PREM 19/1425

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SECRET

PART 2 CONFIDENTIAL FILING

Sino-British Relations - including Defence Sales.

CHINA

PART 1: MAY 1979

PART 2: MARCH 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~4.4.84~~		~~13.5.85~~					
~~29.6.84~~		~~14.5.85~~					
~~1.8.84~~		24.5.85					
~~23.8.84~~		31.5.85					
~~28.8.84~~							
~~11.11.84~~							
~~13.11.84~~		PART ENDS					
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~~23/4/85~~							
~~30.4.85~~							
~~7.5.85~~							

PART 2 ends:-

DTI to MEA 31/5/85

PART 3 begins:-

CDP to MOD 1/6/85

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 18th Meeting, item 2	23/05/1985
CC(85) 17th Meeting, item 2	16/05/1985

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed J. Gray Date 26/11/2013

PREM Records Team

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PS/

Secretary of State for Trade and Industry

31 May 1985

Charles Powell.
This arrived after the 2-2 talks began. But you were already aware.
MCA.

Mark Addison Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Mark

PRESIDENCY OF THE SINO BRITISH TRADE COUNCIL

Before her meeting with Premier Zhao next week, the Prime Minister will wish to know that Sir Peter Matthews will be retiring from the Presidency of the Sino British Trade Council on 1 July and that Sir Eric Sharp, Chairman and Chief Executive of Cable and Wireless plc, has agreed to take over the Presidency for five years from that date. The Chinese Embassy in London has been told of the change, which will be announced on Tuesday, 4 June. Sir Eric will be a member of the group of businessmen meeting Premier Zhao on Tuesday, 4 June and will be introduced to the Premier as the President-designate. He and Sir Peter Matthews will also attend the Minister for Trade's meeting on 3 June with senior members of the Premier's party.

2 As the Prime Minister knows, Sir Eric has much experience of China and was a member of Lord Young's mission. Cable and Wireless have extensive and growing business in China.

3 I am copying this letter to P F Ricketts (FCO) and to Leigh Lewis (Lord Young's office).

Yours ever

Edward

EDWARD BLADES
Private Secretary

JH3BTI

991-1

cc PC
3 (1)

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-~~930 7022~~ 218 2111/3

MO 11/14

29th May 1985

Prime Minister
Agree, subject to views of colleagues?
Yes, and CDP
29/5.

Dear Charles,

CHINA - REVIEW OF DEFENCE TRADE POLICY

In response to your letter of 25th February I attach a paper showing the outcome of the inter-departmental review of defence sales policy towards China.

It would clearly be of great assistance if the Prime Minister were able to endorse the recommendations before the meetings which she and other Ministers are having with the Chinese Premier next week.

I am copying this letter, and its attachment to the Private Secretaries of OD and to Richard Hatfield (Cabinet Office).

Yours ever,
Jeremy Wright

(J S WRIGHT)

Charles Powell Esq
No 10 Downing Street

CHINA - REVIEW OF UK POLICY ON THE SALE OF DEFENCE AND MILITARILY RELEVANT EQUIPMENT

INTRODUCTION.

1. Between 1979 and 1983, applications to sell defence equipment were judged against the criterion that the equipment should not upset, or have a significant effect on, the strategic balance in the area. In 1983 Ministers, considering particularly the sale of submarine equipment, expressed concern about the possible impact of sales on public opinion in Hong Kong during the negotiations with China over the future of the territory. Policy therefore continued to be restrictive and this was reinforced by Industry's reaction to the Chinese decision, following three years of negotiation, not to ratify contracts for the modernisation of naval ships.

2. In February 1985, as a result of the satisfactory completion in December 1984 of negotiations on the agreement with China over Hong Kong, and other encouraging signs, the Prime Minister's approval was sought to the sale of certain items of submarine equipment eg batteries, periscopes and masts, on the understanding that complete hulls and weapons systems, torpedoes and torpedo firing systems would still be prohibited. The Prime Minister agreed but, in doing so, expressed the hope that we might be able to go beyond what had been proposed and be ready to sell torpedoes and torpedo firing systems. As a result of this the Defence Secretary proposed that, in view of recent political and commercial developments, a full review of our policy in this area should be set in hand and that recommendations should be produced for Ministers to consider. The Prime Minister agreed.

3. The advantages of a more liberal policy on defence sales to China are clear. It could lead to increased opportunities for British exporters, and would fit well with our overall aim of promoting a more closely cooperative relationship with China, to build on the success of the Hong Kong negotiations. Insofar as it lead to an essential strengthening of China's military position vis a vis the Soviet Union, it could also have a helpful effect on the global balance of power. But a more liberal policy would not be without risk.

4. The review has therefore considered China's current and probable future strategic alignment in relation to Britain, the Superpowers,

other trading partners and the regional balance in the Far East. These issues are addressed in the paragraphs which follow, leading to recommendations concerning the procedures governing defence trade with China.

THE POTENTIAL THREAT.

5. The latest assessment of the threat posed by China is summarised at Annex A. It argues that any direct strategic threat to UK or UK bases abroad is small in present circumstances. The main sensitivities concern the potential effect of Chinese military modernisation on Hong Kong, ASEAN and other Asian countries with whom the UK has close diplomatic or military connections.

6. Factors which mitigate the threat include the following:

a. China is unlikely in the foreseeable future to cease regarding USSR as her major strategic threat. The possibility of a rapprochement has been enhanced by the arrival of a new Soviet leader who has publicly appealed for closer ties. China has also been laying the seeds of better relations with non-Soviet Warsaw Pact countries. However, fundamental political differences remain and they are unlikely to disappear or to be resolved quickly. Neither is China likely to jeopardise the intended flow of high technology into China from the West by appearing too friendly towards USSR.

b. China's current moderate policies are dictated by economic necessity; internal and external stability is a perceived prerequisite, while military modernisation is the lowest priority of the "four modernisations". Opposition to Deng's policies remains, however, and its status will depend partly on the success of Deng's policies and partly on the length of time he has before his departure from power.

c. China is unlikely to use her nuclear forces against non-Soviet neighbours, with whom she is in dispute on some issues. Conventional forces may be perceived as a threat by those neighbours, but they are also seen as a useful constraint on Vietnamese action in Cambodia and counter to the growing Soviet capability in Vietnam. The distrust of China throughout the region is often fuelled by

the presence of large ethnic Chinese communities which could represent an internal security threat. Singapore and Malaysia for example, our partners in the FPDA, see China as their major long-term threat once Chinese forces have been modernised. For the foreseeable future there is however little rational justification for China to foment such subversion and China is likely to continue her efforts to cultivate better relations, especially with ASEAN nations. We should nevertheless remain sensitive to ASEAN concerns particularly when considering the sale to China of major items with an offensive capability.

d. On Hong Kong, the risks of a Chinese military intervention before 1997 (now very slight) would not be increased by enhanced Defence Sales, since China already has a more than adequate capability to occupy Hong Kong if she so chose.

e. Any effect of the supply of defence equipment on our bilateral relations with the Soviet Union would be considerably reduced if other western countries were also involved in the supply of such equipment.

7. On balance, the advantages of a moderately modernised Chinese military capability in the Far East, dependent to some extent on possession of, and continued support for, Western technology and equipment, outweigh the slight risks of adventurism or of other marked changes of direction in Chinese policy.

TRADE RELATIONS WITH THE WEST.

8. In 1953, China became one of the "proscribed destinations" for which all militarily relevant exports required COCOM approval. Since 1980, there has been a consensus in COCOM that China represents less of a strategic threat than the other proscribed destinations (the Soviet Union and its allies). There has also been general acceptance of the US argument that the West shares some common security interests with China. COCOM therefore agreed that, although no formal differential should be made, applications for exports to China should be treated more favourably than comparable exports to the Soviet Bloc. Following changes to US national licensing policy in 1983, the number of China cases in COCOM has increased dramatically. In March 1985 a special study group met to consider ways of reducing this workload of China cases so that scarce resources could be concentrated on controlling exports to the Soviet Bloc. It is likely that more liberal procedures will soon be agreed by COCOM for exports to China of certain equipment with dual civil and military use.

9. The UK has been among the COCOM nations most anxious to modernise and rationalise policy towards China. The slender resources available both nationally and in COCOM for export control and technology transfer could be more profitably employed on Soviet Bloc work. An assessment of Chinese requirements is at Annex B and British sales prospects to China are discussed at Annex C. During the visit of Lord Young's trade mission to China earlier this year the Chinese made it clear that with the successful completion of the Hong Kong agreement they placed great importance in pursuing a large expansion in Sino-UK trade relations. The Chinese Premier added a cautionary note, that the Chinese were looking for competitive prices and for advanced technology for China's modernisation programme.

10. China's strategic trade relations with other Western nations are described in Annex D, which shows that our major COCOM partners are giving China clear signals of willingness to consider the sale of sophisticated equipment. America already finds the civil electronics market lucrative and is well placed to expand into the defence field. With France and Italy already moving in the same direction, the UK will need to act soon if she wishes not to be left behind when firm decisions begin to be made on defence equipment contracts.

11. CONCLUSIONS.

a. China's Primary objective is rapid economic development; this requires several decades of internal and external peace and political stability.

b. In view of a , so long as the Chinese administration can demonstrate to their people that current policies are succeeding then the general direction of those policies is likely to be maintained even after Deng's departure.

c. Also in view of a and bearing in mind China's sharply reduced support for Communist insurgent groups operating in the area, there is unlikely to be any real Chinese threat to neighbouring nations in the short or medium term.

d. With the Hong Kong agreement now successfully concluded the threat to Hong Kong is small (although one cannot totally exclude circumstances leading to a Chinese military intervention) and

unlikely to be increased by UK defence sales to China.

e. Given China's current capabilities and intentions the threat to the UK Home Base and UK bases abroad is negligible.

f. For the foreseeable future it is likely that China will continue to require Western technology and that the Soviet Union will continue to pose a strategic threat to China.

g. The risk that the Chinese might pass directly on to Warsaw Pact countries any Western technology which they acquire is therefore slight (and less than that in many non-aligned countries).

h. Our COCOM parners (and competitors) broadly share this judgement and are moving towards a policy of liberalisation of trade with China without removing it from the list of proscribed destinations.

i. UK policy on defence sales must be seen against the background of civil trade, where Lord Young's visit and other recent Ministerial contacts with the Chinese administration have indicated our willingness to build our trade links with China in the high technology sector.

j. There are a number of sales prospects currently under negotiation between UK and China and some may lead to valuable contracts.

RECOMMENDATIONS.

12. Ministers are recommended to agree that in future our policy for the sale of defence and militarily significant equipment to China should be no less favourable than that towards other strategically non-aligned countries with expanding defence industries, other than the continuing need to consult COCOM.

13. This will have the effect of:

a. inviting the Release of Military Information Policy Committee (RMIPC) to consider raising from Restricted to Confidential the current level of information which may be released to China. As with all other countries this will be kept under constant review.

b. agreeing to the sale or transfer of advanced technology to China except where this will enhance nuclear capability or otherwise jeopardise UK interests.

c. allowing our COCOM negotiators to pursue relaxations in the COCOM embargo consistent with national policy but without removing China from the list of proscribed destinations.

ANNEX A

ASSESSMENT OF THREAT TO UK FROM PEOPLES REPUBLIC OF CHINA

THE NATURE OF THE THREAT

1. The nature of the potential threat to UK from China is both direct and indirect and may be divided as follows:

a. China's strategic threat to the UK Home Base and UK bases abroad.

b. China's strategic and conventional threat to UK interests in the Far East and to the interests of the UK's allies in the region.

c. The threat to UK interests posed by the modernisation of China's defence industries and concomitant increases in both strategic and conventional capabilities.

THE STRATEGIC THREAT TO UK FROM CHINA

Land Based Strategic Missiles

2. The only Chinese ICBM which has the range to strike the UK Home Base is the CSS-4. It is uncertain how many of these missiles are currently deployed but it is believed to be at least 4. The UK garrisons in Belize, Ascension and Falkland Island are beyond the range of CSS-4 but all other UK garrisons in Europe, Mediterranean and UK forces in the Middle East are vulnerable. The CSS-3 ICBM, which has less range than CSS-4, can strike UK bases in Cyprus and UK forces in the Middle East. There are believed to be about 10 CSS-3 ICBMs deployed. The threat to the Hong Kong garrison is discussed under the Regional Threat Heading.

3. It is assessed that by the year 2000 the number of deployed CSS-3 and CSS-4 ICBMs will probably be less than 50. In addition, it is possible that by the year 2000, limited numbers of a new solid propellant ICBM may have been deployed.

Submarine Launched Ballistic Missiles

4. To provide flexibility in its nuclear capability the Chinese are developing a submarine ballistic missile force. At least 3 SSBNs would be required to keep 1 on station and the Chinese Navy is unlikely to have 3 units operational before the early 1990s. To date only 1 SSBN has been built and this may well be deployed in 1985. Although 1 SSBN may be deployed in 1985 its missile is unlikely to be in series production before 1986. The limited range of the missile, about 2400km, will compel the SSBN to deploy vulnerably close to the target country and thus restruct its strategic capability.

Strategic Air Force.

5. The Chinese strategic bomber force consists of copies of the outdated Soviet medium bomber, BADGER. With a range of 1600km and a nuclear delivery capability, it could pose a regional threat to targets unprotected by modern air defence systems. However, its lack of ECM, speed, range, stand-off capability and anti-radar reflective technology would probably confine its radius of operations to those countries adjacent to its borders. Clearly there is no threat at present to UK Home Base from China's strategic bomber force and this will not change in the next 15 years.

REGIONAL THREAT TO UK INTERESTS

Hong Kong.

6. China is the only external threat to Hong Kong. While she could occupy the colony at any time by military force the current threat is regarded as negligible. China has publicly signed and ratified an international agreement with the UK, committing itself to a peaceful settlement on the Hong Kong issue. Whilst it is not possible to be certain of developments up to 1997, when Hong Kong is due to revert to Chinese sovereignty, the aim of the current Chinese leadership is to achieve a smooth handover of sovereignty and administration on 1 July 1997. However, one cannot exclude a collapse of confidence among the population of Hong Kong as 1997 draws near, which could give rise to internal disturbances which could conceivably deteriorate out of Police control. Should the British garrison not be able to contain the

situation China might feel compelled to intervene militarily.

UK Military Involvement in Asia

7. In addition to close trading links with ASEAN, the UK has a close military involvement with several Asian countries based on long standing defence agreements. Under the provisions of these agreements UK forces might in theory be brought into conflict with Chinese forces, or any aggressor, through a third country. In brief these agreements are:

a. Manila Pact. Signed in 1954 by Thailand, Philippines, Australia, New Zealand, Pakistan (who later dropped out), USA, France and UK. The provisions of the Pact include a mutual assistance clause.

b. Five Power Defence Arrangements. (UK, Malaysia, Australia, New Zealand and Singapore). These 1971 arrangements require member countries to consult the others in the event of a threat to the security of Singapore or Malaysia. This could lead to some form of UK involvement.

c. Brunei. A Treaty of Friendship and cooperation exists with UK which has no time limits. Under a special Defence Agreement a battalion of the British Brigade of Ghurkhas will be stationed in Brunei until September 1988, with the possibility of an extension beyond that date.

d. South Korea. As part of the 16 nation declaration of July 1953 the UK undertook that, in the event of a renewal of armed conflict challenging the principles of the UN, the signatories would unite and resist. This undertaking however has no legally binding force.

Development of the Regional Threat

8. The bulk of China's nuclear missile forces consist of MRBMs (CSS-1) and IRBMs (CSS-2). These missiles, together with their air delivered nuclear weapons, give the Chinese a substantial regional nuclear capability. By the year 2000 this capability may be enhanced by the addition of a new solid propellant IRBM. It is considered

unlikely that China will use these assets against her Asian neighbours, including India, Vietnam and Taiwan, with whom she is in dispute on a variety of issues. ASEAN countries may feel threatened by a modernisation of Chinese conventional forces enabling China to project power and influence into South East Asia and the South China Sea. However, a more modernised Chinese military presence in the area may be seen as a useful counter to the growing Soviet presence in Vietnam and their naval deployments in the area. The distrust of China by some ASEAN countries is fuelled by the presence in their countries of large ethnic Chinese communities which China has made efforts to cultivate. This situation is unlikely to change over the next 15 years. The involvement of UK forces in a regional conflict seems remote.

CHINA's DEFENCE INDUSTRIES.

9. The Chinese Government sees defence as being strengthened largely through improvements to the national economy. There is evidence to suggest that, with the exception of strategic weapons, the Chinese are now reconciled to their being no dramatic improvements in their conventional weapons capabilities in the short term.

Historical Constraints.

10. The defence industries of China were largely created in the 1950s under Soviet tutelage using Soviet design and technological methods. Being transplanted in a backward agrarian economy, sustained and balanced growth throughout the defence industries was dependent on continued infusions of Soviet technology. Following the Sino-Soviet rift, China's defence sector was cocooned in Soviet design and production practices of the 1950s. Production of conventional defence systems has remained almost entirely confined to copies or extemporizations of Soviet 1950s originals.

Prospects for Defence Modernisation.

11. The Chinese Government sees defence as being strengthened largly through improvements to the national economy: its intention is to quadruple output value by the year 2000. The officially published Chinese figure for defence spending suggests that the defence sector

is more vulnerable to cutback in the present economic climate than other areas. There is evidence to suggest that, with the exception of strategic weapons, the Chinese are now reconciled to there being no dramatic improvements in their conventional weapons capabilities in the short term.

12. However there are signs of a growing diversity of weapons development activity which is likely to lead to a modest improvement in the sophistication of some of the military equipment produced. China's links with friendly developing countries have provided indirect access to Soviet weapons of more recent vintage than those reflected in present Chinese designs. Also, careful and selective appraisal of Western equipment will assist the Chinese in emerging from the legacy of the 1950s but with an emphasis on maximising the degree of self-reliance. The scope for China's defence modernisation will be limited. The only other options the Chinese could consider are:

a. Reallocation of resources from the civilian to the military sector. Current economic policy rules out this option. Indeed the trend has been for the military industries to undertake civilian production.

b. Reliance on a foreign power to provide massive capital and expertise to revitalise the defence industry as a whole. This is unlikely given their earlier experience with the Soviet Union. However, there will be scope for select purchases of weapons' licences and related production technology and significant scope for the import of dual use intermediate and basic technologies.

c. Import of foreign produced weapon systems. This is unlikely on a wide scale given the current emphasis by the Chinese leadership on self-reliance.

d. The fourth option is to let things remain much as they are, with the exception of strategic weapons, and try to develop the economy to a point where it will sustain a more effective and balanced defence industry.

e. A fifth option is the selective purchase of foreign production technology in a number of high priority areas. This is the

most likely strategy but tempered by imports as defined at paras b and c.

CONCLUSIONS.

13. The strategic threat to UK Home Base and UK Bases abroad from China is negligible given their current capabilities and intentions. While China's policies may change their strategic capabilities to strike at the UK will have improved little by the year 2000. However, it would seem prudent, for national security reasons, not to assist the Chinese in the improvement of their delivery capability.

14. The extent of a regional threat to UK interests is a complex issue. Although the threat to Hong Kong from Chinese occupation before 1997 is small it remains a possibility. The UK has a number of defence agreements in the region which are likely to remain extant until the year 2000; however, whether these agreements would result in the operational deployment of UK forces is questionable. China has sharply reduced her support for communist insurgent groups operating in the region and we see no reason for this trend to change. UK assistance in modernising China's conventional forces may cause political and commercial repercussions among our friends and allies in the region but we see no direct military threat to the UK personnel or forces (other than conceivably to Hong Kong).

15. There would appear to be a very small risk of UK technology passed to the Chinese being transferred directly or indirectly to the Warsaw Pact nations. However, while there would be little immediate effect in passing technology to China's defence industry, the accumulation of sophisticated equipment and technical data could, by the year 2000, present considerable problems for the UK if no controls were exercised. A detailed assessment of China's defence industry will be issued in October 85 as a JIC note.

CHINA: ASSESSMENT OF STATE OF SECURITY

The state of security in China is good and China's present friendly posture reflects a pragmatic approach to foreign policy objectives (like the foreign policy of most states), notably the need for technology and the perception of the Soviet threat. However, these objectives have become well established and there is little short term prospect that they will change. Again like most states, the Chinese government would probably have no scruples in making any use they wanted of information they received from the UK. However, this applies equally to countries such as Syria, Iraq, Yugoslavia and India, to whom the UK sells considerable quantities of technically advanced equipment and, in the latter two examples, much of it is highly classified. We consider that UK information passed to China would be much less susceptible to compromise by Soviet intelligence services than in the aforementioned countries. We therefore recommend a pragmatic approach by the UK, consistent with our defence sales policy towards the other countries mentioned above and with the overall trend of good and improving bilateral relations with China. It is our assessment that any technology transfer which occurs as a result of such sales would not manifest itself in Chinese produced copies for at least 15 years after delivery, by which time the technology will have been overtaken in the UK.

PRC INTEREST IN WESTERN MILITARY EQUIPMENT AND TECHNOLOGY

1. MAJOR WEAPON SYSTEMS AND TECHNOLOGIES

CATEGORY	TYPE
MISSILES	SAMs, AAMs, ASMs, ATGMs
AIRCRAFT	Fighters, Transporters, Helicopters
NAVAL	ASW, Torpedoes, Ship to Ship Missiles, SAMs
LAND ARMS	Tanks, APCs, Artillery

2. INTERMEDIATE TECHNOLOGIES

MISSILES & AEROSPACE	Propulsion, Guidance and Control, Satellite Launch and Ground Control, Early Warning Equipment/Technology
AIRCRAFT	Airframe manufacturing and Test, Jet Engine Manufacturing and Test, Aircraft Electronics (Nav/Attack, AI, IFF, ECM, EC Technology).
NAVAL	Marine Engine, Ship Design and Construction, ASW, Fire Control and Communications, Periscopes, Equipment and Manufacturing Technology.
LAND ARMS	Diesel and Turbine, Armour, Gun, Sighting, Image Intensifiers, Tactical Communications Equipment, Design and Production Technology.

3. BASIC TECHNOLOGIES

	High Speed Cameras, Aerial Flight Vibration Test, Aero Dynamic Test, Accoustical Equipment.
MACHINE TOOLS	NC, CNC, Electron Beam Melting and Welding Vacuum Induction Melting Furnaces, Metal Cutting and Forming, Forging and Casting, Multi-Axis Equipment.
ELECTRONICS	ICs and Semiconductors, Computers and Microprocessors, Measure and Test Instruments, Analogue Digital Comms, Detection and Location, Infra-Red and Optical Equipment and Production Tech.

SALES PROSPECTS FOR DEFENCE EQUIPMENT

1. The Chinese Government sees defence as being strengthened largely through improvements to the national economy. There is evidence to suggest that with the exception of strategic weapons the Chinese are restricted to their being no dramatic improvements in their conventional weapons capabilities in the short term.

2. The low priority afforded to Defence in Deng's modernisation programme has led to a comparative scarcity of financial resources and the Defence Sales Organisation believes that it is wise to target any UK initiative to the areas which China accords the highest priority: all submarine equipment, including torpedoes, naval systems, avionics and airborne radar and missile technology. A liberalisation in one or more of these areas might well lead to a significant breakthrough in the Chinese market and, as a concrete sign of UK's willingness to help China, might have valuable knock-on effects in other less contentious fields. As an indication of recent increased Chinese attention towards UK defence equipment it is worthy of note that the value of defence equipment contracts with China exceeded £30M in 1984 whereas in 1983 they amounted to £1M. Details of specific sales for 1984 are shown overpage together with prospects for 1985 and thereafter with values.

Year	Product	Company	Value £M (Approx)
1984	3" Cathode Ray Tubes (CRTs)	Rank Electronic Tubes (RET)	0.01
	Licensed manufacture of 1" and 3" CRTS. Supply of 1" CRTs.	RET	0.50
	Thermal Imaging Common Modules (TICM II)	Marconi Avionics	0.32
	Remote Control Vehicle and Accessories	AI Security	0.01
	KTC-2 Integrated Communications System	Marconi Communications Systems	6.50
	Trajectory Analysing Systems B 250	John Hadland (PI)	0.78
	Active and Receiver Antennae for NTC 2	Marconi Communications Systems	1.40
	EOD Bomb Disposal Vehicles	AI Security	0.15
	Licensed Manufacture of F7 Radar Altimeters	Smiths Industries	0.03
	Licensed Manufacture of F7 Head-Up Display (HUD) optics	Pilkington PE	1.10
	Licensed Manufacture of F7 HUDs and Air Data Computers	GEC Avionics	5.70
	Cymbeline Spares	Thorn EMI	1.23
	Supply and Licensed manufacture of F7 Air Pressure Transducers	Solartron Transducers	0.81
	3" CRTs	RET	0.05
	Tactical Electronic Warfare Systems	Racal Communications Ltd	10.22
	Message Handling Systems	MEL	0.82
	Shell Banding Presses	Fletcher & Stewart	0.10
1985	M70 Explosive Detectors	AI Security	0.01
	Body Armour	Security Equipment Supplies	0.01
	Pressure Controller/ Indicator	Smiths Industries Aerospace	0.02

Year	Product	Company	Value £M (Approx)
1985	3" CRTs	RET	0.04
	Watchman Air Traffic Control Radar	Plessey Radar	1.90
	Multipliers and Amplifiers	Watkins Johnson	0.19
	Low Level Height Keeping and Rushton Targets	Flight Refuelling	2.60
	L3A1 Explosives Detector	S&D Security (Equipment)	0.01
	Explosives Detectors	A1 Security	0.02
	Explosive Vapour Detectors	Communication Control Systems	0.07
	M70 Explosives Detectors	A1 Security	0.01
	Manpack and Vehicle Radio Systems (PRO 420)	Plessey Military Communications	0.11

MAJOR SALES PROSPECTS FOR 1985

Product	Company	Value £M (Approx)
Interceptor Gamma: Ship FCS	British Aerospace	10.00
MATILDA Early Warning System	MEL	5.00
SM1c Gas Turbine	Rolls Royce	N/K
Stonefish Naval Ground Mine	Marconi Underwater Systems (MUSL)	N/K
Tigerfish torpedo) KAFS Fire Control System)	MUSL/Ferranti	N/K
Avionic Kit for F7 Fighter	GEC Avionics	25.00
Skyflash AAM	British Aerospace	100.00
Cymbeline Mortar Locating Equipment	Thorn EMI	8.00
Tactical Electronic Warfare Communications Systems	Racal Communications	5.00

MAJOR SALES PROSPECTS FOR 1986 ONWARDS

Product	Company	Value £M (Approx)
Periscopes	Barr & Stroud	N/K
Mine Countermeasures Equipment	Racal Positioning Systems	N/K
- Hyperfix/Microfix Positioning Systems	Racal Positioning Systems	
- 193M Sonar	Plessey Marine	
- Minnow: Remote Control Minehunter	MUSL	
Measuring Radar	Plessey Research	2.50
Low Level Height Keeping and Rushton Targets	Flight Refuelling	N/K
Air Refuelling Equipment	Flight Refuelling	3.5
Avionics Kit for F8 fighter	Ferranti plc	N/K
Rapier	British Aerospace	N/K
Night Vision Equipment	Pilkington PE	10.00
PRC420 Radio Manpacks	Plessey Military Communications	N/K

SECRET UK EYES A

CHINA'S STRATEGIC TRADE WITH THE WEST

1. United States

a. US pressures for a more liberal export policy to China were based on the judgement that the West shared some security concerns with China vis a vis the Soviet Union and should therefore support the development of a stable, modernising China which focuses its energies on its own economic development. The US maintain that under current Chinese doctrine military modernisation must follow the building of a more modern base in industry and education. China's capacity to assimilate new technologies and apply them to military uses is limited. Progressive growth in China's technical capabilities is desirable to prevent the Soviet Union from acquiring the degree of superiority that could intimidate or coerce China. An infusion of dual use technology, except in a few critical areas, would have little effect on China's ability to threaten Western security objectives. Those critical areas, over which the US consider that very careful scrutiny should be exercised, are known as the US "Mission Areas" and fall into the following categories:

i. Nuclear Weapons and Delivery Systems.
ii. Anti-Submarine Warfare.
iii. Electronic Warfare.
iv. Intelligence Gathering.
v. Air Superiority.
vi. Power Projection.

b. US policy, whilst advocating liberalisation in high technology trade with China, is to proceed at a deliberate pace, waiting to see how current relatively modest projects, eg anti-tank missiles, artillery shells and avionics, proceed before getting too ambitious. The US are also very concerned that ASEAN nations and others are kept abreast of developments to dispel fears that military cooperation with China could be to the detriment of their security. In the field of Naval cooperation the current US approach is also believed to be a limited one, restricted to assistance with anti-submarine warfare in coastal waters, though the US are known to have told the Chinese that they would be willing to approve the sale of Phalanx naval anti-missile guns.

c. Finally, during a visit by the Chairman of the US Joint Chiefs of Staff to China in January 1985, it was reported that the following areas were discussed:

i. Anti-Submarine weapons (sonar submarine detection devices and torpedoes).

ii. Anti-Missile defence systems (Phalanx).

iii. Gas Turbine Engines.

2. France. France's relations with the Chinese are on a very sound footing at present and were strengthened in February 1985 when the two countries signed an agreement on space collaboration. Under this agreement a Franco-Chinese committee will meet once a year to look into areas for cooperation. This initiative has now provided the political foundations for the Chinese administration to construct commercial links with France. Already negotiations are in hand in the aerospace field concerning a number of French aircraft which includes the possible sale of Mirage 2000. There is little doubt therefore that recent moves to strengthen space collaboration are part of a well coordinated attack on the Chinese market.

3. Italy. In early April 1985 it was publicly reported that China and Italy had signed an agreement under which the Italians would sell arms to the Chinese and provide training in advanced weapon systems. The areas in which the Chinese are reported to be interested are radar systems, transport and fighter planes, helicopters, mines, torpedoes and electronic equipment. Perhaps it is also significant that the Chinese had said that they would only consider the purchase of such equipment if it was available at low prices and involved high technology. It is however signficant that the Italians have already agreed the sale of 40 torpedoes (equivalent to Stingray) to China and the case has been submitted to COCOM. The US have cleared the case (possibly as a trade-off for something they were seeking in COCOM). The UK has also now cleared the case.

China Pt 2 Relations

CHEMICALS AND CERAMICS	Chemical processing, Boron Fibre Metal Matrix, Carbon Composites, Fibre Glass, Reinforced Plastics, High Temperature Coating Equipment and Production Technology.
SPECIAL METALS	Aluminium, Cobalt, Magnesium, Nickel, Titanium, High Grade Steels/ESR Processing Technology and Equipment.

4. In addition, DTI assess Chinese interest in industrial-use equipment to include the following:-

- Controlled switching systems.
- Data communications.
- Satellite communications.
- Optical fibre technologies.
- Computers
  - Network software.
  - Peripherals.
  - Microcomputers and components.
- Machine tools (especially Numerically Controlled).
- Advanced Instrumentation.

cc PC.

Prime Minister
CDP 27/5
2 pp

PM/85/54

PRIME MINISTER

MT

China: Nuclear Cooperation Agreement

1. In my minute of 14 December last, I proposed that it would be appropriate for us to negotiate a nuclear cooperation agreement with China in order to provide a framework within which British nuclear industry could work to obtain some of the business available to Western suppliers from China's growing civil nuclear programme. I looked to such an agreement to help put substance into our relationship with the Chinese and in developing our economic exchanges. I am pleased to say that an agreement for cooperation in the peaceful uses of nuclear energy has been successfully negotiated and will be available for signature during the Chinese Prime Minister's visit in June.

2. The agreement does not cover the application of IAEA safeguards in quite the way we would have liked but the Chinese have been persuaded to agree to safeguards if the cooperation should ever be extended to sensitive areas. This undertaking, which will be embodied in a separate exchange of Notes, represents quite a concession by the Chinese who have no mention of safeguards in their agreements with France or the USA.

/3.

3. I am copying this minute to the Secretaries of State for Energy, Defence, the Environment and Trade and Industry.

GEOFFREY HOWE

Foreign and Commonwealth Office
29 May, 1985

CHINA : Relations : Pt 2.

File

CC BI

Any comments.

AT 21/5

CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-233 3299

From the Minister without Portfolio
The Rt Hon Lord Young of Graffham

Andrew Turnbull, Esq.,
10 Downing Street,
London, S.W.1.

21st May, 1985

Dear Andrew

Lord Young has been invited by the Sun to contribute a signed article (for publication later this week or early next) following on from his trip to China. He intends that the article, as well as highlighting the importance of trade to this country, should be a reaffirmation of the need for an enterprise culture and a soundly based economy.

I attach a draft of the article on which I would welcome comments by 4 p.m. tomorrow.

I am copying this letter, with a similar request, to Rachel Lomax (Treasury), Daving Normington (DE) and John Mogg (DTI).

Yours ever

Leigh

Leigh Lewis
Private Secretary

Subject: Sun Article

We were once a nation of small firms. But not for long. We went out in the world to make our fortune. That is how our great companies grew, and how we became not only the greatest manufacturing power but also one of the greatest trading nations that the world has ever seen.

We had customers here and customers overseas and we looked after both. But in time we forgot. The customers overseas forgot about us and before long they were selling to us.

Suddenly we were no longer one of the world's great manufacturing nations. We were hardly even an important trader. And then our firms started to close and unemployment grew.

That is why I led our biggest ever Trade Mission to China in March. And why Norman Tebbit went to Japan in April. And why many Ministers are leading Trade Missions around the world.

Because we can only live by the goods and services that we sell. And whether we can carry on selling and even increase our sales depend on whether our goods are as good and as reliable and as cheap as our competitors. And I believe that today they now are.

In the end this is what creates employment. Not Government schemes, nor unnecessary capital spending, but simply the ability to earn our keep in the world.

Let us not underestimate what we are doing. Today we have jobs for over 65% of all adults of working age, and the French and Germans can only manage 61% and the Italians far less. Even the Americans do no better than us. More than that, last year we created more jobs than the whole of the rest of Western Europe!

Of course we have unemployment. So do all European nations. And in many countries unemployment is increasing faster than us. What we are doing is to make sure that our jobs are built on secure foundations.

That means that our employment must be in industries and services that offer quality and value. Jaguar showed that it could be done, and many other companies are following in their footsteps.

But for far too long we had the lowest birth rate of new firms in Europe. It is little wonder for in the fifties and the sixties and the seventies everything was against people working for themselves. What we miss today is the one or two man firms that should have started ten or fifteen years ago that would be employing fifty or a hundred or even five hundred people today. We will have them again, but it is going to take time.

In the seventies we lost over 100,000 self employed people. They decided that it was not worth the effort. Since 1979 over two thousand people a week, week in and week out, every week during the life of this government, have decided to work for themselves.

Many come in through the Enterprise Allowance Scheme that helps the unemployed to work for themselves. But many are simply those who see the chance to work for themselves and take it.

So let us put on one side our national pastime of knocking ourselves. We have shown that we can again make the goods that our customers want. We can still give the service that our customers need. We have started again to work for ourselves and we are at long last creating the jobs and wealth that the nation needs so much.

The very best Government programme is you!

NSPM
CDN
17/5

PRIME MINISTER

NUCLEAR CO-OPERATION WITH CHINA

I have seen a copy of Geoffrey Howe's minute of 16 May. I agree that the ideas developed by officials are a suitable basis for a further discussion with Dutch and German officials.

Copies go to Geoffrey Howe, Nigel Lawson, Michael Heseltine and Norman Tebbit and Sir Robert Armstrong.

Secretary of State for Energy
17 May 1985

NOAGS

c Percy Cradock

10 DOWNING STREET

From the Private Secretary

17 May 1985

NUCLEAR COOPERATION WITH CHINA

The Prime Minister has considered the Foreign Secretary's minute of 16 May about China's wish to buy a centrifuge enrichment plant from URENCO.

The Prime Minister is content for the explanatory discussions proposed by the Foreign Secretary to take place. She would like to ber kept closely informed of developments.

I am copying this letter to the Private Secretaries to the Secretaries of State for Energy, Defence and Trade and Industry and the Chancellor of the Exchequer, and to Richard Hatfield.

C.D. POWELL

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CST

cc PC (1)

Prime Minister
Agree that officials should discuss with their German & Dutch colleagues a joint position for further talks with the Chinese on the possible sale of a centrifuge enrichment plant?
CDP 16/5

PM/85/48

PRIME MINISTER

Yes - I think we must - it is a matter of policy. MT

Nuclear Cooperation with China

1. In my minute of 14 December last, I proposed the negotiation of a nuclear cooperation agreement with China to provide a framework for the British nuclear industry to use in promoting their commercial interests. Negotiations began in Peking in March. China has, as you know, embarked on a large civil nuclear programme which is providing valuable opportunities for the sale of Western equipment and expertise. The Guangdong project is a case in point.

2. In December, I wrote that there had been sufficient change in China's attitude to proliferation to justify our developing peaceful nuclear trade with her with some confidence; but that it was not proposed, for the time being, to transfer particularly sensitive technologies such as those relating to re-processing and uranium enrichment. The Chinese have, however, placed us in a dilemma. Through the uranium enrichment company URENCO (in which British Nuclear Fuels plc is a partner with Netherlands and FRG companies) the Chinese have asked whether they may buy a centrifuge enrichment plant. They have offered URENCO a joint venture partnership and indicated that they will accept international safeguards on the plant as re-assurance that it will be used only for peaceful purposes. They have not gone into detail on either the commercial or safeguards aspects.

3. URENCO has said that it believes business of the order of £500 million to be available to it if a joint venture were to

/proceed.

proceed. The company has been asked to provide supporting evidence and an assessment of potential profits and cash flow. Some of the information will need to come from further discussions with the Chinese. URENCO has been invited back to China for further discussions in June. The inter-governmental management committee must now decide whether to permit URENCO to proceed, subject to Ministerial approval in each country. The committee meets on 20 May to try to agree a generally acceptable set of conditions and to discuss possible negotiating tactics.

4. All three governments are concerned about the extent to which such a project, involving technology transfer, might help the Chinese military programme; and might, through deliberate or accidental leakage of information, contribute to the proliferation of nuclear weapons more generally in the region. There is also the problem of convincing COCOM, principally I believe the Americans, that it is right to proceed. We for our part would insist on strict conditions on technology transfer. Officials have developed specific ideas to put to the management committee on 20 May. That meeting should lay the basis for further exploratory talks with the Chinese on both commercial and governmental aspects. I believe that it is only through further exploration that we shall be able to assemble the facts on which to base a final decision whether or not to cooperate with the Chinese.

5. Unless you see objection, I propose to let officials

/continue

continue discussions with their Dutch and German colleagues on the preparation of a joint position to put to the Chinese. We shall then be able to see whether it is worth becoming more deeply involved in the project. If the business is as valuable as URENCO believes, the proposal should certainly not be turned down out of hand.

6. I am copying this minute to the Secretaries of State for Energy, Defence and Trade and Industry and the Chancellor of the Exchequer and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

16 May 1985

China PT 2

Relations

CCB

Prime Minister
This is a courtesy call, so that you meet him before Zhao Ziyang's visit.
I suggest that you talk about the programme for the visit, but avoid contentious subjects like our representation on the Joint Liaison Group.
CDP 16/5

Foreign and Commonwealth Office
London SW1A 2AH

16 May 1985

Dear Charles,

Courtesy Call on Prime Minister by Chinese Ambassador: 17 May

The new Chinese Ambassador, Mr Hu Dingyi, is paying a courtesy call, accompanied by one member of his staff. I attach a short brief, together with a personality note and the latest version of the programme for Premier Zhao Ziyang's visit.

