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From
THE DEPUTY CHAIRMAN OF THE PARTY
The Hon. Peter Morrison, MP

Political office

PERSONAL & CONFIDENTIAL.

MS

The Rt. Hon. Margaret Thatcher, FRS. MP.
10 Downing Street,
London,
S.W.1.

1st October 1986

Dear Prime Minister,

As you can see from the enclosed note to the Secretary of State for Trade and Industry, I feel very strongly about two points which I have made to Paul about Hong Kong.

As I told you I was going to when we met ten days ago, I spent three days in Hong Kong in the early part of last week. My feelings before my visit there were already beginning to stiffen up and the discussions that I had only served to reinforce them. I am sure that it would in any case be worthwhile looking again to see whether our present policy could not at least be modified to help both trade and inward investment.

I am copying this note to both Paul and Norman Tebbit.

Peter Morrison, MP.

cc. The Rt. Hon. Paul Channon, MP.
The Rt. Hon. Norman Tebbit, MP.

OXLEY
SCRIPT

TO:

Secretary of State
for Trade and Industry

FROM:

The Hon Peter Morrison MP

29 September 1986

HONG KONG

Apart from the points made in the attached report there are two matters which need action if DTI's show is going to get more on the road in Hong Kong. They arose out of private meetings with I organised on my own with "Real People" and which, for obvious reasons, have no "Minutes of the Meeting".

FIRST there is considerable feeling in the Business Community that the Governor in particular and hence the Government of Hong Kong could do more to help British firms to win Public contracts. They leave the impression that because of their fear of upsetting Peking, they must fall over themselves backwards to be seen not to favour Great Britain. So much so that possible contracts go the wrong way. When we meet I will give particular instances.

I am not quite sure what can be done about this, but the Foreign Office could be really put into bat to put pressure on the Governor.

SECOND I assiduously followed the "Line to Take" about Inward Investment - namely that we are quite neutral on this matter. I have to say that it is a complete farce, and seen to be so by our allies, which include Members of EXCO & LEGCO. Not surprisingly, being neutral, sounds and is interpreted by those who do not know the form as being negative, which results in the Kong Kong Chinese, many of whom want to invest in the United Kingdom deciding to take out their "1997 Insurance Policy" - and that is what it is - in Canada, the United States, and elsewhere.

Like every other sane individual I want to see the agreement with Peking succeed and succeed well. But, if I read it correctly, the Foreign Office who, to give them their due set the scene brilliantly for the agreement to come about at all, are now so entranced by their success at this stage that they yet again have totally forgotten about the "British" interest between now and the vesting date.

TUEBKY

So strongly do I feel on this point, not least because the "official line" is so arrogant, that I intend to see the Prime Minister personally about it.

JAPAN

The Seminar on Inward Investment went off better than even the greatest optimist could have dared to hope for.

The Conference Hall was packed. They listened intently to every word, and the organisers, JETRO/Barclays Bank and the Embassy had all done a good job in producing a very professional show. So with 250+ Japanese Companies showing interest at this stage, provided we play it right from now on, there should be very significant scope for quite substantial Japanese investment into the UK.

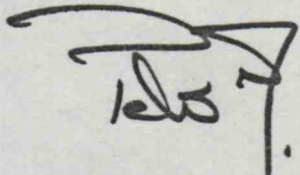
One particular point needs to be registered in the minds of the DTI Martians. If they continue to sound threatening and demanding about "Local content" they are now completely missing the point, and will only serve to drive the potential Japanese investors away. Because of the very high value of the Yen, every Japanese industrialist, to whom I talked, was keen, to put it mildly, to maximise local content.

So the tone, from our end, needs to change quickly. Rather than laying down conditions about what percentage of local content is necessary to gain a grant, we should be positive. We must, and I mean must, do two things. First welcome immediately any potential Japanese Inward Investor regardless. Second we must scour the Country to find that Inward Investor potential supplies of component parts. When we meet I will enlarge on this point, but suffice it to say at this stage, that if the like of Lucas go around muttering about "unfair competition", they have not only missed the point and a fantastic opportunity, but more worrying will drive the Japanese Investor to France/Germany etc. It will be a hard task to get this across, because of what has gone on in the last few years, but it is essential that we do so.

The only other particular point which I need to talk to you about is Honda. I had twenty minutes alone with their "Top Dog" in order to ensure that he was 100% up to speed on all the political ramifications of a potential deal.

I think, insofar as we can with such a conversation that he took on board the points that I was making, and I will be talking to Graham Day over the Weekend with my impressions. Unless I am mistaken they are keen to do a deal.

All in all a good trip and a worthwhile one, which is more than I can say for some of them.



PETER MORRISON

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