



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 belief 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 * ~~~~~ * 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.

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Wayland
17 April 2014



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

/wants



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

A J Coles Esq
10 Downing Street

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BRIEF NO 1

CALL BY DR MAHATHIR ON THE PRIME MINISTER 9 MARCH

UK/MALAYSIA RELATIONS

POINTS TO MAKE

1. We entirely accept that the relationship needed repair and updating. We agree that it must be based on mutual respect and equality; no risk now of Malaysia being taken for granted by us - or anyone else.

Investment

2. British businessmen know about the New Economic Policy, understand reasons for it, keen to cooperate. New British investment running at a record level - currently second only to Australia. Clearest possible sign of our confidence in Malaysia's future.

3. Particularly encouraging the continuing flow of joint ventures, new partnerships like that between Harrisons and Crosfield and PNB.

Trade

4. British industry now much more competitive. All we need is opportunity to compete on equal terms with other exporters to Malaysia. Hope philosophy will be to buy British neither last nor first but when it makes economic sense to do so.

5. Interested in and support proposals to set up new private sector trade and friendship Associations (MABEFTA/BAMEFTA). Believe they have useful role to play in fostering genuine understanding both ways.

Student Fees

6. Much regret we were unable to consult you - or anyone else - before
/introducing



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introducing the change in 1979. Problem of out-of-control public expenditure required urgent and drastic action.

7. Realise that withdrawal of the subsidy hit Malaysia particularly hard and caused a lot of difficulties for your government-sponsored students. Have tried to mitigate efforts through special provision for Malaysia in package of measures announced recently.

8. Would like your views on how money should be used (in touch with your Education people). Had wondered whether MARA students might be suitable beneficiaries.

Lords Ruling on Residence Status (If raised)

9. Government are still studying implications of this.

School of Oriental and African Studies (SOAS) - Islamic Chair

10. Understand there is a proposal that some British businessmen might finance Chair of Islamic Studies at SOAS and Malaysia provide the Professor. Just the sort of initiative to promote real mutual understanding.

Aid

11. We are supporting plans for management training by local British companies of middle ranking Malaysian civil servants. We plan to provide lecturer on management.

Foreign and Commonwealth Office

7 March 1983

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BRIEF NO 1

CALL BY DR MAHATHIR ON THE PRIME MINISTER 9 MARCH

UK/MALAYSIA RELATIONS

BACKGROUND

1. There have been increasingly frequent signs of an improvement in the climate of relations in recent months. There have been almost none of the biting attacks on the British which marked Dr Mahathir's remarks to the press during his first year in office. He has spoken of a much more positive attitude towards Malaysia by the British Government and business community in recent press interviews.

Buying British Last - The Directive

2. The Directive was introduced in October 1981. It requires British bids for public sector contracts to be referred to the Prime Minister's Office with details of an alternative bid from another country. Although natural in form, its effect has been discriminatory because it only applies to bids from Britain. Its pressure can be easily tightened or loosened. It is still in force, though it seems to be being applied now rather less rigorously. Marconi, GEC's Italian subsidiary, has recently won a contract for £200 million. But British consultants are still suffering from the Directive's side effects. We estimate, very roughly, that it has so far cost British exporters not less than £20 million in lost orders.

3. Dr Mahathir has in the past publicly justified the Directive as a way of educating Malaysians to look beyond traditional links with Britain and consider other sources of supply. Essentially, it was a way of giving a jolt to the relationship and of signalling the view of Dr Mahathir (and of a good many of his countrymen) that the United Kingdom had not adjusted fully to the independence of Malaysia and still took her for granted. The Directive seems to have been triggered by the change in the Stock Exchange take-over rules to allow

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a 'cooling off period' shortly after the successful dawn raid by Malaysian interests on Guthrie, a British Company with extensive Malaysian interests, but there had been such an accumulation of pent-up frustration in Malaysia within the lop-sidedness (as they perceived it) of the relationship that an explosion of some kind was inevitable.

4. At the heart of Dr Mahathir's thinking and planning is the fear that the latent tension between the Malay and Chinese communities will break out in communal violence, as it did in 1969. He thinks that we have a special responsibility to help him solve the problem; the chosen vehicle for this is the New Economic Policy.

5. The New Economic Policy was first adopted in 1971. It is not embodied in legislation. It simply establishes the overall goal that the 'Bumiputras' (Malays and other 'indigenous' groups like those of Sabah and Sarawak) should acquire a minimum 30% stake in the national economy by 1990 (they now own about 20%, of which two-thirds is held on their behalf by Government Trust Agencies). It is not entirely clear whether the goal applies to the economy as a whole or to individual industries. British firms in the past have sometimes found it difficult to discover what was expected of them and may have used this as an excuse for going slow on complying with the NEP. There is now a much greater awareness on the part of British firms of the need to comply with the spirit of the NEP. Dr Mahathir's government has made significant progress in extending Malaysian ownership of foreign assets. There are, now for example, no major plantations in Malaysia which are still British owned.

MABEFTA/BAMEFTA

6. Dr Mahathir has welcomed a proposal, originally sponsored by the Manager of the Standard Chartered Bank in Kuala Lumpur, that a friendship and trade Association, composed of representatives of the Malaysian and British private sectors, should be set up in Kuala Lumpur
/(MABEFTA)

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(MABEFTA), with a counter-part in London (BAMEFTA). MABEFTA stands for Malaysian and British Economic, Friendship and Trade Association. Preparatory discussions on BAMEFTA have already made considerable progress and Lord Jellicoe is hosting a top businessmen's lunch for Dr Mahathir on 10 March at which a number of probable subscribers to BAMEFTA will be present, including Lord Carrington and Lord Richardson, both of whom (not for use) are front runners for the Chairmanship. We whole-heartedly support the new Association. But believe that it must be up to the private sector to take the lead in making it work.