The Ambassador mentioned in his initial call on Sir Geoffrey Howe how pleased he was that he had already met the Prime Minister, when she was Secretary of State for Education. He did not indicate a precise date or the subject of the meeting and we have not been able to track down details from DES.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

Group/Class PREM 19
Piece 1425

Courtesy call on PM by Chinese Ambassador, 17 May 1985 (enc. to Ricketts to Powell, 16 May 1985)

Paper extracted and temporarily retained under Section 3(4) pending completion of review.
(date) 28 November 2013
(Signed) CWayland

MR HU DINGYI

Born in 1921 in Sichuan Province, Mr Hu, a university graduate, began his diplomatic career in 1950. His first overseas appointment (in 1950) was as Third Secretary of the Chinese Embassy in New Delhi.

In 1954, Mr Hu was posted as Third, (later Second) Secretary in the Office of the Chargé d'Affaires in London. After 4 years he returned to Peking for two years in Western European Department in the Ministry of Foreign Affairs. In 1960 he went to Accra, where he worked for six years as Second, (later First) Secretary. The Ghanaian government declared him and two other Chinese diplomats "undesirable" in March 1966 and asked them to leave within 48 hours. In 1972 he returned to London, for a seven-year posting, as Cultural and Press Counsellor from April 1973. He then served in the United States, as Consul-General in San Fransisco (1979-83) and as Minister in The Embassy in Washington (1983-84).

Mr Hu's previous appointments in the United States and his retention beyond the normal retiring age of 60, suggest that he is highly regarded in his Foreign Ministry. He took on his present appointment as Ambassador in London on 15 April 1985.

Mr Hu is married with a son (studying business management in Canada) and a daughter (a Portuguese specialist in the MFA). His wife, Madame Xie Heng, was Second Secretary in the Embassy during her husband's last posting. They are both unusually open-minded for Chinese diplomats. They share an interest in the theatre, somewhat surprisingly including fringe theatre. On his last posting to London, Mr Hu urged members of the Chinese Embassy to take an active interest in British culture and invited the Great Britain-China Centre to give lectures to them on the Arts in Britain.

Mr Hu has an impressive command of English; his wife's is also excellent.

Far Eastern Department
Foreign and Commonwealth Office
May 1985

TXV 408/301/1

VISIT OF PREMIER ZHAO: 2-8 JUNE

Outline Programme

Ninth Draft

(No function can be regarded as included in the programme without prior clearance through Protocol Department)

Sunday 2 June

1750 Arrival on special flight Boeing 707 from Peking at Southside VIP Suite during afternoon. RAF Ceremonial Guard. Met by Secretary of State. No engagements for the rest of the day.

2000 Leave hotel for private engagement.

Monday 3 June

1000 Guard of Honour in FCO Quadrangle followed by Courtesy call on Prime Minister at 10 Downing Street

1030-1115 Calls from Leaders of opposition parties in House of Commons

1115 Speakers Reception

Lunch privately at Claridges

1600-1800 Talks at 10 Downing Street

1945-2000 Dinner at 10 Downing Street

Tuesday 4 June

0930 - 1030 At Claridges. Meeting with industrialists and financiers.

APRAAR

Tuesday 4 June (contd)

1100 Wu Xueqian and Zhou Nan to call on Secretary of State.

? Zhou Nan to call on PUS

1100 Courtesy call at Claridges by Mr Tebbit (followed by talks with the Vice Premier?)

1245-1500 Lunch at Mansion House

1515 Depart for British Aerospace, Hatfield

1630 approx Depart in special flight for Scotland

1715 Arrive RAF Turnhouse, Edinburgh

1900 for 1930 Dinner at Edinburgh Castle

Stay overnight in Edinburgh

Wednesday 5 June

0815 Leave Edinburgh Sheraton

0915 Arrive Anderson Strathclyde, Motherwell

1030 Leave Anderson Strathclyde

1100 Arrive Ferranti, Livingstone

1200 Leave Ferranti

1210 Arrive Houstoun House

1230 Luncheon Hosted by CBI

1400 Leave Houstoun House for sightseeing

1530 Arrive RAF Turnhouse

APRAAR

Wednesday 5 June (cont'd)

1545 Depart in British Aerospace 146

1630 Arrive Hatfield

1730 Arrive Claridges

Midlands party of 14 lead by the Vice Premier leave Edinburgh on 0840 scheduled flight for Birmingham. Visit Austin Rover and GEC Telecommunications. Lunch in Coventry. ? Further programme.

Return to London by train

No engagements in the evening

Thursday 6 June

1030-1145 Chatham House talk by Premier entitled "Work for a lasting peace, increase friendly co-operation and promote common prosperity"

1300 Lunch with The Queen

1630-1730 Second round of talks at Downing Street

1900 Chinese Ambassador's reception at Claridges

2015 Dinner given by the Premier at the Embassy

Friday 7 June

Visit Cambridge. Sightseeing; lunch at 1200 in Trinity Master's Lodge. Lord Young to accompany. Visit Cambridge Science Park.

1515 Return to London

APRAAR

Friday 7 June (contd)

1815 Attend Ballet. Host Lord Gowrie.
Supper at Royal Opera House.

Saturday 8 June

0900 The Prime Minister will call to bid farewell

0930-1000 Press Conference at Claridges

1015-1100 Chinese Community Function at Claridges

1130 Visit Karl Marx Tomb

1200 Lunch at Claridges

1310 Depart for Southside

1400 Departure for Bonn. Mr Luce will bid farewell.

MT2 AJP

File  bc: P.C.

10 DOWNING STREET

From the Private Secretary

30 April 1985

Dear Peter,

Aid Trade Provision for China

The Prime Minister has considered the reactions to her suggestion that we should extend the aid trade provision to China contained in your letter of 19 April, Maureen Dodsworth's letter of 26 April and Rachel Lomax's letter of 29 April. She has also noted Lord Young's suggestion that the matter should be discussed with representatives of the companies who formed the trade mission which he led to China.

The Prime Minister notes that the Trade and Industry Secretary intends to raise the matter shortly in EX and agrees that there should be a full discussion there. One aspect which might then be considered is whether any underspending on the aid programme for India which might arise were the Westland's deal to fall through could be devoted in part to increasing the aid trade provision for markets such as China and Indonesia.

The Prime Minister would find it difficult to meet with the group of businessmen as suggested by Lord Young in the next few weeks and anyway would prefer to postpone this until after there has been a discussion in EX.

I am copying this letter to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry), Leigh Lewis (Minister without Portfolio's Office) and Michael McCulloch (Overseas Development Administration).

Yours sincerely

Charles Powell

Charles Powell

Peter Ricketts Esq
Foreign and Commonwealth Office.

DSG

(1)

PRIME MINISTER

AID TRADE PROVISION FOR CHINA

When Lord Young got back from his mission to China he suggested that we should make more use of the aid budget to promote our trade. You asked that the possibility of extending the Aid Trade Provision to China be examined.

The Foreign Secretary recommends that we should extend ATP to China, but he can see no way to increase the total provision for ATP. The Chancellor agrees. But the Trade and Industry Secretary says that it would be a meaningless gesture unless the proportion of the aid programme devoted to ATP were increased. He intends to raise the matter shortly in EX.

I do not think that you can reach any conclusion in advance of an EX meeting. But one idea which you might put forward there is that any money saved from the aid programme for India if the Westland deal falls through should be used to increase the ATP provision, with China and Indonesia particularly in mind.

Lord Young has suggested that you should meet a group of the businessmen who were on his mission to discuss this. This would in fact be very difficult in diary terms in the foreseeable future; and anyway there would not be a great deal for you to say in advance of the EX discussion.

Agree that I should reply that you await the EX discussion proposed by the Trade and Industry Secretary and want to defer a meeting with representatives of industry until after that?

CDP

Yes mt

(C. D. POWELL)
29 April 1985

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

29 April 1985

C D Powell Esq
10 Downing Street
LONDON
SW1

Dear Charles,

AID TRADE PROVISION FOR CHINA

The Chancellor has seen your letter of 18 March about Lord Young's recent trade mission to China and Peter Ricketts' response of 19 April.

Given the public expenditure constraints and the action we are taking internationally to limit mixed credits, the Chancellor is clear that there can be no increase in the total amount of ATP. Moreover he would be reluctant for the UK to appear to be the first to depart from the understanding which he has been advised was reached at the 1980 Venice Summit that mixed credits should not be extended to China.

However, he would not object to limited use being made of mixed credits in China in response to actions by our competitors if funds can be found from within the existing ATP provision, ie at the expense of other uses of ATP.

I am copying this letter to John Mogg (DTI), Peter Ricketts (FCO), Leigh Lewis (Lord Young's Office) and Michael McCulloch (ODA).

Yours ever
Rachel

MRS R LOMAX
Principal Private Secretary

CHINA: Rels A2

CONFIDENTIAL

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

PS/Secretary of State for Trade and Industry

26 April 1985

C D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Charles

AID TRADE PROVISION FOR CHINA

My Secretary of State has seen a copy of Peter Ricketts' letter to you of 19 April about the possibility of making ATP funds available to China.

with CDP

2 Mr Tebbit has noted Sir Geoffrey Howe's view that there is a good case for making ATP funds available to China. But without an increase in these funds above their present level (£66m in 1985/86), China could be included only at the cost of support of projects in other markets; and only to a degree which is unlikely to have much impact in relation both to the potential of the China market, and to the readiness of our competitors to offer soft loans.

3 China is not the only market where our exporters are constrained in this way: Indonesia is another with perhaps even greater potential.

4 My Secretary of State intends shortly to raise these matters with his colleagues in EX.

Yours sincerely

Maureen Dodsworth

MAUREEN DODSWORTH
Private Secretary

JH5BAL

991-1

CHINA . Rels

29 APR 1985

CONFIDENTIAL

CEPC.

CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-233 3299

From the Minister without Portfolio
The Rt Hon Lord Young of Graffham

Charles Powell, Esq.,
10 Downing Street,
London, S.W.1.

25th April, 1985

Dear Charles

UK TRADE MISSION TO CHINA AND HONG KONG

As you will recall from Lord Young's report on his mission, the question of financing trade with China was raised by a number of those he met. Your letter to Callum McCarthy of 18th March asked the FCO to advise on the scope for extending ATP to China and Peter Ricketts' letter of 19th April has recorded the Foreign Secretary's views.

with CDP.

Subsequent to writing his original report, Lord Young has received the attached letter from Roger Kingdon of Davy McKee, written on behalf of his and five of the other companies represented on the mission, suggesting that the Government might transfer part of its existing aid programme to the financing of a limited number of major projects in China.

As you will see, Mr. Kingdon expresses the hope that the Prime Minister and other Ministers concerned might agree to meet representatives of the companies on the mission to discuss the issues involved. Lord Young has now had the opportunity to discuss this with Mr. Channon and, as a result, believes that it might indeed be a valuable use of the Prime Minister's time if she were able to hold such a meeting over the next few weeks. If this were a possibility, Lord Young would suggest that those invited, in addition to Mr. Kingdon, might be Lord King, Richard Giordano and Sir Eric Sharp. Although the last named was not a party to Mr. Kingdon's memorandum, he has subsequently made known to Lord Young that Cable & Wireless are facing increasing difficulties in their trade with China on the issue of finance.

..../Cont.

CONFIDENTIAL

I should be grateful if you could let me know the Prime Minister's reaction to this suggestion.

I am copying this letter to Peter Ricketts (FCO), John Mogg (DTI) and Matthew Cocks (Mr. Channon's office).

Yours ever

Leigh

Leigh Lewis
Private Secretary

Davy

Davy McKee
Ashmore House
Stockton-on-Tees
Cleveland TS18 3RE
England
Tel: 0642 602221
Telex: 587151

RTK/MP/895
25 March 1985

The Rt Hon Lord Young of Graffham
Minister without Portfolio
Cabinet Office
70 Whitehall
London SW1A 2AS

Dear Minister,

During our Mission to China it became clear to many of us that the Chinese hoped that Britain would join the many other countries who provide concessionary finance in support of projects. They singled out particularly power generation, steel and transportation, which includes port modernisation and improvements to railways and highways, as industries for which they would like help.

When we discussed this you suggested that those members of the Mission interested in such projects should agree a memorandum explaining their views which should be forwarded to you. The attached memo is the result of discussions between Davy, BOC., Babcock, Simon Engineering, GEC and NEI, and has been approved by the members of the Mission from those Companies.

A number of us representing these Companies would very much like to meet with the Prime Minister and other Ministers to explain our conclusions and discuss the issues involved.

Yours sincerely

Roger Kingdon

Roger T Kingdon

Davy McKee 100 1885-1985 Ashmore Benson Pease & Co.

Davy McKee (Stockton) Ltd.
Registered in England (No. 70860) Registered office as above
A Davy Corporation company

LORD YOUNG MISSION TO THE PEOPLE'S REPUBLIC OF CHINA

Memorandum on the Financing of Projects in the P.R.C.

1. The Mission was received most warmly by senior members of the Government who expressed with conviction a wish to improve bilateral trade with Britain. The recurring theme of meetings with the Premier and his Ministers, particularly our host, Mme Chen Muhua, the Foreign Minister, was the need for high technology and its unimpeded transfer, competitive prices and good commercial terms. They fully recognised that in the transfer of technology Britain led Japan.

2. The People's Republic of China has a strong financial base with foreign reserves of US $18 Billion and foreign debts of US $7 Billion, principally with Japan. While the P.R.C. Government expects their foreign debt to increase as their modernisation programme gains momentum, no evidence was seen that the Government would relax their controls and allow excessive growth of debt.

3. Many British companies, in addition to those represented on the Mission, have been successful in selling into China and have good prospects of further business. In most cases this success has been the result of some special technology or particular situations coupled with skilled marketing. The scope for expanding this trade is considerable with the favourable political climate and the competitiveness of British industry which has been helped by recent currency changes. The majority of contracts are based on cash payment terms.

4. In describing their modernisation plans to the Mission, Ministers frequently referred to the serious shortage of electric power and of the urgent need to build a series of coal fired power stations around the coast. They also explained the importance of their plans for a rapid expansion of their steel manufacturing industry and major transportation modernisation of ports, railways and highways. These are major projects where special technology will not be a factor. It was made clear that competitive pricing and financing terms will be important factors in selecting partners for these projects.

5. The desire expressed by Lord Young on frequent occasions for Britain to establish itself as a close trading partner with China was warmly reciprocated and the hopes that Britain's share of China's foreign trade would increase echoed in speeches by the Chinese Leader.

It was made clear at a number of meetings that many of China's trading partners helped with finance at preferential interest rates and Minister Chen Muhua particularly emphasised in one of her banquet speeches that China is a developing country and needs the assistance of developed countries such as Britain.

Information was given of soft loans from Japan (30 years, 3% interest), France (30 years, 3% interest) and individual members obtained information about similar loans from Italy, Austria and Sweden. The Embassy in Beijing has a full list of these loans.

6. By the end of their period in China, members of the Mission became convinced that participation by British companies in the major projects planned by the Chinese would require some concessionary finance to be available.

They do not think the amount of support need be very large, but they do believe that some will be necessary. They also believe that failure to help the Chinese in this way will be seen as a lack of trading commitment to China by the British and will compare unfavourably with other smaller countries.

7. Those members of the Mission concerned with the project business consider that the best course to adopt would be to allocate a sum of money from the existing bilateral aid programme to support projects in China in the power, steel and transportation fields. Some Members consider that the sum of money need not be larger than £30 - £50M over a period of three to four years, but others consider that the number of projects involved would require us to match the much larger sums already being made available by our European competitors.

8. The Chinese should be invited to suggest projects from these fields which they would like to be supported by Britain with favourable finance. Once identified, members of the Mission are confident that a suitable grouping of Companies could be arranged to bid for these projects competitively.

9. The establishment of Britain as a supplier of these major projects would lead to repeat business. It would also bring about the full recognition by China of Britain as a serious trading partner.

10. Members of the Mission hope that the Government will give serious consideration to this proposal and would welcome the opportunity to discuss it.

Babcock International
British Oxygen
Davy McKee

General Electric Co.
Northern Engineering Industries
Simon Engineering

ROGER T KINGDON
RTK/MP/22/3/85

Relations: CHINA Pt 2.

RESTRICTED

MJ2A+Y
CUPC

10 DOWNING STREET

From the Private Secretary

25 April 1985

Chinese Ambassador: Courtesy Call

Thank you for your letter of 25 April.

I am sure that the Prime Minister would be happy to see Mr. Hu Dingyi for a brief courtesy call. But please encourage him not to advertise this, or we shall face intolerable problems with others.

I suggest 1745 on Thursday 23 May. This will still be before Zhao Ziyang's visit.

Charles Powell

Peter Ricketts Esq
Foreign and Commonwealth Office.

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

25 April 1985

Dear Charles

Chinese Ambassador: Courtesy Call

The new Chinese Ambassador, Mr Hu Dingyi, assumed his functions on 15 April. During an initial call on Sir Geoffrey Howe the Ambassador said that he hoped it would be possible to pay an early call on the Prime Minister.

Sir Geoffrey would not want to recommend that the Prime Minister should see arriving Ambassadors except in the case of very close allies and the occasional exceptional case.

He considers that the Chinese Ambassador is one such case. UK/China relations have never been more substantial. Mr Hu's appointment reflects this. He is highly regarded by his Foreign Ministry and his posting to London was accelerated to allow him to oversee preparations for the Chinese Premier's visit in June.

A very brief call on the Prime Minister would underline the importance the Prime Minister attaches personally to the further development of relations. It would also reinforce the personal contact to which the Chinese attach importance: Mr Hu met the Prime Minister when she was Secretary of State for Education, during his last posting to Britain as Cultural Counsellor. Additionally, the Chinese Premier received our Ambassador in Peking shortly after his arrival. An early call by Mr Hu would allow the Prime Minister to reciprocate this gesture, which would be appreciated by the Chinese. Sir Geoffrey has already had a useful first talk with him.

I should be grateful to know whether the Prime Minister would agree to a brief courtesy call.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
No 10 Downing Street

The National Archives

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10 DOWNING STREET

From the Private Secretary

Prime Minister

China.

BAe have just signed a Memorandum of Understanding for the sale of 10 x BAe 146 to China. The contract is to be finalized by 31 May.

They prefer no publicity for a few days.

CDP 19/4

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

19 April 1985

Dear Charles,

Aid Trade Provision for China

The Foreign Secretary has seen a copy of your letter of 18 March to Callum McCarthy, in which the FCO are asked to advise on the possibility of extending ATP funds to China.

Sir Geoffrey was most encouraged by the success of Lord Young's visit and shares his assessment that the commercial prospects for trade with China now look much more promising. He sees the force of Lord Young's point that there may be a case for the selective use of aid in China, but like the Prime Minister is conscious of the practical difficulties this poses.

As the Prime Minister knows, with the overall size of the aid programme static, the bilateral aid programme is under intense and increasing pressure, both from the growth of multilateral aid and from the new commitments that have arisen recently. The Prime Minister will know from her recent visit to Asia the degree of pressure on us to maintain our programmes in countries where we have traditonally given aid, such as India and Sri Lanka. She will also be aware of the new requirement that may arise in Indonesia. We have taken on new commitments in other countries as well over the last year: for example El Salvador and Mozambique; and Jordan may be bidding for new funds soon.

The need to respond quickly and generously to the enormous famine and development problems of Africa has been a further significant call on the aid programme. The Parliamentary and public pressure on the Government to make an adequate contribution will continue and indeed grow. On the multilateral side, the current meeting of the IBRD/IMF Development Committee is likely to begin the negotiating process for a substantial increase in the World Bank's capital of which the paid-in element will come from the aid programme. The Chancellor has rightly drawn attention to the risk that we shall find ourselves isolated in opposition.

/In

In addition, there is the prospect that the Community's aid to Turkey will be unblocked soon; that will result in a major new commitment, quite apart from the growth of budgetised EC aid generally. CHOGM in October will be faced with two reports - on Africa and the Security of Small States - to which some aid response will be urged on us by our Commonwealth partners (particularly the donors amongst them).

In these circumstances, the outlook must be for a continuing decline in our bilateral aid programmes despite Ministers' wishes to see these given greater priority. Our resources are already very fully committed and thinly spread.

As regards China, we have at present a small technical cooperation programme, which is welcomed by the Chinese. Any capital aid would obviously have to be on a substantial scale to have any impact and to be acceptable to the Chinese authorities. The Foreign Secretary considers that we simply do not have the resources for that. He agrees however with Lord Young that aid could be used to help our commercial prospects in particularly significant cases through the use of mixed credits. You may have seen press reports that Mme Cresson, the French Trade Minister has secured major business for France (some reports have valued it at $500 million) during her current visit to China, particularly in the telecommunications sector, on the basis of soft credit.

For these reasons, the Foreign Secretary sees the force of the Prime Minister's suggestion to use ATP. Ministers have taken the view in the past that ATP funds should not be provided to Communist countries. The Foreign Secretary considers that this remains right as a general rule, but sees China as a special case. But given the pressures on the aid programme he does not believe that it will be possible to increase the total funds available to ATP.

I am copying this letter to John Mogg (DTI), Rachel Lomax (HM Treasury), Leigh Lewis (Lord Young's office) and Michael McCulloch (ODA).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

China : Relations A2

Mr Charles Powell
No. 10

OFFICE OF THE MINISTER WITHOUT PORTFOLIO

With the compliments of the Principal Private Secretary

for your information

Leigh Lewis
21/3

Cabinet Office
70 Whitehall, London SW1A 2AS
Telephone 01 233 3299

CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-233 3299

From the Minister without Portfolio
The Rt Hon Lord Young of Graffham

Lord King of Wartnaby
Chairman
Babcock International plc
Cleveland House
St James's Square
LONDON SW1Y 4LN

21 March 1985

Dear John,

Now that the dust has settled from our trip to China I thought I should write to thank you for the very valuable contribution which you made to the success of our mission. I hope that, like me, you found the trip profitable and rewarding. Incidentally we shall be circulating very shortly notes of the main meetings which were held in China.

Clearly what is important now is that we should follow up the mission as effectively as possible. I am sure that you already have this well in hand but I would find it particularly helpful if you could let me have a brief report (which I will copy to Paul Channon) at monthly intervals on the progress you are making. Perhaps the first of these reports could reach me by around the middle of April. It would be particularly useful if these reports could identify any areas in which the Embassy or the Department of Trade and Industry could be of particular assistance. I would also hope that we might be able to get together in about six months time to take stock of the position then.

I should also add that the Prime Minister, to whom I have now reported on our trip, is keen to see continuing contacts between the members of the mission and the Chinese Government. To this end she hopes that it will be possible to arrange for members to meet the new Chinese Ambassador in due course and to associate them in some way with the visit later this year by Premier Zhao Ziyang. I would expect Downing Street to be in touch with you about this in due course.

I am writing in similar terms to the other members of our mission.

Yours,

David

EL3AFI

cPC.

10 DOWNING STREET

18 March 1985

From the Private Secretary

UK Trade Mission to China and Hong Kong

The Prime Minister has read with interest Lord Young's report on the mission which he led to China from 27 February to 13 March. She has also had a brief discussion of the mission with him.

The Prime Minister is very keen to see the mission followed up. Once the new Chinese Ambassador has arrived and established himself, she would propose to invite him to Downing Street to meet the members of the mission - and perhaps others - to stress the importance we attach to the groundwork laid during the mission. She also intends to ensure that members of the mission are associated with Zhao Ziyang's visit here. She suggests that it might be useful for high-level Chinese visitors with an interest in trade to call on Lord Young as well as DTI and FCO Ministers. We should in due course give thought to a follow-up mission to China.

The Prime Minister has noted Lord Young's suggestion about the possibility of using some of our aid budget for promoting business with China. While recognising the difficulties, the Prime Minister wonders whether there is scope for extending ATP to China. I should be grateful if FCO could advise on this, in conjunction with other departments.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office), Rachel Lomax (HM Treasury), Leigh Lewis (Lord Young's office) and Michael McCulloch (Overseas Development Administration).

(Charles Powell)

Callum McCarthy Esq
Department of Trade and Industry

10 DOWNING STREET

THE PRIME MINISTER

18 March 1985

Dear General Secretary,

Thank you for your kind letter of 25 February. I agree entirely about the prospects for developing cooperation between our two countries. Lord Young's mission has been an important step in this direction, and he has kept me informed of its progress. I am glad that it has gone so well, and am grateful for the excellent arrangements which were made. I am also looking forward very much to seeing Premier Zhao Ziyang in Britain in June.

I also agree strongly with what you say about the importance of personal meetings between leaders, and am delighted that you would like to visit Britain yourself. As I said when we met on 19 December, we shall give you a very warm welcome. If you agree, we might think in terms of dates at the end of this year or perhaps the Spring of 1986, when the weather makes a visit more pleasant. We might consider precise dates rather nearer the time.

With best wishes.

Yours sincerely

Margaret Thatcher

Mr. Hu Yaobang

10 DOWNING STREET

PRIME MINISTER

I have amended the last two sentences of the letter. But I do not think we should be too specific on dates yet. A visit next Spring would fit neatly between Zhaio Ziyang in June this year, and The Queen in China in October 1986.

"Dear General Secretary".

C.D.P.

15 March 1985

010

CONFIDENTIAL

Prime Minister
A very encouraging report, with an ambitious target for increasing our share of the Chinese market
CDP 15/3

PRIME MINISTER

UK TRADE MISSION TO CHINA AND HONG KONG
27th FEBRUARY - 13th MARCH 1985

1. I thought that I should report to you straightaway on my mission.

2. The participants on the mission were:

Lord King, Babcock International
Mr. R. Giordano, BOC
Mr. J. Glasscock, British Aerospace
Sir Eric Sharp, Cable & Wireless
Mr. R. Kingdon, Davy McKee
The Rt. Hon. James Prior, GEC
Sir Duncan McDonald, NEI
Mr. D. Jackson, Rolls Royce
Mr. J. Swinglehurst, The Sedgwick Group
Mr. H. Harrison, Simon Engineering.

My understanding is that they are unanimous in believing that their participation in the mission has been enormously worthwhile. They were particularly pleased by the level of our reception in China.

3. Our host was State Councillor, Madame Chen Muhua, Minister for Foreign Economic Relations & Trade.

In Peking, we met Premier Zhao Ziyang
Vice Premier Li Peng
Minister for Chemical Industry
Minister for Agriculture
Minister of Water Resources & Electric Power
Minister for Metallurgical Industry
Minister for Posts & Telecommunications
Deputy Chairman, State Planning Commission
Deputy Chairman, State Economic Commission
Managing Director, China International Economic Consultants Inc. (CITIC)

CONFIDENTIAL

In Shanghai, we met Mayor Wang Daohan
Vice Mayor Ruan Chong Wu
Director of Shanghai Municipal Foreign Economic Relations and Trade Commission
President of Shanghai Investment & Trust Corporation

In Canton, we met Governor Liang
Mayor Ye
Vice Governor Kun Ji

In Shenzhen, we met the Mayor and Vice Mayor.

4. In addition to these meetings, our hosts arranged numerous bilaterals between individual members of the mission and key officials in the enterprises related to their businesses. These provided the participants with an introduction to the key decision-makers which they told me they had found hard to obtain in the past. Overall, I am clear that the scale and warmth of our reception revealed a strong desire on the part of the Chinese to make the mission a success; indeed, individual Chinese remarked to us on a number of occasions that the scale of our reception was virtually without precedent.

RESULTS

5. In total eight agreements were signed by the members of the mission while in China. These are set out in detail in Annex 1.

6. Equally as important were the foundations laid for the future. Without exception, every company on the mission entered into discussions in areas in which they hoped to do substantial business. Negotiating contracts in these fields is everywhere a lengthy affair (let alone with the Chinese) but I am confident that the discussions held by the mission members will prove to have been an invaluable aid to the winning of some very major orders.

7. In your letter to Premier Zhao, which I delivered in the course of our meeting, you referred to three specific projects:

The BAe 146 Although the 146 contract was not signed during the mission (and at one time the prospects looked very bleak), Vice Premier Li Peng subsequently raised the matter with me and said that he was sure that a deal could be reached provided that both sides were prepared to compromise. A day later, Madame Chen said to me over dinner said that she hoped that a deal would be reached before Premier Zhao's visit to Britain. BAe are continuing their negotiations.

On the Daya Bay Power Station, Vice Premier Li Peng, to whom I delivered a letter from Peter Walker, said that he was now looking for a speedy conclusion of the negotiations and the award of a contract to GEC, subject to the final details being settled. I am given to understand that the delays lie with the French side but that GEC are confident of receiving a Letter of Intent by the Summer.

The Cable & Wireless agreement was signed.

8. I should perhaps mention that procedures in China differ to a degree from practices in the more industrialised world. There is little commercial law and agreements proceed by way of Letters of Understanding and Intent; and formal contracts come very late, if at all. Pilkington, for example, are already building their float glass factory in Shanghai without having signed the joint venture contract. Incidentally, I believe I was able to help them with some procurement problems associated with the venture.

9. More generally, it was made clear to us that the Chinese are looking to Britain as trading partners in a number of key sectors. These include power generation (where I was told that future requirements could amount to 300,000 megawatts); transmission lines (where we saw plans for many thousands of kilometres of DC and AC lines); telecommunications and steel mills (where we discussed projects which cumulatively will exceed the output of British Steel).

MESSAGES

10. The message repeated to us from Premier Zhao downwards was that the agreement on Hong Kong had opened up a new chapter in

Sino-British relations. Premier Zhao made special reference to the fact that the Japanese were unwilling to transfer technology - a theme that was repeated in many other meetings. I reiterated the assurances given by the members of my delegation that we would have no such inhibitions if the terms were right as we would wish to consider China a full partner.

11. Four particular items are worthy of note:

(a) Competitiveness This means simply that the Chinese expect the lowest possible prices in all agreements which they reach. To some extent, the continuing statements made to us about the need for competitiveness can be seen as a ritual incantation and one which is given similarly to all visitors from Western countries. Nevertheless, it is clear that, despite the fund of goodwill towards the UK, UK companies will benefit from this only if their proposals are seen by the Chinese to represent a good bargain in strictly commercial terms.

(b) Soft Loans Both Vice Premier Li and Madame Chen referred to our current policy of not providing soft money as potentially inhibiting the growth of our bilateral trade. The same message was given to a number of mission members in individual meetings with their Chinese counterparts. Our attitude was contrasted by the Chinese with that of other Western and EEC countries, a growing number of which are clearly prepared to provide mixed credit packages despite the agreement at the 1980 Venice Summit that such credits should not be offered to China.

I am clear that we should not over-react to such comments. In particular, where our technology is in advance of that on offer from our competitors, the Chinese will buy from us on normal credit terms. In addition, it needs to be remembered that the great bulk of China's foreign purchases are paid for in cash out of her substantial foreign exchange reserves and not on credit.

Nevertheless, I think that we may wish to look again at our present policy, to see whether there is some scope within existing resources for re-structuring our aid budget so that some form of it can be given in mixed loans to China for specific

areas. The kinds of area which I have in mind are those where we have yet to make a major breakthrough into the Chinese market but could do so if we were prepared to consider making soft money available in a strictly limited number of cases. This is something which it might be sensible to discuss further with colleagues concerned.

(c) Technology Transfer Much of our discussion with both Ministers and Heads of Enterprises was concerned with their desire to acquire technology and the realisation, in a changing technological world, that this would necessitate a joint venture. We were able to clarify many areas of doubt such as the term of a joint venture and the ability to remit both capital and profits and it became abundantly clear that the Chinese are now prepared to be much more flexible than in the past. Nevertheless, a problem remains where a potential joint venture is not able to generate sufficient foreign exchange to cover the profits being earned by the foreign partner.

(d) Invisibles Considerable interest in our financial and insurance sector was evidenced at all our meetings although it became clear that China's industry is structured in such a way that most matters of insurance are dealt with through the People's Insurance Company of China (PICC). Nevertheless, I believe there to be considerable scope for the financial sector (particularly in the provision of financial packages for future projects) and I would like to give some thought to ways in which we can build on the high regard in which the Chinese hold the City of London.

HONG KONG

12. The visit to Hong Kong provided a useful opportunity to stress that our drive for increased trade with China did not mean any lessening in our close relationship with Hong Kong. The simple fact is that Hong Kong is today three times more important to the UK as a market in its own right than China. I found little nervousness that we were lessening our commitment to Hong Kong but much criticism of the way that the vast bulk of investment in Hong Kong came from non-UK sources.

13. The attractions of Hong Kong as a gateway to China, particularly for the small and medium sized UK companies, cannot be over-emphasised. Indeed, Hong Kong based companies are already taking full advantage of this gateway in the wake of the Hong Kong Agreement.

FOLLOW UP

14. If we are to get the maximum out of this visit, we need to ensure that it is properly followed up. I shall be asking all those who were on the mission for a monthly report (copied to Paul Channon) on the progress they are making. We will all meet together in about six months. I would also hope that we can disseminate the lessons we have learned to other interested British companies.

15. The Chinese value both continuity and friendship. Indeed, Cable & Wireless have an edge, not only because of their technology but because Eric Sharp is universally regarded as an 'old friend' and he has invested much time and effort in the past three years to attain this status. This was a message not lost on our participants.

16. China is still a centrally planned economy despite some degree of devolution to the Provinces and the introduction of incentives to individuals. To a substantial degree, business decisions are political decisions. I think, therefore, it is important that we continue to have regular Ministerial contact with the Chinese on trade issues whenever possible by colleagues who are already familiar to them. I hope that it might always be possible to include businessmen on these visits since this mission has demonstrated that it can certainly facilitate the right level of contact.

17. Overall, I am even more confident than when I departed of the enormous potential of China for us. No one who has either seen the pace of development which is currently taking place or heard their plans can fail to see the clear opportunity for foreign companies to participate in China's progress. There is still considerable ground to make up. Presently we account for about 1% of China's foreign trade compared with our overall share of world markets of between 5% and 6%. I see no reason why, with

sufficient commitment, we should not raise our share of the China market to this level over the next few years.

18. I am copying this minute to Geoffrey Howe, Nigel Lawson, Peter Walker, Norman Tebbit and Paul Channon.

DY

15th March, 1985

MEMORANDA SIGNED DURING THE MISSION

In total eight Memoranda were signed by members of the Mission in China and Hong Kong as follows:

BRITISH OXYGEN COMPANY

A Letter of Intent was signed which looks forward to the conclusion of a joint venture agreement involving the purchase by BOC of half of the Shanghai Chemical Company. The agreement will be subject to satisfactory terms being negotiated concerning the duration of the agreement and the repatriation of profits.

CABLE & WIRELESS

Three Memoranda were signed as follows:

1. A Memorandum of Intent to establish as a joint venture a telecommunications technology development centre in Peking with conference, office and hotel facilities.

2. A Memorandum of Intent to establish a joint venture to develop the telecommunications systems of the Yangtze Delta area. This will involve capital expenditure of $500 million in the first five years.

3. A joint project agreement to provide modern telephone facilities in the Pearl Rive Delta including direct dialling with Hong Kong.

ROLLS ROYCE

A Protocol was signed in Peking recognising the imminent signature of a further contract worth some £16 million for the supply of Rolls Royce spey powered generating sets for the Nan Jiang oilfield.

SIMON ENGINEERING

Three Memoranda were signed as follows:

1. A Memorandum of Understanding with the Peking Food Bureau on food processing developments and food machinery manufacture. The venture will involve the initial importation of complete plants followed by the establishment of a joint venture company manufacturing food processing plant.

2. A Memorandum of Understanding on food processing development and food machinery manufacture with the Shanghai Food Bureau along similar lines to the Peking agreement.

3. A Memorandum of Understanding for co-operation in food processing industries in Jiangxi Province, including the supply of a complete flour mill.

Foreign and Commonwealth Office

London SW1A 2AH

12 March 1985

Dear Charles,

China: Letter from Hu Yaobang

Our Embassy in Peking have forwarded by telegram the text of a letter dated 25 February to the Prime Minister from Hu Yaobang, General Secretary of the Chinese Communist Party. (The original will be passed via the Chinese Embassy.) I enclose a copy, together with the Prime Minister's letter of 24 December, to which it is a reply.

The main purpose of Hu's letter appears to be to accept in principle the invitation to visit Britain which the Prime Minister originally extended in Peking on 19 December 1984. Hu's response then was obscure: he said he looked forward to making a visit but that his face was red because he was only the Party General Secretary. Firm acceptance now presumably follows careful consideration by Chinese leaders of what will be an important visit. To date, the only non-communist country which Hu has visited in his present capacity is Japan, although he has now accepted invitations to visit the USA, Australia, New Zealand and France. The timing will be important, particularly in relation to the State Visit to China by The Queen in the second half of next year; but it would be more appropriate to consider this after Premier Zhao Ziyang's visit to Britain.

I enclose a self-explanatory reply which the Prime Minister may wish to send to Hu Yaobang.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Mr Hu Yaobang

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your kind letter of 25 February. I agree entirely about the prospects for developing cooperation between our two countries. Lord Young's mission has been an important step in this direction, and Lord Young has been kept me ~~I have been~~ fo~~llowing~~ ed informed of its progress ~~its progress closely~~. I am glad that it has gone so well and am grateful for the excellent arrangements which were made. I am also looking forward very much to seeing Premier Zhao Ziyang in Britain in June.

I also agree strongly with what you say about the importance of personal meetings between leaders and am delighted that you would like to visit Britain yourself. As I said when we met on 19 December, we ~~will~~ shall give you a very warm welcome. I suggest that we consider the timing once Premier Zhao has completed his visit.

CR.

Enclosures—flag(s).....

10 DOWNING STREET

MR. POWELL

Chinese Ambassador

The Chinese Ambassador will be accompanied by a interpreter tomorrow morning Mr. Zhong Xinsen.

Sue

11 March 1985

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
There is just 15 minutes for this.
CDP
11/3.

8 March 1985

Dear Charles,

Farewell Call by Chinese Ambassador

The Chinese Ambassador, Chen Zhaoyuan, is paying a farewell call on the Prime Minister on Tuesday 12 March at 0930. He will be accompanied by his Private Secretary Zhang Xinsen (who will interpret).

Mr Chen has been here just under two years. He has been a jovial but insubstantial Ambassador. He is ostensibly being withdrawn in the wake of new regulations in the Chinese MFA requiring Ambassadors to retire at 60 (he is 66). But his successor, Mr Hu Dingyi, previously Minister in the Washington Embassy, is already 63. There have been rumours that Mr Chen is regarded in Peking as insufficiently dynamic to take full advantage of the improvement in bilateral relations following the agreement on Hong Kong.

During the call, we suggest that the Prime Minister could note that Mr Chen has presided over an exceptional period in bilateral relations. The prospects for the future have never been brighter. The Prime Minister may wish to emphasise the significance of the Hong Kong agreement. The friendly relations existing between Britain and China have enabled us together to reach a settlement to the Hong Kong question which meets our respective political requirements as well as the interests of the people of Hong Kong. We are committed to working closely with China to implement the agreement which we believe provides a basis for greater cooperation and even more friendly relations between our two countries.

The Prime Minister could then point to the excellent opportunities for rapid expansion in relations, in particular in trade, and to the importance of the visit by Lord Young (which has gone well, despite misleading publicity about allegedly better treatment accorded to a Japanese delegation in China at the same time). A joint venture agreement with Aveling Barford of Grantham (contract value £60m) and Memoranda of Understanding with Rolls Royce and Cable and Wireless have been signed. The Prime Minister could express the hope that the visit will lead to further specific contracts for the companies involved. The Ambassador may

/suggest

suggest that British prices are often too high; the Prime Minister could refer to British manufacturers' unrivalled reputation for quality and reliability, and the determination of our firms to compete vigorously in the Chinese market (demonstrated during Lord Young's visit).

The Prime Minister could also welcome the planned visit in June by Premier Zhao Ziyang and plans for visits this year by the Chinese Ministers for Environment, Culture, Education, Textiles and Agriculture. All indicate growing substance to our relations and intensification of contacts across wide range of fields. The importance we attach to relations with China will be symbolised by the State Visit by HM The Queen probably in late 1986.

