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DW F G 043/05

LHM 833/05

OO FCO (FOR DTI/OTTER)

PP FCO

NO DISTRIBUTION

PP FCO (FOR NO 10)

[OTD/DTI]

PP BTC HONG KONG

FED
TRED (X3)

PP GOVERNOR HONG KONG

~~PS/NO 10~~ DOWNING ST
WHIZZ

GRS 400

RESTRICTED

FM PEKING 050210Z MAR 85

TO IMMEDIATE DTI

TELEGRAM NUMBER OTTER 99 OF 4 MARCH.

INFO PRIORITY FCO, NO 10, BTC HONG KONG, GOVERNOR HONG KONG

FOR PS/SOS, OT2/3 AND PS/LORD YOUNG

MY TELNOS OTTER 97 AND 98: LORD YOUNG'S MISSION

1. THE VISIT TO PEKING HAS GONE VERY WELL. LORD YOUNG HAS BEEN RECEIVED BY PREMIER ZHAO, VICE-PREMIER LI P ENG AND SIX FULL MINISTERS (MOFERT, CHEMICAL INDUSTRY, AGRICULTURE, WATER RESOURCES AND ELECTRIC POWER, METALLURGICAL INDUSTRY AND POSTS AND TELECOMMUNICATIONS) THREE VICE-MINISTERS (STATE PLANNING COMMISSION, STATE ECONOMIC COMMISSION, ELECTRONICS INDUSTRY) AND THREE DIRECTOR-GENERALS OR EQUIVALENT (CAAC, PICC AND CITIC). THERE WAS ALSO AN EXTREMELY GOOD TURN OUT AT LORD YOUNG'S RETURN DINNER INCLUDING SEVEN VICE-MINISTERS AND THREE OTHER PEOPLE OF EQUIVALENT RANK AS WELL AS THE MINISTER HERSELF. BUSINESSMEN ON THE DELEGATION HAVE HAD A LARGE NUMBER OF ADDITIONAL SUBSTANTIVE MEETINGS, MANY WITH VICE MINISTERS.

2. REGRETTABLY THE PRESS HAS NOTICED THAT A JAPANESE DELEGATION OF 100 SMALL AND MEDIUM SIZED COMPANIES INVITED HERE BY CITIC WAS RECEIVED ON THE MORNING OF 4 MARCH BY DENG XIAOPING. THEY ARE DRAWING THE CONCLUSION, WHICH MAY BE REFLECTED IN PRESS REPORTS THAT LORD YOUNG HAS RECEIVED LESS HIGH LEVEL ATTENTION THAN THE JAPANESE. THE COINCIDENCE OF THE JAPANESE GROUP'S VISIT HERE AND DENG'S RECEPTION OF THEM IS UNFORTUNATE. WHEN THIS WAS DRAWN TO OUR ATTENTION WE POINTED OUT FORCEFULLY TO THE MFA AND MOFERT THAT INEVITABLE CONCLUSIONS WOULD BE DRAWN. THEY APPEAR TO BE GENUINELY EMBARRASSED. THEY HAVE EXPLAINED THAT THE JAPANESE DELEGATION HAS NO OFFICIAL STATUS AND IS HERE AS THE GUEST OF

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GENUINELY EMBARRASSED. THEY HAVE EXPLAINED THAT THE JAPANESE DELEGATION HAS NO OFFICIAL STATUS AND IS HERE AS THE GUEST OF CITIC WHICH IS NOT A CENTRAL GOVERNMENT ORGANISATION, AND THAT THEY WERE CARRYING A PERSONAL LETTER FROM MR NAKASONE TO DENG XIAOPING. (WE KNOW THAT RONG YIREN, PRESIDENT OF CITIC, HAS CLOSE PERSONAL TIES WITH DENG XIAOPING AND ASSUME THAT THE MEETING WAS ARRANGED ON THE PERSONAL NETWORK). CERTAINLY MOFERT CLAIM TO HAVE NO KNOWLEDGE OF THE ARRANGEMENTS FOR THE JAPANESE. THEY SAY THAT OFFICIAL TRADE DELEGATIONS LED BY TRADE MINISTERS ARE NORMALLY RECEIVED ONLY BY VICE PREMIERS (AS WAS MR CHANNON LAST YEAR AND FOR EXAMPLE THE ITALIAN TRADE MINISTER LAST WEEK). PREMIER ZHAO'S RECEPTION OF LORD YOUNG WAS THEREFORE A MARK OF PARTICULAR FAVOUR REFLECTING THE IMPORTANCE THAT THE CHINESE ATTACHED TO THIS MISSION. AND THAT THIS IMPORTANCE HAS ALSO BEEN REFLECTED IN THE NUMBER OF SENIOR MINISTERS WHO HAVE RECEIVED THE MISSION, A NUMBER WHICH MOFERT CLAIM IS VIRTUALLY UNPRECEDENTED.

3. THE LINE WE ARE THEREFORE TAKING WITH THE PRESS (AND WHICH LORD YOUNG TOOK AT HIS PRESS CONFERENCE ON 4 MARCH) IS THAT WE ARE EXTREMELY HAPPY AT THE LEVEL OF RECEPTION AND WE ARE DRAWING AS NECESSARY ON THE POINTS OUTLINED ABOVE.

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