British Investment in Malaysia

7. The stock of British investment may still be around £1.5 billion. British invisible earnings are probably about the value of direct exports (£220 million in 1980). In addition to what are now normally minority stakes in plantations, British investment covers a wide range of industrial sectors. Malaysia is interested in attracting high technology British investment. Estimates for the first half of 1982 (latest available) suggested that the overall British investment in manufacturing industry was second only to that of Australia.

8. Harrisons and Crosfields (H and C) recently announced its decision to invest £6m of new money in the acquisition from the Malaysian Government's PNB of Barlow Plantations (in which Harrisons and Crosfield own 30%), a move which Harrisons and Crosfield said demonstrates their confidence in Malaysia. There are other examples also of British joint ventures in Malaysia.

Student Fees

9. Malaysia has the largest number of overseas students studying in the United Kingdom. In 1979/80 there were around 17,000. There are now about 12,000 (a drop of 30%). This still represents some 17% of the total. The practice of Malaysians studying in the United Kingdom is long established. Many senior Malaysians have been educated here

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(though not Dr Mahathir).

10. Dr Tan, a Malaysian Deputy Minister of Education, told Lord Belstead and Mr Waldegrave during an official visit to London last autumn that Malaysia was anxious to continue to send government sponsored students to the United Kingdom but were finding this difficult because their allocations were now quite inadequate. He hinted strongly that aid for MARA would be well received. MARA is an Institute of Technology catering for Malays and is said to be close to Dr Mahathir's heart. There are at present about 800 MARA students studying in the UK.

11. We have told the Malaysian Government that we would be prepared to use the funds directly allocated to Malaysia (£1m in 1983/84 and £2m in each of the two succeeding years) for MARA students if that is what they wanted. The money available would just about cover for MARA students the difference between home fee and overseas student rates.

12. Malaysia will also have access to additional funds being made available under the existing Commonwealth Scholarship and Fellowship Plan Council Scheme and the new scheme of discretionary awards.

Lords Ruling on Residence Status for Overseas Students

13. In a judgement on 16 December the House of Lords held that an overseas student who came to this country and was habitually and normally resident here was 'ordinarily resident' under the Education Act 1962.

14. The ruling would appear to make those Malaysian students who have been lawfully settled here on educational courses for more than three years eligible for mandatory awards from local authorities, if accepted for first degree or comparable courses of further education

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in the UK. The number of Malaysians studying here who would qualify could be quite substantial. Our High Commission in Kuala Lumpur has already received many enquiries about the ruling.

Islamic Chair on School of Oriental and African Studies (SOAS)

15. A number of British businessmen with interests in Malaysia are studying the possibility of financing a Chair at SOAS in Islamic Studies. They intend that the holder should be a Malaysian. The Chair would not only have academic value but would serve to moderate the influence of the more fundamentalist of the Malaysian students here. The latter aspect would be of keen importance to Dr Mahathir and his colleagues.

Aid

16. The TC programme is expected to cost about £0.9m in 1983/84 and be maintained at that level in real terms. Our aim is to respond to Malaysia's needs in the ways which they wish. We are devoting some two-thirds of the programme to the training of Malaysians in the United Kingdom.

17. Will shortly appoint an Investment Promotion Adviser to work in the Malaysia Industrial Development Authority. Proposal first made by Lord Carrington.

18. We intend supporting, by providing a training course, a management training scheme promoted by local British companies, whereby about 20 Malaysian public servants will undergo training attachments in the Malaysian offices of British firms. Senior Malaysians are keen to see this proposal go ahead.

Foreign and Commonwealth Office

7 March 1983

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BRIEF NO 2

CALL BY DR MAHATHIR ON THE PRIME MINISTER 9 MARCH

DEFENSIVE BRIEFING ON BILATERAL MATTERS THAT DR MAHATHIR MAY
RAISE

POINTS TO MAKE

Air Services

1. Happy to agree to Malaysian Airline System introducing a fifth weekly service to Britain if the total number of passengers carried has reached the agreed level.

Change in Stock Exchange Rules

2. 1981 changes in take-over rules not aimed at Malaysia. Had been under discussion for some time. Aim was to provide a 'cooling off' period; not to prevent take-overs such as PNB's of Guthrie. Rules still leave ample scope for take-over of British firms by overseas interests.

Hangings in Malaysia

3. Know how you feel about interference in matters which are for your Parliament and courts. Appreciate the continued threat of communist subversion you face.

4. Aware, of course, of appeals for clemency made in recent months by the representative in Kuala Lumpur of the EC Presidency; could not oppose, but certainly did not stimulate these.

UK/Malaysian Credit Agreement

5. We continue to offer aid/credit on an individual basis to British firms seeking business in Malaysia.

London Metal Exchange

6. The LME is an entirely independent body, whose function is to run a free and orderly international market in tin and other metals to the benefit of both buyers and sellers.

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BRIEF NO 2

CALL BY DR MAHATHIR ON THE PRIME MINISTER 9 MARCH

DEFENSIVE BRIEFING ON BILATERAL MATTERS

BACKGROUND

Air Services

1. For some time Malaysian Airline System (MAS) have wished to match the daily Boeing 747 service operated by Singapore Airlines (SIA) to and from London. We have restricted the frequency of MAS services because of lack of demand for travel between Britain and Malaysia, and because we suspected that MAS would take advantage of excessive capacity to pick up UK/Australia traffic. MAS already earns three times as much from its London/Kuala Lumpur service as British Airways (BA serves Kuala Lumpur on its London/Australia service).

2. In March 1982 the two governments agreed that BA and MAS might each operate four Jumbo services a week in each direction between London and Kuala Lumpur. BA believe MAS have reached the capacity trigger entitling them to a fifth frequency, but we think MAS do not at present intend to mount this additional frequency.