I enclose a biographical note on Mr Chen.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

BIOGRAPHICAL NOTE: MR CHEN ZHAOYUAN

Born 1918 in Guangdong province Mr Chen had a university education. He became a member of the West European and African Department of the Ministry of Foreign Affairs in 1951. His Ambassadorial career began in 1971 in Burma, followed by postings to Spain and India (which he knows very well). In 1980 he was appointed Director of the 2nd Asian Department in the MFA. Ambassador to the UK since May 1983.

Mr Chen is married with three children - two sons and one daughter. He has a good command of English; his wife almost none.

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PP FCO

PP FCO (FOR NO 10)

PP BTC HONG KONG

PP GOVERNOR HONG KONG

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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 PENG 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

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 XIAORING 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.

EVANS

NNNN

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

cc PS

JF7691

PS/Secretary of State for Trade and Industry

4 March 1985

NBPM
CDP 5/3

Len Appleyard Esq
Private Secretary to the
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

Dear Len

CHINA : SUPPLY OF SUBMARINE EQUIPMENT

Thank you for sending me a copy of your letter of 1 February to Charles Powell. I have now seen his reply of 4 February. My Secretary of State agrees to the Foreign Secretary's proposal as amended by the Prime Minister. Our readiness to sell a wider range of defence equipment to China, assuming we can get the approval of our COCOM partners, will certainly do no harm to our prospects of civil exports to that market. The United States are likely to seek to use COCOM rules to prevent us from making sales while negotiating for themselves. We therefore need to clear the COCOM approval quickly.

2 My Secretary of State has now seen a copy of Simon Lowe's letter of 19 February to Charles Powell about the Defence Secretary's proposal that officials should undertake a review of our defence sales policy towards China. He has no objection to this, but thinks that implementation of the Foreign Secretary's and Prime Minister's suggestions should not await the outcome of this review.

3 I understand that, Lord Young has been briefed to speak in suitable terms during his visit to China this month.

4 I am copoying this letter to Charles Powell (PS/No 10), to the Private Secretaries to members of OD and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Maureen Dodsworth

MAUREEN DODSWORTH
Private Secretary

China Pt 2

Sino-British Relations

DWF G 016/04

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PP FCO (FOR NO 10 DOWNING STREET)

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GRS 1200
RESTRICTED
FM PEKING 040330Z MAR 85
TO IMMEDIATE DTI
TELEGRAM NUMBER OTTER 94 OF 2 MARCH.
INFO PRIORITY FCO, BTC HONG KONG, NO 10 DOWNING STREET.

LORD YOUNG'S MISSION: MEETING WITH MME CHEN MUHUA

1. LORD YOUNG ACCOMPANIED BY HIS WHOLE DELEGATION HAD 2-1/2 HOURS OF TALKS WITH THE MINISTER FOR FOREIGN ECONOMIC RELATIONS AND TRADE IN THE GREAT HALL OF THE PEOPLE ON 1 MARCH, FOLLOWED BY A DINNER GIVEN BY MME CHEN. THE ATMOSPHERE WAS EXTREMELY FIRENDLY AND THE TALKS WERE DETAILED AND DOWN TO EARTH.

2. AT A BRIEF PRIVATE MEETING BEFORE THE TALKS LORD YOUNG CONVEYED GREETINGS FROM THE PRIME MINISTER, EMPHASISING THE IMPORTANCE THAT SHE PERSONALLY ATTACHED TO THE MISSION, AND FROM MR TEBBIT, LORD COCKFIELD AND MR CHANNON. MME CHEN RECIPROCATED THESE GREETINGS AND EXPRESSED CONFIDENCE THAT LORD YOUNG'S VISIT WOULD CONTRIBUTE TO FURTHER EXPANSION OF ECONOMIC AND COMMERCIAL TIES.

3. WHEN THE MAIN MEETING BEGAN LORD YOUNG SPOKE FIRST. HE REFERRED TO THE EXCELLENT POLITICAL RELATIONSHIP WHICH HAD BEEN CROWNED BY THE HONG KONG AGREEMENT. PREMIER ZHAO'S VISIT TO THE UK IN JUNE WAS KEENLY AWAITED. THE BRITISH WERE IMPRESSED BY CHINA'S RAPID ECONOMIC DEVELOPMENT AND CHANGES IN ECONOMIC MANAGEMENT. HE CONGRATULATED MME CHEN ON THESE AND WELCOMED THE NEW TRADE POLICIES WHICH WERE FAVOURABLE TO BOTH CHINA AND TO HER TRADE PARTNERS. BRITAIN WAS WELL PLACED TO SUPPLY CHINA'S PRIORITY NEEDS IN ENERGY, COMMUNICATIONS AND FACTORY MODERNISATION. THE PURPOSE OF HIS MISSION WAS TO SEIZE THIS VERY FAVOURABLE OPPORTUNITY. THE SELECTION OF COMPANIES ON THE MISSION REFLECTED MANY OF THE UK'S INDUSTRIAL STRENGTHS BUT MANY OTHER COMPANIES HAD WISHED TO JOIN THE MISSION.

4. LORD YOUNG THEN REFERRED TO BILATERAL TRADE FIGURES AND TO A NUMBER OF SPECIFIC CONTRACTS CONCLUDED OR UNDER NEGOTIATION

4. LORD YOUNG THEN REFERRED TO BILATERAL TRADE FIGURES AND TO A NUMBER OF SPECIFIC CONTRACTS CONCLUDED OR UNDER NEGOTIATION INCLUDING SHORT BROTHER'S SALE OF EIGHT AIRCRAFT, NEGOTIATIONS TO SEE THE BAE146, THE GUANGDONG NUCLEAR PROJECT, CABLE AND WIRELESS AND GEC'S COOPERATION IN TELECOMMUNICATION, DEFENCE SALES PROSPECTS AND UK EXPERTISE IN THE TRANSPORT SECTOR. HE ALSO WELCOMED THE OPENING OF THE CNOOC OFFICE AND THE CNCDC OFFICE IN LONDON.

5. MME CHEN SAID THAT THE CHINESE REGARDED THE VISIT AS AN EXPREMELY IMPORTANT EVENT. SHE THEN GAVE A BRIEF SYNOPSIS OF THE CHINESE ECONOMIC SITUATION ON FAMILIAR LINES EMPHASISING THE 11% GROWTH ACHIEVED IN 1984 AND HIGHLIGHTING OIL, GRAIN, COTTON, STEEL AND COAL PRODUCTION. SHE ALSO GAVE A BRIEF RESUME OF THE PARTY'S DECISION OF OCTOBER 1984 ON URBAN AND INDUSTRIAL REFORM. SHE REFERRED TO THE 21% INCREASE IN CHINA'S FOREIGN TRADE LAST YEAR AND TO THE NUMBER (700) OF NEW JOINT VENTURES APPROVED IN 1984. SHE REITERATED ON STANDARD LINES THAT CHINA'S POLICY OF OPENING TO THE OUTSIDE WORLD WAS A LONG-TERM ONE. TURNING TO THE LEGAL FRAMEWORK SHE REFERRED TO THE PROMULGATION OF COMMERCIAL LAWS AND REGULATIONS, TO THE NEGOTIATION OF DOUBLE TAXATION AND INVESTMENT PROTECTION AGREEMENTS WITH VARIOUS COUNTRIES INCLUDING THE UK, AND TO THE CONSTITUTIONAL AMENDMENTS ESTABLISHING THE SPECIAL ECONOMIC ZONES, THE 14 OPEN CITIES AND HAINAN ISLAND, AND MOST RECENTLY, THE OPENING UP OF THE YANGTSE DELTA, PEARL RIVER DELTA AND FUJIAN DELTA REGIONS.

6. ON BILATERAL TRADE SHE EXPRESSED SATISFACTION WITH PROGRESS. TRADE HAD INCREASED AGAIN IN 1984. A NUMBER OF PROJECTS WERE UNDER DISCUSSION. BRITISH COMPANIES WERE WELCOME TO TENDER FOR THE POWER STATIONS IN THE 14 COASTAL CITIES TO WHICH ATTENTION HAD BEEN DRAWN AT MEETINGS EARLIER IN THE DAY. ON THE DEBIT SIDE THE IMPRESSION OF END-USERS WERE THAT UK FIRMS WERE LESS COMPETITIVE THAN JAPANESE, US AND OTHER EUROPEAN FIRMS.

7. MME CHEN SAID THAT SINCE CHINA WAS A DEVELOPING COUNTRY SHE HOPED BRITAIN WOULD TREAT IT AS SUCH. OTHER EEC COUNTRIES HAD RECOGNISED THIS FACT AND WERE GIVING CHINA APPROPRIATE TREATMENT. SHE HOPED THAT BRITAIN WOULD FACILITATE CHINA'S ACCESS TO THE UK MARKET: THERE WERE STILL CERTAIN RATHER STRICT RESTRICTIONS WHICH LIMITED CHINA'S ABILITY TO GENERATE FUNDS TO PAY FOR HER IMPORTS. SHE HOPED BRITAIN WOULD ALSO BE MORE LIBERAL ON TECHNICAL TRANSFER. CERTAIN BRITISH COMPANIES WERE INSISTING THAT CHINA SHOULD FIRST BUY COMMODITIES BEFORE AGREEING TO TECHNICAL TRANSFER, AND THEREBY LOSING THE CHANCE OF CONTRACTS. ON COCOM THE CHINESE CONSIDERED THAT THE PRESENT REGULATIONS DID NOT FIT WELL WITH CURRENT DEVELOPMENTS. THE RESTRICTIONS AFFECTED TECHNICAL TRANSFER. SHE HOPED THAT COCOM COULD RELAX THESE RESTRICTIONS AND THAT HMG SHOULD EXERT AN INFLUENCE IN THIS DIRECTION. FINALLY, TO IMPROVE THE PRESENT POSITION OF UK INDUSTRIALISTS IN THE CHINA MARKET, SHE HOPED THAT HMG WOULD CONSIDER PROVIDING FAVOURABLE MIXED CREDITS AS OTHER WEST EUROPEAN GOVERNMENTS WERE DOING.

8. RESPONDING LORD YOUNG SAID THAT BRITAIN RECOGNISED THE NEED TO ENCOURAGE TRADE BOTH WAYS. QUOTAS WERE A MATTER FOR THE

8. RESPONDING LORD YOUNG SAID THAT BRITAIN RECOGNISED THE NEED TO ENCOURAGE TRADE BOTH WAYS. QUOTAS WERE A MATTER FOR THE COMMUNITY: THERE WERE CERTAIN DIFFICULT SECTORS FOR BRITISH INDUSTRY, BUT THE AGREEMENT ON TEXTILES WAS GOING SMOOTHLY. ON COCOM, CHANGES IN THE RULES REQUIRED INTERNATIONAL AGREEMENT. BRITAIN HAD PLAYED A CONSTRUCTIVE ROLE IN ATTEMPTING TO RELAX THE RULES: FIVE YEARS AGO WE HAD TRIED WITHOUT SUCCESS TO ESTABLISH A FORMAL DEFERENTIAL: MOST RECENTLY WE HAD BEEN IN THE LEAD IN PRESSING FOR SPEEDIER CONSIDERATION OF EXCEPTIONS CASES. ON AID, LORD YOUNG SAID HE WOULD CERTAINLY CONSIDER MME CHEN'S POINTS AND REPORT THESE. THERE WERE HOWEVER MANY COMPETING CLAIMS ON BRITAIN'S LIMITED AID BUDGET. LARGE ECGD-BACKED CREDITS WERE AVAILABLE AT CONSENSUS RATES. FURTHERMORE THOUGH WE HAD NO CAPITAL AID PROGRAMME A TECHNICAL COOPERATION PROGRAMME HAD STARTED IN 1984.

9. TURNING TO TWO OTHER POINTS OF CONCERN TO BUSINESSMEN, LORD YOUND SAID THAT JOINT VENTURES WERE A GOOD METHOD TO PROMOTE TECHNICAL TRANSFER. THERE WERE HOWEVER PROBLEMS FOR THOSE CONTEMPLATING JVS, FOR EXAMPLE THE TIME LIMIT WAS FREQUENTLY TOO SHORT TO ALLOW RECOVERY OF THE VALUE OF ASSETS PUT IN. HE HOPED THE CHINESE WOULD EXTEND THIS. HE ALSO REFERRED TO THE 20% WITHHOLDING TAX ON THE EARNINGS FROM SALE OF KNOW-HOW. RESPONDING, MME CHEN SAID THAT THE TIME LIMIT ON JOINT VENTURES COULD VARY BETWEEN 10 AND 30 YEARS UNDER THE JOINT VENTURE LAW. THE EXACT LENGTH OF TIME COULD BE DISCUSSED. SHE CLAIMED THAT THE 20% WITHHOLDING TAX ON KNOW-HOW SALES WAS A COMMON INTERNATIONAL FEATURE: BUT THIS TOO COULD BE DISCUSSED IN CONTRACT NEGOTIATIONS.

10. MME CHEN THEN REFERRED TO A NUMBER OF PROJECTS, A LIST OF WHICH WOULD BE PROVIDED SUBSEQUENTLY (FOLLOWS TO DTI BY BAG). THESE INCLUDED:

A) 300 AND 600 MV POWER PLANTS.

B) EQUIPMENT REQUIRED IN THE MACHINERY SECTOR (EG. MANUFACTURING FACILITIES FOR SMALL PUMPS, PISTONS, MINI-COMPUTERS ETC).

C) CERTAIN MANUFACTURING FACILITIES FOR THE CHEMICAL INDUSTRY INCLUDING DYE STUFFS MANUFACTURE.

D) CERTAIN EQUIPMENT IN THE DEFENCE SECTOR.

11. LORD YOUNG THEN INVITED EACH OF THE TEN BUSINESSMEN ACCOMPANYING HIM TO SPEAK BRIEFLY ON THEIR PARTICULAR CAPABILITIES. MME CHEN LISTENED WITH INTEREST TO EACH PRESENTATION BUT THE ONLY SUBSTANTIVE COMMENTS SHE MADE WAS IN RESPONSE TO BRITISH AEROSPACE. SHE COMMENTED THAT THEY SHOULD LOWER THE PRICE OF THE 146. SHE ALSO MENTIONED CHINA'S PURCHASE OF THREE AIRBUS A310S AND THEIR INTENTION TO CONTINUE DISCUSSION FOR OTHERS.

12. IN CLOSING LORD YOUNG REFERRED TO OUR SATISFACTION AT THE CONCLUSION OF THE DOUBLE TAXATION AGREEMENT AND THE NEGOTIATIONS ON THE INVESTMENT PROTECTION AGREEMENT. HE SAID THAT HE HAD BROUGHT WITH HIM A DRAFT TEXT FOR A RENEWAL OF THE UK/CHINA ECONOMIC COOPERATION AGREEMENT. HE ALSO REFERRED TO THE FORTHCOMING VISIT OF THE STATE SCIENCE AND TECHNOLOGY COMMISSION TO THE UK FOR A REVIEW OF OUR S AND T AGREEMENT.

TO THE UK FOR A REVIEW OF OUR S AND T AGREEMENT.

13. MME CHEN CONCLUDED BY REFERRING TO THE POSSIBILITY OF COOPERATION IN THIRD COUNTRY PROJECTS WITH UK COMPANIES. THERE WERE NOW 54 CHINESE ORGANISATIONS IN SUCH WORK. ANOTHER FIELD OF INTEREST TO CHINA WAS TRAINING. SHE HOPED BRITISH COMPANIES WOULD INCLUDE TRAINING IN CONTRACTS NEGOTIATED. SHE REFERRED TO THE TECHNICAL COOPERATION PROGRAMME WITH PLEASURE AND SAID THAT HER MINISTRY WOULD CONSIDER THE NEW ECONOMIC COOPERATION AGREEMENT AND DISCUSS THIS IN DUE COURSE VIA THE EMBASSY.

EVANS

NNNN

GRS 350
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FM PEKING 010840Z MAR 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 260 OF 1 MARCH.
INFO IMMEDIATE HONG KONG

MIPT: LETTER FROM HU YAOBANG TO THE PRIME MINISTER

1. DURING THOMSON'S CALL THIS AFTERNOON ON JIANG ENZHU, JIANG REFERRED TO THE PRIME MINISTER'S LETTER OF THANKS TO HU YAOBANG OF 24 DECEMBER. HE SAID THAT HU HAD WRITTEN A LETTER OF REPLY TO THE PRIME MINISTER, THE SIGNED ORIGINAL OF WHICH WOULD BE FORWARDED THROUGH THE CHINESE EMBASSY IN LONDON. JIANG THEN HANDED OVER A COPY OF HU'S LETTER DATED 25 FEBRUARY TOGETHER WITH AN ENGLISH TRANSLATION, THE TEXT OF WHICH IS AS FOLLOWS:

BEGINS:

DEAR PRIME MINISTER,

I HAVE RECEIVED WITH PLEASURE YOUR LETTER OF 24 DECEMBER 1984, WHICH BROUGHT TO MY MIND OUR MOST PLEASANT MEETING IN BEIJING. SHORT AS IT WAS, THE MEETING LEFT WITH ME AN UNFORGETTABLE IMPRESSION OF YOUR KEEN INSIGHT AND HIGH DEDICATION TO WORK.

THE SATISFACTORY SETTLEMENT OF THE HONG KONG QUESTION HAS OPENED UP NEW PROSPECTS FOR THE FRIENDLY RELATIONS AND COOPERATION BETWEEN CHINA AND BRITAIN. AS I POINTED OUT DURING OUR MEETING, THERE IS INDEED A BRIGHT FUTURE FOR THE RELATIONS BETWEEN OUR TWO COUNTRIES. I BELIEVE THE VISIT TO CHINA BY THE BRITISH TRADE MISSION HEADED BY LORD YOUNG WILL MAKE A NEW CONTRIBUTION TO THIS END.

IT HAS BEEN MY CONVICTION THAT MEETINGS BETWEEN LEADERS ARE HIGHLY USEFUL TO ENHANCING MUTUAL UNDERSTANDING AND FRIENDSHIP. I HOPE THAT AFTER SOME TIME ARRANGEMENTS COULD BE MADE FOR ME TO VISIT YOUR COUNTRY SO THAT I MAY BE ABLE TO GREET AND LEARN FROM THE BRITISH PEOPLE, SEE WHAT BRITAIN HAS ACHIEVED IN VARIOUS FIELDS AND DRAW UPON YOUR EXPERIENCE, THUS HELPING PROMOTE THE FRIENDSHIP AND COOPERATION BETWEEN OUR TWO COUNTRIES FOR LONG YEARS TO COME.

WITH BEST WISHES,

YOURS SINCERELY

HU YAOBANG

ENDS

EVANS

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MR WILSON

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10 DOWNING STREET

From the Private Secretary

25 February 1985

CHINA: SUPPLY OF SUBMARINE EQUIPMENT

Simon Lowe wrote to me on 19 February on this subject conveying the Defence Secretary's proposal that officials should undertake a review of defence sales policy towards China.

The Prime Minister agrees that such a review should be conducted as a matter of urgency. She would not however wish it to interfere with immediate decisions on recent Chinese expressions of interest in the purchase of torpedoes on which she has already given her views.

I am copying this letter to the Private Secretaries of members of OD and to Richard Hatfield (Cabinet Office).

(Charles Powell)

Richard Mottram Esq
Ministry of Defence

CONFIDENTIAL

Subject

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T36/85

10 DOWNING STREET

THE PRIME MINISTER

25 February 1985

CC Master
OPS

Dear Prime Minister,

During my visit to Peking in December I expressed the confident hope to you that relations between the United Kingdom and China, which were already very good, would now develop even further. You were also kind enough to agree to my proposal that my Ministerial colleague Lord Young, Minister Without Portfolio, should lead a senior mission of British businessmen to visit China for discussions aimed at strengthening the economic and trade links between our two countries. Madame Chen Muhua has subsequently issued an official invitation to this delegation, and arrangements have been made for the visit to take place from 28 February to 9 March. I am very grateful for all that has been done to prepare for Lord Young's visit, which I am sure will be very successful.

My purpose in writing is to underline the importance I attach to this visit. I hope it will result in specific agreements with the participant companies about areas for future co-operation. The range of Britain's industrial capability is wide, and we have a great many companies interested in doing business with China in many fields. A single mission cannot fully represent the potential for co-operation. However, the ten companies involved include some of Britain's largest and best known firms in areas such as energy, transport, telecommunications, industrial modernisation and defence, which I know are high priorities for China.

/When I

When I was in Peking in December we discussed some specific questions in the transport field. I am very pleased to learn that China has now decided to purchase the European Airbus aircraft and the SD360 aircraft made by the British company, Short Brothers. I understand that negotiations about the possible purchase of another type of aircraft, the British Aerospace 146, are still in progress and hope that they will also soon be successfully concluded.

We also discussed the Guangdong Nuclear Project. I would like to say how pleased I was about the signing on 18 January of the agreement setting up the joint venture company for that project. I hope final negotiations will soon be successfully concluded.

I also understand that, at the request of the Chinese Ministry of Posts and Telecommunications, the British telecommunications company, Cable & Wireless, has been negotiating two important joint ventures. The Chairman of Cable & Wireless, who will be a member of Lord Young's mission, will be in Peking early next week and hopes to take these matters further. I hope that it will be possible to bring these important negotiations to a successful conclusion at an early date.

These are only examples, though important ones, of the enormous scope for co-operation between our two countries which I am sure Lord Young's mission will help to promote.

I am looking forward very much to your visit to the United Kingdom in the summer. Meanwhile, may I send you my best wishes for the Spring Festival. I look forward to working closely with you in the year ahead, particularly on the expansion of trade and economic co-operation, to our mutual advantage.

Yours sincerely

Margaret Thatcher

His Excellency Mr. Zhao Ziyang

CF TOP PAPERS MISSING

NB:

The original letter has not been sent (being held by the FCO).

The amended version is now in the Box waiting for PM to sign it. (Copy below for info.).

When signed, could the revised version be sent to the FCO with a covering letter to Peter Ricketts.

21.2.85

(DSG or JR for more information!)

TPM

10 DOWNING STREET

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February 1985

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His Excellency Mr. Zhao Ziyang

10 DOWNING STREET

GR

Please re-type the PM's message with the additional para overleaf, inserted after the references to the BAe 146 and the Guangdong Nuclear Project.

DMB
21/2

CONFIDENTIAL - MARKET SENSITIVE

CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-233 3299

From the Minister without Portfolio
The Rt Hon Lord Young of Graffham

David Barclay, Esq.,
Private Secretary,
10 Downing Street,
London, S.W.1.

20th February, 1985

1) Mr Powell
2) Prime Minister

Lord Young recommends the attached revision of your message to Zhao Ziyang, to take account of Cable and Wireless's interests. The earlier version has been held back.

DMB
21/2

Dear David

CABLE & WIRELESS: CHINA

As I mentioned to you on the telephone, the Chairman of Cable & Wireless, Sir Eric Sharp, who is to be a member of Lord Young's mission to China next week, came to see Lord Young this morning.

Sir Eric said that, at the initiative of the Chinese Ministry of Posts and Telecommunications, Cable & Wireless had been negotiating two major joint ventures with the Chinese which were potentially of very large political and commercial significance. The first was for the development of telecommunications in the Yangtze Delta. The proposed joint venture company would consist of the two Provinces, Zhejrang and Jiangsu, the Shanghai Municipality and Cable and Wireless. Cable & Wireless would provide the management of the company. The joint venture company would provide all long distance telecommunications links as well as international access. The potential was enormous since the population of the region concerned was over 120 million. Sir Eric thought that, given Cable & Wireless' important position in Hong Kong, the Chinese interest was concrete proof of their policy of one country - two systems. And the fact that a British company would be managing the joint venture would put the British telecommunications manufacturing industry in a strong position vis a vis United States and Japanese competition.

The second joint venture under discussion would have the Ministry of Posts and Telecommunications and Cable & Wireless as its shareholders. It would provide a consultancy service based in Peking for telecommunications throughout China. It would also develop added value telecommunications services. The company would also build a conference and scientific centre together with a major international hotel.

..../Cont.

Sir Eric Sharp said that the negotiations on both projects had reached an advanced stage. He himself was going to Peking this weekend in advance of Lord Young's mission to try to finalise the negotiations next week. If, as he hoped, he was successful, the agreements could be signed during Lord Young's visit. Sir Eric Sharp emphasised the delicacy of this information which had not been communicated before now to the British Government. Once announced, it was certain to have an effect on Cable & Wireless' share price. He asked, and Lord Youn undertook, that knowledge of it within the Government should be very restricted.

Lord Young considers that, in the light of Sir Eric's information, the letter which the Prime Minister has signed to the Chinese Prime Minister (your letter of 19th February to Maureen Dodsworth refers) could beneficially be amended to include a reference to Cable & Wireless' interests. Lord Young thinks that these are as important as the BAe 146 and Guangdong nuclear deals and may well stand a better chance of success, at any rate in the short term.

The Minister would like to suggest, therefore, that a further paragraph be added to the draft attached to Maureen Dodsworth's letter, after the references to the BAe 146 and the Guangdong Nuclear Project on the following lines:

> "I also understand that, at the request of the Chinese Ministry of Posts and Telecommunications, the British telecommunications company, Cable & Wireless, has been negotiating two important joint ventures. The Chairman of Cable & Wireless, who will be a member of Lord Young's mission, will be in Peking early next week and hopes to take these matters further. I hope that it will be possible to bring these important negotiations to a successful conclusion at an early date."

I understand that DTI officials are content with this form of words which could, if the Prime Minister agrees, be included in a revised letter to the Chinese Prime Minister and be included in the text being sent to our Ambassador in Peking. The original text, as approved by the Prime Minister, has not been sent to the Ambassador and is being held pending consideration of a revised draft.

I am sending copies of this letter to Peter Ricketts (Foreign and Commonwealth Office) and Callum McCarthy (Department of Trade & Industry).

Yours ever

Leigh

Leigh Lewis
Private Secretary

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-930 7022 218 2111/3

MO 11/14

19th February 1985

Agreed

Prime Minister
Agree no review by officials (without delaying current business)?
COP 21/2

COP o/r

Dear Charles

CHINA: SUPPLY OF SUBMARINE EQUIPMENT

The Defence Secretary has seen Len Appleyard's letter to you of 1st February, concerning the supply of submarine equipment to China. He has also seen your response of 4th February conveying the Prime Minister's views on this matter. The Ministry of Defence was not in fact consulted on this proposal before it was submitted to the Prime Minister.

Mr Heseltine agrees with the Prime Minister's views on sales to China, and feels that we might usefully consider going further still. The political and commercial factors highlighted in Mr Appleyard's letter indicate the need for a more fundamental review of our national policy on sales to China, across the whole range of defence equipment. The successful conclusion of the Hong Kong negotiations presents us with an opportunity, which must be taken if we wish to avoid being left behind by the Americans, who seem ready to contemplate sales across a much wider range of defence equipment than covered in this correspondence.

Our obligations to COCOM are of course relevant here. COCOM can effectively act as a brake on how far and how fast any COCOM member country may proceed down this road. However, the question of any further liberalisation of COCOM policy towards China is one which can only be pursued once we have clarified our own national policy.

The Defence Secretary therefore proposes that, as a matter of urgency, officials of the Departments concerned should jointly undertake a review of our defence sales policy towards China in view of the recent political and commercial developments, and should produce recommendations for Ministers to consider.

Agreed

I am copying this letter to the Private Secretaries of OD members, and Richard Hatfield in Sir Robert Armstrong's office.

Yours ever
Simon Lowe
(S H LOWE)

C Powell Esq
No 10 Downing Street

NR

10 DOWNING STREET

From the Private Secretary

19 February 1985

Thank you for your letter of 18 February enclosing a draft message from the Prime Minister to Premier Zhao Ziyang.

The Prime Minister has signed this letter and I attach a copy. I am sending the original to Leigh Lewis, with a copy of this letter, for Lord Young to take to Peking.

I am also sending a copy of this letter and the enclosure to Peter Ricketts so that the text can be sent to our Ambassador in Peking, as you requested in your letter.

(DAVID BARCLAY)

Miss Maureen Dodsworth,
Department of Trade and Industry.

CONFIDENTIAL

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

PS/
Secretary of State for Trade and Industry

18 February 1985

David Barclay Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Mr Powell
18/2

Dear David,

LORD YOUNG'S MISSION TO CHINA : POSSIBLE MESSAGE FROM THE PRIME MINISTER TO PREMIER ZHAO

The Embassy in Peking have advised that a message from the Prime Minister to the Chinese Premier, commending Lord Young's mission, would be likely to contribute to the success of that mission. The Embassy considers that the message should refer specifically to the negotiations for a possible sale of the BAe 146 aircraft. There have been recent indications that the Chinese interest in an early purchase of this aircraft could be diminishing. A fresh statement of the Prime Minister's continued personal interest would be extremely helpful.

2 We support these recommendations. A draft message (which also refers to the Guangdong nuclear project) is attached. The terms have been cleared with Foreign Office officials.

3 If possible, the text of this message should be delivered to the Chinese Prime Minister by our Ambassador in Peking by Monday, 25 February at the latest. A telegram of instruction to our Embassy in Peking should therefore be sent on Friday, 22 February. Lord Young could then take the signed original of the Prime Minister's message with him to Peking.

4 I am copying this letter to Peter Ricketts (FCO) and to Leigh Lewis (Private Secretary to Lord Young).

Yours sincerely,
Maureen Dodsworth

MAUREEN DODSWORTH
Private Secretary

JH1BYI

Encl

999-1

To [illegible]

CLOAK

DRAFT LETTER FROM THE PRIME MINISTER TO HIS EXCELLENCY MR ZHAO ZIYANG PREMIER OF THE PEOPLE'S REPUBLIC OF CHINA

During my visit to Peking in December I expressed the confident hope to you that relations between the United Kingdom and China, which were already very good, would now develop even further. You were also kind enough to agree to my proposal that my Ministerial colleague Lord Young, Minister without Portfolio, should lead a senior mission of British businessmen to visit China for discussions aimed at strengthening the economic and trade links between our two countries. Madame Chen Muhua has subsequently issued an official invitation to this delegation, and arrangements have been made for the visit to take place from 28 February to 9 March. I am very grateful for all that has been done to prepare for Lord Young's visit, which I am sure will be very successful.

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JH1BYL

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I am looking forward very much to your visit to the United Kingdom in the summer. Meanwhile may I send you my best wishes for the Spring Festival. I look forward to working closely with you in the year ahead, particularly on the expansion of trade and economic co-operation, to our mutual advantage.

JH1BYL

FILE

dd

10 DOWNING STREET

From the Private Secretary

11 February 1985

Lord Young's Trade Mission to China: BAe 146

Thank you for sending me a copy of Sir Austin Pearce's letter to Lord Young. I have subsequently spoken to the Ministry of Defence.

The gap between what BAe are prepared to pay (£50,000) and the MOD estimate (£150,000) remains large. The MOD estimate is in fact an actual costs estimate most of which can be ascribed to 55 hours of flying at something over £1,800 an hour. The Prime Minister thinks it would be hard to justify meeting the difference of £100,000 from public funds and regretfully concludes that the idea of sending a BAe 146 to China will have to be dropped unless someone can come up with a cheaper solution.

Charles Powell

Leigh Lewis, Esq.,
Office of the Minister Without Portfolio.

JR

(1)

10 DOWNING STREET

From the Private Secretary

Prime Minister

BAe 146: Lord Young's Mission.

The RAF confirm that they can provide an aircraft. But I cannot get their charges down below £150,000. I have been into the estimate quite carefully, and it is actual costs: mostly flying time of 55 hours at £1850 an hour.

2. BAe are not persuaded that it is worth that much to take an aircraft again, when they already had one in China only 6 months ago. Sir Austen Pearce offers only £50,000.

3. Do you feel strongly enough about this to insist that the

£100 000 difference be borne by Government departments (the DTI, mainly)? Or should we let it drop?

CDP 8/2.

I don't think we can ask £150,000, the idea will have to drop

CONFIDENTIAL

Ker

10 DOWNING STREET

From the Private Secretary

8 February 1985

CHINA: VISIT BY PREMIER ZHAO ZIYANG

Thank you for your letter of 7 February about the dates for Premier Zhao Ziyang's visit here in June.

The dates 3-7 June are acceptable. Our preference would be for talks with the Prime Minister from 1600-1800 on Monday 3 June followed by dinner that same evening. If considered absolutely necessary there could be a second session of talks on the morning of 5 June though we should prefer to avoid this if possible. The Prime Minister would be able to attend a return dinner on Thursday 6 June.

CHARLES POWELL

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

ECa

cc Mr Powell (No.10)
Mr Hall (DTI)
ll 7/2

British Aerospace

PUBLIC LIMITED COMPANY

100 Pall Mall
London SW1Y 5HR

Telephone: 01-930 1020
Telegrams: Britair London
Telex: 24353

CABINET OFFICE
Ka .....
07 FEB 1985
FILING INSTRUCTIONS
FILE No. .....

From the Chairman,
SIR AUSTIN PEARCE, CBE

The Rt Hon Lord Young of Graffham,
Minister without Portfolio,
Cabinet Office,
70 Whitehall,
London, SW1A 2AS.

7th February, 1985.

will request if required.

Dear Lord Young,

Thank you for your letter of 25th January and I am pleased to know that John Glasscock has been included in your mission for the forthcoming visit to China.

I understand that he has already been in touch with your officials in D.T.I. about our projects in China and perhaps you will not wish to be concerned with the details at this stage. However, he will wish to pursue our military and civil aircraft interests together with certain missile projects with the appropriate authorities in Beijing and also with representatives of the regional airlines in Shanghai and Canton. As you will know we have high hopes of concluding a 146 deal with or through the airline C.A.A.C., and this would be a most appropriate achievement during the period of your mission but we do, of course, have other civil projects which we would wish to promote. It will also be necessary to meet officials from the Ministry of Aviation Industries and in pursuit of the military interests some discussions might be useful with the Defence Departments; in this we need to be guided by your advice through the Embassy.

I hope that this information is sufficient for your immediate purpose - we are in touch with our people in Peking for a continuing up-date on the most helpful contacts which can be made on our behalf.

As you know, we are not able to provide a 146 aircraft from our own production line to transport your mission on the internal trips in China due to delivery commitments to customers in the USA, and although the Prime Minister directed that the RAF aircraft should be made available I now find that the estimated cost of such an exercise will be in excess of £175,000. This is a considerable sum recognising that it is less than 6 months since BAe had a 146 in China and visited all the key airports. We have also had a team in Beijing for some weeks and we have been told that price is the key determinant of a sale. We know the Chinese will drive a very hard bargain, added costs are therefore the last thing we need. British Aerospace will be prepared to accept up to £50,000, particularly if we are successful in our 146 sales, but even this is a substantial charge when added to our other expenditures and is as much as we feel we can absorb. Could I suggest

it might be appropriate if you would use your good offices to persuade the Ministry of Defence to undertake the trip as a training exercise to achieve a substantial reduction in cost which might be then shared on a more equitable basis with the other Companies forming part of your team.

Meanwhile, I send my warmest good wishes for the success of your mission.

Yours sincerely,

Ted Cu

2

10 DOWNING STREET

From the Private Secretary

7 February 1985

LORD YOUNG'S MISSION TO CHINA

the Commander of the Chinese Navy was very impressed by naval equipment which he saw in Britain last year and which he described as exactly matching Chinese requirements.

The Prime Minister thinks that it would be helpful to use Lord Young's mission to reaffirm our interest in military as well as civil sales. This would not involve any change in the composition of the delegation, but Lord Young might be briefed to make a general statement to Chinese leaders about our continuing interest and ability to provide certain items of military equipment. We should then see what response the Chinese make.

In view of the classification of this letter, I am copying it only to Richard Mottram in the Ministry of Defence. May I leave it to the Foreign and Commonwealth Office and the Ministry of Defence to arrange for Lord Young's mission to be briefed appropriately.

(C. D. POWELL)

L. V. Appleyard, Esq.,
Foreign and Commonwealth Office.

File

DSG

10 DOWNING STREET

From the Private Secretary

6 February 1985

I enclose two copies of the photograph taken following your meeting with the Prime Minister and the members of Lord Young's trade mission to China last Monday.

With best wishes,

Charles Powell

His Excellency Mr. Chen Zhaoyuan.

Prime Minister

If you agree, I shall arrange for Lord Young to be briefed accordingly.

CDP 6/2

Jp.011

Mr Powell

Yes

Lord Young's Mission to China

the Commander of the Chinese Navy was very impressed by the equipment he saw in Britain last year. He apparently said that the range of naval equipment now being produced in Britain included many items, eg mines and torpedoes, that exactly matched Chinese requirements and as soon as Chinese departmental discussions were completed orders would be placed.

2. This, and reports of Sino-US discussions of arms sales, suggest that we use Lord Young's mission to reaffirm our interest inmilitary as well as civil sales. I do not suggest any change in the composition of the delegation; but I suggest that Lord Young should be briefed to make a general statement to Chinese leaders about our continuing interest and ability to provide and we should then see what response the Chinese make. We may still not be entirely clear of the aftermath of the failure of the destroyer contract in January 1983; and the Chinese Defence Minister may still not be well disposed; but we must try to get back on the inside track on defence sales and the forthcoming mission against the background of the Hong Kong Agreement gives us too big a chance to miss.

PC

PERCY CRADOCK

5 February 1985

file RM

(JKRATN)

cc PC

10 DOWNING STREET

4 February 1985

From the Private Secretary

Dear Len,

CHINA: SUPPLY OF SUBMARINE EQUIPMENT

Thank you for your letter of 1 February proposing some relaxation of the embargo on the sale to China of certain items of submarine equipment.

The Prime Minister agrees to what is proposed but thinks that we ought to go beyond it and be ready to sell torpedoes and torpedo-firing systems, if this can be done under COCOM.

You will wish to consider the scope for such a further relaxation of restraints on sales of submarine-related equipment to China.

I am copying this letter to the Private Secretaries of members of OD, and to Richard Hatfield in the Cabinet Office.

Yours sincerely,

Charles Powell

(C. D. POWELL)

L.V. Appleyard, Esq.
Foreign and Commonwealth Office.

E.R.

Bae 146

cc Mr P Taylor
Mr Ingham
Miss J Caines
Mr D Marshall
Miss Wallace
(Lord Young's Office)

MR C POWELL

CHINA MISSION PHOTOCALL

This is to confirm that the photocall will take place at 6.45 pm today or as soon as the meeting breaks for drinks.

There will be ~~four~~ three still photographers - no TV.

We propose that there should be group photographs of the Prime Minister, Lord Young, Mr Channon, the Chinese Ambassador and the ten industrialists to be taken in the Blue Room, probably in front of the folding white doors at the White Room end.

The photographers will arrive at 6.30 pm. We shall need to avoid any opportunity for them to take photographs of people with drinks in their hands.

Miss Wallace, Chief Press Officer for Lord Young, and myself will be in attendance.

MINNITERD

NICK TOWERS
PRESS OFFICE

4 February 1985

*

Pl. keep on file. *
(China Trade Mission)
AM

10 DOWNING STREET

Charles

Richard Mottram phoned:
"The Royal Airforce has one H.S.146 & one crew that can fly it. If we were to ~~take~~ make it available it would take 3 days to get to China & 3 days to get back. But in principle we could do it."

Duty Clerk
4/2

Prime Minister.

When you break for drinks, we have photographers outside to take photos of you, the Ambassador, Lord Young.

