIET DIPLOMACY WAS THE KEY - I OUTLINED THE BEHIND THE SCENES EFFORTS WE ARE MAKING, AND HE NODDED APPROVINGLY - BUT OF COURSE IN TIME SOME STUDIED RESPONSE, PERHAPS IN STAGES, WOULD BE NEEDED. MAHATHIR HAD SPOKEN OF THE PROBLEM BEING ESSENTIALLY BETWEEN THE MALAYSIAN GOVERNMENT AND BRITISH BUSINESS BUT HE AND I KNEW THAT AT BOTTOM IT WAS A GOVERNMENTAL PROBLEM AS WELL, AND GOVERNMENTAL ACTION WOULD BE NEEDED TO RESOLVE IT. HE COULD EASILY UNDERSTAND THE PRESSURES THAT MIGHT BUILD UP IN BRITAINFOR RETALIATION BUT COULD ONLY WARN THAT ANY SUCH ACTION WOULD SOUR OUR RELATIONS FOR YEARS RATHER THAN MONTHS (I ONLY RECENTLY SAW YOUR TEL NO 251. NOT TO ALL).
5. I SAID THOUGH QUIET DIPLOMACY SEEMED THE WIDELY FAVOURED RECIPE, AND WE NATURALLY LISTENED WITH ESPECIAL CARE TO HIS OWN ADVICE, I HAD BEEN A LITTLE DISTURBED BY SUGGESTIONS THAT MAHATHIR WAS GETTING IMPATIENT FOR SOME UNSPECIFIED RESPONSE. DATUK MUSA SAID THAT MIGHT BE TRUEVIN THE SENSE THAT BOTH HE AND MAHATHIR SCANNED THE WHOLE RANGE OF THE BRITISH PRESS DAILY FOR SIGNS THAT THE NEW ATTITUDES FOR WHICH THEY HOPED WERE BEGINNING TO SHOW THROUGH.

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6. STRESSING THAT I WAS SPEAKING PERSONALLY I ASKED WHETHER SOME STATEMENT BY HMG, EITHER THROUGH ME HERE OR IN LONDON AND INCLUDING ELEMENTS LIKE RECOGNITION OF THE IMPORTANCE OF THE NEP, ACCEPTANCE THAT THE GUTHRIE TAKEOVER WAS WHOLLY FAIR AND ABOVE BOARD AND DETERMINATION TO WORK AT THE WHOLE RANGE OF MALAYSIAN/BRITISH RELATIONS TO SEE HOW WE HAD MANAGED TO GET OUT OF TOUCH MIGHT BE HELPFUL. HE SAID IF THIS COULD BE DONE BY, SAY, AN ANSWER TO A PQ AT A SUITABLY HIGH LEVEL (LACK OF EQUIVALENCE IN MINISTERIAL CONTACTS WAS STRESSED MORE THAN ONCE) IT MIGHT SOME TIME NEXT MONTH HAVE AN EXCELLENT EFFECT. WE AGREED THAT THIS MIGHT BE DONE IN THE CONTEXT OF ANNOUNCING YOUR INTENTION TO VISIT HERE, WHICH HE ~~THOUGHT~~ ~~COULD NOT~~ BE BETTER TIMED THAN FOR EARLY FEBRUARY - WOULD

I NOW PROCESS IT IN THE USUAL WAY THROUGH THE MFA.

7. MENTIONING THE IDEA ALREADY FLOATED INFORMALLY WITH HIM OF A SIX WISE MEN EARLY WARNING SYSTEM I ASKED, AGAIN SPEAKING PERSONALLY, WHETHER IT WOULD HELP TO PROCEED FROM THERE TO SOME SORT OF JOINT COMMISSION ON INVESTMENT AND TECHNOLOGY TRANSFER. HE BRIGHTENED, SAYING MALAYSIA HAD SUCH ARRANGEMENTS WITH ALL SORTS OF COUNTRIES BUT NOT BRITAIN - QUOTE ANOTHER EXAMPLE OF BEING TAKEN FOR GRANTED UNQUOTE.

8. THERE WAS MORE, WHICH FOLLOWS BY BAG, AS WILL RECOMMENDATIONS. BUT HIS MESSAGE IN SUM WAS THAT THE OLD SPECIAL RELATIONSHIP HAD FAILED AND MUST NOW BE REPLACED BY SOMETHING WHICH MALAYSIANS WOULD PERCEIVE AS RECOGNISING THEIR NEED FOR FACE, ESPECIALLY AS THEY CONTINUED TO MAKE THEIR WAY SWIFTLY IN THE WORLD. HE WAS FRIENDLY, OCCASIONALLY JOVIAL, BUT VERY SERIOUS IN HIS WISH TO BE SURE WE UNDERSTAND WHAT IS HAPPENING AND THE CHANGE IN APPROACH THAT IS NEEDED IF WE ARE TO GET THINGS BACK ON THE RAILS - THOUGH NOT THE SAME SET OF RAILS AS BEFORE.

BENTLEY

MALAYSIA TRADE DISCRIMINATION

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GRS 170
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FM KUALA LUMPUR 120315Z NOV 81
TO IMMEDIATE FCO
TELNO 282 OF 12 NOVEMBER

CAT 1 VISIT: MINISTER OF PUBLIC ENTERPRISES

1. WE HAVE JUST HEARD THAT THE MINISTER'S VISIT TO BRITAIN HAS BEEN CANCELLED. WE WERE GIVEN NO REASONS.
2. THE MALAYSIAN CABINET MET YESTERDAY AND IT SEEMS LIKELY THAT THIS DECISION STEMMED FROM THAT MEETING AND PROBABLY REFLECTS THE PERSONAL VIEW OF THE PRIME MINISTER. ALTHOUGH THE VISIT HAD PREVIOUSLY RECEIVED HIS APPROVAL.
3. WE APOLOGISE FOR THE CANCELLATION AT THIS LATE STAGE. WE ARE VERY GRATEFUL FOR ALL THE HARD WORK THAT HAS GONE INTO THIS PROGRAMME, AND WE SHOULD BE GRATEFUL IF YOU WOULD THANK ALL THOSE CONCERNED FOR THEIR HELP AND COOPERATION.
4. THIS LATEST DECISION MAY WELL RESULT IN THE CANCELLATION OF FURTHER VISITS TO BRITAIN BY SENIOR MALAYSIANS, EG THE FORTHCOMING VISITS OF DATUK SAMY VELLU, MINISTER OF WORKS AND PUBLIC UTILITIES (ALTHOUGH THIS IS PRIVATE) AND DATO' NAJIB, DEPUTY MINISTER OF FINANCE, WHO IS SCHEDULED TO VISIT BRITAIN AS A CAT 1 VISITOR W E F 9 DECEMBER.
5. GRATEFUL IF YOU WOULD URGENTLY INFORM VISITS SECTION.
6. FURTHER COMMENT SHORTLY.

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