3. This ought not therefore to be a current Malaysian grievance. But Dr Mahathir is particularly sensitive about air service matters and has a long memory, going back to the acrimonious negotiations about plans for Concorde to overfly Malaysia in which he was involved in a previous Malaysian administration.

Change in Stock Exchange Rules

4. The Stock Exchange modified its rules on take-overs in September 1981 so as to allow minority shareholders and the target company 7 days to consider their position. The change came only a week after the successful 'dawn-raid' on the Guthrie Corporation (a British company /with

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with large Malaysian interests) by PNB, a Malaysian Government interest. The timing was largely coincidental. But the move was seen by Dr Mahathir as a deliberate British move designed to frustrate any further Malaysian attempt to acquire major shareholdings in companies with assets in Malaysia. In fact, the new rules leave ample scope for foreign take-overs of British firms. They place fewer obstacles in the way of the prospective buyer than do the rules in the United States where British companies have made a number of successful bids in recent years.

Hangings in Malaysia

5. Executions under Malaysia's Internal Security Act (ISA), which was introduced in 1960 to assist the Government's fight against communist subversion, and associated legislation were resumed in 1980, and 35 have since been hanged, a third of these over the past 12 months. A number of appeals for clemency have been made in Kuala Lumpur to the Malaysian Government by the EC Presidency both in 1982 and this year. There were received politely but coolly and may even have hardened the determination of the Malaysian Government that the law should be applied in its full rigour. Malaysia's human rights record is better than that of many developing countries. Dr Mahathir has granted amnesty to a number of detainees. He believes that foreign critics fail to appreciate the gravity of the threat that still remains from subversion.

6. Although the hangings have aroused considerable Parliamentary and Press interest in the United Kingdom, and two British lawyers participated in an international lawyers' mission that produced last November a report critical both of the law and its application, we have made no bilateral appeals to the Malaysians because we considered these would be both counter-productive and liable to place a further strain on Anglo/Malaysian relations. We have however, acquiesced in the collective appeals made by the Ten.

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7. FUEMSSO, an organisation representing Malaysia and Singapore students in the UK and Ireland, may seek to mount demonstrations against ISA executions during Dr Mahathir's visit. UMNO (Dr Mahathir's own party) students may counter-demonstrate.

UK/Malaysia Credit Agreement

8. A UK Malaysia Credit Agreement was signed in January 1981. A total of £20m from the Aid Trade Provision (ATP) for the three years 1981/2 and 1983/4 was allocated to the Agreement. Contracts had to be signed before 31 December 1982; disbursements on such contracts could continue until 31 March 1984.

9. The aim was to help establish British industry in key sectors from which they would be well-placed to win contracts on a commercial basis in an expanding market. Although the Malaysian Government welcomed the agreement when it was signed and offers to finance 13 projects were made, they did not use any of the aid in the time available.

10. British companies may still apply for support from the global ATP funds (on matching terms only) for suitable projects in Malaysia.

11. The fact that the Agreement has lapsed has caused no comment of any kind from official quarters in Malaysia. However, there have been complaints from some British companies seeking business in Malaysia that the requirement to match foreign competitors' aid terms before ATP funds can be released is losing them valuable business.

London Metal Exchange

12. In 1981/82 a speculator forced up tin prices on the London Metal Exchange to their highest levels ever. [Not for use] Press reports at the time suggested the speculator had Malaysian connections. Some dealers were in danger of being unable to meet their obligations. To avoid serious damage to the market, existing rules were invoked

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governing arrangements for lending tin to dealers who were unable to fulfil contracts. The measures were designed to promote orderly trading conditions. Dr Mahathir saw them as a deliberate manipulation of the rules in favour of London Metal Exchange (LME) traders and against producers. He has criticised the LME many times, most recently on 10 February in Kuala Lumpur.

Foreign and Commonwealth Office
7 March 1983

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BRIEF NO 3

DR MAHATHIR'S CALL ON THE PRIME MINISTER; 9 MARCH

DEFENSIVE BRIEF ON ECONOMIC MATTERS

POINTS TO MAKE

Commodities

1. Appreciate importance of commodities to Malaysia, in spite of progress in industrialisation. Present difficulties caused by world economic recession. Note that commodity prices generally have recently begun to recover. Malaysia well placed once international recovery sets in.

Integrated Programme

2. United Kingdom supports Integrated Programme for Commodities. Will work to ensure that existing International Commodity Agreements operate as effectively as possible. Producer-consumer cooperation essential.

Common Fund

3. United Kingdom has ratified the Common Fund. Hope other countries will do so to bring it into early operation.

Access to Community

4. The European Community's average external tariff is very low. Both the United Kingdom and the Community are fully committed to the open trading system. We live by trade, and would suffer more than most from a general slide into protectionism.

5. But everybody (ie not only the industrialised countries) has a part to play in maintaining the system. We cannot accept unfair trade. And it is politically impossible for us to stand by, in a recession and watch the haemorrhage of jobs from particularly hard-

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pressed industries without lifting a finger to help them. We try to do this in ways which take the fullest possible account of the interests of our trading partners. [For textiles, see below].

Generalised Scheme of Preferences

6. Malaysia benefits from substantial tariff preferences under the Generalised Scheme of Preferences (GSP), giving her access to a much larger market than the United Kingdom alone. The Community's GSP stands comparison with that of any major industrialised country.

Textiles

7. (If pressed) Community's textile and clothing industry is an extremely sensitive sector in political and public opinion terms. Over 180,000 jobs lost in the United Kingdom alone in last three years; more than 700 closures; output down 25%.

8. Negotiations with Malaysia and ASEAN partners were difficult. But conducted in a constructive spirit, and we welcomed the arrangements agreed, which provide for orderly trade in this sensitive sector for next four years.