MR POWELL 1 February 1985

CHINA: SUPPLY OF SUBMARINE EQUIPMENT

I hope Attached we can support the proposal in Len Appleyard's letter of 1 February. I do not now see much risk of criticism that in negotiating the Hong Kong agreement we allowed ourselves to be influenced by prospect of commercial gains. Nor do I see much risk in the proposal to the regional naval balance. We cannot afford to be more restrictive than our competitors. And it would be ironic if, after all our efforts on arms sales to China in the past and after the Hong Kong agreement, we allowed the Americans to scoop the pool.

PERCY CRADOCK

Spoken to Sir P. Cradock, who agrees that we could relax the embargo on torpedoes — though might run into COCOM problems.

CDP 1/2.

CHINA
DEFENSE Sales

OLD ATN

Prime Minister

The proposed relaxation is pretty modest. I don't see any real objection to * selling torpedoes: if we don't we shall only get pipped by our competitors.

I share your view. I believe we should relax and more relaxed than this inc. torpedoes

Agree to proposed relaxation? Plus torpedoes?

CDP 1/2

* I have asked Percy Cradock - he agrees.

Foreign and Commonwealth Office

London SW1A 2AH

1 February 1985

Dear Charles,

China: Supply of Submarine Equipment

Now that the Joint Declaration with China over Hong Kong has been signed, Sir Geoffrey Howe has been looking again at the current embargo on all sales of submarine equipment to China.

The embargo has operated since 1979, when Ministers agreed in OD that submarine equipment should be excluded from the list of permissable defence sales to China, on the grounds that it might alter the strategic balance in the region and be unwelcome to our allies. This policy was reviewed in 1983 when it was agreed that applications could be considered on their merits. However, the Prime Minister expressed reservations about the possible impact of sales on Hong Kong public opinion during the negotiations with the Chinese on the future of the territory (Timothy Flesher's letter of 11 August 1983 to Nick Evans, copy enclosed for ease of reference). In view of this, we have continued to withhold political clearance for all items of submarine equipment.

In recent months, Chinese interest in British submarine equipment has increased. The modernisation of China's ageing submarine fleet is known to be a high Chinese priority, and there are strong indications, which surfaced most recently during the visit in November of the Commander of the Chinese Navy, that they consider British equipment in a number of fields (particularly torpedoes, but also including less sensitive items such as periscopes) to be best suited to their requirements. In the face of our refusal to allow exports, however, there is evidence that they are now investigating alternative sources of supply, notably in Sweden, West Germany, France and the United States. There is a danger that, if our attitude is more restrictive than that of our competitors, we shall forego considerable commercial opportunities at a time when we are trying hard to increase exports to China.

So far as the Hong Kong angle is concerned, now that the negotiations have been successfully concluded, the case for

/ extreme caution

extreme caution has diminished. Indeed, any concern in Hong Kong about the strengthening of Chinese military capabilities would probably be more than offset by the positive impact of a clear manifestation of the close bilateral relations which will be essential for the successful implementation of the Hong Kong agreement. Furthermore, any contracts would take months, if not years, to come to fruition, and would in any case be small in relation to total trade with China. There is therefore little danger of criticism that we had allowed ourselves to be influenced by prospects of commercial gains in the defence field in negotiating the Hong Kong agreement.

The general case against assisting China in such a way as significantly to upset the balance of power in the Pacific remains valid. However, against the above background, Sir Geoffrey Howe considers that there is now scope for some relaxation in the sale of certain items of submarine equipment. There are a number of marginal items in which the Chinese are or may become interested and which would not enhance China's capability sufficiently to change the regional naval balance. By relaxing our present restrictive policy so as to permit the export of such items, we stand a chance of increasing considerably our current disappointing defence exports to China (£1.1m in 1983, although probably over £20m in 1984). There would also be a wider political benefit, since the Chinese resent the limitations which Western countries impose on their access to technology. This would be helpful both in political terms and in promoting our wider commercial relationship. This is reinforced by the fact that the Chinese have made representations to us on COCOM (Peking telno 113 of 27 January). We are currently seeking to give the Chinese positive signals about our attitude to bilateral relations following the Hong Kong agreement.

The practical effect of the proposed new approach would be to allow export to China of items such as batteries, periscopes and masts. Complete hulls and weapons systems, torpedoes and torpedo firing systems would still be prohibited (probably to continued Chinese disappointment - torpedoes are thought to be their main priority). Items to which we had no unilateral objection would of course still need to be submitted to COCOM. The likely attitude of COCOM partners, particularly the United States, is not at present clear. However, it is evident from reports of a recent visit to China by the Chairman of the US Joint Chiefs of Staff, and a visit now in progress by the Assistant Secretary of the Navy, that the Americans are themselves seriously considering significant sales to China of

/ defence equipment,

defence equipment, including submarine related equipment. Indeed, it may soon be necessary to consider with our COCOM partners a wider review of the present COCOM rules about sales of defence equipment to China. But this possibility need not inhibit us from now letting those concerned in this country know that we are prepared to relax our own national rules on the sale of certain items of submarine equipment to China and giving them the opportunity to seek orders.

Sir Geoffrey Howe would be grateful to know whether the Prime Minister agrees to this proposed revision of policy. I am sending a copy of this to the Private Secretaries to the members of OD and to Richard Hatfield (Cabinet Office).

Yours ever,

Len Appleyard

(L V Appleyard)

C D Powell Esq
10 Downing Street

E.R.

PRIME MINISTER

Lord Young's Mission

The businessmen will come at 1730: the Chinese Ambassador and his staff at 1815: break for drinks at 1845/1900. /Finish at 1930./

You will want to make a short introductory statement to the businessmen to set the political background and enthuse them about the opportunities. Then ask Lord Young to describe the Mission's objectives and each businessman to describe briefly his particular objectives.

When the Ambassador comes, you will want to stress the importance of the Mission and your personal interest in its success. You might then ask him to comment on the prospects: and invite the businessmen to put any points to him.

You will recall that you have agreed to see the Chinese Ambassador for a farewell call in March.

C.D.P.

1 February 1985

COMMERCIAL IN CONFIDENCE

From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 5144
GTN 215)
(Switchboard) 215 7877

Charles Powell Esq
10 Downing Street
LONDON
SW1

1 February 1985

Dear Charles

PRIME MINISTER'S MEETING/RECEPTION FOR LORD YOUNG'S VISIT TO CHINA MONDAY 4 FEBRAURY

Since I wrote to you earlier today, there have been further developments in relation to Short Brothers. Short have now landed the contract for 8 x SD360 aircraft for use, as we understand it, in commuter travel in the Shanghai and Canton areas. We therefore advise the Prime Minister to take the line with the Chinese Ambassador set out in (e) on page 2 of the brief.

2 For the Prime Minister's information, but not to be revealed at the meeting, the contract is worth some £37m.

3 One further point. I understand from Leigh Lewis that there remains some uncertainty about who will accompany Lord Young from GEC. It is now unlikely to be Lord Weinstock. It is not yet clear whether Mr Prior will go instead.

4 I am copying this letter to Colin Budd (FCO) and Leigh Lewis (Lord Young's Office).

Yours sincerely

Steve

STEPHEN NICKLEN
Private Secretary to
the Minister for Trade

999-3

540/1635

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 5144
GTN 215)
(Switchboard) 215 7877

From the Minister for Trade

Charles Powell Esq
10 Downing Street
LONDON
SW1
1985

7 February

Dear Charles

PRIME MINISTER'S MEETING/RECEPTION FOR LORD YOUNG'S VISIT TO CHINA, MONDAY 4 FEBRUARY

As you recently requested by telephone, I am enclosing a brief for this occasion.

[now see further letter]

Could you please note that the reference to Short Brothers in (e) on page 2 should be regarded as being in square brackets until we can confirm the latest position with the company. Their representative is in China at the moment and is difficult to contact. It is possible that we will not hear until Monday. I will then contact you.

FCO consider that the Prime Minister will not need briefing on current UK/China political issues other than COCOM, which is covered in the brief.

The ODA is content with the proposed references to the question of aid for China.

I believe that, so far, three members of the mission have told you that they will be abroad on 4 February and are sending alternates. These are: Mr P Bosonnet (Deputy Chairman BOC) replaces Mr Giordano, Mr J H Crouch (Director, Marketing, Cable and Wireless) replaces Sir Eric Sharp, and Dr A G Raper (Deputy Chairman, Davy McKee) replaces Mr Kingdon.

I am copying this letter to Colin Budd (FCO) and Leigh Lewis (Lord Young's office).

Yours sincerely

Stephen

STEPHEN NICKLEN
Private Secretary to
the Minister for Trade

999-3

PRIME MINISTER'S MEETING WITH LORD YOUNG AND HIS MISSION TO CHINA, 4 FEBRUARY

POINTS TO MAKE

(i) With the Mission Members

(a) Glad such a strong team has been put together, wish them success; personally attach importance to mission's success, as does the Chinese Premier. Mission represents UK industry and commerce as a whole. Follow up after the mission will be very important.

(b) UK/China agreement on Hong Kong marks start of new phase in Sino-British relations.

(c) UK companies have much to offer China in Chinese economic priority sectors eg energy, transport, communications, industrial modernisation. Glad these sectors so well represented on mission.

(d) Good prospects therefore for increasing our present (modest but improving) level of trade and economic co-operation with China.

(e) But it is still a difficult and competitive market, as mission members know, and getting business there will continue to call for patience and hard work.

(f) Ask Lord Young to speak about the mission's objectives and his overall approach to the mission.

(g) (If time permits) ask company representatives briefly to describe their aims for the visit and any points they want to put to the Ambassador (so that these can be reported to Peking to be considered before the visit).

(ii) With the Ambassador

(a) Mission includes top people from some of our best companies shows our determination to build up trade and economic links with China. Many more companies applied to go.

(b) Grateful to Chinese authorities for welcoming this delegation, particularly Madame Chen Muhua, Minister of Foreign Economic Relations and Trade, who will be the delegation's host. Know that much hard work will be involved to finalise preparations.

(c) Invite Ambassador to comment generally on overall prospects for UK-China trade and current developments in Chinese economic and foreign trade policy.

(d) Guangdong nuclear project. Glad that Hong Kong-China joint venture company was set up on 18 January. Hope negotiations

can now move smoothly and quickly to conclusion.

(e) Aerospace. Very glad China has wisely decided to buy the European Airbus and Short Brothers SD360 aircraft. Discussed these with the Chinese Prime Minister in Peking. Also discussed prospects for BAe 146 sale. Mr Glasscock, BAe, will I am sure hope to discuss that contract further during his visit.

(f) (If time permits). Ask mission members to put any other points to the Ambassador.

DEFENSIVE POINTS

(i) With the Mission Members

(a) COCOM. Controls decided multilaterally; no prospect of early major relaxation of controls on exports to China but ideas for speeding up handling of licence applications relating to China will be discussed at high level COCOM meeting in February.

(b) Aid-soft credit. Aware that other countries are giving China aid and mixed credit. But unless aid budget increased which is very difficult, more UK aid for China means less for other countries. China has a good foreign exchange position and not infrequently pays cash.

(ii) With the Ambassador

(a) COCOM. Aware of recent representations by Vice Foreign Minister Zhou Nan to the British Charge d'Affaires in Peking which are being considered. The COCOM system of export controls is the subject of multilateral agreement; cannot say anything new at present.

(b) Aid-soft credit. Glad that we have started a modest technical co-operation programme with China. Difficult to do more without putting at risk the public expenditure objectives which are such a high priority for HMG. ECGD-supported credit available without restriction; delighted China was recently upgraded to ECGD's highest category for premium assessment purposes.

OT2/3B
31 January 1985

BACKGROUND NOTE

This will be the first meeting of the delegation as a group (though some members will not be present because they are abroad: they will send substitutes). After the Prime Minister's meeting with the delegation they will be joined by the Chinese Ambassador and others from the Chinese Embassy.

A list of the members of the mission, and very brief notes on their companies' interests in China is attached.

COCOM

The Chinese Vice Foreign Minister, Zhou Nan, spoke to the British Charge d'Affaires in Peking (Mr Thomson) on 17 January complaining about the continued application to China of the COCOM strategic export controls. There is no prospect of China's early removal from the controls (which would require unanimous agreement) but discussions are in progress within COCOM about speeding up the processing of applications for exports to China.

AID

Britain has no bilateral capital aid programme for China; we have only a modest (though increasing) technical co-operation programme. The Chinese (and UK businessmen) often criticise HMG for failing to give China capital aid. ECGD credit is available on normal Consensus terms; and China was recently raised to the highest category for ECGD premium assessment.

PROGRAMME

The itinerary is:

27 Feburary London-Peking (arrive 28 February)

5 March Peking-Shanghai (China's major industrial and commercial centre)

7 March Shanghai-Canton (major industrial city in South China, and a centre for offshore oil activity)

9 March Canton-Hong Kong (where a 2-day programme will be organised)

12 March Hong Kong-London

In each place there will be a number of meetings for the full delegation, but as far as possible arrangements will also be made for individual members to have individual meetings relevant to their own interests. Details are being worked out. In Peking, there will probably be meetings with the Ministry of Foreign Economic Relations and Trade, State Economic Commission, State Planning Commission, China Council for the Promotion of International Trade, China International Trust and Investment Corporation and with a number of functional Ministries eg Coal, Water Resources and Electric Power and others.

OT2/3B
31 January 1985

MEMBERS OF LORD YOUNG'S MISSION

1 GOVERNMENT

The Rt Hon Lord Young of Graffham	Minister without Portfolio
Mr David Hall	Assistant Secretary Overseas Trade Division 2 Department of Trade and Industry
Mr Leigh Lewis	Private Secretary to Lord Young
Miss Sheena Wallace	Press Secretary to Lord Young
Mrs Margaret Bell	Personal Assistant to Lord Young

2 BUSINESSMEN

Mr Richard Giordano	Group Chairman and Chief Executive Officer, the BOC Group
Mr John Glasscock	Deputy Chief Executive, British Aerospace plc (Aircraft Group)
Mr H C Harrison	Chairman, Simon Engineering plc
Mr Dennis Jackson	Director, Corporate Strategy and International Affairs, Rolls Royce Ltd
Lord King of Wartnaby	Chairman, Babcock International plc Chairman, British Airways
Mr Roger Kingdon	Chief Executive, Davy McKee (Teeside Group) Ltd
Sir Duncan McDonald	Chairman, Northern Engineering Industries plc
Sir Eric Sharp	Chairman and Chief Executive, Cable and Wireless plc
Mr John Swinglehurst	Director, Sedgwick Group plc
Lord Weinstock of Bowden (or another senior director of GEC)	Managing Director, General Electric Company plc

3 PRESS

Up to 5 representatives, not yet known.

999-80

LORD YOUNG'S MISSION TO CHINA

Brief notes on mission members' interests in China

British Aerospace (represented by Mr John Glasscock)

Supplied 35 Tridents in early 1970s. Contract initialled January 1985 for three A310 Airbus aircraft. Position on possible BAe 146 sale (discussed during Prime Minister's visit in December) remains unclear. Also pursuing sales of Jetstream; and working with MATRA of France on bid to supply direct broadcast satellites.

Rolls Royce (Mr Dennis Jackson)

Major contract with Xi An aeroengine factory in 1975. Hope shortly to sign contract for production of four sets of SK15 HE engines for a power station in Xinjiang. Also negotiating agreement for co-production of SK15 HE and SMIA engines (both of Spey origin). Are also supplying power generation units for oil field use, and pursuing possible naval order for marine turbines.

Simon Engineering (Mr Harry Harrison)

Major contract for grain handling port equipment in 1983. Pursuing opportunities in food processing (flour mills, edible oil refineries etc) SimChem (a group member company) interested in possible chemical and plastics projects.

Babcock International (Lord King)

Interested mainly in energy sector eg coal fired boilers, coal pulverisation, gasification and combustion.

British Airways (Lord King)

Airline rights in to Peking. Possible contracts with CAAC for eg training services, computer software. Joint venture in offshore oil helicopters in South China. Bidding (with Vickers) for contract for new maintenance facilities at Canton airport.

Davy McKee (Mr Roger Kingdon)

Metallurgical industry, coal handling and gasification, petrchemicals, mining. Despite long efforts in China, still awaiting major success.

Cable and Wireless (Sir Eric Sharp)

Wide range of telecommunications activities in South China: offshore oil telecommunications. Local area in Shenzhen, microwave links throughout Guangdong Province.

Sedgwicks (Mr John Swinglehurst)

The only European insurance brokers in Peking. Handle much of China's reinsurance business in the London market.

NEI (Sir Duncan McDonald)

Have had successes in underground electrical equipment for coal mines. Looking for business in power generation and other areas.

GEC (Lord Weinstock)

Guangdong nuclear project. Other power generation and transmission projects. Optical fibres (subject to COCOM restraints). Traffic control systems. Two representative offices in Peking: GEC Avionics and Marconi. Has been awarded a number of defence related contracts.

BOC Group (Mr Richard Giordano)

Gases and air separation plants (currently quoting for oxygen air separation plants for steel mills in China); carbon and graphite products (eg electrodes). Equipment for high vacuum environments, eg in the semi-conductor industry. Health care products.

OT2/3B
31 January 1985

cc Caroline Ryder

RESTRICTED

CR

TUE 12 March
9.30.
Brief coming by
Fri 8: March

10 DOWNING STREET

From the Private Secretary

1 February 1985

CR
5/2

Chinese Ambassador:
Farewell Call

Thank you for your letter of 31 January relating the Chinese Ambassador's request to pay a farewell call on the Prime Minister.

The Prime Minister is not at all keen to make a habit of receiving farewell calls from Ambassadors but recognises the exceptional circumstances in the Chinese case and would be happy to see Mr. Chen Zhaoyuan for 15 minutes. I should be grateful if you could arrange a time with Caroline Ryder.

(C.D. Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

RESTRICTED

CC/PC. ①

Foreign and Commonwealth Office

London SW1A 2AH

31 January, 1985

Prime Minister
We mustn't allow farewell calls to become a habit. But this does seem to a strong case for the Chinese.

Dear Charles,

Agree to see him for 15 minutes?
CDP
31/1

Chinese Ambassador: Farewell Call

The Chinese Ambassador, Mr Chen Zhaoyuan, expects to leave London at the end of his tour in late March. Sir Geoffrey Howe will be hosting a farewell lunch. The Ambassador has also asked whether it would be possible for him to make a courtesy call on the Prime Minister.

We realise that it is unusual for the Prime Minister to receive departing Ambassadors. However, Sir Geoffrey Howe believes that, if the Prime Minister has time, there are good grounds for making an exception in this case. Ambassador Chen has been here during a period of remarkable growth in UK-China relations, including of course the negotiation and signature of the Joint Declaration on Hong Kong. A very brief call would demonstrate clearly to the Chinese the importance we attach to the Joint Declaration and to relations generally, as well as the Prime Minister's close personal interest. A further point is that, when Sir Percy Cradock left Peking in December 1983, he was, unusually, received by Premier Zhao Ziyang. It would be helpful if we could reciprocate this gesture.

I should, therefore, be grateful if you could seek the Prime Minister's agreement in principle to the request. If this if forthcoming, we shall ask the Chinese Embassy to arrange an appointment through the FCO, and shall submit briefing as necessary in due course.

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

GRS 650

CONFIDENTIAL

FROM PEKING 270858Z JAN 85

TO PRIORITY FCO

TELEGRAM NUMBER 113 OF 27/1/85

INFO PRIORITY HONG KONG

BTC HONG KONG AND DTI FOR HALL OT 4

AND WASHINGTON

COCOM: CHINA

1. I WAS ASKED BY THE NEW DIRECTOR OF WESTERN EUROPEAN DEPARTMENT, MEI ZHAO RONG, TO CALL THIS MORNING TO DISCUSS COCOM

2. MEI RECALLED THET ZHOU NAN HAD ALREADY RAISED COCOM WITH ME (MY TEL NUMBER 69-NOT TO BTC HONG KONG).
ZHOU NAN HAD ASKED MEI TO ELABORATE THE CHINESE ATTITUDE TOWARDS COCOM BECAUSE THE PROBLEM CONCERNED BILATERAL ECONOMIC AND TECHNICAL COOPERATION. THE PRIME MINISTER HAD EXPRESSED A WISH TO INTENSIFY THIS COOPERATION. A FAILURE TO SOLVE THE COCOM PROBLEM WOULD IMPEDE ITS DEVELOPMENT.
THE CHINESE WERE AWARE THAT A HIGH LEVEL COMCOM MEETING ON 7/8 FEBRUARY WOULD DISCUSS THE QUESTION OF TECHNOLOGICAL EXPORTS TO CHINA. MEI THEREFORE WISHED TO MAKE THE FOLLOWING POINTS.

(A) COCOM HAD BEEN FOUNDED DURING THE COLD WAR. THE PRESENT WORLD SITUATION WAS QUITE DIFFERENT. CHINA HAD FRIENDLY RELATIONS WITH ALL COCOM MEMBERS. IT WAS THEREFORE QUOTE ANACHRONISTIC AND INAPPROPRIATE UNQUOTE FOR A COLD WAR POLICY TO BE MAINTAINED AND FOR DISCRIMINATORY RESTRICTIONS TO BE CONTINUED ON EXPORTS TO CHINA. THIS WAS NOT IN ACCORD WITH THE FRIENDLY BILATERAL RELATIONS BETWEEN CHINA AND COCOM MEMBERS.

(B) CHINA WAS PURSUING AN INDEPENDENT POLICY OF PEACE. IT WAS A FACT THAT CHINA WAS THE LARGEST NON-ALIGNED COUNTRY. A PROSPEROUS AND STRONG CHINA WAS IMPORTANT FOR WORLD PEACE AND STABILITY. THIS WAS IN THE INTERESTS OF COCOM MEMBERS. BUT COCOM STILL PUT CHINA ON A PAR WITH THE WARSAW PACT, WHICH PURSUED A HEGOMONISTIC POLICY. THIS WAS DIFFICULT TO UNDERSTAND AND UNWISE.

(C) CHINA'S OPENING UP TO THE OUTSIDE WORLD WAS A BASIC POLICY. IT PROVIDED FAVOURABLE CONDITIONS FOR INCREASING ECONOMIC AND TECHNOLOGICAL COOPERATION WITH WESTERN EUROPE, TO WHICH CHINA ATTACHED IMPORTANCE.

CONFIDENTIAL

/HOWEVER

HOWEVER COCOM RESTRICTION PROVIDED A XURIOUS OBSTACLE TO BILATERAL ECONOMIC COOPERATION. CHINA BELIEVE THAT OPEN RELATIONS SHOULD BE A TWO-WAY STREET AND THAT COOPERATION DEPENDED UPON GOOD WILL ON BOTH SIDES. FAILURE TO REMOVE COCOM RESTRICTIONS ON EXPORTS TO CHINA WOULD BE DETRIMENTAL TO THE INTERESTS OF COCOM MEMBERS.

(D) RECENTLY A NUMBER OF COCOM MEMBERS HAD ADVOCATED THE RELAXATION OR REMOVAL OF COCOL RESTRICTION ON EXPORTS TO CHINA.
IT HAD ALSO BEEN SUGGESTED THAT SUCH EXPORTS SHOULD BE DECIDED BY EACH MEMBER STATE INDIVIDUALLY OR THAT, AT THE LEAST, APPROVAL PROCEDURES SHOULD BE SIMPLIFIED AND ACCELERATED.
CTINA APPRECIATE THESE QUOTE FAR-SIGHTED OPINIONS AND EFFORTS UNQUOTE.
HOWEVER SOME COCOM MEMBERS OPPOSED THESE SUGGESTIONS EITHER BECAUSE OF DIFFERENCES OVER POLICY ON EXPORTS TO THE USSR OR BEKAUSE OF COMPETITION FOR EXPORT MARKETS. CHINA HOPED TO SEE AN EARLY END TO THIS SITUATION. CHINA DID NOT OPOSE NORMAL COMMERCIAL COMPETITION BUT USING COCOM IN THIS WAY WAS NEITHER NORMAL NOR CORRECT.

3. MEI SAID THAT IN VIEW OF THE ABOVE, CHINA STRONGLY URGED ALL COCOM MEMBERS TO ADJUST TO THE CHANGED SITUATION AND LOOK TO THEIR WIDE INTERESTS, . RESTRICTIONS ON EXPORTS TO CHINA SHOULD BE REMOVED. AT THE LEAST APPROVAL PROCEDURES SHOULD BE RELAXED. SINO-BRITISH RELATIONS WERE GOOD. CHINA LOOKED FORWARD TO STILL CLOSER RELATIONS. CHINA HOPED THAT HMG WOULD EXERT A POSITIVE INFLUENCE AT THE 7/8 FEBRUARY MEETING TO REMOVE THE COCOM RESTRICTIONS ON EXPORTS TO CHINA.
MEI BELIEVED THAT THE UK FAVOURED AN OPEN POLICY ON EXPORTS TO CHINA IN SOME FIELDS. HE UNDERSTOOD THAT UNANIMITY WAS REQUIRED FOR COCOM DECISIONS AND THAT HMG PLAYED A CRUCIAL ROLE WITHIN COCOM.

4. I TOLD MEI THAT I HAD NOTED HIS REMARKS CAREFULLY. I UNDERTOOK TO REPORT THEM. I REPEATED WHAT I HAD TOLD ZHOU NAN: COCOM WAS A MULTI-LATERAL ORGANISATION WITH COMPLEX RULES. ANY CHANGES REQUIRED THE AGREEMENT OF ALL MEMBERS. THIS WAS NOT A SIMPLE PROCESS. I UNDERTOOK TO GET IN TOUCH WITHOUT DELAY SHOULD WE HAVE A FORMAL RESPONSE TO MEI'S REMARKS. MEI LOOKED FORWARD TO OUR REACTION.

 /COMMENT

COMMENT
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5. IT SEEMS THAT THE CHINESE KNOW THAT WE ARE WELL DISPOSED TOWARDS SOME RELAXATION OF COCOM RESTRICTIONS ON EXPORTS TO CHINA. WE DO NOT THEREFORE BELIEVE THAT A SUBSTANTIVE BRIEFING ON OUR POSITION IS YET NECESSARY OR INDEED APPROPRIATE (PARAGRAPH 7 OF JOY'S TRED TELELETTER MTS 087/1/9 OF 24 JANUARY),.

THOMSON

LIMITED

TRED
ERD
DEFENCE D
FED
NAD
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PUSD
MR BRAITHWAITE

COPIES TO

MR HALL OT4 OT1
VICTORIA ST

MR POWELL CDP 16/1 16 January 1985

LORD YOUNG'S MISSION TO CHINA

I think we are limited to 10 companies because of the Chinese inability to cope with more than 10 captains of industry at one time. This is the Embassy view and it accords with my own experience. There is, of course, a very long list of interested firms, but we shall simply have to indicate to the Chinese that the 10 we are taking are only a small sample and many others will wish to follow in their own time.

I doubt whether we need to intervene from here. The six new names seem reasonable and we should be able to leave it to DTI, Lord Young and the Embassy to play the hand. If it had been proposed to send Northern Engineering Industries as well as GEC we should probably have had to speak. I have been through the experience before of entertaining GEC one week and NEI the next, both competing for the same contract. The result, confusion and failure. Within each sector we should try to sort out such rivalries at home rather than exposing them to the Chinese. Equally the inclusion of Walter Marshall, given his views on the Guangdong Nuclear Project, would do little good. But these dangers do not seem immediate.

PC

PERCY CRADOCK

MR POWELL CDP 16/1

Copy to Mrs Goodchild

LORD YOUNG'S MISSION TO CHINA

I have spoken to Paul Channon's Office and Lord Young's Office and we have agreed on Monday 4 February from 1730 hours to 1930 hours for a meeting and drink. Lord Young's office will probably do the inviting. Is this right? Presumably the list is fairly straight forward as it will include all those on the Mission plus the Chinese Ambassador and staff.

CR.

Caroline Ryder

16 January 1985

000

CDP

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215)
GTN 215)
(Switchboard) 215 7877

From the Minister for Trade

The Rt Hon The Lord Young of Graffham
Minister Without Portfolio
Cabinet Office
70 Whitehall
London
SW1A 2AS

Sir R. Butler to see.
Do we need to intervene from here? Are we wise to limit it to 10 companies?
CDP
16/1

15 January 1985

Dear David

YOUR MISSION TO CHINA

You need to decide soon which companies should be asked to fill the remaining six places on this mission, in addition to those already invited: GEC, British Aerospace, Rolls Royce and Cable and Wireless.

2 Following the publicity about the mission before Christmas, applications have been received from over 40 companies. Some are non-starters, but the majority are from substantial companies with significant business interests in China, who have a good claim to go, and would be worthy members of the mission. Choosing is not easy. Some of those not chosen will doubtless complain. Part of the problem is that in some sectors several companies have about an equal claim.

3 In general terms, energy, transport, telecommunications and the modernisation of industry are the priority sectors.

4 Within these broad sectors, our Embassy in Peking have commented that they are not convinced that the energy sector (except possibly electricity generation and transmission) need be emphasised; the oil sector has had a fair crack of the whip recently: Alick Buchanan-Smith was in China last December. The Embassy have suggested that we look at information technology (including micro-computers, numerically controlled machine tools, fibre optics and telecommunications), transport (aerospace, railway and port equipment, vehicles), food processing and packaging.

5 Having regard to the Embassy's recommendations and the representations we have had from companies, I suggest the following six companies as first choice for the remaining places:-

1 BICC: whose interests include power transmission and telecommunications, eg optical fibres.

2 Sinclair Research Limited: micro-computers; interested in licence production in China. Sinclair have applied to go.

999-3

3 Babcock: power generation, mining. Sir Frank Cooper, Deputy Chairman, has nominated Mr Donald Parvin, Deputy Managing Director of Babcock International plc. But there could be a chance that Lord King, their Chairman, would be interested in going; he would be a very suitable choice and could then also represent British Airways' interests.

4 The Simon Group of Companies: extensive interests in China include food processing, port equipment, process plant. Have expressed strong interest, and would be represented at a senior level.

5 Davy McKee: metallurgical and chemical plant, coal mining. Company has nominated Mr Roger Kingdon, Chief Executive, Davy McKee. He went with Lord Jellicoe to Taiwan recently, but we do not see that as a significant problem.

6 John Brown: gas turbines, chemical plant, offshore oil. Company has nominated Mr A G Bruce, Director of International Marketing.

6 The reserve list includes, in possible order of priority:-

7 British Oxygen Company: I gather you will be speaking again to Dick Giordano. We may then be better able to judge how good a claim they have.

8 An electronics/telecommunications company: STC, Racal, Ferranti have all applied; Plessy may also be interested.

9 A company from the motor industry: Leyland, Perkins and Lucas have all applied; Lucas also have aerospace interests.

10 Northern Engineering Industries (NEI): have applied, but it is doubtful if they should be included as well as GEC. Sir Duncan MacDonald, Chairman, has written to you offering himself as a participant, and drawing attention to the high priority his company attaches to China, their success in selling mining equipment, and their hope for major contracts in power generation and transmission. NEI's inclusion has been supported by our Embassy in Peking.

11 Humphreys and Glasgow: offshore oil, process plant contractors, active in China.

12 Metal Box, APV or Baker-Perkins: food processing and packaging. Sir Ronald McIntosh (APV) has written to you and to the Department. He would probably take part himself, and emphasises that APV are the only British firm providing types of food processing machinery in which the Chinese are interested, but where there is state-aided competition from Sweden and Denmark.

13 Glaxo, ICI or Courtaulds: Glaxo are recommended by the Chemical Industries Association.

14 A machine tool company: the 600 Group, or Bridgeport Textron.

15 A company in the civil engineering/construction sector: Bovis, Costain and Taylor Woodrow have all applied. Wimpey would also have a strong case.

16 The National Coal Board or a coal mining or mining equipment company: of the longwall mining equipment companies, Anderson Strathclyde and Dowty have both applied, and Gullick Dobson have an equal claim. Dowty's interests go wider, eg aerospace. The Chairman of the British Longwall Mining Association has been in touch with us to say that he intends to nominate someone to take part in the mission as representing the whole of this ector of the coal equipment industry. That proposal deserves very careful consideration. Costain are also interested in mining.

17 BAT: have applied, referring to their extensive tobacco business;interested also in paper through their Wiggins-Teape Company.

18 A micro-computer company: Acorn or ACT.

19 The Distillers Company: they have been suggested by Jardine-Matheson. There may be worthwhile opportunities for them in China but we doubt if they are of a kind to justify offering them a place.

7 Any of the above companies, except possibly Distillers, would be well suited to go on the mission.

8 Other possibilities include:-

20 A banker: The Midland Group, which includes Samuel Montagu, have an office in Peking. But a number of other banks are also interested. You have had a letter from Sir Frank Cooper on behalf of N M Rothschild, and Lloyds Bank International have also approached the Department.

21 An insurance company or broker: Sedgwicks (brokers) have an office in Peking and already do with the People's Insurance Company of China significant reinsurance business which they hope to expand.

22 The President of the Sino-British Trade Council: Sir Peter Matthews.

9 I understand that Sir Walter Marshall has expressed interest in joining the mission. As this would be at the expense of one of the other companies mentioned, and might over-emphasise power generation, we should think carefully before going firm on this. The CEGB itself is not a manufacturer of generating equipment. Philip Jones, Chairman of the Electricity Council, is to visit China later this month and it is doubtful whether there will be substantial business for Sir Walter to pursue so soon after that visit.

---- 10 For completeness a list is attached of those companies which have applied to go but which the Department does not recommend.

11 Madame Chen Muhua, State Councillor and Minister of Foreign Economic Relations and Trade - who visited Britain in March 1983 - is to be your delegation's official host.

12 As regards the itinerary, the Department's suggestion is that the party travel on the weekly British Airways flight, BA 003, departing 09.30 on Wednesday 27 February, arriving Peking on Thursday 28 February. (Chartering an aircraft would, I think, be unnecessarily expensive.) Our Embassy in Peking are suggesting that three full working days should be spent there, ie Friday and Saturday 1 and 2 March and Monday 4 March, and that the party should, if possible, visit both Shanghai and Canton. This would mean travelling to Shanghai on Tuesday 5 March, spending the remainder of that day and Wednesday 6 March in Shanghai, travelling to Canton either late on Wednesday 6 March or early on Thursday 7 March, and spending Friday 8 March in Canton and travelling to Hong Kong on Saturday 9 March. These look to be sensible recommendations, although the programme would be tight and involve a lot of travelling. If you prefer to visit only one provincial centre, I suggest Shanghai. This would mean travelling from Peking to Shanghai on Tuesday 5 March and from Shanghai to Peking either on Friday 8 March or Saturday 9 March.

13 The Senior British Trade Commissioner in Hong Kong has offered to arrange a one or two day programme there. That would also be worthwhile if you had the time. This would mean spending Monday 11 March and Tuesday 12 March in Hong Kong, returning on the over-night flight leaving Hong Kong on the evening of 12 March.

14 Sir Richard Evans, Ambassador in Peking, is in Britain at the moment and will, I believe, be calling on you. It would also be as well if you could meet the Chinese Ambassador before you go.

15 I shall be contacting you separately about other aspects of the arrangements for this visit, including the Prime Minister's suggestion of a Ministerial dinner for the delegation and her offer of a drink at Number 10.

16 I am copying this letter to the Prime Minister and Geoffrey Howe.

PAUL CHANNON

ANNEX

LIST OF COMPANIES WHO HAVE APPLIED BUT ARE NOT RECOMMENDED AS HIGH PRIORITIES

*Lloyds Register of Shipping

*FOSECO Minsep

*Farrel Bridge Ltd: have obtained £4.5 million orders in 1984 for rubber mixing machinery, hoping for further business.

Sedgemoor Hydrophonic Systems Ltd

Pentland Industries plc (exporters of Chinese footwear)

Lister and Co plc: textiles.

National Examinations Board for Supervisory Studies.

* IPSECO International Power Systems Ltd

*M D Ewart

*Birtley Engineering: pursuing an important coal preparations plant project in Shanxi Province

*The Industrial Council for Educational Equipment and Training Technology Limited ICETT

*British Health Care Export Council. Have telexed to say they will nominate a person.

*DRI Holdings limited. Data recording instruments.

*Stramit International Ltd: have a joint venture in building materials

*Pauling PLC: civil engineering contractors (including eg hydroelectric)

Structural Development Group

Venice Simplon Orient Express

Aidcom

*Robertson Research International. Consultants in the energy industries, especially offshore oil.

*Westland PLC

*Denotes a company know to have significant business interests in China, but not at a level to justify inclusion on Lord Young's mission. Others are companies about which DTI has little information but considers probably unsuitable.

999·80

Sir P. Cadogan

CONFIDENTIAL

4 Feb.
14 Feb.

MR POWELL

11 January 1985

LORD YOUNG'S MISSION TO CHINA

Paragraph 4 of Stephen Nicklen's letter to you of 8 January refers to the Prime Minister's offer to have a meeting with the members of the mission and the Chinese Ambassador and his staff.

I am not sure of the details of the proposed arrangements, but it seems to me that the more the Chinese know in advance of the specific objectives of the firms, and the more we on our side know in advance of what is likely to be attainable, the better. What we must avoid is large British expectations balanced by bland and evasive Chinese assurances. This suggests as much preparatory work as possible and as early a date for the proposed Prime Ministerial meeting as we can manage.

PERCY CRADOCK

CR.

The PM has proposed a meeting & drinks with the Chinese Ambassador & staff + Lord Young & the members of the Trade Mission. We need something like 5.30-7.00 / 6.00-7.30, so that there can be drinks as well. Steve Nicklen (DTI) will be in touch to find a date. CDP 11/1

CONFIDENTIAL

File Kr
cc Sir P Cradock

10 DOWNING STREET

From the Private Secretary

11 January 1984

LORD YOUNG'S MISSION TO CHINA

Thank you for your letter of 8 January about the preparations for this mission.

I note that the delegation is to go to China in the first week of March. It seems to me the more the Chinese know of the specific objectives of the firms concerned and the sooner they know it, the more likely the mission is to be a success. This points to holding the Prime Minister's meeting at an early date, if possible at least a month before the mission is due to travel. I should be grateful, therefore, if you would be in touch with Caroline Ryder in this office early next week to discuss dates.

BT

I am copying this letter to Leigh Lewis (Lord Young's Office) and Peter Ricketts (Foreign and Commonwealth Office).

CHARLES POWELL

Stephen Nicklen, Esq.,
Department of Trade and Industry.

207/1981

DEPARTMENT OF TRADE AND INDUSTRY
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(Switchboard) 215 7877

From the Minister for Trade

Prime Minister
CDP
8/1

C D Powell Esq
No 10 Downing Street
LONDON
SW1

8 January 1985

Dear Charles

LORD YOUNG'S MISSION TO CHINA

We spoke yesterday about your letter of 3 January to Peter Ricketts. You said that, although Lord Young and Mr Channon are away, it would be helpful if you had an account of the progress we have made so far on this mission.

2 Lord Young has agreed that his mission should be as representative as possible of British industrial capability, especially in the Chinese economic priority sectors of energy, transport, and the modernisation of industry. He has already invited the General Electric Company, British Aerospace, Rolls Royce, and Cable and Wireless to join the mission. Mr Channon expects shortly to put recommendations to Lord Young on the allocation of the remaining places. The Embassy in Peking consider it important to keep the mission to a size manageable by the Chinese bureaucracy: they say that anything more than 10 businessmen would overload the Chinese system. The mission has generated a great deal of interest among British companies and there are many more qualified applicants than places available.

3 Madame Chen Muhua, State Councillor and Minister of Foreign Economic Relations and Trade in the Chinese Government, has issued a formal invitation to the delegation suggesting that it should go in the first week of March. This timing suits us well since it means that the mission will go to China as soon as practicable after the Prime Minister's visit. We expect the mission to be in China for about 10 days, beginning in Peking on about 28 February, and probably also visiting Shanghai.

