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→ ~~CSP~~
PW

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Pl copy to
David Nargrave

FINANCIAL SECRETARY

VISIT TO JAPAN, HONG KONG AND MAURITIUS

Mr Rogers, Mr Cockcroft and I visited Japan with ICL in September calling at Hong Kong on the way out and Mauritius on the way back. You might like to have this brief note of the outturn and to be aware that we generated some interest amongst Ministers in Mauritius which might surface during the Mauritian Prime Minister's current visit to the UK.

JAPAN

The primary purpose of the visit was to judge for ourselves the solidity of the ICL/Fujitsu collaboration and to satisfy ourselves that the quality and continuity of supply of Fujitsu equipment was secure for both current and future generations of computers. On all these issues we were given firm assurances by both Fujitsu and MITI (the Japanese equivalent of DTI) and from

c. Chancellor of the Exchequer
Minister of State
Sir Peter Middleton
Mr Monger
Dr Freeman
Mr Scholar
Mr Lord

Sir Lawrence Airey
Mr Rogers
Mr Pollard
Mr Matheson
Mr Cockcroft
PS/IR

our own visits to Fujitsu headquarters and two factories we have no doubt about that company's capacity and quality. Fujitsu expressed very high regard for ICL's design and engineering expertise. We were assured at Executive Director (Main Board) and Director level that the current Series 39 (Estriel) design and the fully compatible successor now being developed were secure through to at least 1996 and that we "should not worry" about the security of supply of computers and associated peripheral equipment since ICL was not just a customer but "part of the family".

On balance we were reassured about the ICL/Fujitsu link, but on the wider question (not for us) of UK/Japanese trade and collaboration it looks very much like a one-way street. The Director General at MITI made pleasant statements about the ICL arrangement as an important example of technological collaboration between Japan and the UK but there is no question that Japanese interests come first. And the possibility of some reciprocal trading between ICL and Fujitsu seemed non-existent. I shall be passing on to DTI some of the impressions we picked up.

HONG KONG

Hong Kong involved discussion with the Treasury about an accounting and management information system supplied by ICL. We need not bother you with details.

MAURITIUS

We were originally looking for a convenient stop-over between Japan and South Africa (before it was decided that Mr Cockcroft alone should visit the ICL installations there) and agreed on Mauritius at the request of ICL, supported by the Foreign Office. Our understanding was that we would give the Finance Minister and his officials the benefit of our own experience in planning systems and in the use of the private sector. What we walked into was an expectation that we would provide the expertise they need as development aid. It took considerable investigation, argument and discussion to sort it all out, I hope to everyone's satisfaction. We persuaded them in the end that what they had to start with was some O & M consultancy (from the private sector, not from us).

The Ministerial interest in Mauritius in what we were doing was very high and Mr Rogers and I have been asked to have lunch with the Mauritian Prime Minister and his party when they are in London next Monday. I do not expect anything more to emerge from that but record the fact in case the subject does come up during any possible contacts now or in future at Ministerial level.

Steve Matheson

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