

ZCZC

HPCEAN 5018 KJSMAN 1999

RESTRICTED

DD 010930Z CANBE

V M KULUM TO CANBE

010850Z AUG

GRS 386

INREG 3121

TOR: 011900

RESTRICTED

FM KUALA LUMPUR

TO DESKBY 010930Z CANBERRA

TELNO 4

OF 010850Z AUGUST 89

INFO IMMEDIATE DTI

mt



(DTI FOR PEP 3A)

RESTRICTED

FOR PRIME MINISTER'S PARY.

VISIT OF PRIME MINISTER TO MALAYSIA: EAST/WEST SUBMARINE CABLE

1. TEXT OF TELEGRAM RECEIVED FROM DTI (OTTER 156) NOW REPEATED TO YOU, AS FOLLOWS:

BEGINS:

'' FROM PEP 3A

1. STC HAVE SENT IN TO US A SHORT NOTE WHICH THEY SUGGEST WOULD BE OF INTEREST TO THE PRIME MINISTER BEFORE HER VISIT. THIS WAS TOO LATE TO BE INCLUDED IN THE BRIEFING, SO WE HAVE REPEATED THE TEXT BELOW FOR YOUR INFORMATION AND WOULD BE GRATEFUL IF IT COULD BE DRAWN TO HER ATTENTION AS APPROPRIATE.

*Sub
Cable
S.A.*

QUOTE STC IS BIDDING FOR A FIBRE OPTIC SUBMARINE CABLE SYSTEM BETWEEN Kuantan and Kota Kinabalu. THE VALUE OF THE CONTRACT IS ABOUT RM 40 MILLION. THE STC BID IS SUPPORTED BY HMG AID OF 30.1 PER CENT OF CONTRACT VALUE. A DECISION ON THE PREFERRED SUPPLIER IS IMMINENT. IT IS UNDERSTOOD THAT STC'S ONLY REMAINING COMPETITION FOR THIS CONTRACT IS THE JAPANESE COMPANY, NEC, THAT THE PURCHASER PREFERS STC TECHNOLOGY AND THAT STC ARE EXTREMELY STRONG POLITICALLY IN MALAYSIA AND HAVE BEEN USING THIS INFLUENCE TO THEIR ADVANTAGE ON THIS CONTRACT. STC BELIEVES THAT AN EXPRESSION OF BRITISH POLITICAL SUPPORT FOR THEIR BID WOULD HELP COUNTER THIS INFLUENCE. UNQUOTE. ENDS.

S.P.C.

2. COMMENT: WE BELIEVE STC'S NOTE TO BE ACCURATE, IN PARTICULAR THE BELIEF THAT

A DECISION ON THIS PROJECT IS LIKELY TO BE MADE VERY SOON.

3. SEVERAL BRITISH COMPANIES (STC INCLUDED) HAVE RECENTLY ASKED US TO INSURE THAT MRS THATCHER WAS AWARE OF THEIR INTEREST IN (DIFFERENT) PROJECTS BEFORE HER TALK WITH DR MAHATHIR. WE HAVE TAKEN THE LINE THAT IN THE SHORT TIME AVAILABLE THE PRIME MINISTER COULD NOT MENTION THE ASPERATIONS OF EACH COMPANY WHICH HAD APPROACHED US AND THAT IT WOULD BE INVIDIOUS FOR US TO SELECT ONE OR TWO. (WE HAVE SUGGESTED THAT THE COMPANIES PURSUE THEIR INTERESTS IN LONDON.) WE WOULD BE ENTIRELY HAPPY FOR YOU TO TAKE THE SAME LINE WITH THIS REQUEST. HOWEVER, BECAUSE OF THE WIDER 'DEFENCE PACKAGE' ASPECTS TO ATC'S ATP SUPPORTED BID AND THE APPARENT IMMINENCE OF THE DECISION YOU MAY FEEL ABLE TO INCLUDE A NOTE ON STC IN THE PRIME MINISTER'S BRIEFING FOR HER CALL ON THE MALAYSIAN PRIME MINISTER. OR YOU MAY WANT FURTHER ADVICE FROM DTI. IT WOULD BE HELPFUL TO KNOW BEFORE 6 AUGUST WHAT DECISION YOU TAKE ON THIS.

SPRECKLEY

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KJSMAN 1999

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