4 I am sure that my Minister will warmly welcome the Prime Minister's offer to have a meeting with the members of the mission and the Chinese Ambassador and his staff, and we will be in touch with you to fix a convenient time. We are also pursuing the suggestion of a Ministerial dinner for the mission.

5 I am copying this letter to Leigh Lewis (Lord Young's office) and Peter Ricketts (Foreign and Commonwealth Office).

Yours sincerely

Steve

STEPHEN NICKLEN
Private Secretary to
the Minister for Trade

999-3

CHINA : Rels Pt 2

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

JU735
Secretary of State for Trade and Industry

10 January 1985

CONFIDENTIAL

Sir Geoffrey Howe QC MP
Secretary of State for
Foreign & Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street SW1

NBPM
CDP 10/1

D Geoffrey

CHINA: NUCLEAR CO-OPERATION AGREEMENT

You copied your minute to the Prime Minister of 14 December to Paul Channon. I have also seen the minute of 17 December from the Prime Minister's private secretary.

2 I support the proposal to negotiate a nuclear co-operation agreement with China, although, as you say, China's preference for PWR means that we have a long way to go before we could offer a credible reactor. Nonetheless I agree we should not leave it to others to make the running in areas such as fuel, where prospects may be better.

3 On a cautionary note, our experience over the Guangdong project and other power projects in China has been that the Chinese are reluctant to pay commercial rates for services such as training, consultancy work or design studies, where the UK has considerable expertise. It is therefore important that any agreement finally negotiated with the Chinese should contain adequate provisions against its use by the Chinese to extract free advice or services, either from companies or HMG.

4 I am copying this letter to the Prime Minister, Peter Walker, Michael Heseltine and Patrick Jenkin.

Yours
Norman

NORMAN TEBBIT

FOREIGN POLICY. PM visit to China
NOV 84

file VSC
cc Sir P Cradock

10 DOWNING STREET

From the Private Secretary

3 January 1985

Dear Peter,

BRITISH TRADE MISSION TO CHINA

The Prime Minister mentioned to the Foreign Secretary this afternoon her concern that we should do everything possible to ensure the success of the high level trade mission which Lord Young is to lead to China this spring. The Prime Minister suggested that once the arrangements for the mission were firmly in hand, she might invite the members of it together with the Chinese Ambassador and members of his commercial staff to a discussion followed by drinks at 10 Downing Street after which the Foreign Secretary or the Minister for Trade might give a dinner in their honour.

I should be grateful if this suggestion could be taken into account in the course of preparations for the mission. Indeed, I think that the Prime Minister would find it helpful to have an early report on how these are going. You will wish to discuss this with the Department of Trade and Industry and with Lord Young's Office.

I am copying this letter to Leigh Lewis (Lord Young's Office) and Callum McCarthy and Steve Nicklen (Department of Trade and Industry).

Yours sincerely,

Charles Powell

C.D. POWELL

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office

FEC 027/14

31 DEC 1984

✓ CB 31/12

10 DOWNING STREET

THE PRIME MINISTER

24 December 1984

Dear General Secretary Hu Yaobang,

It was a great pleasure to meet you during my brief visit to Peking. I found our talk most entertaining and instructive and was much impressed by your account of the economic progress being made in China. I hope that our meeting will also have contributed to the development of relations between our countries, particularly in the trade and economic fields. I very much welcome your indication that you would take a direct and personal interest in the forthcoming British Trade Mission to China, to be led by Lord Young.

I should like to thank you particularly for the gifts of the encyclopaedia and dictionary, which I shall treasure as a record of my visit and sign of the wish that we share to develop contacts between our two countries.

I hope that, despite your red face, you will one day visit Britain!

With best wishes,

Yours sincerely

Margaret Thatcher

Mr. Hu Yaobang

CONFIDENTIAL

JKRAQC

bcPC

10 DOWNING STREET

From the Private Secretary

17 December 1984

CHINA: NUCLEAR COOPERATION AGREEMENT

The Prime Minister has considered the Foreign Secretary's minute of 14 December in which he proposes that she should take the opportunity of her discussions with the Chinese leaders next week to put forward a proposal for a nuclear cooperation agreement between our countries.

The Prime Minister does not think it appropriate to pursue this suggestion during her forthcoming visit. I suggest that you consider how it might best be taken further in the New Year.

I am copying this letter to the Private Secretaries to the Secretary of State for Energy, the Defence Secretary, the Environment Secretary and Mr. Channon.

(C.D. POWELL)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

Covering ~~TOP SECRET~~.

I think this will close the H.C. letter & prevent it

Prime Minister.
Two papers here. Agree:
(i) to propose to Chinese opening of negotiations on a nuclear cooperation agreement.
* (ii) to ask JIC to re-assess the risk of China passing on sensitive information to Pakistan?

CDP 14/12.

PM/84/191

PRIME MINISTER

China: Nuclear Cooperation Agreement

1. I believe that it would be appropriate for us to negotiate a nuclear cooperation agreement with the Chinese. There is general support for the idea in other interested Whitehall departments who have been consulted through the Cabinet Office machinery.

2. The Chinese have embarked on a large civil nuclear programme of which the Guangdong power station is only one part. They have said that they want western technology and equipment with which to carry out the programme and their current activity shows that this is not an idle statement. Whilst we are unlikely in the short term to sell the Chinese a reactor system because of present Chinese preference for PWR's, there is a wealth of nuclear expertise available in Britain which will be useful to China as her programme develops. Fuel cycle services which could bring good returns may be of particular interest. The Chinese Prime Minister and the Chinese Ambassador in London have both in the past hinted that there is scope for cooperation. Our competitors, such as the FRG and France, are ahead of us in building up cooperation with the Chinese. The US is also hoping to conclude an agreement which would open up wide opportunities for its companies. If we are to have any slice of the cake we should not delay in making proposals to the Chinese.

3. The sort of agreement we envisage is one which will provide a framework for British companies and other organisations involved in the nuclear industry to work within and which makes it clear from the outset that the cooperation is for peaceful purposes only. The

 /agreement

* See PAKISTAN Int. file

agreement will provide us with assurances on this point in much the same way as a comparable agreement with a non-nuclear weapon state. There is a specific provision for our prior consent to the retransfer to third parties of materials and equipment which we may have provided. This is to ensure against possible diversion to destinations to which we would not export direct ourselves because of the proliferation risk. China has in the past not been too careful about placing end use restrictions on her exports and has had a particularly close relationship with Pakistan whose intentions are suspect. I have looked carefully at these aspects of possible nuclear trade with China and believe that there has been sufficient change in her policy and practice since she joined the International Atomic Energy Agency in January this year for us to develop peaceful nuclear trade with her with some confidence. We would, however, for the time being, not transfer particularly sensitive technologies such as those relating to reprocessing and enrichment.

4. In the course of negotiation our officials will need to explore very carefully with the Chinese their current policy on non-proliferation and to developments in Pakistan. Before any framework agreement reaches the point where signature or ratification becomes a real prospect, we shall need to assess the outcome of that aspect of the talks and to see whether the assurances we will have secured from the Chinese are sufficient to allay Parliamentary concern. We shall have to be careful to avoid getting boxed in to the position which the US Administration now find themselves in. They have received satisfactory oral assurances from the Chinese in respect of supply of Chinese technology or materials to a third country. But the Chinese have refused to give them anything in writing. They believe that they will require something in writing on this in order to persuade Congress to ratify the agreement. It

does however remain the view of the US Administration that a nuclear trade agreement with China is both necessary in commercial terms and sensible in non-proliferation terms. They are still pursuing a solution to their problem.

5. The conclusion of a nuclear cooperation agreement would I believe help us in putting substance into our relationship with the Chinese and in developing our economic exchanges. Unless you see any objection, I propose that you should take the opportunity of our discussions with Chinese leaders in Peking next week to put forward in general terms the proposal for a nuclear cooperation agreement between our two countries. The point is already included in your briefing. The Embassy could then follow up by putting forward a draft agreement.

6. I am copying this minute to the Secretary of State for Energy, the Defence Secretary, the Environment Secretary and Mr Channon at the DTI.

GEOFFREY HOWE

Foreign and Commonwealth Office

14 December, 1984

CONFIDENTIAL

CC/TO

010

CABINET OFFICE

From the Minister without Portfolio

70 Whitehall
London SW1A 2AS
Telephone 233 3299

The Rt. Hon. Lord Young of Graffham

The Rt. Hon. Paul Channon M.P.,
Minister for Trade,
Department of Trade & Industry,
1 Victoria Street,
London, S.W.1.

6th December, 1984

NBPM
CD 6/xii

Dear Paul,

CHINA

Thank you for your letter of 4th December about a visit to China in early 1985. will request if required

I would indeed be delighted to undertake the leadership of this mission which, as you know, I have reason to think could make a very valuable contribution to building up our trade with China. I agree with you about the need for careful preparation and planning and I also agree that the timing of an announcement needs consideration. I would think, however, that we ought to aim for a visit no later than March if we are to take full advantage of the opening which the Prime Minister's visit will create.

As regards the composition of the team, I agree with you that we need to involve very senior people. I have some thoughts on this and I would like to discuss these with you in the fairly near future as well as the other questions surrounding the visit. If I may, I will ask my office to get in touch with yours to fix a suitable time.

I am copying this letter to the Prime Minister and the Foreign Secretary.

Yours,
Young

CONFIDENTIAL

file

ELSAAN

bc PC

10 DOWNING STREET

6 December 1984

From the Private Secretary

POSSIBLE HIGH LEVEL BUSINESS MISSION TO CHINA

Thank you for your letter of 4 December about the proposal that the Minister without Portfolio should lead a high level business mission to China in early 1985.

The Prime Minister is well content with the proposal for Lord Young to lead a mission and is ready to refer to it in her meetings with the Chinese Prime Minister later this month. However, she thinks that the proposal should first be pursued with the Chinese through normal channels so that they are properly aware of it by the time she goes to Peking. I should be grateful if this could be put in hand urgently so that we know before the Prime Minister sets out whether the Chinese are content to receive the mission.

I am sending copies of this letter to Peter Ricketts (Foreign and Commonwealth Office) and to Leigh Lewis (Minister without Portfolio's office).

(Charles Powell)

S. Nicklen, Esq.,
Department of Trade and Industry.

J1782

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From the Minister for Trade

It seems a strange way to set up a mission. Can't we do it through the customary channels? I can't see why not.

Prime Minister
Agree to support David Young's mission with the Chinese?
It will be a useful follow-up to your visit.
CDP 4/12

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

4 December 1984

Dear Charles

POSSIBLE HIGH LEVEL MISSION TO CHINA

You will have seen from my Minister's letter of today to the Minister without Portfolio that we are working on a proposal for a high level business mission to China in early 1985, led by Lord Young.

2. The objective is to help our trade with China by demonstrating to the Chinese and to British industry that we are making a serious effort to improve our trade and economic relations with China (taking advantage of our good political relationship) and that we recognise the commercial opportunities resulting from China's plans for expansion and economic reform.

3. The Prime Minister's personal support would significantly increase the impact of this mission and we therefore very much hope she will agree to propose this mission to the Chinese Prime Minister during her visit to Peking. I should be grateful to know whether the Prime Minister is content for us to proceed on this basis. Subject to the views of our Embassy in Peking we think that it would then be desirable to give the Chinese Government informal advance notice that the Prime Minister would be putting forward this proposal. As you will see from my Minister's letter to Lord Young, we think that the timing of an announcement about the mission needs to be considered carefully.

4. I am sending copies of this letter to Peter Ricketts (FCO) and to Leigh Lewis (Private Secretary to the Minister without Portfolio).

Yours ever
Steve

STEPHEN NICKLEN
Private Secretary to the
Minister for Trade (PAUL CHANNON)

999-3

J1780

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 5144
GTN 215)
(Switchboard) 215 7877

From the Minister for Trade

CONFIDENTIAL

The Rt Hon Lord Young of Graffham
Minister with Portfolio
Cabinet Office
LONDON
SW1

4 December 1984

Dear David

CHINA

I was delighted to hear that you have welcomed the idea of leading a small high-level business mission to China in early 1985, with the aim of following up the Prime Minister's visit in December and taking commercial advantage of our current good political relationship.

2. As you know, this proposal originated from the suggestion, (which proved not to be feasible), put to you by Mr David Li, that the Prime Minister might herself take a group of businessmen with her. I believe a visit in late February or possibly March has been suggested. Certainly the sooner the better, but we shall need the Embassy's advice on timing. Among other things, the mission would have to avoid coinciding too closely with the Chinese New Year, 20 to 22 February, and the dates will also need to be agreed by the Chinese authorities. We also need time for careful preparation and planning at this end.

3. We shall also need to decide quickly on the sectors to be covered and which companies should be invited to take part. The sectors suggested by our Embassy in Peking are information technology, transport, food processing and packaging and perhaps electricity generation and transmission; these are all good suggestions, but you may have thoughts of your own. As to numbers, the Embassy have suggested that the mission should ideally include not more than 5 or 6 businessmen, who should be very senior, preferably at or near Chairman level. We are now considering who should be invited to take part; and will let you have ideas as soon as we can.

CONFIDENTIAL

4. The timing of an announcement needs careful consideration. There is a good deal to be said for an early announcement but on the other hand it would be premature to announce the visit until the composition of the mission and its date are clearer. Otherwise we would simply stimulate a flood of questions which we would be unable to answer, as well as applications from would-be participants which would be difficult to resist so long as the membership of the mission was undecided. Also, while the Chinese leadership will no doubt readily agree in principle to the proposal for a mission, the Chinese organisations who will be concerned with the arrangements for the mission would probably react unfavourably if we made an announcement before they had had time to consider our proposal. On the whole the arguments seem to point towards delaying an announcement while moving as quickly as we can to resolve the outstanding questions so that the earliest possible announcement can be made.

5. I should be grateful if you could confirm that you are willing to undertake the leadership of this mission. We would then brief the Prime Minister to propose a mission under your leadership when she meets the Chinese Prime Minister in Peking on 19 December.

6. I am sending copies of this letter to the Prime Minister and Foreign Secretary.

Yours,

Paul

PAUL CHANNON

file

10 DOWNING STREET

From the Private Secretary

11 November 1984

The Prime Minister was grateful to your Secretary of State for sending her his impressions following his visit to the Far East. She read these with great interest.

(C.D. Powell)

Colin Jones, Esq.,
Welsh Office

(4)

Prime Minister
Mr. Edwards' account of his visit to the Far East. CDP 8/11

PRIME MINISTER

I returned from the Far East distinctly encouraged by much of what I saw and heard but more than ever conscious of the need positively to encourage British industry to seize market opportunities and to exploit the undoubted potential that exists for collaboration in various technological fields.

China is changing at a pace that is breathtaking. The process may not yet be irreversible and the emergence of a private sector will inevitably generate tensions in a society where repression, bureaucracy and inefficiency have been almost endemic. But the experience of the cultural revolution is still vivid in the minds of most Chinese and as choice and freedom are extended and the standard of living rises it will become more difficult to turn the clock back. The Hong Kong Agreement was widely reported during our stay and its references to capitalism and individual freedom will to some extent consolidate emerging attitudes and options. China is decades away from being a consumer society but its people are evidently well fed and clothed and the absence of poverty and slum conditions is in marked contrast to other Eastern (and indeed many Western) cities. I regret to say that, outside the energy sector, British industry is missing out badly on marketing opportunities in this fast developing economy. We need, I feel, to get home the message that, on the platform of the Hong Kong Agreement, British exporters can build up good business in China.

I had the same message of missed export opportunities from many people in Korea. That country is already an industrial force to be reckoned with (and its impact in consumer electronics over the next decade could be on a par with what we have seen in shipbuilding). It is not an easy market to break into but our competitors have, with perseverance and no doubt at some cost, established their positions. Apart from direct exports there are growing opportunities for technological collaboration linked with investment in both directions. An expresion of desire to move down that path was emphasised by too many of the Ministers I met for me to dismiss it as an empty gesture. Korea recognises the threat of foreign resistance to its exports and, notwithstanding its huge overseas debt, is prepared to contemplate a measure of outward investment. That and its need for new technology present opportunities which we should be exploiting.

The most significant feature of my extensive talks with Japanese industrialists was the almost total lack of critical comment about the British industrial relations scene. This was in very marked contrast to what I found 3½ years ago and I am in no doubt that the happy experience of the 27 Japanese manufacturers now here (certainly of the 9 in Wales) has had a most positive impact on opinion generally. The presence in my party of the General Secretary of the Wales TUC and the constructive approach taken by David Jenkins on single union negotiating agreements helped to consolidate this favourable view. The Japanese 'majors' now here are also less worried than they were about the quality of British components and

/...

about reliability of supply. Even so there is growing interest on the part of smaller Japanese firms in moving into the EEC and (subject to our being satisfied that efficient British firms are not unfairly squeezed) there is a good deal of scope for encouraging more inward investment. In Japan again I detected a strong desire to develop collaboration with us in the technological field. We must obviously aim to ensure that this brings two-way benefits and is not simply an outward transfer of knowledge on our part. I am confident that arrangements to that end can be devised and am sure that this is something we should be encouraging.

I have reported in more detail to those of my colleagues most directly concerned but wanted to pass on to you some of the main impressions gained during an illuminating and exciting trip.

NE -

6 November 1984

R N E

CF. file RM

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

28 August, 1984

Dear Sir Denis,

Thank you for your letter of 25 July about the revised arrangements for the Tenth Anniversary reception of the Great Britain China Centre. I am grateful for the renewed invitation.

As your staff have, I understand, discussed with the Foreign and Commonwealth Office, my programme for 23 October has unfortunately already been rendered very full by President Mitterrand's State Visit. I am therefore very sorry that I will not be able to attend your reception. I gather that Sir Geoffrey Howe will be writing to you shortly to confirm that he will be able to attend. He will certainly carry my own best wishes for the future success of the Centre. I am sure it will continue to play a valuable and expanding role in promoting understanding and exchange between Britain and China under your Chairmanship, on which I warmly congratulate you.

Kind regards,

Yours sincerely

Margaret Thatcher

Sir D. Hamilton, DSO TD.

ea.

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

23 August, 1984

Dear David,

Get pre trip

Great Britain China Centre (GBCC)

Charles Powell wrote on 1 August about Sir Denis Hamilton's invitation to the Prime Minister to attend the Tenth Anniversary reception of the GBCC on 23 October. I apologise for this late reply.

We have discussed the invitation informally with the GBCC. They appreciated the Prime Minister's timetable difficulties and declared themselves willing to move the reception to a date which would suit her better. However, I understand that in practice the GBCC have found that this would prove impossible without considerable disruption. They are therefore content that the Foreign Secretary (who has already accepted an invitation in principle, and will be writing to Sir D Hamilton to confirm his acceptance on his return from leave) should be the principal guest from HMG; they are not therefore expecting a positive response from the Prime Minister. For our part, although there remains some uncertainty about the probable state of UK-China relations at the time of the reception, we believe that the Prime Minister's absence could not conceivably do any political damage. In the circumstances, we therefore see no necessity for her to make even a brief appearance on what will clearly be a very busy day.

/ I enclose a draft reply from the Prime Minister to Sir D Hamilton.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

David Barclay Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

PM

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

Enclosures–flag(s).....

TO:

Sir D Hamilton DSO TD
Chairman
Great Britain-China Centre
15 Belgrave Square
London SW1X 8PS

LANACH

Your Reference

Copies to:

SUBJECT:

Thank you for your letter of 25 July about the revised arrangements for the Tenth Anniversary reception of the Great Britain China Centre. I am grateful for the renewed invitation.

As your staff have, I understand, discussed with the Foreign and Commonwealth Office, my programme for 23 October has unfortunately already been rendered very full by President Mitterrand'sState Visit. I ~~therefore~~ am therefore ~~regret~~ very sorry that I will not be able to attend your reception. ~~I hope this will not cause undue disappointment~~. I gather that Sir Geoffrey Howe will be writing to you shortly to confirm that he will be able to attend. He will certainly carry my own best wishes for the future success of the Centre. I am sure it will continue to play a valuable and expanding role in promoting understanding and exchange between Britain and China under your Chairmanship, on which I warmly congratulate you.

File CCPC

10 DOWNING STREET

From the Private Secretary

1 August 1984

Great Britain and China Centre

Peter Ricketts' letter of 29 June offered further advice on whether the Prime Minister should attend the Tenth Anniversary Reception of the Great Britain and China Centre once the Centre had set a firm date for the event.

I now enclose a copy of a letter to the Prime Minister from Sir Denis Hamilton saying that the date has been fixed for 23 October.

It would not be at all easy for the Prime Minister to attend a reception on that day. As you will be aware, it falls during President Mitterrand's State Visit and there is a State Banquet at Buckingham Palace that evening. On the other hand, if the negotiations over Hong Kong have been successfully concluded - and the results of the Secretary of State's recent visit suggest that they will be - there will no doubt be a strong political case for the Prime Minister to make at the least a brief appearance.

I should be grateful for further advice, bearing in mind the difficulties for the Prime Minister to attend.

BF11

C D Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office

THE GREAT BRITAIN - CHINA CENTRE

15 Belgrave Square, London SW1X 8PS
telephone: 01-235 6696/9216

President
The Lord Trevelyan KG GCMG CIE OBE

CCPC

25 July 1984

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1

Dear Prime Minister

You will remember that I wrote to you in March about the Great Britain - China Centre's Tenth Anniversary celebration. For a variety of reasons we did not hold the reception in July and the date is now fixed for Tuesday October 23rd at 6.30 pm at the Royal Festival Hall.

I appreciate the kind remarks you made in your letter of 4th April about the Centre's work and the importance of maintaining the best possible relations with China. I realise that it is too early to ask you for a firm commitment but hope that the date of our reception can be noted in your diary. We would be delighted if you could be present on the occasion.

Since I wrote to you last I have been elevated to the position of Chairman of the Centre's Executive Committee.

Yours very sincerely
Denis Hamilton

Sir Denis Hamilton
Chairman

Relations
China PT 2

CS PC CONFIDENTIAL

DATB DMS 29/6 NOTE CDP 29/6

Foreign and Commonwealth Office

London SW1A 2AH

29 June 1984

Dear Charles,

Great Britain-China Centre

In my letter of 2 April I promised you further advice in June on whether it would be desirable for the Prime Minister to accept the invitation from Sir Denis Hamilton to attend the tenth anniversary reception of the Great Britain-China Centre. It was expected then that this would be held during the summer. However, the Centre is now planning to postpone it until around October when the Chinese Ambassador will be back from leave. I understand that Sir D Hamilton will be writing again to the Prime Minister once a firm decision on dates has been taken, probably next month. We shall of course consider then what further advice we might offer.

Yours ever,

Peter Ricketts

P F Ricketts
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

China : Sino-British Relations A7.

cc FCO

10 DOWNING STREET

THE PRIME MINISTER

4 April 1984

Dear Sir Denis,

Thank you for your letter of 19 March and for the invitation to your proposed reception to celebrate the tenth anniversary of the Great Britain-China Centre.

I have the highest regard for the valuable work done by the Centre. As you know, we are working hard with the Chinese to achieve a satisfactory outcome to the Hong Kong negotiations, and it is important that these negotiations should take place against a background of the best possible relations with China.

Unfortunately I do not think that I can give you a commitment at this stage to attending a reception in July. I doubt whether I shall be able to take a decision until the month of June at the earliest. But I shall keep your invitation in mind, and hope that you will be able to put up with a degree of uncertainty for the time being.

Yours sincerely

Margaret Thatcher

Sir Denis Hamilton, D.S.O., T.D.

cpy

Foreign and Commonwealth Office

London SW1A 2AH

2 April 1984

Type letter pl.

A. & C. 3/4.

Dear John,

Great Britain - China Centre

Thank you for your letter of 27 March.

In normal circumstances we might wish to recommend that the Prime Minister should consider marking the Government's approval of the Great Britain - China Centre, whose activities and aims we strongly support, by attending the reception to celebrate its tenth anniversary. It might also be desirable for her to attend as a signal of support for contacts with China if, at the same time, discussions with the Chinese over Hong Kong were going particularly well. But we cannot tell at this stage whether this is likely to be the case. Nor would it be advisable for the Prime Minister to go out of her way to attend a reception of this sort if the Hong Kong discussions were in difficulties. We agree, therefore, that it would be wise for the Prime Minister to avoid making any commitment now on whether or not she can attend the reception.

It is difficult to foresee precisely when a decision will be possible. The likelihood is that we shall not be able to offer a firm recommendation until June. We shall arrange to have the papers brought up then so that we can offer you further advice.

I enclose a draft reply from the Prime Minister to Sir Denis Hamilton. I am also returning the enclosures to your letter, as you asked.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: ~~minute~~/letter/~~teleletter~~/~~despatch~~/~~note~~

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO: Sir Denis Hamilton DSO TD
The Great Britain - China Centre
15 Belgrave Square
London SW1X 8PS

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 19 March and for the invitation to your proposed reception to celebrate the tenth anniversary of the Great Britain - China Centre.

I have the highest regard for the valuable work done by the Centre, ~~in developing relations with China~~. As you know we are working hard with the Chinese to achieve a satisfactory outcome to the Hong Kong negotiations, and it is important that these negotiations should take place against a background of the best possible relations with China, ~~on a broad front.~~

Unfortunately I do not think that I can give you a commitment at this stage to attending a reception in July. I doubt whether I shall be able to take a decision until the month of June at the earliest. ~~However~~ but I shall keep your invitation in mind, and hope that you will be able to put up with a degree of uncertainty for the time being.

Enclosures—flag(s).....

MT 2/4.

56-ST Dd8303048 2/82 APL

CHINA
Sino/Brit
Relations
May 79.

10 DOWNING STREET

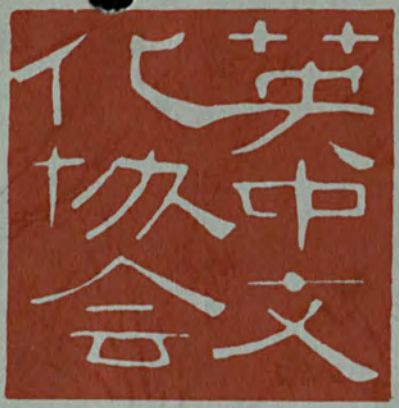
MR. RICKETTS, FCO

Please could you return enclosures with your advice. Thanks.

With the compliments of

Garden Rooms

27 March 1984



THE GREAT BRITAIN-CHINA CENTRE

15 Belgrave Square

London, SW1X 8PG

The Great Britain-China Centre

The Great Britain-China Centre was opened in July 1974 by the then Foreign Secretary, Mr James Callaghan. Its predecessor, the Great Britain-China Committee cooperated with the "Times Newspapers" to organise the highly successful exhibition of Chinese Archaeological finds at the Royal Academy in 1973. The profits from the exhibition were used to set up the Centre and also an Educational Trust Fund.

What the Centre does

The Centre is a non-political organization which exists to promote closer cultural, social, scientific, medical, educational and other contacts between Britain and China, and to encourage mutual knowledge and understanding.

A major part of our work is the organization of visits by small specialist delegations and individuals to and from China. Over the past years these have included such diverse fields as metal corrosion and protection, journalism, ballet and music, fine arts, forestry, agricultural engineering, occupational medicine. Although our delegations are not primarily involved in trade, by the nature of the fields covered, opportunities for trade have arisen from these visits. The Centre occasionally arranges small-scale exhibitions.

As direct contacts between the two countries increase, the Centre's staff find that they are giving an increasing amount of advice both to individuals and organizations on most aspects of China, ranging from recent political and social developments to information on professional organizations. There is considerable demand from schools and from other educational establishments, professional bodies, women's organizations and the media for the Centre to provide speakers on various aspects of China.

Membership of the Centre

Membership of the Centre is open to British subjects who share its aims. Corporate membership is open to British firms and other organizations with similar interests. A subscription is charged for membership which is at the discretion of the Executive Committee of the Great Britain-China Centre. Talks on many different aspects of Chinese current affairs, society and history are held at the Centre at regular intervals for members. Members are also given the opportunity to meet each other on a social basis. A Newsletter "Britain-China" is published three times a year for distribution to members, carrying reports of incoming and outgoing delegations, full accounts of lectures held at the Centre, details of exchanges between Britain and China and other information of interest.

Administration of the Centre

The Centre is an independent organization supported by Her Majesty's Government, Her Majesty's Opposition, by the Foreign & Commonwealth Office, The British Council, The Royal Society, the Universities and other bodies with similar aims and interests. The Centre is governed by an Executive Committee which includes representatives of the above bodies and is run by a small permanent staff which includes Chinese speakers. The Centre receives an annual grant-in-aid from the Foreign & Commonwealth Office.

Where the Centre is

The Great Britain-China Centre, 15 Belgrave Square, London SW1X 8PG (telephone nos. 01-235 6696 and 01-235 9216), is on the northwest corner of Belgrave Square near the junction with Halkin Place. It is about five minutes walk from Hyde Park Corner and Knightsbridge stations on the Piccadilly line and ten minutes from Victoria station. Bus numbers 9, 14, 19, 22, 30, 52, 52A, 73, 74 and 137 all run along Knightsbridge.

Executive Committee

President
The Lord Trevelyan K.G., G.C.M.G., C.I.E., O.B.E.

Vice President:
Professor Sir Harold Thompson C.B.E., F.R.S.

Chairman:
To be appointed.

Vice Chairmen:
Sir John Buckley F.R.S.A.
Sir Denis Hamilton D.S.O.
Mr Brian Hook

Honorary Treasurer:
Sir John Buckley F.R.S.A.

A full list of Committee Members is available on request. It includes Members of Parliament, representatives of the Foreign and Commonwealth Office, The British Council, The British Academy, The Royal Society, the Department of Education and Science and representatives of academic, cultural and commercial circles.

Centre Staff

Director:
Miss Elizabeth Wright M.A.

Deputy Director:
Ms Penny Brooke B.A., Dip.Chin.

Personal Assistant:
Miss Annabel Youngson B.Sc.

Britain-China

Newsletter of the Great Britain - China Centre
15 Belgrave Square, London SW1X 8PG

Newsletter No. 24 Autumn/Winter 1983

DEATH OF SIR HAROLD THOMPSON

The sudden death of Sir Harold Thompson, Vice President of the Great Britain-China Centre on the 31 December 1983 ended the year on a very sad note both for his family and for all those who knew him. Aged 75 when he died Sir Harold had played a very active role in fields as diverse as chemical research, university administration, China and football.

He gained a first class Natural Science (Chemistry) degree from Trinity College, Oxford, and after a period of research in Germany was granted a Phil.D (Berlin). He then returned to Oxford to continue an unbroken career there at St John's College. From 1964-75 he was Professor of Chemistry at Oxford University and subsequently Emeritus Professor. He was one of the pioneers in the field of infra-red spectroscopy and his contributions to research in that field were immense. During the Second World War he carried out chemical research for the Ministry of Supply and the Ministry of Aircraft Production, and after the war he continued to serve on the Scientific Advisory Council and the Medical Research Council. He published innumerable papers in his field of expertise.

He was elected a fellow of the Royal Society in 1946, was twice a Vice President and concurrently Foreign Secretary from 1965-1971. It was in his capacity as an officer of the Royal Society that he made his first two visits to China in 1962 and 1974. Sir Harold was one of the founding members of the Great Britain-China Committee and became Chairman of the Centre in 1974 when it was set up and held the post until 1980, when he became its Vice President. He was Chairman of the Great Britain-China Educational Trust from 1974 until his death. In 1979 he visited China with a small group from the Centre's Executive Committee which had a meeting with Deng Xiaoping. Although his interests in science and football took up a great deal of his time and frequently took him abroad he was a most conscientious Chairman of the Centre and was always ready to give sound, shrewd advice to the Centre's staff. He was an excellent host at receptions held at the Centre, although one sometimes had the impression that the Chinese were somewhat confused by the many professional hats which he wore, and the way that football got honourable mention in all his speeches! He was delighted to be able to combine his love for football with his interest in China by arranging for a British First Division Football Team, West Bromwich Albion, to visit China in 1978. A former Oxford Blue, he was devoted to the game and was Chairman of the Football Association from 1976 for five years. He held strong views on many aspects of the game, including football hooligans. He also did sterling work on the Executive Committee of the British Council from 1966-1980. In recognition of his services to Britain he was awarded the CBE in 1959 and a knighthood in 1968. Many other countries also honoured him, including France, with the Légion d'Honneur and the German Federal Republic, with the Grand Service Cross.

Like so many Yorkshiremen he was a county chauvinist, and exhibited many of those characteristics of which the people of Yorkshire are so proud – hard-headedness, shrewdness, strong opinions, financial acumen and a well-developed sense of humour. Whilst he had a tendency to squash faint-hearted opposition he respected those who stood up to him. He frequently exhibited a gloom and pessimism that was both unconvincing and endearing and which one could never take very seriously. He had driving energy that kept him going through the onset of his illness. But above all he was a man of enormous integrity who will be much missed.

Elizabeth Wright

VISIT TO BRITAIN BY A CHINESE PRINTMAKER

A report by Richard Riley, Co-Director of the Manchester Print Workshop

Professor Li Hongren and Mr Wang Hongjian of the Central Academy of Fine Art, Peking arrived in Britain on 26 June for a three month visit at the invitation of the Great Britain-China Centre. The main purpose of the visit was for Professor Li, a practitioner and lecturer in the art of stone lithography, to spend two months at Manchester Print Workshop familiarising himself with modern printmaking techniques. Mr Wang, an art historian, accompanied him in the capacity of interpreter.

Manchester Print Workshop was founded in 1976 with the aim of providing printmaking facilities of a high standard for artists in the North-west of England. Housed in large premises belonging to the University of Salford the workshop specialises in the areas of silkscreen, lithography, etching and process photography. Over the years there has been

assistance from the Arts Council and North-west Arts in the way of capital funding, but there has never been a revenue funding; income has been derived from editioning fine prints and general commercial printing.

For the past eighteen months the workshop has been run by Steve Barraclough and myself, both of us practising artists who specialise in different fields of printmaking: Steve in etching and direct lithography, whilst silkscreen is my speciality.

It had originally been planned for two practising artists to visit the workshop, Professor Li and Mr Wang Weixin. Unfortunately as neither spoke English it was decided that Mr Wang would have to be replaced by the English speaking Mr Wang Hongjian. Professor Li then had the whole workshop and our technical assistance to himself as we had decided to close the workshop for normal business and concentrate solely on the Chinese visit. Professor Li took his visit very seriously, wanting to take home as much practical information as possible, especially in the areas involving photo mechanical processes which were completely new to him.

The workshop is housed just off the main campus of Salford University and though we have no attachment to the University other than occupying one of their buildings we have always maintained good relations with them and tried to keep them well informed of any major new steps we might be undertaking. They were extremely interested in the visit of Professor Li, and finding accommodation in a hall of residence proved no problem at all. The rooms provided were approximately fifteen minutes walk from the workshop, a walk which was routed through Peel Park, Salford, and this was to be the inspiration for Professor Li's first print – a screenprint in five colours incorporating photo mechanical stencil-making processes finished at the end of the second week.

Throughout their stay Mr Wang kept a detailed journal and Professor Li a sketchbook containing quick sketches, notes on various processes with illustrations, and finished drawings and watercolours. Ideas for prints would be jotted down in this book, and as a finished piece of work in its own right the sketchbook was of immense interest to us, displaying the versatility and inquisitive nature of Professor Li. He also photographed anything and everything. It was a constant source of amusement and amazement that any of Professor Li's photographs ever actually came out as he never appeared to check the camera shutter speed or aperture setting but just pointed the camera at whatever he was interested in and pressed the release button. This would frequently be when he was in a moving vehicle or under the most adverse lighting conditions, and yet he had few failures.

Professor Li was eager to see as much as possible regarding the workings and appreciation of the visual arts in this country. He and Mr Wang had already had a busy week in London visiting galleries, colleges and studios prior to joining us in Manchester. In the North-west they saw the Manchester Polytechnic Fine Art Degree Show and were able to have a look round the printmaking department, and made other visits to Salford Art Gallery, Rochdale Art Gallery, Manchester City Gallery and in particular the Whitworth Art Gallery, University of Manchester where they spent a full day being shown a good cross-section of the collection which is particularly strong on watercolours and fine prints.

We felt it would be of great interest for Professor Li to visit Scotland and see the print workshops of Aberdeen, Edinburgh and Glasgow, all of which receive very generous revenue funding from the Scottish Arts Council and which therefore have been able to develop and flourish accordingly. This funding policy was to prove very difficult for Professor Li and Mr Wang to comprehend, and though we were to spend a great deal of time discussing the policy of the Arts Council towards the funding of print workshops in England as opposed to the Scottish Arts Council's policy towards funding their own workshops, it is understandably difficult to understand and it was clear that they returned to China confused by the whole issue.

Even so the week we spent in Scotland was extremely worthwhile. We hired a minibus and accompanied by Steve's girlfriend Gill and my wife Stephanie set off for the Lake District on a trip designed not only to be informative but to enable Professor Li and Mr Wang to see as much of the countryside of northern Britain as possible. For the first two weeks of their visit to Manchester we had been blessed with the best possible weather, but on that first day out we ran into a terrific thunderstorm accompanied by violent fork lightning. Seated in the minibus overlooking Ullswater with the hills around us surrounded by black clouds and mist it was a dramatic introduction for Professor Li and Mr Wang to the extremes of English weather, and fortunately it was the last we were to encounter.

Our round trip was to take in a visit to Glasgow which was virtually completely closed due to a Scottish public holiday we were unaware of; consequently of our proposed itinerary we were only able to include the Charles Rene Mackintosh exterior of Glasgow School of Art, after which we drove further north and spent the second night in Balloch, a small town on the southern shore of Loch Lomond.

On day three we crossed the country to Edinburgh, visiting Edinburgh Print Workshop, the Print Workshop Gallery, the Scottish National Gallery of Modern Art and the Botanical Gardens, as well as exploring the city itself. Then on up towards Aberdeen stopping off for two nights eight miles north of Montrose by the National Nature Reserve of St Cyms, a beautiful and deserted stretch of coastline which in August is home to a variety of rare sea birds. We only planned one night here but Professor Li was very excited by the land and seascapes from which he made many drawings and watercolours. Close by was the tiny fishing village of Johnshaven and a drawing of the harbour here was to be Professor Li's first lithograph on our return to the workshop.

In Aberdeen itself we visited the impressive City Gallery and lastly the Peacock Printmakers Workshop. This workshop had almost completed the move into larger premises, it is extremely well equipped and has provided a focal point for artists within the area for nearly ten years. From here we began our journey home, stopping for one more night at Bannockburn outside Stirling.

By the time we had returned from Scotland Professor Li's command of English was so much improved that Mr Wang was able to go off on his own to visit the Manchester galleries, leaving us with Professor Li to get through the working day with very few major translation problems. Professor Li now felt he must really get on with making prints and he worked very hard. Though he would frequently work on well into the night, towards the end of his stay he became somewhat agitated at not having produced enough work nor collected enough information, but in reality this was far from being the case.

As Professor Li had nearly thirty years' working knowledge of the process of stone lithography, it would have appeared that here we could teach him nothing he would not have already encountered. It transpired however that he had always used a crayon drawing technique, either working directly on to the stone or, if working from life, using a transfer paper. Steve was able to introduce Professor Li to the litho wash technique he was himself interested in using, and this was to culminate in perhaps the best piece of work produced during his visit, a three colour stone litho depicting a landscape from the Lake District. A copy of this print was purchased for the print collection of the Victoria and Albert Museum at the end of the three month visit.

In all Professor Li produced ten different prints during his stay at the workshop, three of which were outstanding. Some by Professor Li's own standards were not successful and some were made to explore new processes. It was quite an achievement in the time he had.

Professor Li was a delightful person to work with, possessing a disarmingly curious nature. Everyone he met warmed to him immediately and our two month collaboration was not only extremely beneficial to us but very enjoyable.

