



10 DOWNING STREET

PRIME MINISTER

Tim Kitson rang today asking if you would see Sir Y.K. Pao when he is over here in the middle of June. He gave a large anonymous sum of money during the campaign. I could fit him in obviously for five minutes but the week that he will be in London is budget week and the State Visit of the President of Kenya. What are your views please?

Ed.

10 May 1979

*But I don't
have to speak
on the budget
now! Fit him
in
now*



Hong Kong

From the Secretary of State

T Lankester Esq
10 Downing Street
London, SW1

2 11. June 1979

Dear Tim,

4/1

Thank you for your letter of 15 May requesting briefing for Sir Y K Pao's call on the Prime Minister on Wednesday June 13. Having consulted the FCO it is thought the the Prime Minister is already acquainted with the latest situation regarding Vietnamese refugees and we have therefore not provided a further brief on this issue.

I enclose a brief and personality note.

Yours Sincerely,

Hugh Bartlett

H W BARTLETT
Private Secretary

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VISIT OF SIR YK PAO : WEDNESDAY 13 JUNE

Sir YK Pao has recently returned from UNCTAD V in Manila. He is in London for business reasons connected with inter alia his Chairmanship of INTERTANKO (The Association of Independent Tanker Owners). The call on the Prime Minister follows meetings with the Secretary of State for Trade and the Foreign Secretary. He raised no matters of substance during these meetings, however it became clear that his recent election as Chairman of INTERTANKO together with his re-establishment of personal links with mainland China were high in his list of talking points.

POINTS FOR DISCUSSION

2. Chairmanship of INTERTANKO

This organisation is supported mainly by Norwegian, Greek and Hong Kong shipowners with ships under national flags and flags of convenience. (NB Hong Kong owners rarely use their own flag.)

3. We are ad idem with INTERTANKO on a number of issues arising from the recent discussions at UNCTAD V. We believe that proposals discussed at UNCTAD for a new cargo-sharing regime in the bulk trades would destroy the efficiency and competitiveness of an essentially free market. Proposals for further work on this issue by UNCTAD were voted through at Manila by virtue of the developing countries inbuilt majority. The UK and Group B voted against.

4. A separate Hong Kong Register

Sir YK Pao was behind the unsuccessful attempt to persuade HMG that the Colony should have a separate ships' register from the UK. We considered this could lead to a fall in standards of safety and pollution control. We have no objection to the Hong Kong government pursuing the issue, if they so wish.

5. Links with mainland China

Sir YK Pao has recently visited Peking and Shanghai and established close relationships with old acquaintances. He has particularly close links with the Ministers responsible for tourism and shipping.



6. Growth of Chinese merchant marine

Sir YK Pao has been given some interesting insights which suggest that future growth is (surprisingly) limited by a shortage of qualified officers. He also believes the Chinese are unhappy about the quality of many of the 200 ships recently bought from Western interests.

7. Shipbuilding prospects

These are poor world-wide. However Sir YK Pao has shown some recent interest. Govan yard has built bulkships for him in the past and his visit presents an opportunity to ask whether they could do so again.

8. Vietnamese refugees

The Prime Minister will be aware of the latest situation.

Shipping Policy Division
Department of Trade

June 1979



VISIT OF SIR YUE-KONG PAO, CBE: JUNE 1979

PERSONALITY NOTE

Sir Y K Pao was born in China in 1918 and pursued a banking career until 1949 when following the change of regime he took refuge in Hong Kong. There he entered the import/export business and bought his first ship in 1955. He is a leading figure in Hong Kong banking and shipping circles being a Director of the Hong Kong and Shanghai Bank and, more importantly, Chairman of the largest private shipping company in the world - World Wide Shipping - of which he is the owner. He has recently made very good connections with Ministers in mainland China.

Sir Y K Pao has always made a practice when in the UK of seeking appointments with senior Ministers. His visits normally fall into the category of courtesy calls and he rarely raises issues of substance. The single exception to this was his unsuccessful attempt to persuade HMG in 1973 that Hong Kong should have a separate ships' register from the UK.

His shipping firm - World Wide Shipping - has a complex structure. Most of the ships are registered in Liberia under one ship companies but World Wide Shipping Ltd is registered in Bermuda with its main offices in Hong Kong. The fleet consists mainly of bulk ships and tankers comprising 180 vessels totalling approximately 18 million dwt. (The UK bulk carrier and tanker fleet was approximately 40 million dwt at end 1978). The World Wide fleet has been built up largely from Japanese yards and many of its ships are chartered back to Japanese interests. The company's policy of acquiring ships against a long term charter commitment by a third party - albeit at moderate rates - has enabled it to weather more successfully than most the present recession in the shipping market.

Sir Y K Pao craves respectability. He is on many committees within international shipping and banking circles. He is an honorary vice-President of the London-based charity, the Maritime Trust, but more importantly he has recently become chairman of INTERTANKO (the Association of Independent Tanker Owners) and as such is a vociferous opponent of UNCTAD-inspired schemes to phase out flag of convenience operations and impose a cargo-sharing regime within the bulk trades. He has recently returned from UNCTAD V in Manila.

Sir Y K Pao received the CBE in 1976 and was knighted in 1978.

Shipping Policy Division
Department of Trade

May 1979



File to
Hong Kong
B.F. 4/6

10 DOWNING STREET

From the Private Secretary

15 May 1979

The Prime Minister has agreed to see Sir Yue-Kong Pao, the shipping magnate, at 0930 on Wednesday 13 June. I should be grateful if you would let me have - by 1800 on Monday 11 June - briefing for this meeting. This should cover not only any shipping issues which might be raised, but also - in view of Sir Yue-Kong's banking interests - any banking issues. No doubt you will consult with the Treasury on the latter. The Foreign and Commonwealth Office may also wish to contribute on matters relating to Hong Kong.

I am sending a copy of this letter to Andrew Duguid (Department of Industry), Paul Lever (Foreign and Commonwealth Office), Martin Hall (H.M. Treasury) and Martin Vile (Cabinet Office).

T. P. LANKESTER

T.G. Harris, Esq.,
Department of Trade.



Sir Y. K. PAO

29/5

10 DOWNING STREET

From the Private Secretary

11 May 1979

Following our talk on the telephone yesterday, I have had a word with the Prime Minister and she would be delighted to see Sir Y.K. Pao during his visit to this country in June.

Could I provisionally offer you 9.30 on Wednesday 13 June and perhaps you would have a word with him to see if this would suit. I must warn you however, that there is a possibility of this time being altered because we have a state visit of the President of Kenya that week and everything might have to be changed around.

CS

Sir Timothy Kitson, M.P.

gr