

FM KUALA LUMPUR 120500Z MAR 83

TO IMMEDIATE FCO

TELNO 119 OF 12 MARCH 1983

MY TEL NO 115 OF 11 MAR: PRIME MINISTERS MEETING

1. FOLLOWING ARE EXTRACTS FROM A LONDON INTERVIEW WITH DR MAHATHIR WHICH FORMED THE LEAD STORY IN THE NEW STRAITS TIMES TODAY:

VQUOTE

BRITISH GOVERNMENT LEADERS AND BUSINESSMEN HAVE SHOWN A CLEAR CHANGE OF ATTITUDE TOWARDS MALAYSIA PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY.

INTERVIEWED AT THE MALAYSIAN HIGH COMMISSION HERE AFTER HIS MEETING WITH PRIME MINISTER MARGARET THATCHER, FOREIGN SECRETARY FRANCIS PYM AND BRITISH BUSINESSMEN, HE NOTED 'RELATIONS BETWEEN MALAYSIA AND BRITAIN APPEAR TO BE BRIGHTER THAN BEFORE. IT IS NOW PLACED ON A NEW FOOTING'.

HE SAID THERE WAS A POSSIBILITY THAT THE GOVERNMENT WOULD REVIEW THE BUY-BRITISH-LAST POLICY TO SEE IF IT WAS TO BE CONTINUED, REVISED, RELAXED OR DROPPED.

DATUK SERI DR MAHATHIR CONTINUED: 'THINGS ARE CERTAINLY LOOKING BRIGHTER NOW THAN BEFORE,' HE SAID.

'I FIND THAT THERE IS A DEFINITE CHANGE IN THE ATTITUDE OF BRITISH GOVERNMENT LEADERS AS WELL AS THE BUSINESS COMMUNITY.

'THEY ARE VERY ANXIOUS TO RESTORE THE CLOSE ECONOMIC TIES BETWEEN THE TWO COUNTRIES AND ALSO TO RENEW AND IMPROVE THEIR RELATIONS WITH MALAYSIA.

' IN THIS KIND OF SITUATION, AND AFTER MEETING MRS THATCHER, I WILL REPORT BACK TO THE CABINET. IT IS ONLY FAIR THAT THERE IS A RECIPROCAL ARRANGEMENT OR ACTION ON OUR PART IN THE LIGHT OF THIS CHANGE OF ATTITUDE.

' I DON'T KNOW WHAT ACTION WE WILL TAKE. IT HAS TO BE DISCUSSED IN THE CABINET. WE WILL CONSIDER WHETHER THE POLICY SHOULD STAY, OR IT SHOULD BE REVISED, RELAXED A LITTLE OR DROPPED COMPLETELY.

'THESE ARE THE POSSIBILITIES THE CABINET WILL HAVE TO DECIDE. AFTER ALL IT WAS THE CABINET WHICH APPROVED THE POLICY SO

AFTER ALL IT WAS THE CABINET WHICH APPROVED THE POLICY SO IT IS NOT PROPER FOR ME ALONE TO DECIDE.'

DATUK SERI DR MAHATHIR SAID HE WAS HAPPY THAT BRITISH COMPANIES HAD NOW UNDERSTOOD MALAYSIAN ASPIRATIONS.

'I AM GLAD THAT THEY UNDERSTAND AND PROMISE TO ABIDE BY THE RULES SUCH AS THE QUESTION OF RESTRUCTURING.'

ASKED ABOUT HIS IMPRESSIONS OF MRS THATCHER, DATUK SERI DR MAHATHIR SAID: 'WELL, SHE IS A VERY GOOD HOST. I FELT VERY COMFORTABLE AND WE COULD TALK VERY FREELY'.

HE SAID PEOPLE MIGHT BE A BIT SURPRISED TO LEARN OF THE DECISION TO REVIEW THE POLICY AFTER HIS MEETING WITH THE BRITISH LEADER.

'SOME PEOPLE MAY THINK I FEEL GRATEFUL TO MRS THATCHER BUT I AM NOT CONCERNED WITH WHAT PEOPLE SAY. THE QUESTION IS WE CAN SEE FOR OURSELVES WHAT THE BRITISH ARE DOING TO CHANGE THEIR ATTITUDE.

'WE CAN FEEL THE CHANGE QUITE CLEARLY AND IT IS NOT ONLY SHOWN TO ME BUT ALSO TO OTHER PEOPLE WHO COME TO LONDON AND THEY ALL TELL ME THAT THERE HAS CERTAINLY BEEN A CHANGE IN THE BRITISH ATTITUDE TOWARDS MALAYSIA.'

THE PRIME MINISTER EXPLAINED THAT THE BUY-BRITISH-LAST POLICY WAS ENFORCED BECAUSE MALAYSIA HAD LOST ITS PATIENCE WITH THE OLD BRITISH ATTITUDE AND IT WAS THE REACTION TO THE GUTHRIE TAKEOVER THAT PROVIDED THE LAST STRAW.

'ALTHOUGH I WAS NOT EDUCATED IN ENGLAND, DURING THE WAR I WAS VERY PRO-BRITISH AND ANTI-JAPANESE. BUT LIKE OTHER PEOPLE, MY ATTITUDE CHANGED DURING THE MALAYAN UNION PERIOD.

'I AM NOT ANTI-BRITISH. I ONLY DISAGREE WITH SOME OF THE BRITISH POLICIES AND SOME OF THE THINGS THEY DID ON WHICH I NEED NOT ELABORATE; THE BRITISH KNOW IT.'

ON MANAGEMENT TRAINING FOR CIVIL SERVANTS IN BRITISH COMPANIES, DATUK SERI DR MAHATHIR SAID THIS WAS AGREED UPON A YEAR AGO. HE SAID MANY CIVIL SERVANTS WERE MANAGING GOVERNMENT-OWNED COMPANIES. 'IF THEY DON'T UNDERSTAND BUSINESS MANAGEMENT, THEY ARE GOING TO MESS UP THINGS LIKE THEY DID IN THE PAST.' UNQUOTE

BENTLEY

PRIME MINISTER

Visit of the Prime Minister of Malaysia

It is very rare to be able to link a change of attitude by a foreign country directly to talks and a meal at No.10. But Dr. Mahathir's comments following his meeting with you (see attached telegram) leave no doubts that you had precisely the right effect on him. The change in his attitude is more than we could have expected and, I think, well repays the effort you devoted to his visit.

A. J. C.

14 March 1983