Our last meeting with Professor Li and Mr Wang was at the Great Britain-China Centre on 16 September, just two weeks after they had returned to London from Manchester, during which time they had been introduced to suppliers of both fine art and commercial printing materials. Professor Li was giving a short talk and showing works by himself and other artists from the Department of Graphic Arts, Central Academy of Fine Arts, Peking. Amongst a small select audience were two representatives from the Print Department of the Victoria and Albert Museum, who after the talk negotiated with Professor Li to purchase two of his prints for their collection. It was a good way in which to round off the visit and very pleasing for us that one of the two prints had been produced in the time spent at the workshop.

CENTRE LECTURES

A JOURNEY TO TIBET by Penny Brooke

6 September 1983

Penny Brooke, Deputy Director of the Centre, visited Tibet for one week in July as a leader of a tour arranged by Voyages Jules Verne. She talked about her impressions of Tibet and the state of tourism there and showed slides of the places visited. The Deputy Director has written a report of her visit which follows:

Tibet has become more accessible to the tourist in the last couple of years and now large agencies such as Voyages Jules Verne organise four to five tours each year. The tourist season in Tibet lasts from April to September and groups always have to be small, with a maximum of a dozen people. The tourist pays a premium for the privilege of visiting Tibet, for the rarity value but also for the cost of better communications and better food than is normally available. The week in Tibet is always part of a longer tour of China, incorporating other tourist centres. In our case our motley international group (amongst the ten of us there were British, Brazilian and German tourists) visited Peking, Xi'an, Chengdu and Guangzhou, as well as Tibet.

Since I went at rather short notice I was not able to read many books on Tibet before I left, and I felt this lack of background particularly when it came to the history of Tibetan Buddhism. Another potential problem I had been warned of was altitude sickness. Flying straight in to a height of around 12,000 feet above sea level allows the body no time to adapt and some people suffer considerably for the first few days as a result. A little research into the subject led me to the drug Diamox (acetazolamide) which counteracts alkalosis, the chemical reaction which causes most of the symptoms of altitude sickness. I took this for a few days before and during my visit to the high plateau and had very little difficulty in adapting to the altitude. (A minor side effect of Diamox, an occasional "fizzy" feeling in the fingers and toes is no problem, once one realises the cause.)

It is an exciting moment taking off in a small Ilyushin 18 from Chengdu, heading due west over inhospitable and seemingly endless ranges of snowy peaks. It is even more exciting when the aeroplane finds its way down into a broad valley to land apparently in the middle of nowhere. The airport is in fact a two and a half hour drive away from Lhasa along a bumpy gravel road. We finally came to rest at the Lhasa Guest House, run by the China Travel Service, where most tourists stay. It is in a compound next to large army barracks some kilometres away from the centre of the town. The accommodation is in separate villas which are reasonably comfortable but with the bedrooms interlocking with the bathroom innermost, requiring complex ablution arrangements. There is a modern central dining room where the cuisine is as varied as the local conditions allow:– there are some fresh vegetables available but no fresh fruit and a lot of tinned food is brought in specially for the tourists to supplement the diet. Local yoghurt on sale in the market is delicious.

All arrangements in Tibet were made by the China Travel Service. Their guides are all Han Chinese, although some of their office staff are Tibetan who help out with interpretation on visits to Tibetan families. One of the tourist minibus drivers was Tibetan and always looked more cheerful and healthy than the others. The Chinese guides I met regarded Tibet as very much a hardship post as it was difficult for them to adapt to the climate, altitude and local customs. The guides are not accompanied by their families but get leave to return home for several months each winter when Tibet is

closed to tourists. The job must be boring for the guides as the standard tourist programme varies very little from week to week, with the same sites seen, probably on exactly the same day, each week. However, I have not heard Chinese guides in other parts complain about the inevitable repetitive nature of their work. This does not mean to say that the guides were unconscientious in their task of introducing the history and background of the famous buildings we visited and they also had a working knowledge of Buddhism and Tibetan history albeit reflecting a Sinocentric view. We were given three rules of behaviour for foreign tourists: we were not to display pictures of the Dalai Lama in public; not to buy precious metal objects or antiques; not to give sweets to children.

Our first visit in Lhasa was to the most holy building in Tibet, the Jokhang Temple, which is at the very centre of the city, the hub of the three sacred circuits (which must always be followed in a clockwise direction). The temple is the object of pilgrims and is also visited daily by devout residents of Lhasa, who make a circuit of the shrines inside, adding yak butter to the innumerable lamps and leaving offerings of grain, money, white scarves or even hairpins. The paving stones at the entrance are highly polished by the devout who can be seen prostrating themselves before the Temple all day long. A privilege reserved for the foreigner is a visit to the roof to have a closer look at the beautifully decorated walls, doors and roofs covered in gold. From here one gets splendid views of Lhasa, with its flat roofed buildings, the thriving market surrounding the Jokhang and in the distance the Potala dominating the whole valley.

We spent a happy morning wandering around the market on the eighth day of the Tibetan month, a holy day, when the streets are busier than usual. A variety of goods were on sale; carpets, clothing, food and all kinds of haberdashery. The items which attracted us were orange-painted wooden tea bowls, unbound Tibetan prayer books printed from woodblocks, cotton printed Buddhist hangings and the bales of juniper branches sold to be burnt around the Sacred Way, its fragrance adding another dimension to the visual excitement of the scene. There was even a Chinese dentist with his wares laid out and drill ready for action.

We made a visit to a Tibetan family in Lhasa where we had our first opportunity to try the famous Tibetan beverages of yak butter tea and *chang* (beer), and our first chance to talk to Tibetans, although this had to be done through double interpretation, English-Chinese-Tibetan and back. The wife was the wage-earner in the family, working as a builder earning 80 yuan per month. She was a Party member but her retired husband was a practising Buddhist as was their adopted daughter. We discovered that half of her monthly income was spent on yak butter which comes from the pasturelands far away to the north and costs 4.70 yuan per jin (half a kilo). The family uses two jin a week in the kitchen and an additional amount is used by the husband for religious offerings.

Other visits we made in Lhasa before setting off west were to the Norbulinka, former summer residence of the Dalai Lamas, the Sera Monastery and a Temple called the Palaloubu. The Palaloubu is situated on the side of Iron Hill and is partly a cave in the rock of the hill. This shrine had been severely damaged during the Cultural Revolution but had recently been renovated privately by two monk brothers after their release from seventeen years' imprisonment. Here we saw an enormous amount of tsampa, made of ground barley, being prepared to be given to worshippers visiting the temple on the holy 8th of the month. The restored temple was obviously enjoying a renaissance of religious activity.

On our fourth day in Tibet we set off in our minibus for Shigatse, nine and a half hours and 380 kilometres away – a stunning drive in more than one sense. We went over passes up to 17,000 feet, regaled with wonderful panoramas of distant mountains, the turquoise-coloured salt Lake Yamdok and glaciers tipping down towards us. At rest-stops a closer look at the apparently barren ground revealed the jewel-like flowers and moss-like humps of tiny alpine plants. Birds of prey swept across the sky and the lake teemed with water fowl.

In Shigatse we saw the market and the Hospital of Tibetan Medicine and had a ride in a yak skin boat, but the high point was our tour of the Tashilhumpo Monastery. The monastery is the seat of the Panchen Lama who lives in Peking and has a family there. He returned for a visit to Shigatse in 1982 for the first time in twenty odd years. The building is one of 23 in Tibet which are now under State protection, and it is now well kept. But it is more than a museum as it is the home of about 600 monks including some young ones although the majority are older. It took two hours to tour the major shrines and halls of the Tashilhumpo and as usual we ended up on the roof, this time just in time to see the gong being struck by a yellow-capped monk, calling the monks to prayer as a rainbow coloured the sky behind. We were able to listen in to both the exoteric and esoteric chanting, to us an other-worldly but most impressive music.

Back in Lhasa our final visit was to the building most well-known to outsiders – the Potala Palace, which is as impressive to visit as one imagines. Of its thousands of rooms we visited the holiest part, the Red Palace, where the Dalai Lamas resided and many have their tombs and where there are the richest murals and treasures. Many Tibetans visit too, laying white scarves and other offerings in every shrine and in the rooms once inhabited by the Fourteenth Dalai Lama. In the Privy Council Room there are even robes sitting upright on the throne, as if the body inside had evaporated and the clothes were left in the shape of the person. These robes seemed to symbolise the Potala itself which is now a museum and no longer a working institution.

CHINESE FURNITURE: SOME UNPUBLISHED EXAMPLES FROM CHINESE COLLECTIONS: CHAIRS AND STOOLS by Wang Shixiang

20 September 1983

Wang Shixiang, Senior Research Fellow of the Institute for Research into Ancient Texts and Committee Member of the Chinese People's Political Consultative Conference gave a lecture on the subject of classic Chinese furniture. The lecture took the form of a discursive introduction to sixteen or so examples of the impressive and now highly regarded hardwood furniture of the Ming dynasty, a subject on which he is acknowledged as China's leading expert (and enthusiast!). This furniture, executed in expensive imported hardwoods such as *huali* and *zitan*, names which continue to defy reduction to neat western or scientific botanical equivalents and are best left untranslated, was one of the most important of the craft products of Suzhou from the sixteenth to the eighteenth centuries. It was exported from Suzhou to north China along the Grand Canal, and one of Mr Wang's many vivid insights into his collecting activities on behalf of the Palace Museum was the information that villages along the Grand Canal remained until this century repositories of this fine furniture.

The pieces illustrated in the lecture came largely from the collection of the Palace Museum, Peking, which Mr Wang has played a significant part in forming, and also from his personal collection, which had been first described to an astonished western art world in 'The China Daily' of 11 December 1981. Astonishment turned to amazement in the course of Mr Wang's lecture, as it dawned on specialists that this personal collection of over eighty pieces not only surpassed by some distance those collections, such as that of the Victoria and Albert Museum, the Nelson Gallery Kansas City and the Philadelphia Museum which have hitherto been thought outstanding, but contained objects of a type and quality unsuspected in the West.

Interspersing his erudite exposition of each object's dimensions, noteworthy features, dating and possible origin with amusing anecdotes about the circumstances in which they were acquired, Mr Wang's talk, delivered in a fluent and idiomatic English, was of great interest to the specialist and to those whose first introduction to Chinese furniture history this was. A particular feature of his research over the past thirty years has been the recovery of the difficult *shuyu*, the arcane technical jargon of the Chinese cabinetmaker. Picturesque but precise terminology for the different elements making up a piece of furniture was introduced; the 'hunchback stretcher', graphically describing one type of structural support raised in the middle, the 'short fellow' for a small vertical pillar. It is one of Wang Shixiang's major achievements, after long study and discussion with practising craftsmen in Peking, Suzhou and elsewhere, to have recorded this body of terminology, a glossary of which will form an invaluable part of his book on classic Chinese furniture, due to be published by Wenwu Chubanshe in 1984, with a possible English language edition to appear subsequently.

The "simplicity, restraint and strength" (to quote the lecturer himself) of Ming period furniture were amply displayed in the pieces shown. The audience was treated to an array of square stools (ingeniously convertible into a sedan chair by fitting poles to the feet), round stools with their elegant carving simulating the leather and metal studs of the drums which were their original prototypes, benches in the more modest form of elm wood used by those unable to afford the costly *huali* or *zitan*. We saw folding stools, one of the earliest forms of raised seat in the Chinese transition from a floor-living culture to one using high furniture, and a low chair of the type known as a 'lamphanger', from the resemblance its proportions bear to those of the typical rural oil lamp. Mr. Wang recalled how, on first coming across this chair he had thought to ask the old lady using it why this style had such short legs, only to be told that it made it that much easier to wash your feet! Perhaps the single most spectacular item shown was one of the set of four chairs from Mr Wang's own collection which he referred to with justifiable pride as 'the king of chairs'. Made from *zitan* wood of a wonderfully rich and deep brown, almost black in places, it is of massive proportions, 108.5 cms in height, with a broad seat narrowing from 75.8 cms at the front to 61 cms at the back. The form is that of a square backed armchair, with all the members being of a circular cross section. The construction of the legs shows particular affinities with the type of detailing seen in architectural woodwork but very rare in furniture carpentry, and this was one feature which led Mr Wang to argue in favour of a very early date for this set. Even more convincing evidence is provided by the backrest, exquisitely carved with a round medallion of flowers in a style very similar to that seen on Chinese carved lacquer of the early fifteenth century. These unique survivors from the brilliant early period of Ming cabinetmaking are not only unparalleled in Chinese collections, they are of a type and quality hitherto unsuspected in the West.

Mr Wang answered a variety of questions from his interested audience, on differing styles in north and south China, on the types of furniture used in garden pavilions, and on distinctions between court and provincial tastes. He explained the situation, surprising to the British furniture historian, whereby not a single Chinese cabinetmaker's name has come down to us from the Ming dynasty, though objects inscribed by their owners are known. His closing remarks on the difficulty of finding good furniture in the countryside today, where farming families still look on the sale of furniture as being tantamount to an admission that they are financially ruined, could only make one glad that his efforts have already preserved for China's museums and for the world so much of this marvellous heritage of great craftsmanship in wood.

There follows a report on Mr Wang's visit written by Craig Clunas of the Far Eastern Department of the Victoria and Albert Museum who organised the visit.

Wang Shixiang, China's leading scholar in the fields of lacquer and furniture history visited Britain from 11 to 28 September 1983. The visit was at the invitation of the Victoria and Albert Museum and was made possible by grants from the Universities' China Committee in London and the Great Britain-China Educational Trust.

Mr Wang is a Senior Research Fellow of the Institute of Research into Ancient Texts (*Gu Wenxian Yanjiushi*), as well as a committee member of the Chinese People's Political Consultative Conference. It is really only in the last ten years that he has begun to publish regularly on topics in lacquer and furniture history, though he has been researching (and collecting) for over thirty. It was the relatively good level of collections of this type of material in Britain, as well as Mr Wang's fluent command of English, which led the V & A's Far Eastern Department to feel that it would be a worthwhile venture for both sides to arrange a visit.

Wang Shixiang visited and commented on the collections of the Victoria and Albert Museum, the British Museum, the Ashmolean, the Royal Scottish Museum, Edinburgh and the Fitzwilliam Museum. Curators at all of these institutions certainly benefited from his experience and from his evaluation of objects in the collections, and several 'problem pieces' would now seem to have been laid to rest. It was felt that British collections of Ming lacquer (Mr Wang shared his colleagues' relative lack of interest in Qing objects) were on the whole richer than those in the United States. The Royal Scottish Museum collection proved particularly interesting in that it showed how good early objects were being acquired there at a time when the London institutions were perhaps over-impressed by pieces with dubious imperial Qianlong provenances.

Mr Wang gave three lectures, or rather one very long lecture in three sections, on examples of Chinese furniture in Chinese collections, principally his own and that of the Palace Museum. On 20 September the Great Britain-China Centre heard 'Chairs', on 22 September the Furniture History Society heard 'Tables' and at the British Association for Chinese Studies' Conference on 24 September those members who were present were treated to 'Couches, Cupboards and Miscellaneous Pieces', which last category turned out to include such rarities as a foot massage stool and an exquisite Ming hardwood sugar cane presser. All these lectures were well attended, with the Furniture History Society in particular being able to turn out well over a hundred members, whose enthusiastic response and technically informed questioning showed that it is possible for a visitor from China with a good command of English to break out of the China-ghetto and reach a wider audience.

Wang Shixiang's recent work on lacquer has culminated in the publication of a book *Xiu Shi Lu Jie Shuo* 'A Commentary on Xiu Shi Lu' earlier this year. The *Xiu Shi Lu* ('Lacquer Records') is a unique late Ming craftsman's treatise on most technical and artistic aspects of the craft, written in particularly arcane and allusive style. Mr Wang has worked for thirty or so years to produce a translation and commentary, which gives us for the first time a view of Ming lacquer arts from the insider's standpoint. No new work on the subject will be possible without taking account of its conclusion. An amusing account of how the book came to be written and of the personal vicissitudes suffered by its author appears in the magazine *Dushu* 1983. The other major work, now in the hands of the Wenwu Chubanshe, is a comprehensive work on Ming hardwood furniture. As those present at Wang Shixiang's lectures will realise, one of his major achievements is the recovery of a taxonomy of Chinese furniture, categorising it in the way it was categorised at the time of its manufacture. He has also, by his work with living craftsmen, recorded much of the *shuyu*, the technical jargon of the Chinese cabinetmaker, which he has been able to relate to actual objects and to the often obscure passages on furniture in Ming literary sources. This book will again raise the study of Chinese furniture well above the level where it presently rests, and it is likely that an English language edition will be produced to spread the message more widely.

The visit was judged a success on all counts. Mr Wang's senior position allowed him to speak with some authority on the policy of the Bureau of Cultural Properties (*Wen Wu Ju*) with regard to such visits. He was frank in the view that the only areas in which British collections of Chinese art were good enough to merit serious study in the future were the Dunhuang material at the BM, and Chinese export art, which some younger scholars were beginning to be interested in. There is therefore little in it for the Bureau (though much in it for British institutions) in trips such as his, and it may be that the Bureau would expect a clear commitment to some recompense in the form of lecture fees before sanctioning more visits. Mr Wang accepted that a command of English was a *sine qua non* for any lengthy stay in Britain, but reiterated the view that Chinese scholars will continue to expect the institution which invites them to take care of all arrangements down to the details of eating and travelling.

From the V & A's point of view, the considerable administration involved in applying for funds and arranging accommodation etc proved to be well worth it. Much was learned, and Mr Wang's affable personality made him the ideal guest, but such a project would only be entertained again in the case of a Chinese scholar personally known to one of its curators as likely to benefit from and contribute to study of British collections.

CHINESE CINEMA by Scott Meek and Tony Rayns

11 October 1983

Scott Meek, of the National Film Archive, visited China in the summer of 1983 at the invitation of the China Film Archive. A second retrospective season of Chinese cinema is to be held at the National Film Theatre early in 1985. Tony Rayns' programme on Chinese cinema was recently screened on Channel Four, and he joined Scott Meek in Peking to view films at the China Film Archive for inclusion in the retrospective season. They viewed six films a day for a week and have probably now seen more Chinese films than most of the Archive's staff. As yet there is nobody in China fully qualified to talk about Chinese film history.

Scott Meek spoke first on the historical background of cinema in China. The first film from the West was shown in China in 1895. Footage was taken of Shanghai in 1896 and films were first shown in Peking in 1902. Apparently the first film show put on for the Empress Dowager did not go smoothly, as the projector exploded. This unfortunate incident may have affected the official attitude to films for some time.

The first actual productions were made in Peking around 1905, mostly of Peking Opera, but Shanghai eventually became the centre of film production, the Hollywood of China. Almost all the early cinema theatres in China were then in the Treaty Ports and films from the West totally dominated the scene as China became a huge market for foreign films. Even when films were made about China, China was rarely used as a location so, for example, a film on the Boxer Rebellion was shot in Brighton. It was very difficult for Chinese film-makers to compete with foreign productions. In 1921 140 Chinese film companies were registered but in 1922 there were only twelve left; all the others had gone bankrupt. However, in 1922 the Mingxing Film Company was established which was to last up to the Japanese invasion of 1937.

No films from before 1922 survive. A 1922 comedy called "Romance of a Fruit Pedlar" is the earliest film which can still be seen. The Mingxing Company developed much of the new talent in Chinese cinema and its influence was immense as many of the people who worked for it dominated the next thirty to forty years of film-making. Mingxing made a variety of films, comedy shorts, gory features, sentimental melodramas and a martial arts serial which was a best seller. In 1929 the first sound-on-disc feature was made and films continued to be made without a fully synchronised soundtrack until 1933/4. The Lianhua Company, set up in 1930, joined Mingxing as a leading company during this period.

In the thirties the policy of the Chinese Communist Party was to put left-wingers into the film studios in order to keep an eye on what was going on and to influence the type of films being made. These were generally young people with an art school or theatre background who were very enthusiastic. The feeling of camaraderie of these young film-makers often comes out in the films they made. Chinese cinema moved away from fantasy towards the reality of the people on the streets. Films were no longer afraid to tackle such subjects as poverty and prostitution. Films with characters and situations with which the public could identify were very popular so it made commercial sense for the studios to allow them to be made. Strict censorship created problems for the film companies and it even happened that one studio produced films at both ends of the political spectrum, offending both the Left and the Right.

During the Japanese occupation of Shanghai, the film-makers who stayed had to make films of pure entertainment although occasionally a general patriotic statement could be made under the cloak of a genre film. After the War many of the younger film-makers returned to Shanghai and in the forties a series of left-wing films were produced, the finest of which was "Crows and Sparrows", which ran into trouble with the censors and was not completed under after Liberation.

After the establishment of the People's Republic in 1949 the cinema became a state industry with the last five independent companies being nationalised in 1953. Now a different kind of film was demanded. Up until then films had been confrontational, tackling what was wrong with society. Now films had to show how terrible things had been in the old days and how wonderful they were now. A rigidity was imposed on the subject matter which always included a comparison of the bleak past and sunny present. During the Hundred Flowers Campaign a more flexible attitude to subject matter appeared with satirical comedies on the petty corruption of officials and so on, but these films disappeared soon after they were made. During the Great Leap Forward the studios were asked to increase production like any other industry and at least doubled their output. Many of these films are only significant in reflecting the period, such as the film entitled "Hero brand pens catch up with Parker in three weeks".

In the early 1960s Chinese cinema began to be influenced by the ultra-leftist line. Characters, especially heroes and villains, became more and more stereotyped and precise technical regulations were drawn up on the number of close-ups the hero should have or type of shot allowed for the villain. The people who made films in the thirties and forties and had created the film industry were persecuted and fewer and fewer films were made until only Model Revolutionary Operas remained.

Chinese cinema since the Fall of the Gang of Four has been struggling to create something new. The older generation is now too old, the middle generation is missing and the young generation has no knowledge of world cinema and little of their own country's cinema history. A young director is somebody in their fifties now. The urge to modernise has fed a tendency to pick up the less interesting aspects of modern cinema – for example the excessive use of zoom shots. But people are also willing to take greater chances with scripts and films are being made which confront today's issues.

Tony Rayns spoke next on the aesthetics of Chinese films – what makes a Chinese film Chinese. Cinema is classified as a literary art in China. This in part reflects the historical circumstances of the birth of cinema there. The majority of people in the early days had worked or continued to work in theatre. The film industry early on was not stable enough to afford a career of itself and China never really developed much coherent film theory. Also a high proportion of

Chinese films are adaptations from other media, particularly from novels and theatre. In fact adaptations are the norm rather than the exception. Two of the four recent films to be shown in November this year at the London Film Festival are literary adaptations.

Another characteristic of Chinese films is that they have resisted conforming to specific conventions. Western-style genres – such as the thriller, comedy, musical and so on – have never crystallised. Also Chinese films do not seem as homogenous as Western films. A film may shift from drama to documentary to lyrical interlude to song sequence without any definite prevailing idiom. The sense of time is often different from ours with films spanning decades with characters hardly showing their age. Characters are not always rounded in the Western sense; they tend to be types defined by their age, class background or political attitude.

Many of these characteristics can be traced to other Chinese art forms. For example, in literature there is often a mixture of idioms, the storyline is broken, characters disappear and reappear, scenes and events are self-contained and there is less need for continuity. There are also clear influences from the stage, in particular from the modern tradition of Western-style spoken drama (huaju) which grew up after the May 4th Movement. One can also see the influence of Chinese poetry in lyrical interludes and in the close correlation between a person's mood and the weather or the natural landscape. The matching-up of the environment with a character's state of mind was originally a Daoist convention.

Politics has been of great importance in the development of Chinese cinema. Communist Party guidance began with infiltration into the film studios in the thirties which led to the production of more films treating the social issues of the day such as poverty, inflation, hunger, abuse of women and crime. After the Communist victory Soviet Stalinist influence dominated the 1950s. The new guidelines on how Communist art should be created imposed models of behaviour and stereotypes in a way that was alien to those who had worked in the preceding period. The Cultural Revolution period was even more proscriptive.

Nowadays direct national policy in cinema is flexible and studios are free to produce what they want. However, the ten-year gap caused by the Cultural Revolution has meant that many film-makers are confused about what they should be doing. There is also a degree of self-censorship in that directors do not have to use their imagination and think about the kind of films they would most like to make. This kind of mental defeat will have to be overcome to enable the present and future of Chinese cinema to be discussed freely, frankly and usefully.

LITERATURE AND POLITICS IN CONTEMPORARY CHINA by Yang Xianyi

15 November 1983

Yang Xianyi, Editor-in-Chief of *Chinese Literature* studied at Merton College, Oxford before the Second World War and, together with his wife Gladys, is a noted translator of Chinese literary works into English. He admitted that although he agreed to lecture on the above subject with initial blitheness he realised on sober reflection that it was a very sensitive subject, particularly at the present time. However, Mr Yang said that as his sympathies were with the Chinese Communist Party (CCP) he felt that he could safely tackle the subject. Although Yang Xianyi started his lecture by saying that he did not want to go back into China's literary history, but wished to concentrate on the last four to five years, he did explain the progress of China's literary history since Lu Xun, and, indeed, this was vital to a fuller understanding of very recent attitudes towards literature. He pointed out that in the 1930s Lu Xun wrote a speech on the divergent ways of literature and politics, and wrote that writers and politicians always had divergent views, with the former always criticising the society of the time and the latter wanting writers to conform to the current line. This has always been so in a class society, and although Mr Yang pointed out that China is moving towards socialism, this will take a long time, and whilst the transition period lasts there will always be differences of opinion about literature between writers and politicians.

Yang Xianyi digressed to talk about the career of Zhou Yang. This was necessary in the light of the current campaign in China to criticise the concept of 'alienation' and cultural contamination. Zhou Yang was one of the leading cultural spokesmen of the government in the early days after 1949. He has always been in the cultural limelight and any statement made by him on cultural trends is taken very seriously. Like all intellectuals during the Cultural Revolution Zhou Yang got into serious trouble (as Yang Xianyi said, at that period simply being able to read was enough to get one into trouble!), but after his rehabilitation he again became spokesman on cultural affairs. As an Adviser to the Propaganda Department of the CCP Zhou Yang is in a sensitive position. In March this year the centenary of Karl Marx's death was celebrated, and at it Zhou Yang made a significant speech in which he summed up the situation in Chinese literature since 1949. He condemned the radical thinking of the Cultural Revolution when literature was not seen as a complex art form, but was merely seen as part of the superstructure, the cogs and wheels of a machine, with its purpose merely to serve Party policy. Those who wrote during that period were either branded as Rightists, or if they were dogmatic in their writings they were condemned by others as political sycophants. Zhou Yang did not agree with the assertion made by some people that there has been no good literature written since 1949. He felt that people should be given enough freedom to write what they liked providing that they conform to the two basic principles of being pro-socialist and pro-China. But the part of his speech that was to cause Zhou Yang some difficulty six months later was his reference to alienation and humanism, both subjects which have been of great interest to young people in China in recent years.

Zhou Yang made a public self-criticism in November this year in which he said that he had not distinguished between bourgeois humanism and socialist humanism (the latter is acceptable), and should have expanded his views on alienation, which is to be expected in a capitalist society, but not in a socialist society. Yang Xianyi himself said that the feeling of alienation of the young was not only not surprising, but was quite natural, and is to be expected in any society. After the cataclysmic Cultural Revolution many young people and intellectuals felt lost and wondered whether what the Party was telling them was true. They were beginning to lose faith in communism and ask themselves whether every person should not work for himself – a sort of social darwinism. They were asking whether perhaps a belief in human values might be enough in society. In his speech of recantation Zhou Yang said that as communists they should strive for a more genuine humanism than had been advocated previously. Yang Xianyi drew attention to the hypocritical humanism of the rich who only give money to the poor as long as it does not detract from their own comfortable life-style.

Yang Xianyi developed the idea of alienation and said that a class society creates a government and laws which lead to restrictions and distortions. This gives rise to the contradiction between the individual and society. In the ideal socialist or communist society, when everyone is equal, the individual and the state are in harmony, but as yet China is still in a state of transition. Yang Xianyi felt that the aim should be to lessen the contradiction between the individual and society and felt that in China at present an effort is being made to do this. One could argue that Britain is more culturally developed than China, and the people enjoy greater intellectual freedom, but the Chinese feel that economic advance will lead to cultural advance. Mr Yang felt that the Party's criticism of Zhou Yang was not without reason and Zhou Yang himself had admitted that he had not analysed the situation in China in sufficient depth, and his earlier speech might have led young people to lose hope in socialism. The Party would have to educate the young to bring them back into line. Apart from the problem of internal scepticism another aspect of cultural contamination comes from outside China with, for example, the smuggling in of pornographic material and 'video nasties'.

Having discussed generally the political climate in the literary field Mr Yang then went on to discuss some concrete examples of recent controversial writings. As he said, the literary scene in China has been very lively over the past few years. He cited Bai Hua's film script 'Bitter Love' (Kulian). Bai Hua was a member of the People's Liberation Army and it was there that the most bitter criticism was to be heard. The story centres on a overseas Chinese artist who returns to China to give what he can to his motherland, but is treated appallingly badly during the Cultural Revolution. The question which is asked is "You love your country, but does it love you?". The Taiwanese made considerable capital out of this to show up the horrors of communism. Yang Xianyi felt that Bai Hua was rightly criticised as the film was far too emotional, one-sided and simplistic. He felt that one could not say that simply because the Gang of Four emerged from the Party then the Party was, by definition, beyond redemption. The situation was more complex than that. He also felt that one could not negate everything that Mao said simply because of the Cultural Revolution, but it was quite understandable that writers should indulge in outbursts against the Cultural Revolution. But Mr Yang felt that no matter what a writer felt or had suffered he had a responsibility to society and should be prepared to criticise himself if his views were incorrect. On the other hand just because a writer had made a mistake he should not be ostracised, which is what some dogmatists had advocated should happen to Bai Hua.

Yang Xianyi discussed another film script called 'Wei Ni Ganbei' (I drink to you) which drew attention to nepotism and 'backdoorism' in China and came to the conclusion that the only way to survive in China was to fight for yourself. Although it was written with feeling it could not be made into a film as the ideology was wrong and it was too pessimistic. The female author was well versed in Marxism and Leninism and quoted them to back up her arguments in the prolonged debate about the film script. Another controversial work was by Dai Houying, a teacher at Fudan University, Shanghai. She herself had been a Red Guard and had been involved in the maltreatment of intellectuals at that time. Eventually she fell in love with a poet who had been put under her surveillance and who subsequently committed suicide. Because of this she repented of her ways and wrote a novel called 'Ren, Ah Ren!' (Ah, Humanity!), which showed talent and was well-written. In the novel she says that people must recapture their human values, lost during the Cultural Revolution, because people no longer trust one another. She was criticised for not having distinguished between bourgeois humanism and socialist humanism. However, the criticism in this case was not very successful, and the book became a runaway best-seller, having overcome the initial difficulty of finding a publishing house prepared to take it on.

But the point which Yang Xianyi made was that although many writers are criticised they are at least still free to write and are not despatched to Reform-through-Labour camps as would have happened previously. There is much more discussion all round. When the Party feels that someone is writing something against the Party line then it uses criticism as a means or a weapon to analyse the matter and come to some sort of understanding. Although some people may not be happy about political interference in literature in China it is felt to be inevitable. Living in society, if one is not influenced by one particular side then one will be influenced by another. Criticism and self-criticism in a healthy atmosphere can be productive. On the question of political dissenters Mr Yang pointed out that the situation was different from that of the USSR, as in China many writers had been on the side of the Revolution and indeed had been pioneers of it. They were in favour of socialism, so it was unlikely that they would dissent. Finally, he felt that art and literature should serve politics as long as they are not too dogmatic. Society can move forward faster if there is some consensus on ideas, with some unity of thinking.

During the question period Yang Xianyi admitted that books that are politically correct are not generally best-sellers. He also said that because all the provincial publishing houses decide for themselves what they are going to publish there may be four or more translations of one novel, such as Forsyth's 'The Dogs of War', and innumerable translations of Agatha Christie. He agreed that the standard of literary criticism was not high. It is not something that has been developed as a technique and there is little literary criticism in the western sense. When asked about techniques in writing Mr Yang said that the young liked experimental writing and a number of people had

experimented with "stream of consciousness", but that the traditionalists did not like it, nor any other styles which they felt were not immediately comprehensible. When asked why people did not simply buy a printing press and print their own works Yang Xianyi said that the government controlled the supply of paper. In general he felt that at present there was little literature and very few films which could really be considered to be of high quality.

This lecture was organised jointly with the School of Oriental and African Studies, University of London, and held in their lecture theatre.

Royal Society News

Visits from China under the Chinese Academy of Sciences (CAS) agreement:

A Nuclear Technology delegation from the Chinese Academy of Sciences (CAS), led by Professor Zheng Linsheng from the Institute of High Energy Physics, CAS, visited Britain from 4-25 September to study the general application of nuclear techniques to life sciences. They visited the Universities of Surrey, Birmingham, Aberdeen and Edinburgh, the Scottish Universities Research and Reactor Centre at East Kilbride, Harwell and other places of specialist interest.

A Photo-Electronic Image Device group led by Professor She Yongzheng, Director of the Laboratory of Photo-Electronic Image Devices at the Changchun Institute of Optics and Fine Mechanics visited Britain from 4-18 September. They attended the Eighth Symposium on Photo-Electronic Image Devices and visited other research laboratories around the country.

A Mechanical Engineering delegation led by Professor Zhang Zuomei, Deputy Director of the Changchun Institute of Optics and Fine Mechanics, visited Britain from 27 November – 4 December. They visited the Universities of London (Imperial College), Leeds, Sheffield, the National Engineering Laboratory at East Kilbride and the Mechanical Engineering Laboratory, GEC Power Engineering in Whetstone.

Dr Tang Wenguo (Shanghai Institute of Technical Physics): To attend the Fourier Transform Spectroscopy Conference, Durham, 4-18 September.

Professor Deng Guofan and Professor Liu Youqiao (Institute of Zoology, CAS, Peking): For a visit to the Natural History Museum, London, 18 September – 18 December.

Visits to China under the Chinese Academy of Sciences agreement:

Dr M Cable (Sheffield University): Glass Technology, 1-24 September.
Professor R K S Wood, FRS (Imperial College, London): Plant Pathology, 1-22 September.
Dr J E Simpson (Cambridge University): Fluid Mechanics, 8-29 September.
Dr R Freeman FRS and Dr K A McLaughlan (Oxford University): Physical Chemistry, 18 September – 1 October.
Professor A Hewish FRS (Cavendish Laboratory, Cambridge): Radio Astronomy, 15 September – 6 October.
Dr Julia Higgins (Imperial College, London): Polymers, 20 September – 4 October.
Professor G K Batchelor FRS (Cambridge University): Fluid Mechanics, 16-30 October.
Professor W T Dean (University College, Cardiff): Geology, 25 October – 13 November.

Visit from China under the Memorandum of Understanding with the Chinese Academy of Medical Sciences:

Dr Hu Guoyang (Institute of Oncology, Peking): To work at the Imperial Cancer Research Fund, London and the Christie Hospital and Holt Radium Institute, Manchester Area Health Authority, 30 October for three months.

Visits to China under the Memorandum of Understanding with the China Association for Science and Technology:

Dr D R Hall (Hull University): Lasers and Laser Systems, 6-30 September.
Dr J E Sharpe (Queen Mary College, London): Coal Fired Turbines, 8-29 September.
Mr W J Perkins (National Institute for Medical Research): Bioengineering, 20-29 October.

Visit from China under the Memorandum of Understanding with the China Association for Science and Technology:

A Plant Protection delegation led by Professor Shen Qiyi, Secretary General, China Association for Science and Technology and President of the Chinese Society of Plant Protection, visited Britain from 20 November – 18 December. They attended the Tenth International Congress of Plant Protection in Brighton, visited several research stations around the country, Wye College and the University of Cambridge.

Ex-agreement visits:

Dr B Johns (Reading University): Oceanography, 1-30 September.
Dr B F Windley (Leicester University): Geology, 4-15 September.
Professor J T Stuart FRS (Imperial College, London): Fluid Mechanics, 12 September – 10 October.
Dr W Y Liang (Cavendish Laboratory, Cambridge): Semiconductors, 14 September – 29 October.
Dr D J Thompson (Science and Engineering Research Council, Daresbury): High Energy Physics, October for two weeks.
Professor R K Bullough (Manchester University): Mathematics, 6 November – 15 December.

Visits to China funded by British Petroleum:

Dr K Coe (Exeter University): Petrology, 2-15 September.
Dr S Brassell and Mrs A Gowar (Bristol University): Geochemistry, 9-23 October.
Dr W D Dover (University College, London): Offshore Engineering, 10 November – 4 December.

Visit from China funded by British Petroleum:

Dr Fu Jiamo and Mrs Xu Fenfang (Guiyang Institute of Geochemistry): To work at the School of Chemistry, Bristol University, 27 November for three months.

British Council News

The following visits have recently taken place:

To China:

Lord Oram, Opposition Front Bench Spokesman on Overseas Aid visited China for three weeks to study cooperatives.

Mr John Finney, President of the Royal Town Planning Institute, Mr Walter Bor, Architect, and Mr Michael Safier of the Bartlett School of Architecture, University College London, visited Peking, Shanghai, Suzhou, Chengdu and Xi'an to give lectures to members of the Ministry of Urban and Rural Construction and Environmental Protection and to members of local Urban Planning Bureaux. Their lectures covered various subjects including town planning in Britain, new towns, London and planning methodology.

Michael Swan, a writer of English Language textbooks visited the Shanghai Jiaotong University for one month to run an English for Special Purposes course.

Three lecturers in English Language ran a course in Lanzhou to upgrade the skills of teachers of English.

Professor K J Miller, Department of Mechanical Engineering, Sheffield University.
Dr R D Hay, School of Environmental Sciences, University of East Anglia.
Dr R A Buchanan, Centre for the History of Technology, Science and Society, University of Bath.
Mr P H Thompson, Production Designer.
Dr C R L Friend, Department of Geology and Physical Sciences, Oxford Polytechnic.
Professor Sir Denys Wilkinson, Vice Chancellor, University of Sussex.
Professor E J King, formerly Professor of Education, Kings College, London.
Dr D Gough, Institute of Astronomy, Cambridge University.
Mr R S Medlock, Past President, Institute of Measurement and Control.
Mr J Highley, NCB Coal Research Establishment.
Professor A M Neville, Vice Chancellor, University of Dundee.
Mr J B Butcher, Electronics Centre, Middlesex Polytechnic.
Professor D H Sansome, Department of Production Technology, University of Aston.
Professor C E Turner, Mechanical Engineering Department, Imperial College, London.

To Britain:

A Drama Education Study Group led by Mme Ruan Ruoshan, Vice President of the Central Academy of Drama, spent three weeks in Britain to investigate the traditional heritage and present conditions of British theatre arts and to observe the principles and methods of British drama education. They visited Birmingham, Stratford-upon-Avon, Leeds and London.

Yang Xianyi, Translator and Chief Editor of *Chinese Literature* spent a month in Britain accompanied by his wife, Gladys Yang. They visited London, Oxford and Leeds.

Xu Zhuang, Deputy Director of the China Film Archive and Mme Wu Meixian also of the Archive came to Britain for three weeks to view British films at the National Film Archive of the British Film Institute, from which a season of British films will be chosen to be shown in China in 1984.

Professor Wu Ningkun, Professor of English and Vice President of the Peking Society for English Literature. He visited Departments of English at the Universities of Stirling, Lancaster and East Anglia. He also visited the School of Oriental and African Studies, London, Stratford and Oxford.

Mr Hu Jianmin of the Shanghai Conservatory of Music came to Britain to attend the Maria Korchinska International Harp Competition.