9. (If further pressed) 'Anti-surge' clause was a compromise. Much tougher solution was considered. (If UK accused of its genesis) As Presidency, it was our job to find practical compromise solutions based on Commission proposals, such as anti-surge.

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BRIEF NO 3

DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

DEFENSIVE BRIEF ON ECONOMIC MATTERS

BACKGROUND

Commodities

1. In 1981 non-oil commodities accounted for 51% of Malaysian exports. The main products are rubber, timber, palm oil and tin. Tin and rubber have particular significance for Dr Mahathir domestically since they feature large numbers of small producers. Malaysia is a member of the International Tin and Rubber Agreements (as in the United Kingdom).

Prices

2. Commodity prices fell sharply in the period 1980-82, but have recovered well in recent weeks. Tin, rubber, coffee and cocoa now stand, on average, 27% higher than they did a year ago. International Commodity Agreements aim to defend a minimum price. Dr Mahathir attaches political and economic importance to maintaining or raising the minimum prices. Consumers, including the United Kingdom, argued, in 1982, that they should be reduced to match lower market trends. Tin and rubber, the two more sensitive products, now have market prices above their respective Agreements' minimum levels due partly to buffer stock purchases by the Agreements. The price of palm oil remains depressed.

The Common Fund

3. The UK has signed and ratified the Common Fund. Malaysia and many other developing countries have signed but failed to ratify. Malaysia has recently said it is unlikely to ratify, believing funding is inadequate and the Fund unable to stabilise prices in the current economic climate.

/Protectionism

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Protectionism

4. Dr Mahathir has complained about the rising wave of protectionism in industrialised countries. The Malaysians also grouse regularly about the negative effects on their trade of Britain's entry into the Community. Dr Mahathir may raise the Multi-Fibre arrangement.

Trade Access

5. Although the United Kingdom entry into the Community meant the end of the Commonwealth preference arrangements, Malaysia now benefits from the Community's Generalised Scheme of Preferences (GSP) under which they are able to obtain better access to the large EC than would be available under the GATT. This is reflected in the fact that Malaysian exports to the Community as a whole have increased more rapidly over the last ten years than her exports to the United Kingdom.

6. Many of the specific Malaysian allegations of poor treatment by the community are ill-founded. For example, Dr Mahathir recently claimed that, while Malaysia at one time sold rubber to the United Kingdom without having to pay any tax, they now had to pay a tax of up to 12%. In fact, all raw rubber is imported into the Community duty free and, under the GSP, Malaysia has duty free access for all processed rubber goods except the most sensitive items such as rubber tyres, which are subject to (generous) ceilings.

Multi-Fibre Arrangement

7. The GATT Multi-Fibre Arrangement (MFA), first negotiated in 1973 and renewed in 1977, has been extended again to July 1986. During negotiations of the EC's new bilateral agreements with supplier countries under MFA III last year, Malaysia and her ASEAN partners negotiated collectively on texts and individually on quantities. Main obstacle was the 'anti-surge mechanism' developed during consideration of the Community's negotiating position at end of 1981 to deal

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with the threat of disruption through a sudden expansion of trade within quotas in categories where quotas were previously so under-utilised.

8. Industries in some Member States, including the United Kingdom, wanted 1983 quotas in these categories based on the depressed import levels of 1980 rather than on quota entitlements in 1982. When this failed to run in the Council, it fell to the United Kingdom as the Presidency to seek alternative (compromise) solutions resulting in the anti-surge mechanism. On a United Kingdom proposal in late 1982, the mechanism was modified so that it did not apply to the smallest quotas. This, together with a proposal for limited transferability of quotas between the ASEAN countries (also actively promoted by the United Kingdom) proved decisive in enabling bilateral agreements to be reached with these countries in November 1982.

Foreign and Commonwealth Office

7 March 1983

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DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

SOUTH EAST ASIAN MATTERS

POINTS TO MAKE

CAMBODIA

1. Admire your persistent efforts to secure free Cambodian representation at the Delhi Summit. Important to sustain momentum and morale of anti-Vietnamese coalition.
2. Nothing new in declaration of Indochinese communist summit? But did it help Vietnam at Delhi, as - presumably - intended?
3. Any danger of Vietnamese offensive after Summit? We are working on extra medical assistance to the non-communist Cambodians.

EC/ASEAN FOREIGN MINISTERS MEETING

4. Good to see degree of political and economic cooperation which has grown up between EC and ASEAN, and extent of common ground.
5. Joint meetings of Foreign Ministers very important. Mr Pym will be going to Bangkok.

BRUNEI (Defensive)

6. Confident Brunei can look to Malaysia for advice and support as she emerges on international stage, particularly in seeking membership of bodies such as ASEAN, the Commonwealth and the UN.
7. Our formal treaty relationship with Brunei ends on 31 December 1983 when Brunei resumes responsibility for foreign affairs. But hope to retain close ties of friendship.
8. Sultan wants Gurkha Battalion to remain in Brunei. We shall agree if terms are right. Foresee no major problems.

9. *Passage deleted and closed under FOI Exemption
Wayland, 17 April 2014*

But we have no influence over Brunei's domestic constitutional arrangements.



DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

SOUTH EAST ASIAN MATTERS

BACKGROUND

CAMBODIA

1. Malaysia, Singapore and Indonesia have been working to persuade the Non-Aligned Summit to move away from the 1979 Havana empty-chair formula on Cambodia in favour of the anti-Communist coalition of resistance forces (CGDK); though India, who have recognised Heng Samrin (the Vietnamese puppet Government in Cambodia), are unlikely to force the sympathisers with Vietnam to accept a new consensus. But a majority of NAM states support the CGDK at the United Nations and may be encouraged to speak at Delhi, if only to redress the balance of the movement.
2. The Indochinese summit in Vientiane (22-23 February) of Vietnam, Laos and the Heng Samrin regime in Cambodia produced a suggestion of annual troop withdrawals 'if the security situation permits' (an offer made before); and a reference to Vietnamese forces in Cambodia as 'volunteers'. Meanwhile in advance of talks in Moscow, China has publicised her demands for a phased withdrawal of Vietnamese forces as a pre-condition of Sino-Soviet normalisation. Despite Soviet denials, Hanoi may be under some pressure to give the USSR more room for manoeuvre. We continue to support ASEAN's insistence (with Malaysia well to the fore) on full withdrawal of Vietnamese troops in accordance with the results of the 1981 UN Conference on Cambodia.
3. This dry season has seen only one major Vietnamese military sweep so far - the over-running of the refugee camp at Nong Chan a month ago. The KPNLF (a member of the Anti-communist coalition) with Thai help managed an ordered evacuation with few casualties, but fear renewed attacks on civilian and military groups to the north once the NAM summit is over. We have announced a £100,000 direct supply of medical aid to non-communist groups - in practice it will be mainly to the KPNLF whose chief support in ASEAN comes from the Malaysians.

/Delivery



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Delivery has not yet taken place.

EC/ASEAN FOREIGN MINISTERS' MEETING

4. The Association of South East Asian Nations (ASEAN) comprises Malaysia, Singapore, Indonesia, the Philippines and Thailand. It was formed in 1967 to promote economic, cultural and social cooperation among its members.

5. Realisation of the aims for which ASEAN was founded has been slow, particularly on the economic side. But the Vietnamese invasion of Cambodia in 1978 stimulated political cooperation among the members; ASEAN now forms the cornerstone of the individual members' foreign policies. ASEAN has played a leading role in the search for a solution to the Cambodian problems but the members also seek to coordinate their policies on a wide range of other international issues of mutual concern.

6. The first meeting between EC and ASEAN Foreign Ministers was held in Brussels in November 1978; subsequent meetings were in Kuala Lumpur in March 1980 and in London, during the UK's Presidency, in October 1981. The fourth in the series will be in Bangkok on 24/25 March. Mr Pym will attend.

BRUNEI

General

7. Brunei is sandwiched between the East Malaysian states of Sabah and Sarawak. The population numbers about 193,000 of whom 50% are Malays and 25% ethnic Chinese (most of them stateless).

8. The Sultanate of Brunei has been in treaty relationship with Britain since 1847. It has had full internal self-government since 1971. Britain agreed however to continue to conduct Brunei's external affairs. It was agreed in 1979 that from 31 December 1983 Brunei would 'resume full international responsibility as a sovereign and

/independent

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- 3 -

independent state''. We expect Brunei to apply to join ASEAN, and have been more than happy at the way relations between Brunei and individual ASEAN countries, especially Malaysia, have been thickening up.

Defence

9. At present we have a consultative role. From 31 December 1983 there will be no commitment.

10 A Battalion of British Gurkhas has been stationed in Brunei since suppression of an uprising in 1962. The agreement covering this expires in September.

11.

*Passages deleted and closed under
FOI Exemption CW Dayland
17 April 2014*

The arrangement suits us too because of the training facilities that Brunei provides. We have had preliminary discussions with the Sultan's advisers about the terms under which the Battalion might remain in Brunei. We foresee no major problems. There is no question of our forcing the Sultan to let the Gurkhas remain.

Political Developments

12. Brunei is an absolute although benevolent monarchy. All major issues are decided by the Sultan personally. But the number of young Bruneis educated abroad who must feel that they should play some part in the Government of Brunei is undoubtedly growing, and there is a risk of rising frustration.

Foreign and Commonwealth Office
7 March 1983

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DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

ANTARCTICA

POINTS TO MAKE (DEFENSIVE)

1. We and our Treaty Partners believe Malaysian initiatives on Antarctica could undermine Antarctic Treaty and threaten stability. The Treaty effectively demilitarises the region; surely not to Malaysia's benefit to prejudice this. Concern for future of Antarctica best met by support for Treaty, not by undermining it.
2. Surely better for Malaysia to join Treaty: not an exclusive club. Current mineral negotiations not a share-out of resources on a private basis.

Why should Malaysia support the Treaty system?

3. Treaty best safeguard of international interest in Antarctica. Treaty remarkable political/scientific achievement:

- defuses conflicts over territorial sovereignty;
- de-militarises and de-nuclearises the continent;
- frees Antarctica from great power competition/confrontation;
- prevented Falklands hostilities spilling over into Antarctica;
- basis for unprecedented international scientific co-operation.

Why do Antarctic Treaty States insist on negotiating minerals régime?

4. To maintain Treaty; to prevent free-for-all, leading to political tensions and disruption of unique Antarctica environment. (In any event, no known mineral resources in commercially exploitable quantities; even if discovered, no exploitation likely until next century).

/Malaysia



Malaysia want a share of Antarctic resources

5. Antarctic living resources open to all countries to exploit. Minerals negotiations not yet concluded; we aim for non-discriminatory régime; benefit-sharing not ruled out; but no rights without acceptance of corresponding obligations.



DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

ANTARCTICA

BACKGROUND

1. Current Malaysian initiatives threaten the peace and stability of Antarctica, and implicitly involve a denial of British sovereignty over British Antarctic Territory (BAT). This is unacceptable. In view of our delicate bilateral relations we have not joined our Treaty partners (notably Australia and New Zealand), in lobbying the Malaysians in Kuala Lumpur.
2. Malaysia has no direct involvement in Antarctica. Nevertheless, Dr Mahathir raised Antarctica in the general debate at the UN General Assembly in September 1982. The Malaysian view is that Antarctica and its resources should form part of the common heritage of mankind and the UN should be involved in the management of Antarctica. This theme was reiterated by the Malaysian Foreign Minister Ghazali Shafie at the signing of the UNLOS Convention in Jamaica in December 1982. Dr Mahathir has recently announced that he will use 'every available platform' to raise the Antarctica question. The Malaysians are proposing the insertion of a 'heritage of mankind' paragraph on Antarctica in the final declaration of the Non-Aligned Meeting in New Delhi later this month.
3. The UK cannot accept that Antarctica is part of the common heritage. We exercise sovereignty over part of Antarctica, British Antarctic Territory (though this sovereignty is contested by Argentina and Chile, and is not recognised by many countries).
4. The Antarctic Treaty (signed 1959, entered into force 1961, open to review in 1991) has successfully ensured the stability and de-militarisation of the area. Its cornerstone is a provision putting on one side the sovereignty disputes which were a principal

/cause



cause of tension. This suits us. The Malaysian proposals would simply result in sovereignty again being disputed.

5. A particular current concern is the negotiation of a régime to regulate mineral activities in Antarctica. The 14 principal Parties to the Antarctic Treaty (the Consultative Parties), which include the UK, are engaged in these negotiations. Third World attempts, spearheaded by Malaysia, to attack the Treaty system increase the difficulty of these negotiations. Failure to conclude a satisfactory régime will weaken the Treaty system and may endanger the survival of the Treaty itself.

Foreign and Commonwealth Office

7 March 1983



DR MAHATHIR'S CALL ON THE PRIME MINISTER, 9 MARCH
CARCOSA: HIGH COMMISSIONER'S RESIDENCE, KUALA LUMPUR
POINTS TO MAKE (PRIVATELY)

1. Understand there is a view in Malaysia that our continued occupation of Carcosa (given to us as a gift by the newly-independent Government of the Federation of Malaya for use as the High Commissioner's Residence) is no longer appropriate to modern day good Anglo-Malaysian relations.
2. A sensitive question for public and parliamentary opinion in both countries. Last thing we would want is to give the impression we no longer appreciate this gift and the symbol it was intended to be of enduring friendship between the two countries. Nor to appear to insult those who made the gift.
3. Glad therefore to hear Dr Mahathir's own view and, should he feel we should explore the idea of exchanging Carcosa for an alternative residence, what ideas he may have for such an alternative more in keeping with the times and the need for continuing good relations.



DR MAHATHIR'S CALL ON THE PRIME MINISTER, 9 MARCH

CARCOSA: HIGH COMMISSIONER'S RESIDENCE, KUALA LUMPUR

BACKGROUND

1. Carcosa was built in 1896 by Sir Frank Swettenham for himself, when he became Resident-General in the Federated Malay States. It was the residence of the Chief Secretary and other very senior officers of the Government in the years before independence. It is the most prestigious private house in Kuala Lumpur and overlooks the Parliament from a height.
2. It was a gift to HMG on independence. The idea of making the gift came from Tunku Abdul Rahman (who is still alive, though no longer active in politics). His idea was endorsed by the Malaysian Legislative Assembly. As a result, HMG was spared the expense of buying or renting a residence for the High Commissioner. But the upkeep of Carcosa is considerable (a figure quoted by the Inspectors in March 1982 was that the readily identifiable cost of maintaining the house was over £80,000 a year).
3. The March 1982 Diplomatic Service Inspection suggested that the residence was out of scale with our relations with Malaysia and that our objective should be to move within 5 years. In September 1982, the subject was raised in the UMNO Assembly (Dr Mahathir's party conference); Dr Mahathir declined to comment on the suggestion that it was high time that Carcosa was no longer occupied by the British. In the same month the Malaysian Prime Minister's confidant (and property developer) Daim Zainuddin raised the subject with the High Commissioner, who responded that he took the view that we held the house in trust for the Malaysian people but sensibly added that if it was ever wanted back HMG would no doubt agree provided we could be given in exchange something more in keeping with the times. Daim's answer was that it should be discussed 'when the time is ripe'. Subsequently (in early December) Daim told the High Commissioner that the Prime Minister had asked when the High Commissioner would be prepared to 'open negotiations' about Carcosa. There have been two 'reminders' from (or via) Daim since.

/4.



4. Carcosa is inevitably very expensive to run. We must also consider the value of the asset we were given, and that we ought not to give it up without seeking compensation in return to enable us to re-house our High Commissioner appropriately. There are divided views in the UK about Carcosa. There is on the one hand the argument that we should retain Carcosa as part of our 'heritage'. There is the contrary argument that it is outdated and an impediment to the new and realistic relationship we are trying to achieve with Dr Mahathir's Malaysia. Proponents of the latter thesis and some British businessmen would further argue that to vacate Carcosa would be worth a good deal as a contribution to the restoration of good Anglo-Malaysian commercial relations in particular. The subject is thus a very sensitive one both in Malaysia and the UK.

5. We know that the fact that Carcosa is the finest residence in Kuala Lumpur and that the Union Jack continues to fly over it, is resented in at least some quarters in contemporary Malaysia, including elements in Dr Mahathir's own party.

6. We believe that Dr Mahathir himself thinks that our occupation of Carcosa is an anachronism, symbolising the quasi-colonial relationship which he believes persisted into the post-independence period. The messages from Daim Zainuddin are probably authentic, but Daim certainly has commercial interests which could be advanced in discussions about Carcosa, and we cannot embark on serious consideration of what (if anything) to do without a much clearer idea of what Dr Mahathir himself really has in mind than is indicated by the nods and winks and hints we have so far had.

7. Dr Mahathir may himself raise the matter with the Prime Minister. But it is common for Malays to want to avoid broaching such delicate matters directly, for fear of encountering a refusal and losing face. So he may not - which would not necessarily stop him from complaining on his return that the messages he had been sending via Daim had either not got through or been ignored.



