

PS (No 10. D. ST.

GRS 260  
UNCLASSIFIED  
DESKBY 311400Z  
FM KUALA LUMPUR 311200Z JUL 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 380 OF 31 JULY  
AND TO IMMEDIATE DTP (FOR LINDLEY, IAD)  
AND TO PRIORITY DTI (OT2)

ADVANCE COPY

FOR HARTLAND-SWANN, SEAD AND GRAY, MAED  
UK/MALAYSIA AIR SERVICES

1 FOLLOWING IS TEXT OF JOINT PRESS STATEMENT ISSUED IN KUALA  
LUMPUR AT 1830 HOURS LOCAL TIME ON 31 JULY:  
QUOTE

1. DELEGATIONS REPRESENTING THE AERONAUTICAL AUTHORITIES OF MALAYSIA AND THE UNITED KINGDOM MET IN KUALA LUMPUR ON 30 AND 31 JULY 1985 FOR CONSULTATIONS UNDER THE AIR SERVICES AGREEMENT BETWEEN THE UK AND MALAYSIA DATED 24 MAY 1973.
2. THE MAIN PURPOSE OF THE MEETING WAS TO IMPLEMENT THE AGREEMENT IN PRINCIPLE ABOUT A FIFTH FREQUENCY FOR BOTH AIRLINES REACHED BETWEEN THE TWO PRIME MINISTERS IN APRIL. THE DISCUSSIONS WERE HELD IN A FRIENDLY AND CONSTRUCTIVE ATMOSPHERE. COMPLETE AGREEMENT WAS REACHED ON THE QUESTION OF THE INTRODUCTION OF A FIFTH FREQUENCY BY MAS ON THE KUALA LUMPUR/LONDON ROUTE IN JULY 1986, WITH A PRO RATA INCREASE IN CAPACITY. THIS MEANS AN INCREASE IN THE WEEKLY QUOTA FROM 1240 SEATS TO 1550 SEATS. UNDER THIS RECIPROCAL AGREEMENT, BRITISH AIRWAYS ARE ENTITLED TO INTRODUCE AN ADDITIONAL SERVICE ON THE ROUTE FROM THE SAME DATE.
3. BOTH SIDES ATTACH CONSIDERABLE IMPORTANCE TO THE BENEFITS WHICH WOULD FLOW FROM MORE LIBERAL AND MORE FLEXIBLE AIR SERVICES ARRANGEMENTS BETWEEN THE UK AND MALAYSIA.
4. ACCORDINGLY THE BRITISH SIDE PUT FORWARD PROPOSALS WHICH WOULD ENTAIL THE LIFTING OF THE SEAT RESTRICTIONS ON ALL FIVE FREQUENCIES AND INCREASED OPPORTUNITIES FOR BOTH AIRLINES TO CARRY PASSENGERS TO AND FROM OTHER POINTS ALONG THE ROUTES THEY SERVE. THESE PROPOSALS WERE DISCUSSED AND THE TWO SIDES AGREED TO MEET AGAIN IN SEPTEMBER TO STUDY THEM FURTHER.
5. ALL ISSUES WERE DISCUSSED ON THEIR MERITS WITHOUT REFERENCE TO OTHER MATTERS.

UNQUOTE

GILLMORE

LIMITED.  
MAED.  
LEGAL ADV.  
SEAD  
NEWS D  
MR O'NEILL  
MR WILSON.

COPIES TO  
IA DIV / DTP  
DTI (OT2).  
PS / No 10. D. ST.

PS  
PS / Whuce  
PS / W Repton





cc D/Trans.

VC

10 DOWNING STREET

THE PRIME MINISTER

15 July 1985

Dear John.

Many thanks for your letter of 9 July about the talks with the Malaysians. I am glad that the fifth frequency problem has been resolved. Like you, I hope very much that the Malaysian Government will remove the discriminatory tax.

With best wishes,

Lawrence  
Razavi

Lord King of Wartnaby

SKW



9th July, 1985

The Rt. Hon. Margaret Thatcher, MP,  
The Prime Minister,  
10 Downing Street,  
London, S.W.1.

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Heathrow Airport (London)  
Hounslow  
TW6 2JA

Telephone: 01-759 5511  
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Chairman:  
Lord King of Wartnaby

*Dear Prime Minister*

*Ar* *cf pms?*

MALAYSIA

Thank you for your letter of 8th July.

I am pleased to advise you that we have reached agreement with MAS which will permit them to operate a fifth frequency from July 1986.

Discussions on the amendments required to the air services agreement will take place between officials of the two Governments in Kuala Lumpur on 29th July at which time I would expect a new agreement to be drawn up of mutual benefit.

In due course, we will be seeking, from them, certain additional fifth freedom rights. We are also anticipating that the Malaysian Government will move to eliminate the discriminatory tax levied on departing expatriates.

No mention was made by MAS of possible sixth and seventh frequencies.

The meeting took place in a friendly atmosphere.

With kind regards,

*Yours ever*  
*John*

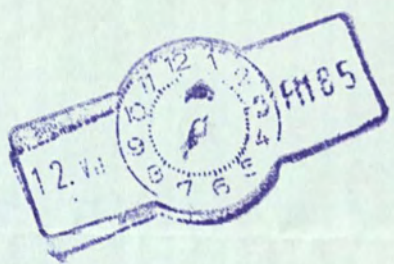




Relatons ; Malaysia Aug 79.

BRITISH AIRWAYS

London Heathrow  
Singapore  
Kuala Lumpur  
Johore Bahru  
Kuala Lumpur  
Singapore  
London Heathrow







DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

C D Powell Esq  
10 Downing Street  
LONDON  
SW1

*Prime Minister*  
*CDP*  
*9/7.*

9 July 1985

Dear Charles,

*ma*

UK-MALAYSIA AIR SERVICES

At a meeting held yesterday afternoon between Colin Marshall of BA and Dato Aziz of MAS, the two airlines agreed that MAS could operate its fifth weekly frequency to London as from July 1986 and that there should be no inter-airline commercial agreement as originally proposed by BA. I attach a copy of the Press Notice issued by BA after the talks.

This successfully removes the main stumbling block to final agreement on the implementation of the fifth frequency. The official consultations to be held in Kuala Lumpur at the end of July will deal with the necessary amendments to the air services arrangements but given the good progress made between the two airlines, we hope that this final stage can be conducted in an atmosphere of friendly give and take. At that meeting officials will try and secure rights for BA between Bangkok and Kuala Lumpur from the Malaysian Government, but we are not very hopeful that they will yield anything at all in return.

I am sending copies of this letter to Peter Ricketts (FCO), Rachel Lomax (HM Treasury) and John Mogg (DTI).

*Yours, Richard.*

R A ALLAN  
Private Secretary





PRESS RELEASE BY BRITISH AIRWAYS AND MAS -  
8 JULY 1985

At a meeting today (8 July) between the Chief Executives of BA and MAS, a July 1986 start date was agreed for MAS fifth service to London in accordance with the understanding arrived at between the two Prime Ministers during Mrs Thatcher's recent visit to Kuala Lumpur.

Government officials are due to meet in Kuala Lumpur at the end of July to deal with the necessary amendments to the existing government arrangements. Mr Marshall, Chief Executive of BA, said that he is confident that the government officials will be able to agree arrangements of mutual benefit to both airlines, and looks forward to a joint effort with MAS to develop the London/Kuala Lumpur route.