A delegation of five professors from the North China Institute of Water Conservancy and Power spent three weeks visiting British universities, polytechnics and engineering equipment manufacturers. The visit concluded in the signature of a partnership agreement with the Department of Engineering of Warwick University.

Under the Memorandum of Understanding on Scientific and Technical Cooperation a programme was arranged for a group of plant physiologists led by Mme Gan Xiaosong, Senior Agronomist and Deputy Director of the Research, Planning and Management Department of the Chinese Academy of Agricultural Sciences.

British Academy News

The following visits have recently taken place under the British Academy/Social Science Research Council exchange scheme with the Chinese Academy of Social Sciences (CASS).

To Britain:

Mr Liu Cunkuan and Mr Xu Yuebiao, Institute of Modern History: Sino-British Relations (9 October for four months).

Mr Gao Dizhen, Mr Chen Yuanxie and Mr Zhang Guangrui, Institute of Finance and Trade Economics: Commerce economics, accounting and tourism economics (22 October for three weeks)

Mr Ren Jishen and Mr Li Zerui, Institute of Law: Legal aspects of oil exploration and exploitation (30 October for one month)

A delegation of four led by Mr Wang Changyun, Director, Foreign Affairs Bureau visited Britain from 20 November for ten days to widen their understanding of the British academic structure and to discuss the working of the Agreement with the British Academy. They visited the Universities of Oxford, Cambridge, Edinburgh, Birmingham and London. One of the members of the delegation, Miss Deng Junbing, stayed on for another two weeks and visited Glasgow, Manchester and York.

Other British Visitors to China

September

Mr Evelyn de Rothschild, Chairman of N M Rothschild & Sons Ltd, and his party met with Vice Premier Tian Jiyun in Peking. In his speech, Mr Tian said he hoped that the banks of China and Britain would exchange experience and strengthen monetary cooperation.

Mr A J Farrington, Senior Assistant Keeper of the India Office Library and Records visited China on his return from a conference in Japan. He visited the National Library of China and the State Archive Bureau.

Mr R Snowdon, Commercial Executive Far East, from Wellworthy Ltd of Lymington, Hants visited China for two weeks as the British Standards Institution (BSI) expert on internal combustion engine components in a programme arranged by the China Association for Standardisation. He visited Peking, Suzhou, Shanghai and Hangzhou as part of the BSI protocol agreement. (The British Standards Institution/China Association for Standardisation five year agreement was set up four years ago, not eighteen months ago, as was reported in Newsletter No 23).

A delegation from the Royal College of Defence Studies led by its Commandant, Admiral Sir William Pillar KCB, visited China for five days at the invitation of the Chinese Ministry of National Defence. The delegation visited a military academy and army units in Peking, a shipyard and a commune in Shanghai, and toured sites of historical interest. Xiao Ke, Vice Minister of National Defence, hosted a banquet to welcome the delegation, which was the fourth group from the Royal College to visit China.

Colina MacDougall, Tony Robinson and Mark Baker of 'The Financial Times' visited China in a programme arranged by the 'Guangming Daily'. They visited Peking, Tianjin, Chengdu, Chongqing, Zhanjiang and Guangzhou. In Peking they met with Fei Xiaotong, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference and China's best known sociologist and anthropologist, who briefed them on recent changes in China's rural economy and on the developments in Suzhou. The group also met State Councillor Bo Yibo and the Assistant Minister of Foreign Affairs, Zhou Nan. 'The Financial Times' produces an annual supplement on China.

Dr R Roberts led a delegation from the Department of Trade and Industry to China at the invitation of the State Science and Technology Commission (SSTC) to sign an Agreed Minute reviewing and continuing the cooperation established by the Science and Technology Agreement of 1978. This was a return visit for the visit of the SSTC to Britain in December 1981.

Britain's Ray Crabb and John Cain came fifth and seventh in the Peking International Marathon in September with times of 2:23.42 and 2:24.24 respectively. The winner was Ron Allen Tabb of the USA who clocked a time of 2:18.51.

Professor Norman Blacklock, Head of the Department of Urology, University of Manchester, visited China for two weeks at the invitation of the Chinese Academy of Medical Sciences to give lectures and to discuss a joint research project.

A group of 37 doctors led by Mr G J Hadfield, Vice President of the Royal College of Surgeons of England visited China from 4-17 September. They visited hospitals, medical colleges and research institutes and sites of interest in Peking, Xi'an, Nanjing, Suzhou and Shanghai.

October

Mr James Coltart, Chairman of the Thomson Foundation, led a group to China at the invitation of the 'China Daily' newspaper. Whilst in China Mr and Mrs Coltart and Mr Michael Gorman, a Trustee of the Thomson Foundation and General Manager of the 'Bangkok Post' met with Yu Wen, Deputy Head of the Propaganda Department of the Central Committee of the Communist Party of China, and with Deng Liqun, Member of the Secretariat and Head of the Propaganda Department, who gave a dinner in their honour. They were also given a lunch by Huang Hua, Vice Chairman of the National People's Congress Standing Committee. Mr Coltart expressed his appreciation for the role 'China Daily' has played in promoting mutual understanding between the people of China and the rest of the world, while his hosts thanked the Thomson Foundation for its help with ways of improving their newspaper.

Mr Ian Hume, President of the Wales-China Frendship Society led a five-member delegation to China at the invitation of the Chinese People's Association for Friendship with Foreign Countries. Mr Liang Geng, Vice President of the Association gave a dinner in their honour. The delegation toured Xi'an, Kunming, Xishuangbanna and Guangzhou.

Mr K D Park, lecturer and consultant at the Fluid Power Centre of the School of Engineering, University of Bath, spent two weeks in China as the British Standards Institution's expert on standards for fluid power systems. He visited Peking, Xi'an and Shanghai.

A goodwill delegation from Coventry led by the Mayor, Mr Joe Thompson, visited Jinan, the capital of China's Shandong Province, to sign an agreement on the establishment of friendship ties between Coventry and Jinan. The delegation visited factories, shops, hospitals, welfare facilities and rural areas and exchanged information on industrial production, city construction, environmental protection, commerce, trade, culture and education. Before they left China the delegation also visited Peking.

Mr Jack Page MP, Vice President of the Interparliamentary Union and Mrs Page visited China at the invitation of the Chinese People's Institute for Foreign Affairs. They were met and feted in Peking by Hao Deqing Member of the Standing Committee of the National People's Congress.

Mr Peter Jones, Lord Mayor of Sheffield, and Mr David Blunkett, Leader of the Borough Council of Sheffield signed an agreement of friendship with Zhang Jianzhong, Mayor of Anshan, and Xu Xi, Chairman of the Standing Committee of the City People's Congress. The delegation from Britain were invited by the government of Anshan for a three-day visit. They toured the Anshan Iron and Steel Company and other industrial, educational, cultural and scientific establishments. They also exchanged information on industrial production, urban construction, environmental protection, scientific research, culture and education.

Mr T H Beven, Chairman of Barclays Bank plc led a delegation to China at the invitation of the Bank of China. In Peking the delegation met with Chen Muhua, State Councillor and Minister of Foreign Economic Relations and Trade, who discussed trade and economic relations between Britain and China. She said that the volume of bilateral trade in the first eight months of this year had been greater than in the corresponding period of 1982.

Mr Peter Mauger, Associate Fellow at the University of Warwick visited China on a Leverhulme Scholarship to investigate developments in technical and vocational education. His programme was arranged by the Chinese People's Association for Friendship with Foreign Countries and included visits to teacher training colleges, schools and other relevant institutions in Peking, Guangzhou and Hainan Island.

Lord Rhodes led a delegation of four parliamentarians to China at the invitation of the Chinese People's Institute for Foreign Affairs. They visited Peking, where they met with the new Minister of Textile Industry, Mme Wu Wenying; Chengdu and Wuhan where Lord Rhodes discussed the proposed twinning of Wuhan and Manchester.

Dr David Astley, Officer in Charge of the Vegetable Gene Bank of the National Vegetable Research Station visited China from 26 October – 17 November under the Ministry of Agriculture, Fisheries and Food's Memorandum of Understanding at the invitation of the Genetic Resource Centre, near Peking. He went to learn about the Chinese methods of intercropping and other work carried out there and to give advice on, amongst other things, seed collection techniques.

Mr David Griffiths, a Hong Kong-based British runner began his 55-day, 3,750 kilometre solo charity run from Peking to Hong Kong on 25 October. Mr Griffiths, General Manager of the Jubilee Sports Centre in Hong Kong, is running to raise funds for disabled Chinese athletes to participate in the Olympic Games for the disabled next June in the United States. Mr Griffths was seen off by Li Delu, Vice President of the Chinese Sports Association for the Disabled (CSAD) and Harry Fang Sinyang, a representative of the Hong Kong sponsors for the run. Also present were Qian Xinzhong, President of the Red Cross Society of China and the CSAD, Lu Jindong, Vice Minister of the State Physical Culture and Sports Commission.

A group from the Policy Division of the Inland Revenue visited China from 22-31 October at the invitation of the Tax Bureau, Ministry of Finance to hold talks on a double taxation agreement.

A team from the Royal Signals Radar Establishment led by Dr K Browning, visited China at the invitation of the State Meteorology Bureau for discussions on radar and satellite meteorology.

Brigadier Bethridge and party made a military liaison visit at the invitation of the People's Liberation Army and the Chinese Artillery School from 7-23 November.

Professor Gordon Conway, Director of the Centre for Environmental Technology, Imperial College, led a delegation at the invitation of the Ministry of Urban and Rural Construction and Environmental Protection under the Science and Technology Agreement. The environmental delegation visited China from 17-29 October.

November

Mr D G Spickernell, Director General of the British Standards Institution (BSI), Miss G M Ashworth, Director Public Affairs and Mr J Leeming, Under-Secretary at the Department of Trade and Industry (Quality and Education Division) visited China in a programme arranged by the China Association for Standardisation (CAS). They visited Guangzhou, Peking and Kunming to discuss, amongst other things, the general content of the 1984 protocol and the renewal of the five-year cooperation agreement between the BSI and CAS.

Mr Peter Walker, Secretary of State for Energy, led a delegation to Peking and was feted by Tang Ke, Minister of the Petroleum Industry. They discussed energy related issues with Mr Tang and with Qin Wencai, President of the China National Offshore Oil Corporation, Gao Yangwen, Minister of Coal, and Li Daigeng, Vice Minister of Water Resources and Electric Power. They also met with Vice Premier Li Peng, who expressed the hope that there would be more and better cooperation between Britain and China in the exploration, saving and efficient use of energy.

Lord Cockfield, Chancellor of the Duchy of Lancaster, and Lady Cockfield met with Vice Premier Wan Li in Peking and discussed the prospects for the expansion of trade, economic and technical cooperation between Britain and China. Lord Cockfield also held talks with State Councillor Chen Muhua, Minister of Foreign Economic Relations and Trade, and with leading members of other Chinese economic departments.

Dr Elizabeth Frankland Moore, President of the Sino-British Fellowship Trust was met and feted in Peking by Kang Keqing, Vice Chairman of the Chinese People's Political Consultative Conference National Committee and President of the All-China Women's Federation. Also present were Dr Ma Haide (George Hatem), Adviser to the Ministry of Public Health and Wang Bingnan, President of the Chinese People's Association for Friendship with Foreign Countries.

A Space Delegation led by Mr L J Robinson visited China at the invitation of the Ministry of Space Industry. They visited Peking and Shanghai to see their counterparts and to discuss space science and technology.

A delegation of five from British Telecom International (BTI), the international arm of British Telecom, led by Mr Mike Morris, Chief Operating Officer, visited China at the invitation of the Chinese Ministry of Posts and Telecommunications. They visited Peking, Guilin and Guangzhou to review existing services and to discuss the development of new services between the two countries. This was the first BTI-led delegation although they built on earlier contacts and visits with British Telecom.

December

The Archbishop of Canterbury Robert A K Runcie visited China at the invitation of the China Christian Council and the Chinese People's Association for Friendship with Foreign Countries. A delegation from the British Council of Churches led by the Archbishop and the Reverend Dr Philip Morgan, General Secretary of the British Council of Churches (BCC) visited at the same time. The twenty members of the delegation represented the member churches of the BCC. The Archbishop visited Shanghai, Hangzhou, Xi'an and Peking and was accompanied on his tour by Zhao Fusan, Vice Chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China. The Archbishop was scheduled to meet religious leaders, attend services, preach sermons and make speeches at public meetings.

Mr A G Manzie, Deputy Secretary of the Department of Trade and Industry, led a delegation to China to discuss the construction of the Guangdong Nuclear Power Plant. They also discussed investment and loans for this project, the selling of electricity and supply of equipment. The delegation met with Vice Premier Li Peng.

Other Chinese Visitors to Britain

September

His Excellency Tang Ke, Minister of Petroleum Industry, led a delegation of five to Britain at the invitation of Her Majesty's Government. During their 12-day visit they visited the Department of Energy and met the Rt Hon Peter Walker MP, Secretary of State for Energy who was also host at a Government lunch given at Lancaster House in honour of Mr Tang Ke. The delegation spent several days in Scotland, visiting the Aberdeen Petroleum Club, the University of Aberdeen, Shell UK Exploration and Production, the Fulmar Production Platform, Aberdeen Service Company (North Sea) Ltd, the Department of Energy, the Forties Bravo Production Platform, Glenfiddich Distillery, and they attended the opening ceremony of "Offshore Europe '83".

Two Chinese booksellers from Guoji Shudian arrived in Britain for a six month training programme based at Burchell and Martin Limited, Library Suppliers, of Birmingham. The two booksellers were particularly interested in the humanities and social sciences and learnt about the British book trade, management and distribution of books.

A three-member delegation from the Chinese YMCA led by Li Shoubao (Li Shou-pao), General Secretary of the National Committee YMCAs of China visited Britain as part of a European tour. Their programme in Britain was arranged by the National Council of YMCAs and took them to London, Sheffield, Bristol, Bath, Cardiff, Glasgow and Edinburgh where they met YMCA staff and members and joined in YMCA activities. They also visited City Planning Departments, hospitals, churches and other institutions. A dinner was given in their honour at the YMCA Indian Student Hostel and they were received at Lambeth Palace by the Archbishop of Canterbury's Representative, Mr Terry Waite.

Miss Liang Ning, a mezzo-soprano, and Mr Fu Haijing, a baritone from the Central Conservatory of Music, Peking were among seventeen singers chosen from an original entry of 82 to take part in the quarter finals of the Benson and Hedges Gold Award for Singers held in London. Both singers got through to the final concert, held at the Royal Opera House on 2 October where they came fourth and second respectively.

China won both the women's singles and doubles titles in the English Masters Badminton Tournament in Warrington. Britain won the mixed doubles. In the women's singles Chen Ruizhen beat Helen Troke and in the doubles Chen Ruizhen and Zheng Jian collected the title when Gillian Gilks and Gillian Clark withdrew due to injury.

Mr Wang Shixiang, Senior Research Fellow of the Institute for Research into Ancient Texts and China's leading scholar in the fields of lacquer and furniture history visited Britain from 11-28 September at the invitation of the Victoria and Albert Museum. (See report in this newsletter.)

October

A delegation of seven from the China Meteorological Bureau led by Professor Zhang Jijia visited Britain from 9 – 23 October at the invitation of Professor J T Houghton FRS, Director General of the Meteorological Office, Bracknell. The delegation was interested in numerical weather prediction and studied arrangements in the Meteorological Office for central forecasting, public services, computing, telecommunications, climatology, cloud physics, satellite meteorology and instrument development. The delegation also visited the European Centre for Medium Range Weather Forecasts and were given a Reception at the Chinese Embassy.

A delegation from the Operations Department of the China National Offshore Oil Corporation (CNOOC) led by Lu Baoshi, Deputy Director of the Operations Department visited Britain from 16 – 26 October in a programme arranged by the Central Office of Information. They visited various companies in London, Southampton, Sunbury on Thames, Edinburgh and Aberdeen concerned with aspects of oil pollution and effluent and discussed the responsibilities in this field between Government and private companies.

Du Daozheng, Editor-in-Chief, led a five-member delegation from the 'Guangming Daily' in a programme arranged by the Central Office of Information. The delegation wanted to acquaint itself with various aspects of life in Britain, with particular reference to agriculture, education and pollution control. They were given an official lunch by the Foreign and Commonwealth Office hosted by Mr D M Day CMG, Chief Clerk, and visited the Ministry of Agriculture, Fisheries and Food, Queen Elizabeth House, Oxford, Shenley Court Comprehensive School, Birmingham, IMI plc, the University of Birmingham, the 'Wolverhampton Express and Star' newspaper, Telford Development Corporation, Watford College of Agriculture, Thames Water Authority, Beckton Sewage Treatment Works, the Department of the Environment and 'The Financial Times'.

A delegation from the Tractor Research Institute, Luoyang, led by Mr Kong Depeng visited Britain for three weeks. Their programme of visits was arranged by the National Institute of Agricultural Engineering where they spent several days. The delegation also visited various firms producing agricultural machinery in Coventry, Worthing, Northampton, Huddersfield, Basildon and Edinburgh.

Zhang Tingshan, Deputy Director of the Sichuan Science and Technology Commission led a delegation to Britain. Their programme was arranged by the Central Office of Information. They visited the Department of the Environment, the Health and Safety Executive, National Coal Board Research Establishment, the North West Water Authority, Thames Water Authority, the Atomic Energy Research Establishment, Harwell, and firms in London, Stevenage, Cambridge, Manchester and Ellesmere Port to learn about river management, sewage disposal and treatment, and air and water pollution control.

A delegation of six specialists in the field of Special Education led by Xu Hang, Deputy Director of the Education Department, Jiangsu Province, visited Britain in a programme arranged by the Overseas Development Administration. The delegation visited Bristol, Birmingham, Manchester and London to gather information and exchange ideas in the field of teacher training in special education for children with visual, hearing and mental handicaps. They visited the Department of Education and Science, the Department of Health and Social Security, universities, schools, the Royal National Institute for the Blind and other specialist institutions.

A Hydrography Study Team of three from the Shanghai Ocean Shipping Company visited Britain for three weeks at the invitation of the Royal Navy.

November

Gan Xiaosong, Senior Agronomist and Deputy Director of the Research, Planning and Management Department of the Chinese Academy of Agricultural Sciences led a plant physiology delegation of four to Britain under the Ministry of Agriculture, Fisheries and Food's Memorandum of Understanding. Amongst other places they visited Rothamsted Experimental Station, the Universities of Loughborough, Nottingham, Birmingham, Reading and Edinburgh and the National Vegetable Research Station.

Yu Wei, Deputy Director-General of the State Statistical Bureau led a five-member delegation to Britain at the invitation of the Government Statistical Service. The delegation visited the Central Statistical Office (CSO) and were given an official lunch hosted by Sir John Boreham, Director of the CSO; H M Customs and Excise, Business Statistics Office in Newport; Inland Revenue and the Department of Trade and Industry.

A 'microbiological disaster' delegation from the State Science and Technology Commission led by Jin Zuxun, Director of the Sichuan Grain Storage Research Institute, visited Britain from 13 November – 4 December in a programme arranged by the Central Office of Information. They visited research institutes in London, Slough, Berkhampstead, Bracknell, Norwich, Bristol, Newcastle, Durham, Guildford and Reading to discuss entymology, toxicology, microbiology and veterinary entymology.

A Chinese film delegation led by Xu Sangchu, President of the Shanghai Film Studio visited Britain to attend the 27th London Film Festival. Four Chinese films, 'Legend of Tianyun Mountain', 'My Memories of Old Beijing', 'Rickshaw Boy' and 'Neighbours' were shown at the Film Festival and two of the Directors, Xie Jin and Wu Yigong, were present to answer questions on the films they had directed. Following the showing in London 'My Memories of Old Beijing' was also shown in Bristol, Dundee, Lancaster and Newcastle-upon-Tyne.

A delegation of five led by Chai Wenqi, Director of the National Environmental Monitoring Centre visited Britain in a programme arranged by the Central Office of Information in conjunction with the Department of the Environment. They visited various organisations including the Department of the Environment, Water Authorities Association, Thames Water Authority and Environmental Health Departments in London, Manchester, Warrington, Salford, Stevenage and Cambridge for discussions on environmental pollution monitoring and control.

A delegation of six from the Chinese Bureau of Nuclear Fuels led by Zhang Peiling, Chief Engineer, visited Britain from 6-16 November at the invitation of British Nuclear Fuels Ltd.

A Study Team from the Ministry of Aviation visited Britain from 14-25 November at the invitation of the Ministry of Defence to visit the Empire Test Pilot's School.

December

The Deputy Director of the Geological Bureau, Ministry of Coal Industry, Wang Wenshou, led a delegation of five to Britain in a programme arranged by the Central Office of Information. They visited the Universities of Sheffield, Newcastle and London (Royal School of Mines, Imperial College), an opencast mine in Leeds and various firms to discuss and inspect geophysical equipment.

Mr He Songgui, Mayor of Jinan, led a delegation of five to Britain in return for a visit in October to Jinan by the Coventry City Council delegation to pursue twinning links. The delegation spent three days in London and were given an official reception by the Foreign and Commonwealth Office hosted by Mr Alan Donald CMG, Assistant Under-Secretary of State. In Coventry they visited firms, housing estates, the 'Coventry Evening Telegraph', Warwick University, Lanchester Polytechnic, schools and hospitals.

A four-member Chinese gymnastics team took part in the annual Coca Cola International Gymnastics Tournament in London. Xu Jinglei, 15, won the women's individual all-round title, two gold medals and one bronze in the individual events.

Conferences

Two international geological symposia were held in September, one in Peking on Pre-Cambrian Crustal Evolution and the other in Tianjin on late Pre-Cambrian Geology. The 150 participants from seventeen countries, including Britain, were given a banquet hosted by State Councillor Fang Yi and by the Ministry of Geology and Minerals. The geologists reviewed new developments in the study of the evolution of pre-cambrian crustal tectonics and discussed the relationship between pre-cambrian crustal evolution and metallogeny (ore-forming processes). Those at the Peking Symposium made field studies in the eastern part of Hebei Province, Tai Mountain in Shandong Province, and Xinyang and Dengfeng in Henan Province. At the Tianjin Symposium it was decided to carry out further field studies in Scotland in 1985.

A four-day international symposium, sponsored by the Chinese Academy of Sciences, was held in Nanjing in October to discuss the boundaries between the Cambrian and Ordovician periods and the Ordovician and Silurian periods. These geological periods date back 570 million to 400 million years. After the symposium the geologists visited Hebei, Zhejiang and Hubei Provinces, conducting field studies and inspecting stratigraphic sections there.

A two-day conference marking the 40th anniversary of the Chinese Society of Naval Architecture and Marine Engineering was held in Peking in November attended by 33 specialists and scholars from naval architecture and marine engineering societies from six countries including Britain. The participants were met by State Councillor Fang Yi who expressed the hope that academic exchanges and technical cooperation would improve in the years ahead.

A fifteen-day Study Cycle on postal services in medium-sized towns was held in Suzhou, in November, sponsored jointly by the Chinese Ministry of Posts and Telecommunications and the Universal Postal Union. The Study Cycle, the first of its kind to be held in China, was set up to explore ways of improving postal services administration and was scheduled as part of the United Nations 1983 World Communications Year. Britain was represented amongst the 25 specialists from sixteen countries, who also visited postal administration centres in Suzhou, Wuxi and Shanghai.

The Peking International Symposium on Fracture Mechanics was held in November, co-sponsored by the Chinese Society of Theoretical and Applied Mechanics and the Chinese Society of Aeronautics and Astronautics. 170 participants from twelve countries including Britain attended the four-day symposium to discuss research on fracture mechanics.

An international symposium on University Laboratory and Instruments Management was held for four days in November in Shanghai. Seventy professors and experts from Australia, Britain, the United States, Hong Kong and forty Chinese universities attended to discuss laboratory experiments, management of large precision instruments, technical consultancy services and training of laboratory personnel. The opening speech was made by Professor Xie Xide, President of Fudan University and Chairman of the symposium which was held according to an agreement between the Chinese government, the United Nations Development Programme and UNESCO.

China's 'Great Wall' dry, white wine was awarded a silver medal at the 14th International Wine and Spirit Competition in London in October, the first Chinese wine to win an international award in the past seventy years. 815 wines, spirits and liqueurs from 33 countries were entered in the competition.

A traditional Chinese garden will be built in Liverpool for the International Garden Festival to be held from 2 May – 14 October 1984. The garden to be exhibited in Liverpool will be called the 'Yanxiu Garden' and will be partly modelled on the imperial 'garden within a garden' in Peking's Beihai Park which was built in 1757. It will represent the typical garden style of North China and will be exhibited in the hope of promoting exchanges in horticulture between China and other countries. The Landscape Architecture Company of the China Construction Engineering Corporation is in charge of the construction.

Yuan Shiyun, Associate Professor of English at the Shanghai Foreign Languages Institute won a special prize in this year's English Speaking Union's English Language Competition for her paper on Pressure-cooking of English Grammar for Adult Learners', a method she has developed to help Chinese scientists to read science journals and books in English. The annual competition at which entrants must submit a 4000 word research paper on a variety of subjects is sponsored by the BBC, the British Council, Longman Group Ltd, Macmillan Ltd, Oxford University Press, Cambridge University Press and Linguaphone Institute Limited.

Dr Joseph Needham author of the 20-volume 'Science and Civilization in China' was awarded a first class natural science award by the Chinese State Science and Technology Commission on 29 November, by Chen Zhaoyuan, the Chinese Ambassador to Britain. This award is the highest governmental award given for outstanding achievements in the natural sciences in China and can be awarded to foreigners who have made achievements conducive to the development of science and technology in China. Dr Needham is the first foreign scholar to receive the award. He was also given an Honorary Doctorate and the title of Honorary Professor by the Chinese Academy of Social Sciences.

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Britain-China

Newsletter of the Great Britain - China Centre
22 Queen Anne's Gate, London SW1H 9BU

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The Great Britain-China Centre will be leaving its present premises at the end of June or early July and will be moving to 15 Belgrave Square, London SW1X 8PS. Further details will be sent to all members nearer the time.

CENTRE LECTURES

SINO-SOVIET RELATIONS, PAST, PRESENT AND FUTURE by John Gittings

12 January 1983

In his talk, Mr Gittings reviewed the past relationship between China and the USSR and the legacy left by Mao. He also examined the problems which remain at issue between China and the USSR, and the internal and external factors which will determine the progress of any rapprochement. The lecture was illustrated by slides which showed the change of style in the propaganda posters over the years, reflecting China's changing attitude to the USSR, the USA and the Third World.

Mr Gittings began by setting the scene in August 1946 with a description by Anna Louise Strong. "It was a simple but delicious meal that Mrs Mao set before us, much of it from the ripe tomatoes, onions, beans and peppers from their hillside garden. For dessert there was 'eight treasures rice', but in this case the rice was flavoured with four things: peanuts, walnuts, plums from the Chairman's garden and dates from the Date Garden (further up the valley)." Mao outlined his view of how the various parts of the world fitted together and used matchboxes and wine cups to show the three-bloc idea: The USSR and the USA at either end with China and the rest of the world in between. "Chairman Mao laughingly illustrated his point with the tea-cups and little white wine cups on the table, placing a big cup for American imperialism and surrounding it with a circle of little white wine cups for the American people, with a long zigzag line filled up with matchboxes and cigarettes to represent other countries all separating American imperialism from the Soviet Union, a big cup at the other side". At this time China was attempting to win freedom of action and to establish an independent foreign policy; they have only now managed to become independent.

From December 1949, Mao spent two months in Russia to negotiate a new Sino-Soviet alliance. "In 1950 I argued with Stalin in Moscow for two months. We argued about the Treaty of Mutual Assistance and Alliance, about the Chinese Changchun railway, about the joint-stock companies, about the border question. Our attitude was like this: 'If I disagree with your proposal I shall struggle against it. But if you really insist, then I shall accept it'. This was because we took into account the interests of socialism as a whole." Mr Gittings felt that Mao did not really want to give in to Stalin but that it had to be a finely judged situation and it would have been a mistake to push the point too far. China began to lean towards the USSR, buying military and political support in order to gain survival.

Hostility between the United States and the USSR by 1949 had reached a point where neither side could accept China having relations with both sides. Since the Americans did not seem to be interested in a settlement, China's only other alternative was to lean towards the Soviet Union. Various efforts had been made (eg the Huang Hua - Leighton Stuart contacts) to come to a peaceful solution but there was no ideological affinity between the USA and China and the Americans were not really interested in a settlement. In 1955/6 someone in the Washington State Department drafted a formula to solve the problem of Taiwan between China and the USA but while the formula was satisfactory it was not put on the table until 1972 when Nixon went to China. In the mid-1950s the US rejected all China's proposals at the ambassadorial talks for better relations. The abortive formula is recorded in Kissinger's Memoirs: "Taiwan, as expected, provided the most difficult issue. We needed a formula acknowledging the unity of China, which was the one point on which Taipei and Peking agreed, without supporting the claim of either. I finally put forward the American position on Taiwan as follows: 'The United States acknowledges that all Chinese on either side of the Taiwan Straits maintain there is but one China. The United States government does not challenge that position'. I do not think anything I did or said impressed Chou (Zhou Enlai) as much as this ambiguous formula with which both sides were able to live for nearly a decade. (In fairness I must say that I adapted it from a State Department planning document for negotiations, which aborted in the fifties.)"

Mr Gittings felt that China's attempt to find an equlibrium between the super powers was doomed in the 1950s. China was suspicious of the dialogue between the USSR and the USA. China was still dependent on the Soviet Union, and the Americans were not prepared to deal with the Chinese. The Chinese at first hoped that Moscow would listen to them more if they continued to support Soviet leadership. As Mao said in November 1957, "We must have a leader. The CCP is not worthy of this function.... China has not even a quarter of a sputnik, whereas the Soviet Union has two" (and the US, he added, has not even launched a potato). But China hoped to overcome her own weakness and vulnerability to threats from both sides. It was with this in mind that the Great Leap Forward was proposed. This was an attempt to catch up, to be taken seriously and to show the rest of the world that China was a force to be reckoned with. Iron and steel, as well as socialism, was emphasised, as shown in the quotation from the Red Flag (16.10.58), "The US aggressors bully us because we have too little iron and steel.... The US aggressors bully us because we have too little machinery. This calls for even greater efforts on our part.... The US aggressors insist on a policy of blockade and embargo against our country. This helps our country build with greater and faster results.... the US aggressors (are our) teachers by negative example.... The Tito group also deserves to be called a very good teacher by negative example."

After the final Sino-Soviet split in 1963, an irrational element began to creep into Mao's view of the Soviet Union. The USSR began to be characterised as revisionist and more dangerous than the USA; more dangerous because it was more recent as a super power. As Mao said, "We must keep our banner spotless, not drag it through the Russian mud". Not all his colleagues agreed, proposing limited joint action with Moscow to support Vietnam in 1966. (They included Deng Xiaoping.)

China also began to question her relation to the rest of the world and in particular the Third World. Mr Gittings showed a series of the slides depicting these changing attitudes. The image of Chinese-African friendship on the poster hoardings in Peking in the late 1960s was a large black gun being presented to a huge African fighter. During the 1970s this was replaced by a picture of a large red glossy tractor being gratefully received by visiting African peasants. Other posters showed the USA as the imperialist enemy and the Soviet Union as a socialist imperialist enemy. One poster combined the two themes with a fist larger than a face and the USSR and the USA being crushed into dust. Another denounced British imperialism over the disturbances in Hong Kong in 1967. World unity 1980 version replaced the gun by a cine camera. Taiwan 1970 version showed worker, peasant and soldier soaring across the Straits to liberate the island, while a 1980 version gave a different, more contemplative view with people looking wistful and waving.

In 1971 United States conditions finally ripened for a settlement with China which Peking would have accepted in the mid 1950s, but US-China normalisation was not completed till 1978. Only then could there be a new beginning of detente between China and the USSR. The obstacles are still enormous. 1. China had to explore to the full the potential for further development of relations with the USA. (Reagan's attitude on Taiwan demonstrates that a limit has now been reached.) 2. After so many years, the USSR has to convince itself that it is worthwhile making a real gesture to China, such as removing troops from the border, and that is what everyone is waiting for now. 3. Domestically, Chinese policies have changed so that the ideological question of the Sino-Soviet dispute has now become secondary. 4. The anti-Soviet hang-up of the legacy of Mao has finally faded. It is because these four elements are now present in the situation - external and internal factors combined - that the first cautious steps to improve Sino-Soviet relations can finally be undertaken.

China is also prepared now to talk realistically about the difficulties of having an independent foreign policy,"....the world became a complete entity as soon as capitalism took shape and every country became, willingly or unwillingly, an inseparable part of this world.... This is a process which cannot be resisted and which can also be extraordinarily painful. From the mid 19th century onwards, China deteriorated from being a great country with an ancient civilisation into a semi-colony.... For fully 109 years.... China had no independent foreign policy of its own.... It is not easy for an oppressed nation to recover its independence....the implementation of an independent foreign policy is in itself a course of struggle." (Red Flag 1.11.82).

NB The slides Mr Gittings showed were from the collection of modern Chinese popular art set up by the Chinese Visual Aids Project at the Polytechnic of Central London. The Project is happy to make its collection of over 600 posters and other material available for research, teaching and publication. Details from the Chinese Visual Aids Project, The Polytechnic of Central London, School of Languages, 9/18 Euston Centre, London NW1 3ET. (Telephone 01-486 5811)

An essay by John Gittings covering the subject of his lecture is included in *Superpowers in Collision,* Chomsky, Steel, Gittings, (Penguin Books, 1982).

CHINA AFTER THE TEMPEST by Tsai Chin

Tuesday 1st February 1983

Tsai Chin returned to China in the autumn of 1981 to teach drama at the Central Drama Institute in Peking. The culmination of her stay was her production of Shakespeare's 'The Tempest' through which she shared with the students new ideas and techniques in western theatre as well as her knowledge of the Chinese dramatic tradition. Showing slides to illustrate her lecture, Tsai Chin talked about the time she spent in China, focusing particularly on Chinese theatre today and her experience of directing China's up-and-coming young actors.

Tsai Chin began by giving her reasons for returning to China. Her first reason was a professional one — to direct and teach modern theatre at the Central School of Dramatic Art where she subsequently directed 'The Tempest'. The second reason was a semi-personal and semi-professional one, to go as her father's daughter. Her father, Zhou Xinfang, was one of China's most eminent and innovative Peking Opera artists, and suffered greatly during the Cultural Revolution. The third reason was to reconnect with her roots, to confront the past and to come to terms with it. Tsai Chin spent six months in China, five in Peking and one month in Shanghai where she lived as a child. Apart from directing 'The Tempest' she also gave lectures on western theatre to theatre people — Peking Opera stars as well as modern theatre people, which she found an enormous challenge. She also paid respects to her father's contemporaries in the artistic community and met Wang Guangmei, Liu Shaoqi's wife, who Tsai Chin portrayed in 1971 in Granada Television's production 'A Subject of Struggle', about the Cultural Revolution. She also went to the theatre as often as she could and even managed to fit in a course on Chinese history.

Tsai Chin explained the different types of theatre in China. Modern theatre is called 'huaju' - spoken drama - while the traditional is a synthesis of all the performing arts — singing, reciting, acting, fighting and dancing. Modern theatre, which started in 1907, made quite an impact in China because they had had the traditional theatre for so long. By the 1930s China had its own dramatists, Cao Yu being the most famous of these, and by the 1950s modern drama reached its height. The Moscow Art Theatre came to China and taught them the Stanislavsky method and started productions of Chekhov, with the famous production in 1954 of 'Uncle Vanya'. Tsai Chin used to spend her childhood sitting in the theatre watching Peking Opera and blames the lowering of standards on the Cultural Revolution, when only eight plays were allowed to be performed. These were the 'yangban xi' (model operas), a mixture of Peking Opera, ballet and melodramatic acting. Consequently the young people were left with little idea of any kind of theatre, let alone Peking Opera. Peking Opera is a type of theatre which involves audience participation — the audience and actors have an enormous intimacy and the audience must understand the conventions in order to appreciate the opera. Since the young people missed all this tradition during the ten years of the Cultural Revolution, they could not understand who was who on stage or appreciate the dramatic techniques. Now most of the great Peking Opera actors are dead. Some of them died a natural death and others disappeared during the Cultural Revolution. The middle-aged actors who could have been great had their careers interrupted. Now they all looked tired on the stage and dispirited because ten crucial years have been taken away. The young actors are fresh and have enormous energy but they have lost the tradition of discipline that makes a great Peking Opera actor, and because the great actors have gone, they have no standards to measure up to. Tsai Chin felt that if matters could be managed correctly, one or two great actors may emerge in about ten years time.

Going round the regional theatres, Tsai Chin found all the worst kinds of influence creeping in. She thought this was because the Chinese theatre people have not visited the west and therefore do not have a yardstick with which to measure the good and bad aspects of western theatre. So they are often choosing the worst aspects — beautiful embroidered costumes are being replaced by gaudy sequins, giving an unintentional pantomime air to a play. Tsai Chin's pet hate is the use of the microphone. She said that she found them everywhere, even in the very small theatres, and even used in opera. She felt that in ten years time the actors will have no vocal technique at all, since they do not have to project their voices when using microphones.

On the cheerful side, she found that many plays have been revived and the government is trying to encourage a revival of different genres of Chinese theatre. One of these is 'kunqu' which is apparently a very difficult genre and in order to save it they put on a festival of 'kunqu' and gathered up all the old actors to perform it so that they could record it, before the tradition died with these old actors. Another revival from the 1950s is 'Teahouse' (Chaguan) by Lao She but because it is a revival, all the young girls are played by the same, now old, girls who first played it in the 1950s! But they at least understand the tradition. Tsai Chin talked about a production of 'Sunrise' by Cao Yu in which the leading female is a modern day courtesan, a very subtle character. The young Chinese actresses now find it difficult to play her because they have no knowledge of this type of person. However, Tsai Chin felt that the Chinese Youth Theatre were doing some very good work, performing the works of many new playwrights - plays concerning unemployment, love and marriage. One play, 'Ming yue chu zhao ren', 'Bright moon reflected for the first time on man', was directed, written and acted completely by women. Only the designer was a man (and he apologised for this!). Tsai Chin was also pleased to note that they did not use microphones. Another play that impressed her was Lu Xun's 'The True Story Of Ah Q'.

Before the Cultural Revolution many plays by Ibsen,Shaw, Oscar Wilde, Shakespeare, Ostrovsky, Gorky and Molière had been performed and since the Cultural Revolution some Molière, Ostrovsky, O'Neill, Goldoni, Sartre, Beaumarchais, Brecht and a lot Shakespeare have been staged. The Chinese have not yet tried the theatre of the absurd but the authorities are looking into this. Tsai Chin thinks that it is important that they see a lot of world theatre so that they can value their own Peking Opera and also be able to introduce what is good from the west into their drama.

The Central Academy of Dramatic Arts, where Tsai Chin taught for five months, is one of the two main academies devoted to modern drama. It is considered a university, so the actor who comes out is awarded a BA. Tsai Chin taught 31 4th year students there. These 31 were chosen from 4000 applicants and they were the first group of students to be enrolled after the Cultural Revolution. They were aged between 20 and 29. Tsai Chin found them very formal and so got them to sit on the carpet and take their shoes off. This sort of thing had never been done before! When the students performed they were very tense and melodramatic, posing and doing all kinds of 'vocal somersaults.' Tsai Chin thought that this had a lot to do with the Stanislavsky method. She found that they were all very concerned about the theory of acting rather than the acting itself, and spent hours writing up the sub-texts. They were very surprised when Tsai Chin started teaching them directly. She found that one of the consequences of their tenseness was that the women's voices became very high-pitched. So Tsai Chin's first intention was to get the female voices down in pitch. They did a lot of relaxation exercises, and concentration, relaxation and imagination games — all very surprising to the students since no teacher had ever rolled around on the floor or touched her students before! The other teachers were supposed to join in these exercises but most hid themselves away.