3.

8. In these circumstances, while it would still be preferable for Mahathir himself to take the initiative (and the Prime Minister will no doubt wish to allow him plenty of time to), if he does not do so it would be desirable if the Prime Minister were to take him aside privately (he might be reluctant to respond frankly if others were listening) and invite him to say in his own words what he feels in relation to Carcosa.

Foreign and Commonwealth Office
7 March 1983.



DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

FUTURE OF HONG KONG

POINTS TO MAKE (DEFENSIVE)

1. Since the talks were agreed in September several meetings with Chinese have been held. These are continuing. Common aim of maintaining Hong Kong's stability and prosperity. Content confidential.
2. Differences exist but we believe arrangements can be agreed, which will be acceptable to Parliament and to the people of Hong Kong. Despite Chinese propaganda we are concentrating on the talks. Aim to find a solution which as far as possible will maintain continuity and preserve the people's standard of living and way of life.
3. Meanwhile business confidence in Hong Kong remains generally high. Important that nothing is said or done to damage this.
4. Chinese propaganda has floated the idea of Hong Kong as a Special Administrative Region (SAR) of China. Some Hong Kong people attracted to the idea of Hong Kong people running Hong Kong, but most believe it would not work and fear Chinese interference.
5. Interested to hear your views. What do you think of the Special Administrative Region concept? Would Malaysian investors have faith in such an arrangement? We do not believe it is compatible with the common aim.

DR MAHATHIR'S CALL ON THE PRIME MINISTER: 9 MARCH

FUTURE OF HONG KONG

BACKGROUND

1. The Prime Minister is aware of the background on the Future of Hong Kong.
2. Dr Mahathir passed through Hong Kong in January and discussed the future with the Political Adviser. He said Malaysia were keeping a close eye on developments. He found it hard to believe that the Chinese would not interfere in Hong Kong if it became a Special Administrative Region (SAR).
3. His Foreign Minister, Ghazali, had talks in China with the then Foreign Minister Huang Hua in November 1982. * ~~~~~
~~~~~ \* Huang Hua gave Ghazali a very misleading account of the talks with Mrs Thatcher in Peking. He suggested that a phased take-over had already been agreed with the British and that investors and others would see no difference after 1997. Ghazali may have been reassured by this: Dr Mahathir seems to take a less sanguine view but would probably be unwilling to go far in putting this to the Chinese.
4. Malaysia has considerable investment in Hong Kong. Some Malaysian fingers have been burnt as a result of the sharp fall in property prices there in recent months. Like other ASEAN countries Malaysia can be expected to try to benefit from any investment which might be directed away from Hong Kong.

Foreign and Commonwealth Office  
7 March 1983

\* ~ \* Passage deleted and  
retained under Section 3(4)

SECRET

Wayland  
17 April 2014





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BRIEF NO 8

CALL BY DR MAHATHIR ON THE PRIME MINISTER 9 MARCH

MALAYSIA: BACKGROUND BRIEF

GENERAL

Political

1. Malaysia is a federation of 13 states, occupying two distinct regions. Peninsular Malaysia (131,587 sq kilometres) and Eastern Malaysia (Sabah and Sarawak) (198,847 sq kilometres). Singapore left the Federation of Malaya in 1965.

2. Bahasa Malaysia (Malay) is the national and official language. English is very widely spoken. Islam is the official religion; fundamentalist tendencies are growing. Religious freedom is guaranteed by the Constitution.

3. Malaysia celebrated 25 years of independence in 1982. A democracy with an elective constitutional monarchy. The present Agong (the King) visited London privately in November 1982 and had lunch with The Queen. The population is 14 million (54% Malays, 35% Chinese, with smaller minorities of Indians and the indigenous communities of Sabah and Sarawak).

Economic

4. The world's largest producer of rubber, tin and palm oil, and self-sufficient in oil and natural gas. GNP per capita was about US \$1800 in 1981. Economic growth has been consistently high at around 8% over past few years but in 1982 fell to about 4% due to effects of world recession on commodity exports and lower prices for oil. The long term economic future is bright.





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5. Economy is dominated by agriculture (forestry and fisheries accounted for 23% of GNP in 1981). In 1981 Malaysia recorded her first balance of payments deficit for many years (US \$451m). Further deficit expected in the short-run, but in medium term should show significant improvement with extensive gas and oil reserves ready to be developed. Inflation in 1982 was in single figures. The national plan envisages that the manufacturing sector will overtake agriculture as the largest contributor to GDP by 1985.

| <u>Trade</u> | <u>£m</u>   |             |             |             |
|--------------|-------------|-------------|-------------|-------------|
|              | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> |
| UK Exports   | 187         | 224         | 196         | 210         |
| UK Imports   | 222         | 187         | 188         | 185         |

7. In 1981 the United Kingdom supplied 4.6% of Malaysia's imports the largest supplier within the Community, closely followed by West Germany. Japan supplied 24%, the USA 14.6% and Singapore 13%.

8. In the same year the UK took 2.9% of Malaysia's exports. The major markets for Malaysia were Singapore (23.7%, a good deal of which was re-exported), Japan (22.1%) and the United States (10.4%).

Foreign and Commonwealth Office  
7 March 1983

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ANNEX 1

CALL BY DR MAHATHIR ON THE PRIME MINISTER: 9 MARCH

PROGRAMME

Wednesday 9 March

1530 hrs Arrive Heathrow from NAM Summit New Delhi  
(Lord Belstead to meet).

Dinner offered by the Prime Minister.

Thursday 10 March

Lunch with leading British businessmen offered by  
Lord Jellicoe.

Friday 11 March

1400 hrs Attends graduation of his son at Brighton Polytechnic.

Sunday 13 March

0935 hrs Leaves Heathrow for Geneva to begin his holiday.  
(Special Representative of the Secretary of State to see  
him off).

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CALL BY DR MAHATHIR ON THE PRIME MINISTER: 9 MARCH

Annex 2

DATUK SERI DR MAHATHIR BIN MOHAMAD

Prime Minister and Minister of Defence of Malaysia since July 1981.  
President of the National Front (governing coalition). MP (UMNO).

Born 1925 in Alor Star, Kedah. Educated University of Malaya (medicine).  
Medical Officer, Malayan Medical Service. Entered Kedah State Assembly  
1959. Member of Federal Parliament 1964-70, and since 1974. Defeated  
in 1969 elections but returned unopposed in 1974. Minister of  
Education 1974. Deputy Prime Minister 1976. Minister of Trade and  
Industry 1977. Became Prime Minister when Tun Hussein resigned in  
1981 following two heart by-pass operations in London.

Early reputation as an extremist Malay (although himself half-Pakistan).  
Expelled from United Malays National Organisation (UMNO) in 1969 for  
leading an attack on the Tunku's policies and style of government.  
Author of the influential book 'The Malay Dilemma', published in 1970  
and banned in Malaysia until 1981 which, in sometimes unkind terms,  
analysed the reasons for the backwardness of the Malay community.  
Reinstated as a member of the UMNO 1972. Topped the polls in the  
June 1972 elections for the UMNO Supreme Council. In December 1972  
he was appointed a Senator. His appointment as Minister of Education  
in 1974 was regarded by many non-Malays as provocative and disturbing.  
His handling of the student riots of December 1974 was widely criticised  
but he gradually became one of the 'inner Cabinet', becoming Deputy  
Prime Minister on the death of Tun Razak.

Time has not mellowed Dr Mahathir's reputation for 'shooting from the  
hip' and indeed he seems positively proud of his blunt approach,  
believing that this is the only way to stir Malaysians (especially  
Malays) into action. He is determined that the policy of fostering  
Malay interests - principally through the New Economic Policy - should  
continue. Despite this, his popularity has, if anything, increased

/since



since his appointment as Prime Minister. He has successfully convinced other racial groups, especially the Chinese, that their only chance of influencing national affairs is to work with him from inside the Government. The National Front's increased majority at the 1982 elections is seen as evidence of this. Despite his uncompromising exterior, he has shown himself to be an energetic and pragmatic leader and has struck a real chord of national assent with his slogan of 'clean, efficient and trustworthy Government'.

As regards foreign policy, he has signalled that Malaysia should reduce its former dependence on the West; the 'Look East' policy being the outward manifestation of this attempt to strike a balance, whereby Malaysia will take the best from both directions. He has redefined Malaysia's foreign policy priorities as being, in descending order of priority, ASEAN, the Islamic World, the NAM and the Commonwealth (although attended the CHOGRM in Fiji in October 1982).

An excellent public speaker and despite a sometimes aggressive public performance, a relaxed and intelligent conversationalist in private.

His attractive and intelligent wife, Datim Sri Dr Hasmah, is a former GP (they met whilst studying medicine together in Singapore). They have three sons: one studying in Japan, one studying in the United States (who previously studied mechanical engineering in the UK \* ~~~~~

