

Malaysia

MR. WHITMORE

KMI
bx.NOTE FOR THE RECORD

I spoke Sunday evening, Melbourne time, to Richard Evans, Lobby Editor, Financial Times, in connection with its coverage of Malaysian discrimination against Britain.

I filled him in on the background, including:

- the extent to which Mahathir appears to be disaffected with Britain and how sensitive Malaysia is to criticism in the British press;
- the deep concern of British companies there about their future; and
- the Prime Minister's fears that further FT criticism of Malaysian policies could cost us jobs.

I apologised for troubling Evans and said that I was making no requests or attempting in any way to interfere with their editorial judgement. It did, however, seem to me that the FT should be aware of the Prime Minister's concern.

Evans thanks me for ringing and said he would pass on the information immediately to Geoffrey Owen, Editor. I left him my Melbourne telephone number in case Owen cared to ring but I have so far not received one.

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CANBERRA

Prime Minister

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UNCLASSIFIED

FM FCO 030052Z OCT 81

TO IMMEDIATE CANBERRA

TELEGRAM NUMBER 412 OF 3 OCTOBER

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF PS TO SOFS WAS RECEIVED FROM SINGAPORE TELEGRAM NO CREDA 54 OF 2/10.

INFO IMMEDIATE KUALA LUMPUR AND IMMEDIATE HONG KONG (PSE/MR NOTT) FOLLOWING FOR MRS SHAH DOT PRESS OFFICE FROM WOODS VISIT BY MINISTER FOR TRADE TO SE ASIA.

1. MINISTER FOR TRADE MET A GROUP OF JOURNALISTS AT BHC SINGAPORE TODAY. THEY INCLUDED REUTERS AND FINANCIAL TIMES AS WELL AS LOCAL PAPERS.

2. JOURNALISTS KNEW OF MALAYSIAN PM'S ANNOUNCEMENT ON BRITISH TENDERS (SEE TELEX FROM KL EARLIER TODAY) AND SOUGHT A REACTION FROM MR REES.

3. THE MINISTER SAID THAT HE WAS SURPRISED BY THE ANNOUNCEMENT IN THE LIGHT OF THE FRIENDLY AND CONSTRUCTIVE DISCUSSIONS HE HAD HAD WITH MALAYSIAN MINISTERS AND OFFICIALS WHILE IN KL. HE REPEATED THAT HE HAD HAD DENIALS FROM BOTH THE DEPUTY MINISTER FOR TRADE AND INDUSTRY AND THE CHAIRMAN OF THE MALAYSIAN INDUSTRIAL DEVELOPMENT AUTHORITY THAT ANY SUCH DIRECTIVE EXISTED.

4. HE ALSO REPEATED THAT WE UNDERSTOOD THE NATIONAL ASPIRATIONS WHICH LAY BEHIND THE TAKEOVER OF GUTHRIE. HE SAID THAT THE OFFER HAD BEEN MADE AT A PRICE WHICH OBVIOUSLY ATTRACTED SHAREHOLDERS. THAT WAS THE WAY OUR SECURITIES MARKET OPERATED AND THE BRITISH GOVERNMENT HAD NO POSITION ON IT. THE CSI WAS NOT A PART OF THE BRITISH GOVERNMENT, HE WAS AWARE THAT THE QUESTION OF DAWN RAIDS HAD BEEN A MATTER OF DISCUSSION FOR AT LEAST A YEAR SINCE THE CONGOLD CASE.

5. HE ADDED THAT IT WAS QUITE WRONG TO REGARD THE CSI'S ACTIVITIES ON DAWN RAIDS AS THE PETULANT REACTION OF THE BRITISH TO THE GUTHRIE TAKEOVER.

6. MR REES STRESSED THAT WE WOULD HAVE TO WAIT AND SEE HOW THE PM'S DIRECTIVE WORKED OUT IN PRACTICE. BUT THAT HE WOULD BE SURPRISED AT ANY GOVERNMENT PREPARED TO ACCEPT SECOND BEST BIDS. HE REFUSED TO SPECULATE ON WHY THE PM HAD MADE THIS MOVE. AS YOU WILL KNOW, ALL KINDS OF REASONS ARE BEING SUGGESTED IN PRESS. HE ALSO MENTIONED THAT MR. NOTT WILL BE IN KL DURING THE NEXT FEW DAYS.

7. PLEASE KEEP US INFORMED OF UK PRESS COVERAGE.

CARRINGTON

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CONFIDENTIAL

DESKBY 050800Z

FM KUALA LUMPUR 030330Z OCT 81

TO IMMEDIATE FCO

TELNO 219 OF 3 OCTOBER

AND TO UK DEL MELBOURNE (DESKBY 030530Z) , SINGAPORE (PS TO MR REES),
DOT

FCO TELNO 163 TO UKDEL MELBOURNE
DISCRIMINATION AGAINST BRITAIN

1. WHEN I CALLED ON MUSA I HAD NOT THEN SEEN THE FINANCIAL TIMES
OF 1 OCTOBER WHICH CONTAINS AN OPEN WARNING TO MAHATHIR NOT TO
QUOTE OVERPLAY HIS HAND UNQUOTE. THE ARTICLE WAS WRITTEN BEFORE
THE NEW MEASURES WERE FIRST MENTIONED IN THE KUALA LUMPUR PRESS.

2. I AM AFRAID THIS IS LIKELY TO MAKE THE SITUATION WORSE.
DURING OUR TALK MUSA MENTIONED THE CONSTANT SNIPING AT MALAYSIA
OF THE BRITISH PRESS AS AN EXAMPLE OF BRITISH ATTITUDES WHICH
PARTICULARLY ANNOYED MAHATHIR. HE MENTIONED AN EARLIER FT ARTICLE
AS AN EXAMPLE.

3. MAHATHIR'S STATEMENT HAS BEEN WIDELY REPORTED IN TODAY'S PRESS
ALTHOUGH IT HAS NOT ATTRACTED FURTHER EDITORIAL COMMENT.

4. WE ARE UNDER HEAVY PRESSURE FROM BRITISH COMPANIES WHO ARE
NATURALLY DEEPLY CONCERNED ABOUT THEIR FUTURE. WE HAVE BEEN
MAKING MUCH THE SAME LINE AS THAT IN PARA 4 OF TUR.

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I think we should have a word with Owen. The F.T. will box us jobs if they go on like this no.