

Malaysia

RESTRICTED

GRS 155
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FM KUALA LUMPUR 220410Z MAR 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 144 OF 22 MARCH
INFO DOT, SINGAPORE

MALAYSIAN TRADE DISCRIMINATION

1. WHEN I SAW SENATOR DAIM LAST WEEK I ASKED HIM HOW MUCH LONGER WE MUST EXPECT TO GO ON SUFFERING THE PRIME MINISTER'S DIRECTIVE. HE ASKED IF WE COULD BE PATIENT UNTIL AFTER THE ELECTION.
2. ALTHOUGH THERE IS ALWAYS THE RISK IN MALAYSIA OF BEING TOLD WHAT THE SPEAKER THINKS WE WANT TO HEAR, I AM CAUTIOUSLY ENCOURAGED BY DAIM'S RESPONSE SINCE HE IS IN ALMOST DAILY CONTACT WITH MAHATHIR.
3. THE PRIME MINISTER HAS OVER THE WEEKEND FORMALLY DISSOLVED PARLIAMENT AS FROM 29 MARCH AND ALTHOUGH HE DID NOT FORMALLY SET AN ELECTION DATE, POLLING IS NOW GENERALLY EXPECTED ON 24 APRIL. THIS REINFORCES THE IMPORTANCE OF NOT DOING ANYTHING OVER THE NEXT FEW WEEKS WHICH THE MALAYSIANS COULD TAKE AS PROVOCATION OR RETALIATION. (MY TELNO 139). OUR HANDLING OF BOTH TIN AND THE AIR SERVICES NEGOTIATIONS WILL BE UNDER CAREFUL MALAYSIAN SCRUTINY AND THERE IS NOW THE GREATER RISK THAT THEY COULD BE PLAYED UP AS ELECTION ISSUES.

BENTLEY

MALAYSIA TRADE DISCRIMINATION

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FM KUALA LUMPUR 180845Z MAR 82

TO PRIORITY FCO

TELEGRAM NUMBER 138 OF 18 MARCH

INFO PRIORITY MANILA, SINGAPORE, BANGKOK, JAKARTA, THE HAGUE

VISIT OF THE DUTCH PRIME MINISTER.

1. WE SHALL BE SENDING A FULL REPORT BY BAG. MEANWHILE I HAVE TALKED TO MY DUTCH COLLEAGUE ABOUT THE POINTS OF IMMEDIATE CONCERN TO US.
2. HE CONFIRMS OUR IMPRESSION THAT MAHATHIR IS EXTREMELY UPSET AT THE TURN OF EVENTS ON THE LONDON METAL EXCHANGE. HE CLEARLY SEES THIS AS A TYPICAL CAPITALIST RAMP TO DO DOWN THE DEVELOPING WORLD AND IF WE DECIDE NOT TO JOIN THE SIXTH INTERNATIONAL TIN AGREEMENT, AND ABOVE ALL IF WE ARE SEEN BY THE MALAYSIANS AS A PRIME MOVER IN KEEPING THE COMMUNITY FROM SUPPORT OF THAT AGREEMENT, WE CAN EXPECT TO GO DOWN SEVERAL FURTHER NOTCHES HERE.
3. HE APPARENTLY ALSO SPOKE QUITE STRONGLY TO HIS DUTCH GUEST ABOUT OUR MORE GENERAL INIQUITIES, BUT LESS SO THAN THE MALAYSIAN FOREIGN MINISTER GHAZALI SHAFIE. I UNDERSTAND THAT WHILE MAHATHIR SAID THAT IT WAS HIGH TIME TO CORRECT A BIAS IN FAVOUR OF BRITAIN IN MALAYSIA'S ECONOMIC RELATIONS GHAZALI TOLD VAN AGT THAT THE PLAIN FACT WAS THAT EVENTS IN RECENT YEARS HAD REACHED THE POINT AT WHICH MALAYSIA HAD BECOME ANTI-BRITISH AND THAT WAS ALL THERE IS TO IT.
4. ONE CAN HARDLY SAY ANY OF THIS LOOKS GOOD BUT IT MAY BE MY MEETINGS OVER THE NEXT TWO DAYS WITH THE SECRETARY GENERAL OF FOREIGN AFFAIRS AND THE MINISTER FOR TRADE AND INDUSTRY WILL THROW FURTHER LIGHT ON THE QUESTION OF WHETHER WE HAVE SLID DOWN A SNAKE OR HELD OUR PRECARIOUS POSITION: I THINK IT IS QUITE CLEAR WE HAVE NO IMMEDIATE PROSPECT OF CLIMBING A LADDER.

BENTLEY

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