~~~~~ \* and one thought to be working for IBM in Malaysia (who graduated at Brighton Polytechnic in 1982 and who's graduation ceremony Dr Mahathir is attending on 11 March) and two daughters: one in Japan married to a Malaysian studying there; the other is a journalist working on the New Straits Times in Kuala Lumpur.

* ~ Passage deleted and closed under FOI
Exemption. Wayland
17 April 2014

MR KASSIM BIN MOHD. HUSSAIN, HIGH COMMISSIONER FOR MALAYSIA

Born 1928. A career diplomat who having graduated from the University of Malaya, commenced his service in the Malayan Administration Service in 1955. He achieved Ambassadorial rank in 1974 on his appointment to Burma, where he remained until 1977. From 1977-1980, he held the important post of Director General of the ASEAN (Association of South East Asian Nations) Division in the Foreign Ministry. In 1980 he was appointed Ambassador to Belgium and the European Community. On reaching the age of 55 recently, he was due to retire and is rather surprised at having been appointed to London on a RNR (retired and re-recruited) basis.

Outgoing, pleasant and co-operative. His experience in ASEAN matters in Kuala Lumpur and in Brussels should be particularly useful in London.

His English is excellent and he has an easy manner. Like most senior Malaysians he is a keen golfer.

His wife, Mrs Dani Kassim, is Indonesian and they met during his posting to Jakarta. She is a well-groomed woman of around 50, who has a charming and lively manner. She trained as a nurse in London in the 50s, gaining the SRN and SCM qualifications; she has not used them since her marriage. She was much involved in charitable work during their last stay in Kuala Lumpur. She is also fond of painting porcelain. They have three children: girls of 18 (studying computers and economics at Oxford Polytechnic) and 16 (already here, awaiting results of O-level examinations taken in Malaysia) and a boy of 12 (at boarding school in Malaysia).

Malaysia

PRIME MINISTER

MS

Lord Carrington telephoned today to say how sorry he was that he could not attend the dinner for Dr. Mahathir next week and to pass on the message to you about how much British business depended on your hitting it off with Dr. Mahathir. As an example, Lord Carrington said that Elliott Automation Ltd. (a GEC subsidiary) were in for a contract worth £185 million in which their only serious rival was the Hughes Corporation. Lord Carrington thought that Elliott Automation would get the contract but said that Dr. Mahathir was quite capricious enough to switch the contract if something offended him during his visit to the United Kingdom.

I said that he could be reassured that you had this point well in mind. We are all doing our utmost to see that Dr. Mahathir's visit here is a great success.

F.E.R.B.

4 March 1983