Tsai Chin chose 'The Tempest' because Shakespeare was very popular and the students wanted to do it. It also has many supernumerary parts — enough for all 31 students — and the play structure was similar to that of Peking Opera, scenes instead of acts. Tsai Chin also found the theme of the play significant. It is about a lesson in forgiveness and coming to terms with tragedy, relevant to the Chinese artistic community, many of whom had spent nine years in solitary confinement. However the faculty considered 'The Tempest' to be a play of colonization, and there is apparently scholastic evidence to substantiate this belief. They did not want Caliban to be made a monster but Tsai Chin agreed with this view since she has always sympathised with the character of Caliban. Tsai Chin wanted the production to be as simple as possible and would not let her designer see the BBC production of 'The Tempest'. She felt that they all had to work at the play from their imagination to make it fresh — the resulting costumes were very successful but the set was less so, partly because the designer would not go to rehearsals. Tsai Chin had quite a struggle to prevent the use of blond wigs, beards and chest hair! She borrowed the notion of colour from Peking Opera for the costumes. In Peking Opera, colour is associated with rank. Yellow is the emperor's colour, red signifies marriage. So when Miranda and Ferdinand were married they put on red things and the Chinese audience immediately knew what had happened. The good people all wore blue, which is a healing colour, and Antonio wore purple, which to the West is a royal colour. The costumes were all very basic, the men wore trousers, boots, jerkin and blouse to give them freedom of movement. The clowns had a stylised make-up which was a combination of the western clown's face and of Peking Opera, symbolised by a patch; square, round or triangle. Caliban wore the triangle.

Tsai Chin's unhappiest day of her whole career as a director was the day of the casting for the play. She usually gives a party after the casting because that is the happiest time when everybody is going to work together. On this occasion the party was a wake. The casting of the play for the 4th year students was critical. If they did not get good parts then they would be assigned for life to mediocre companies with no chance of progressing even if their talent developed. There was nothing Tsai Chin could do about it although she did talk to the authorities. They were aware of the problem and say that it will change in the future.

During the rehearsal period Tsai Chin asked her students to improvise on the characters. They acted out the scenes when Prospero tells Miranda how they arrived on the island, and they also acted out the future with Miranda and Ferdinand as old people telling their grandchildren how they met. For a long time they did not use the script and acted out everything possible so they had a definite history, rather than writing it down. Tsai Chin also wanted her students to have real feeling for the play and so she made them act out fights etc. Prospero controlled Caliban by tying him up in a rope and Prospero made Ferdinand carry chairs up and down stage, so that in the real production he knew what it was like to carry logs. While they were improvising without the script, Miranda and Ferdinand came to the part where she had to ask him "Dost thou love me ? ". Things came to a halt because the Chinese will never say that in front of anybody. The students were used to having the script to protect them and were not used to exposing themselves in this way and taking risks.

The next stage in the rehearsals came when Tsai Chin would not let the students move at all. If they wanted to move, they had to have a good reason for it. At first the students were very confused but finally learnt that the combination of freedom and restraint meant that the smallest movement had enormous significance.

There were three reactions to Tsai Chin's production of 'The Tempest'. Some people did not like it, others liked it but did not know why they liked it and others liked it for its qualities such as the techniques borrowed from Peking Opera. One reviewer said that out of all Shakespeare's plays this one was the most ethnic and argued that people do Shakespeare not because they are interested in Elizabethans, but because they are interested in what Shakespeare has to say. Tsai Chin felt that this tied in with the Chinese trying to make Peking Opera more modernized and trying to make western plays more related to Chinese culture. In this way, Tsai Chin felt very rewarded.

CHINESE DEVELOPMENTS IN THE STUDY AND THE USE OF LESS COMMON METALS

by Professor J. Nutting

Thursday 3rd March 1983

Professor Nutting has visited China on three occasions. In 1979 he was deputy leader of a Mission from The Metals Society, London, which was invited by the Chinese Ministry of Metallurgical Industry to advise the Chinese on the direction they should take in their metallurgical education and in industry. Professor Nutting then spent a month in China in 1981 together with his wife; she taught English whilst he taught Metallurgy at the North East Technical Institute in Shenyang. His most recent visit was in November 1982 when he led a group of 45 to a Conference on the "Less Common Metals" which was held in Hangzhou. The meeting was jointly organised by the Chinese Society of Metals and The Metals Society in Great Britain and brought together a team of international experts in special areas of Metallurgy.

In his talk Professor Nutting discussed the recent changes in the structure of Government in China with particular relevance to the Ministry of Metallurgical Industry. He talked about the way the Chinese are developing and exploiting their resources of the less common metals.

China produces some 35×10^6 tonnes of steel/annum; that is to say just over twice as much as the U.K. However, on a per capita basis British production of steel is about seven times that of China. However, with the less common metals these ratios are somewhat different. Chinese consumption of titanium is only 2.5gms/capita/annum as opposed to a value of 30gms/capita/annum for EEC countries. These statistics would indicate that whilst China is not as sophisticated, metallurgically, as major European countries, it should not be looked upon as a backward country. It also has to be remembered that China has great reserves of many metals of both the common and less common varieties and all that is needed are improvements in metallurgical education and organisation in order to exploit these possibilities.

Prior to 1982 the Ministry of Metallurgical Industry was controlled by a Minister who was assisted by 24 Deputy Ministers (with an average age of 75) having responsibility for a special area of Metallurgy. After reorganisation in 1982 the number of Deputy Ministers was reduced to 4 (with an average age of 65). Each of these Deputy Ministers has a wide responsibility for areas such as education, iron and steel, non-ferrous metals, and special projects which include the development of extraction and refining processes for the less common metals.

Metallurgical education in China is supported by two bodies - the Ministry of Education and the Ministry of Metallurgical Industry. There are special universities particularly devoted to Metallurgical education; for example the Peking University for Iron and Steel and the North East Technical Institute in Shenyang. The educational approach is very different from that in Great Britain for it has come to China from Germany of the 19th Century via Russia of the 20th Century. The system is very specialised and students are encouraged to study specific topics such as ironmaking, steelmaking and heat treatment. The students then look for jobs in these areas and if they are not successful they find it difficult to transfer and so meet the needs of a rapidly changing industrial society. In Britain students are given a general metallurgical education which enables them to work in any area. Recently educational missions from China have visited Britain to become better acquainted with the British approach.

As in Britain metallurgical research is linked with metallurgical education, but the Chinese dependence upon academic research is far less than in Britain. Metallurgical research is chiefly carried out in special Institutes supported by the Chinese Academy of Sciences (Academia Sinica) and The Ministry of Metallurgical Industry. If problems arise in a metallurgical factory they may be solved by the local "trouble shooting" laboratory. But in many cases these problems are referred to the central Ministry and they are then farmed out to the appropriate Research Institute. The Institute then makes its findings known to the Ministry and these, in turn, go back to the factory. There is a lack of direct contact between the factory and the Research Institute and this is not beneficial to the solving of problems. The research programmes of the laboratories of the Chinese Academy of Sciences are linked to industrial needs as, for example, the work of the Non-ferrous Metals Institute in Shenyang, but the transfer of technology from these Institutes to industry is a difficult process. However, it is from the Institutes of the Academy that China maintains its links with the world community of Science and Engineering.

The Chinese Society of Metals is the equivalent of The Metals Society in Britain and fulfills the same role in the dissemination of knowledge through the publication of monthly journals, e.g. and the publication of monographs. To judge by the references given their authors are well read in the British and American literature.

The interchange of scientists and engineers within a metallurgical framework is arranged by the Chinese Academy of Sciences and the Ministry of Metallurgical Industry, but personal links are now developing and it is from these links that undergraduate and postgraduate exchanges are being started.

The less common metals may be defined as those other than iron and steel, copper, zinc, lead, tin, nickel and aluminium. China is the chief source of tungsten, supplying about half the world demand. However, there are extensive deposits of this metal in many other parts of the world and therefore in order to maintain its share of the market China has to pursue an aggressive pricing policy. The other major group of less common metals found in China are the rare earths. It has become an aphorism to say that the rare earths are not rare in China. However, the ore bodies are somewhat different from those found in other parts of the world and consequently the Chinese have had to develop special extraction and refining processes for dealing with them. There are now ten plants in China producing rare earths and some 200 products derived from them. The presence of these rare earths has perhaps distorted the development of Chinese metallurgy. In almost

every Institute there is a programme of research on rare earths with particular emphasis upon their role as minor alloying elements for the addition to more conventional alloys.

Less common metals such as molybdenum, vanadium, niobium and tantalum are now being produced in China, although the exact amounts are difficult to assess. Vanadium is found in association with iron ores as is titanium, and new extraction processes are being developed for dealing with the complex ore bodies. Many of these ores are found in Inner Mongolia and transport to these remote areas is difficult. The fact that there are sources of niobium in China is of considerable commercial and strategic significance, since the major source of niobium is in South America.

On the south China coast the beach sands are being exploited for the production of titanium and zirconium, whilst on one of the offshore islands there are deposits of cobalt minerals. China has a plentiful supply of the precious metals - silver, gold and platinum - and these metals are now being sold through the London market. There is a special research institute for these metals in Kunming, Yunnan province, close to the source of the ore bodies. Other less common metals found and being extracted in China are beryllium, rubidium, caesium, indium, germanium and rhenium. It could well be asked what metals do the Chinese not possess ? The major deficiency would appear to be chromium and the Chinese government must be faced with an interesting moral problem - should it import chromium from South Africa or Russia, the two major chromium exporting nations ?

In exploiting their natural metallic resources the Chinese need help in the development of extraction processes from complex and unusual ore bodies and provision of mining and mineral processing equipment and they are looking for partners to start joint ventures with them. However, the trading conditions proposed have not been entirely satisfactory to the western "mining houses". The indications are, however, that by the end of this century China will have become one of the major suppliers of less common metals to the rest of the world but that these metals will be sold chiefly as primary products rather than sophisticated alloys or even semi-finished products. In this respect the Chinese will be following the well established patterns of metal trading that have been characteristic of Australia, Canada and South Africa.

THE CURRENT CAMPAIGN FOR THE ONE-CHILD FAMILY: POLICY AND IMPLEMENTATION

by Dr Deborah Davis-Friedmann

16th March 1983

Dr Deborah Davis-Friedmann, Associate Professor in the Department of Sociology at Yale University, was one of the first American sociologists to do field work in China in 1978. In her lecture on the current policy, which is aiming to persuade couples to limit their families to only one child in an attempt to control the population, Dr Davis-Friedmann discussed the economic, social and political implications of the campaign, and its chances of long term success.

I. Demographic Background

Dr Davis-Friedmann began by examining a table of demographic trends in China from John Aird's "Recent Demographic Developments" in *China Under the Four Modernizations Part 1* (US Congress Joint Econ. Comm., August 1982)

Demographic Trends in China

	Annual Average Population (in millions)	Total Births (in millions)	Net Increase Rate (per 1000 people)
1949	536.3		
1950	546.8	20.0	18.8
1955	608.6	20.6	19.7
1960	NA	13.3	NA (possibly negative)
1965	715.7 (DDF Estimate)	28.1	NA
1970	814.4	27.0	27.1
1975	911.9	21.0	17.12
1980	976.7	18.0	11.9

Dr Davis-Friedmann explained that Mr Aird's figures had come close to what other people had found in surveys but that they still had to be treated with caution. The first point she made was the enormous increase in the size of the population from 536 million in 1949 to 976 million in 1980. The actual rate of increase in terms of total births and net increase rate has been very irregular and the actual birth rate shows dramatic ups and downs. There is a lack of good data for the years of the Great Leap Forward 1958-62. The Great Leap Forward had a devastating effect on the population in the short term. In 1961 there was a net decrease in the population increase with 40 million deaths and 13-15 million births. In 1963 there was a rebound with a peak year of 30 million births. Dr Davis-Friedmann felt that this was a response on the part of mothers to a return to good times. Another more long term consequence of the Great Leap Forward disaster was a very irregular pattern of growth 1956-64. Thus in the three years prior to the Great Leap Forward (1956-58) there had been 61 million births and in the three years following (1962-64) there were 81 million births. These latter three years in particular have had an

enormous effect by presenting all social institutions with an extraordinary increase of demand after a previous period of decreased pressure.

For understanding the current one-child campaign, however, the key demographic shift is not 1962-64, but the longer period 1962-71. In this decade there were 267 million births and 66 million deaths which leaves a staggering net increase in the population of 200 million. It is these 200 million which are the target of the current campaign; the vast number of people who have to be accommodated in full-time jobs and homes, putting an enormous pressure on the various institutions in society. This is why since 1978 there have been extreme measures culminating in the current campaign for the one-child family.

Dr Davis-Friedmann then examined some Chinese figures showing projections for a population of 1127 million for the year 2000. Dr Davis-Friedmann thought that this was an unrealistic goal.

II Summary of the Campaign

The campaign for the one-child family began in 1978 and it is expected to go on until 1999. The target is those people who were born between 1956 and 1977 with a particular emphasis on those born in 1962-71. In the spring of 1978 the ideas were put together for the current campaign and by summer there were the beginnings of the administrative apparatus. In late 1978 the campaign was put into action. By summer 1980 the government was steadily implementing the policy throughout China and by summer 1981 it was a top priority. The culmination of the current campaign will be a Family Planning Law in 1985. Up until then it will merely have been stated that it is the obligation and duty of every citizen to limit his family size. After 1985 it will be made more formally legalistic.

Several steps were taken between 1978 and 1983 in an attempt to enforce the current campaign. A system of individual incentives and punishments has been set up aimed at families and administrators, though the target is the individual family. These incentives and punishments vary between the urban and rural areas. In the urban areas there are four major incentives. The first is a monthly subsidy of 5 rmb if the family limits itself to one child. The family will also be offered more housing space: room for a family of four, instead of three. The child will be given priority in day care and early education facilities, and the mother will be entitled to longer maternity leave. Dr Davis-Friedmann thought that priority in day care institutions would be the major incentive. There is a shortage of space in day care institutions with a considerable pecking order. Longer maternity leave is also quite an incentive: this will be increased from 56 to 90 days and may even be as long as 6 months in some cases, which is likely to be the longest vacation any woman will have in her working life in China. She thought that the increase in housing space would be insignificant but that the priority for housing space would be important.

In the rural areas there are also a variety of economic incentives. The one child is entitled to an adult grain ration, a family gets the private plot of a family of four and all contraceptives are free. If a family of one child agrees to sterilization they receive 300 rmb in cash, 45 rmb for special food and 100 kg of glutinous rice. In general these rural incentives are weaker than those offered to urban families and particularly for rural families where the first born is a girl, the "rewards" cannot possibly compensate for the loss of a son as a major family breadwinner.

The penalties for having a second child are even stronger than the incentives. In the urban areas the mother and father get a 10% reduction in pay; they have to pay all the hospital fees which are free otherwise; the mother does not get paid leave; the child receives no subsidized grain ration and they are put at the bottom of the list for day care, with very little chance of getting in at all because of the shortage of places. In many rural areas families must sell more grain to the State at a low price; they are not allowed a private plot, which is serious and results in loss of income; and they have to pay 200-300 rmb to the State in cash.

On the administrative side, the implementation of the campaign works to a large extent on a quota system. In an area with, for instance, 50 families it might be decided that there should be a quota of ten births for that year. People who have been married the longest and have no children are put at the top of the quota list. If they do not succeed in having a child in that year, they are put to the bottom of the list again. There have been reports of people trading their birth quotas. Late marriage has also been proposed, for couples to marry at 24 and 26 rather than 20 and 22. Another policy has been to punish leaders in charge of this work or health units for overshooting quotas but it remains to be seen how effective this is.

There are a number of exemptions from the policy of the one-child family. Parents are allowed to have another child if the first child was born with a non-hereditary birth defect. If a couple has tried for years to have a child, failed, adopted a child and then the wife becomes pregnant, she is allowed to keep the child. Similarly in a marriage where one spouse had previously been married with children, the couple are allowed to have a child of their own. In many rural areas, there has also been *de facto* permission for families whose first born is a girl, to have a second child without penalty.

Dr Davis-Friedmann also examined the differences between this campaign and the three previous ones of 1953-1957, 1962-1966 and 1969-1975. She felt that the current campaign was far more stringent and better organised and coordinated with the medical profession than the other three. In the past there had been a lot of medical resistance to the problems of contraception and abortion. Previous campaigns had contained propaganda on the bad impact of having lots of children, which had not really convinced anyone anyway. This campaign contains no information of this type. Better forms of contraception are being used nowadays. The current campaign is also far more punitive than past campaigns. However, Dr Davis-Friedmann was also struck by the parallels as well as by the differences between the campaigns. The use of quotas, the use of public contracts, widespread home visits, and the heavy use of public censure are techniques that have all been used before.

III Implications of the Campaign

Finally, Dr Davis-Friedmann discussed the implications of a successful campaign (ie if 85% of families have only one child). First of all there would be a change in the dependency ratio: a drop-off in the numbers of children will mean, in the short term, less of a call for expensive education. There will also be a disturbing sex ratio change. It has been predicted that

in 1990 there will be 15 million more females than males of a marriageable age. This will have an impact on marriage arrangements. Alternatively, if female infanticide carries on unchecked then there will be the possibility of too few women. Statistically, approximately 50% of the population will not have sons. Parents may have to invest more in girls and put pressure on work places to hire women but this has got a long way to go. At the moment there are many discriminations against women at work. New relationships in the family may also develop. Children generally take on the role of giving support to their parents and taking care of them in old age. The State intervenes if there are no children to look after the elderly but this is not as satisfactory as having children. If there is only one child there is bound to be a great intensification of the parent/child relationship. Parents may pin all their hopes and aspirations on the one child and Dr Davis-Friedmann felt that the strain on the child in the short term may be untenable. She also felt that the reduction of children in the family might lead to a stronger husband/wife bond; parents may turn to each other for companionship when they no longer have children as an emotional source. Alternatively, the bond may worsen if there are no children to look after. Children will also be affected by the lack of sibling rivalry.

Dr Davis-Friedmann felt that if the campaign were to be 85% successful, then the potential to transform society would be as dramatic as land reform. However, even in the short term the government has had to rely heavily on coercive measures and the campaign is not built on a ground swell of popularity. As a result she felt that there is a definite risk of alienating a large portion of the population and that resistance to the one-child family campaign may significantly alter both the stringent quota of only one child and the punitive methods currently employed.

Other News

Departure of His Excellency, Mr Ke Hua

Her Majesty, Queen Elizabeth II received Ke Hua, Chinese Ambassador to Britain and his wife in Buckingham Palace on 16th March to mark the end of his posting to Britain. On 8th March Mr Francis Pym, Secretary of State for Foreign Affairs gave a farewell dinner in honour of Ke Hua and praised the friendly relations between China and Britain and hoped the relationship would develop. The Great Britain - China Centre gave a farewell luncheon in honour of His Excellency Ke Hua and Mme Zhang Ming on 22nd February hosted by Sir Harold Thompson CBE FRS, Vice President of the Centre. The Speaker of the House of Commons, Mr George Thomas MP, the Rt Hon Edward Heath, Mr Peter Rees MP, Minister of State for Trade, Field Marshall Sir Edwin Bramall, Chief of Staff and other senior officials also gave farewell parties in honour of His Excellency Ke Hua. In turn the Chinese Ambassador gave a farewell dinner on 7th March at which more than 100 guests, including Sir Geoffrey Howe, Sir Keith Joseph and Field Marshall Bramall, were present. The Ambassador and Mme Zhang Ming left Britain on 22nd March.

Arrival of the new Chinese Ambassador

The new Chinese Ambassador Mr Chen Zhaoyuan arrived in Britain on 22nd April. Mr Chen was, in the past, Ambassador to Burma, to Spain and to India. From 1980-82 he was Head of the Second Department of Asian Affairs of the Chinese Ministry of Foreign Affairs. He is accompanied by his wife Mme Ma Lansen.

Concert

Lu Siqing, a thirteen year old violinist studying at the Yehudi Menuhin School gave a performance of Bruch's Violin Concerto No 1 in G minor opus 26 in January at the Fairfield Hall accompanied by the Royal Philharmonic Orchestra.

The Bell Educational Trust in China

The External Services Unit of the Bell Educational Trust has recently signed a four year contract with the Chinese Ministry of Agriculture, Animal Husbandry & Fisheries to take responsibility for English language teaching at two new centres established by the Ministry in China. The centres, at the Peking Forestry College and the Central China Agricultural College in Wuhan, have been set up to service a large project, funded by the World Bank, to provide postgraduate training in English for Chinese lecturers in the field of agriculture and related disciplines. The Bell Educational Trust's role will be to provide the academic management, equipment and teachers for the centres preparing Chinese personnel for study overseas. A major responsibility will be to provide counterpart training so that Chinese teachers of English can take over responsibility for the project after three years. The first team of teachers, which includes a Director of studies and a teacher trainer, will be travelling to China in May to start the teaching programme in June. The second team will be going to Peking in October to begin teaching in November. At the same time two groups of ten Chinese teachers will attend an intensive teacher training course at Bell College in Saffron Walden. In the second and third years of the project the number of expatriate teachers will be reduced as the Chinese teachers are ready to take their place. In the fourth year of operation the Trust will send a teaching advisor to each centre to ensure a smooth transfer of responsibility to the Chinese staff. The success of the Trust in winning the contract against mainly American competition owes much to the support of the British Council in London, Washington and Peking and to long-standing cooperation with the Chinese Embassy in London. The Trust has been providing language training for Chinese graduates at its schools in Norwich and Saffron Walden since 1973.

British Council News

The following visits have recently taken place:

To Britain:

A Meteorological Navigation Study Group led by Mr Li Yishi, Director of the Navigation Department of the Shanghai Ship and Shipping Research Institute visited Britain from 9th-23rd January. The Meteorological Office organised visits to various branches for one week and in the second week visits were made to the Ports Meteorological Office Southampton, the London Weather Centre, the Institute of Oceanographic Sciences and Ocean Routes Europe Ltd.

A University Administration Study Group led by Mr Huang Tianxiang, Director of the First Department of Higher Education of the Ministry of Education visited Britain from 20th February-6th March. The group visited the Council for National Academic Awards, Ealing College of Higher Education, Oxford and Leeds Polytechnics and the Universities of Bath, Lancaster, Oxford, Sheffield and Surrey.

Mr Ma Shiyi and Mr Pang Yongxiang from Peking University Library visited Britain from 18th-30th March to look at procedures for book purchase by university libraries. Peking University Library will be responsible for coordinating book orders under the World Bank's education programme in China. They visited university libraries at Loughborough, Sheffield and London, The British Library Lending Division and Science Reference Division and also visited bookshops, publishers and shipping agents.

Mme Liu Dailin from the Central Radio and Television University arrived at the end of March for a five-month visit. She spent two months on an English course in Folkestone before a two-month attachment to the English by Radio and TV Department of the BBC. In August she will participate in the BBC Summer School on Television Presentation.

To China:

Three-month English language courses are being run by lecturers from the British Council from March onwards in three institutions: Shanxi Medical College, Taiyuan; Hebei Teachers' University, Shijiazhuang; Chemical Technology Institute, Shanghai. Another lecturer ran an English Seminar at the Peking Languages Institute from 10th-31st March.

Professor A Cameron of the Department of Mechanical Engineering, Imperial College London visited China from 20th February-27th March to give lectures on tribology at Qinghua University and other institutions.

Martin Isepp, Head of Music Staff and Jane Glover, Music Director, both of Glyndebourne Touring Opera visited Peking from 20th February-9th March. They gave classes to the musicians of the Central Opera Company and gave lectures there and at the Central Conservatory on many aspects of opera from the training of opera singers and the selection of operas to the organisation of rehearsal and performance schedules. It is hoped that Glyndebourne Touring Opera will visit China in 1986.

Dr Donald Mitchell, Chairman of Faber Music Ltd visited China from 28th February-12th March to give lectures on the life and music of Benjamin Britten. He also made presentations to various institutions in China of music scores by Britten given by the Britten Estate of which Dr Mitchell is a Trustee.

Professor H T Dickinson of the Department of History at Edinburgh University visited China from 19th March-25th April to run a course on British History at the University of Nanjing for postgraduate students all over China.

Dr J G Kyle of the University of Bristol School of Education Research Unit visited China for three weeks in April to lecture on the education of the deaf and to look at schools for the deaf in China. He visited the Society of the Deaf and Dumb, Peking Teachers' University and the Institute of Psychology.

The Report of the Nature Conservation Delegation to China 4-24 April 1982 is now available from the Centre. Please send us a 21p stamp for postage if you would like a copy.

Royal Society News

Visits from China under the Chinese Academy of Sciences agreement quota:

Dr Chen Jinyong (Changchun Institute of Optics and Fine Mechanics): Visit to SERC Daresbury Laboratory, 30 January for 3 months.
Dr Shen Qing (Institute of Mechanics): Research in rarefied gas dynamics at Department of Applied Mathematics and Theoretical Physics, Cambridge University, 2 January for 6 months.
Professor Jiang Shiyang (Peking Observatory): Research on faint object spectograph at Department of Physics, Durham University, 16 January for 5 months.
Dr Xu Yuanze (Institute of Chemistry, Peking): Attendance at 'Rheology in Crude Oil Production' Conference at Imperial College and subsidiary visits, 10-24 April.
Mr Fan Shude (Shanghai Institute of Entomology): Attendance at Commonwealth Institute of Entomology course on applied taxonomy of insects and mites of agricultural importance, 10 April-5 June.

Ex-agreement visit:

Professor Li Peizi (Institute of Acoustics): Research at the Institute of Sound and Vibration Research, Southampton University, extension of stay for six months from March.

Visits to China under the Chinese Academy of Sciences agreement quota:

Dr J L Finney (Birkbeck College, London): Crystallography, 6-20 March.
Professor C A R Hoare FRS (Oxford University) and Professor C B Jones (Manchester University): Computing, 2-23 April.
Dr A Cornish-Bowden (Birmingham University): Biochemistry, 3-24 April.

Ex-agreement visits:

Dr D H Cushing FRS: Oceanography, 16 March-12 April.
Dr M J Goodyer (Southampton University): Aeronautics, 19 March-10 April.
Professor A L Cullen FRS (University College London): Electrical Engineering, 27 March-10 May.
Professor A N Schofield (Cambridge University): Soil Mechanics, 29 March-13 April.
Dr R S Bray (Imperial College Field Station): Parasitology, and Professor Elizabeth Canning (Imperial College): Protozoology, 21 April-9 May.
Professor D G Kendall FRS (Cambridge University) and Professor D Williams (University College Swansea): Mathematics, 27 April-3 June.

Other British Visitors to China

January

The Rt Hon Patrick Jenkin MP, Secretary of State for Industry was met and feted by Wan Li, acting Premier of the State Council, in Peking. They discussed opportunities for bilateral trade and cooperation in coal mining, offshore oil exploration and power industry. Also present on this occasion were Jia Shi, Vice Minister of Foreign Economic Relations and Trade, and Sir Percy Cradock, British Ambassador to China. Mr Jenkin also held talks with Chen Muhua, State Councillor and Minister of Foreign Economic Relations and Trade, on bilateral economic cooperation. Mme Chen hosted a banquet in honour of Mr Jenkin and his party in Peking and said in her toast that "China and Britain enjoy a very sound relationship in political, economic and cultural fields and our economic cooperation and trade relations are even closer". Mr Jenkin said that Britain was willing and able to help China in communications, port modernisation, aviation, construction, agricultural science and the technical transformation of existing enterprises.

Mr Terry Waite was met and feted by Wang Bingnan, President of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and Zhao Fusan, Vice Chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, in Peking. Mr Waite was in China to make arrangements for the visit to China in December of the Archbishop of Canterbury at the invitation of the CPAFFC and the China Christian Council. Mr Waite also toured Xi'an, Suzhou, Hangzhou and Shanghai.

February

Wang Bingnan met and feted the Rt Rev Michael Mann, Dean of Windsor, and Mrs Mann in Peking. The Rev and Mrs Mann also visited Xi'an, Shanghai and Suzhou . In Peking they visited Chongwanmen Church and Rev Mann had a two hour meeting with Zhao Fusan in which they discussed Churches in Britain, China's all round implementation of the policy for freedom of religious belief and the present religious activities in China.

England's Youth Badminton team won its women's matches 3-2 while losing the men's 2-4 at Changsha to the Hunan Provincal Youth Badminton team. The English team arrived in Changsha after participating in an invitation tournament in Shaoguan, Guangdong Province, where the Chinese players won all seven titles.

March

Gu Dachun, Vice President of the All China Federation of Trade Unions met and feted a delegation from the Trades Union Congress, led by Mr Len Murray, in the Great Hall of the People. The delegation was invited by the All China Federation of Trade Unions and the two sides gave accounts of the trade union activities of their respective countries and exchanged views on developing friendly relations between Chinese and British trade unions. The delegation was also met by Vice Premier Wan Li who said that he hoped to see futher development of economic cooperation and trade between the two countries. Present on this occasion were Chen Yu, Advisor to the All China Federation of Trade Unions and Sir Percy Cradock, British Ambassador to China. The delegation also visited Shanghai and Xi'an where they met Chinese workers and trade union officials.

Nancy Worcester led a women's delegation from the Society for Anglo-Chinese Understanding to China where they were met and feted by Kang Keqing, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference, and President of the All China Women's Federation. Huang Ganying, Vice President of the Women's Federation was also present.

A delegation led by Mr M G Manzie, Deputy Secretary of the Department of Industry visited China to discuss the building of a nuclear power plant in Guangdong Province, the first of its kind to be jointly built by Chinese and overseas firms. The nuclear power plant is to be constructed by the Guangdong Power Company, Hong Kong's China Light and Power Company and other firms. The Chinese delegation at the talks was led by Li Peng, Vice Minister of Water Resources and Electric Power. The British delegation were met by State Councillor Gu Mu who said that "the construction of the nuclear power plant will benefit the economic development of both Guangdong and Hong Kong and will be conducive to Sino-British cooperation in other fields."

April

Mr Ken Coates, Director of the Bertrand Russell Peace Foundation, who went to China at the invitation of the Chinese People's Association for Friendship with Foreign Countries met with State Councillor Ji Pengfei in Peking. The Foundation was initiated by Bertrand Russell with the aim of establishing a permanent organisation working for the peace movement. Mr Coates was also met and feted by Wang Bingnan.

Sir Frederic Bennett MP, Vice President of the Western European Union led a delegation from the General Affairs Committee of the Assembly of the Western European Union to China at the invitation of the Chinese People's Institute of Foreign Affairs (CPIFA). Members of Parliament from six countries took part, including Lord Hughes, Lord Reay and Mr James Hill MP from Britain. The delegation was given a banquet by Hao Deqing, President of CPIFA and also had a meeting with Premier Zhao Ziyang.

Other Chinese Visitors to Britain

January

Five Chinese editors arrived in Britain for a six-month training programme arranged for them by The Publishers Association. The editors came from the Shanghai Translation Publishing House, the Popular Science Publishing House, Scientia Sinica Publishing House, 'Chinese Literature' magazine and the Publishers Association of China. The trainees were seconded to various British publishing firms after an introductory week of briefings in London. The Publishers Association also arranged monthly seminars for the editors on different aspects of the book trade.

February

Mr Wang Guangzhong, Acting Governor of Liaoning Province led a delegation from Liaoning invited to Britain by the Foreign and Commonwealth Office. Their programme was organised by the Central Office of Information and included visits to textile, truck, cycle and machine tools factories in Birmingham, Nottingham, Leeds, Halifax and Bradford. They visited a farm near York and were shown housing and redevelopment in Sheffield where the Lord Mayor gave a civic banquet in honour of the delegation. In London they had a meeting with Mr Peter Rees QC MP, Minister for Trade and were guests at a luncheon given by Lord Belstead, Minister of State at the Foreign and Commonwealth Office.

March

A delegation from Heilongjiang Province led by Mr Hou Jie, Deputy Governor of the Province visited Britain at the invitation of The 48 Group of British Traders with China. They made visits to companies with special interest in Heilongjiang's foreign trade in London, King's Lynn, Leicester, Bradford and Manchester.

Her Excellency Madame Chen Muhua, State Councillor and Minister of Foreign Economic Relations and Trade visited Britain at the invitation of Her Majesty's Government to hold talks on economic cooperation and trade development between Britain and China. She was accompanied by Mr Gan Ziyu, Vice Minister of the State Planning Commission and officials of the Ministry of Foreign Economic Relations and Trade. She had meetings with the Rt Hon Lord Cockfield, Secretary of State for Trade, the Rt Hon Patrick Jenkin MP Secretary of State for Industry, the Rt Hon Nigel Lawson MP Secretary of State for Energy and also called on the Prime Minister at 10 Downing Street. Lord Cockfield gave a reception and a dinner at Lancaster House in honour of Mme Chen. The Sino-British Trade Council gave a luncheon hosted by Lord Nelson. Mme Chen and her party visited the port of Felixstowe and various industrial enterprises in the North of England. In Manchester they attended a concert given by the Hallé Orchestra and saw a performance of "La Fille Mal Gardée" by the Royal Ballet in London.

Three Chinese men and six women players were listed among the top eight seeds for the singles events at the All-England Badminton Championships. Last year China won the women's singles and doubles titles for the first time. China's six pairs of men and women players were also listed among the top eight seeds in three doubles events. In the competition, Zhang Ailing of China won the women's singles title of 1983 after all the non-Chinese players were knocked out of the quarter finals. China's Luan Jin also won the men's singles title, beating the defending champion Morten Frost of Denmark. This is the first time that China has won this title. Xu Rong and Wu Jianqiu won the women's doubles title after beating the defending champions Lin Ying and Wu Dixi.

China sent six athletes to compete in the 11th World Cross Country Championships held in Britain on 20th March. The Chinese team was led by Lou Dapeng, Secretary for International Affairs of the Chinese Track and Field Association. The team only took part in the men's senior group competition.

A seven member team from the Chongqing Acrobatic Troupe visited Britain at the invitation of Roberto Germains, Manager of the British Noel Gay Artists Ltd and John Fisher, a producer with the BBC TV network. The team performed its famed "leather strap" item for television.

April

Four Chinese divers competed in the Sino-British-American diving meet held in London in April at the invitation of the British Amateur Swimming Association. China won top honours in the men's and women's high board contest while the USA and Britain took the men's and women's springboard gold medals.

Six young Chinese musicians took part in the first Yehudi Menuhin International Violin Competition held in Folkestone. They formed the youngest group China has ever sent to an International music contest and were led by Professor Wang Zhenshan of the Central Conservatory of Music. They were accompanied by Wu Zuqiang, Head of the Central Conservatory of Music who was invited to be a member of the jury. Thirteen year old Wang Xiaodong won the first prize of £2,500 and a silver medal in the junior section. China also won second, third and fifth prizes in the junior section and took fourth place in the senior section. Leland Chen from Taiwan won first prize and Tasmin Little of Britain won third prize in the senior section. Fifty violinists from nineteen countries participated in the ten-day competition which was sponsored by Orion Insurance.

Two Chinese Gymnasts participated in the 13th Daily Mirror International Gymnastics Tournament in London.

An exhibition of 600 books published by Pitman Ltd opened for eight days in the Tianjin Foreign Languages Bookstore. Subjects included medicine, biology, management, commerce, economics, mathematics, engineering technology, computer science, education and linguistics. Present at the opening ceremony were Mr Ian Pringle, Manager of Pitman's export department and leaders of the China National Publications Import and Export Corporation, which sponsored the exhibition. Similar exhibitions were held simultaneously in Zhengzhou, Guiyang and Nanchang.

The 1983 China International Tourism conference was held in Peking at the beginning of March, attended by nearly 1,000 tourism officials from 45 countries and regions including Mr L J Lickorish, Director General of the British Tourist Authority who spoke on the growth of international tourism in the last ten years. The conference was the first of its kind held in China.

Sir Shridath Ramphal, British Commonwealth Secretary General and Mr John Small, Deputy Secretary General took part in the Peking South-South Conference in Peking in April to discuss ways of breaking the stalemate in North-South negotiations and establishing a new international economic order. In his speech to the conference Sir Shridath proposed that a third world secretariat be set up to coordinate the Third World initiative and promote the North-South dialogue. Sir Shridath Ramphal and Mr John Small also met with Xie Li, Secretary General of the Chinese People's Institute of Foreign Affairs.

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10 DOWNING STREET

From the Private Secretary

27 March 1984

GREAT BRITAIN/CHINA CENTRE

I enclose a copy of a letter which the Prime Minister has received from Sir Denis Hamilton asking whether Mrs. Thatcher would attend a reception in July to celebrate the 10th anniversary of the Great Britain/China Centre.

I should be grateful for advice. My own view is that the Prime Minister should not commit herself now to attending what is clearly intended to be a fairly major celebration of Anglo/Chinese relations. Depending on the progress made in the Hong Kong negotiations, this could be embarrassing at the time. We could perhaps tell Sir Denis Hamilton that the Prime Minister could make no commitment until very much nearer the time and that he should make his arrangements in the knowledge that she might not be able to attend. (We would explain informally the reason for this).

A J COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

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The attached letter from Sir Denis Hamilton invites the Prime Minister to look in at a Reception in July to celebrate the 10th anniversary of the Great Britain-China Centre.

As you know, July is a very busy month. On Monday, 16 July, the Prime Minister attends one of her regular Plowden Group dinners, and is, coincidentally, free beforehand. Alternative dates are almost impossible, as there are so many receptions that month.

Perhaps we could have another word when you have received FCO advice.

CR.

26 March, 1984.

Enclosures sent to FCO - to be returned with their advice. Ack-ed 26/3.

THE GREAT BRITAIN - CHINA CENTRE

15 Belgrave Square, London SW1X 8PS
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The Rt. Hon. Margaret Thatcher, MP,
Prime Minister
10 Downing Street,
London SW1.

26

19 March 1984

Dear Prime Minister

I am one of the Vice Chairmen of the Executive Committee of the Great Britain - China Centre which is celebrating its tenth Anniversary this year. We are planning to celebrate the event by holding a reception in July, and it would add immeasurably to the importance and pleasure of the event if you could be present. As I am sure you will appreciate, the Chinese would see your presence as an indication of the extreme importance which the British Government should and, I hope, does, attach to developing relations with China and to a satisfactory outcome to the Hong Kong negotiations. And quite apart from the diplomatic aspect, we intend to make the occasion as enjoyable as possible and to invite all those people who are active in all areas of Sino-British relations.

We have not yet decided on a date for the reception, which would probably start at 6 p.m. as I wanted to sound you out first as to whether you would be willing to come, and what dates would suit you best. The Centre was officially opened on the 16 July, 1974 by Jim Callaghan and the then Chinese Ambassador, and it would be very nice if we could hold the reception on or about that date somewhere in the Whitehall area.

Over the past ten years the Great Britain - China Centre has done a great deal of work to further contacts between Britain and China in a wide range of subjects. The staff of the Centre lecture on all aspects of China and the Centre's staff give advice to anyone who needs information on China. All this is done on an absurdly low budget. I know that the Executive Committee, staff and members of the Centre would be delighted if you would attend the reception as an indication of the Government's appreciation of the Centre's work.

We have been most unfortunate in losing our founders, who were all great men - Malcolm McDonald, Sir John Addis, Sir John Keswick and Professor Sir Harold Thompson, sadly, have all died recently and Lord Trevelyan, our present President, has been very ill for a long time. Hence my signature - I only qualify because, as you remember, I sponsored the Chinese Exhibition at the Royal Academy in 1973. We are in touch with several leading men and women who are authorities on Chinese affairs to form the next generation. Your presence, even for 15 minutes, would be a great boost.

Yours very sincerely

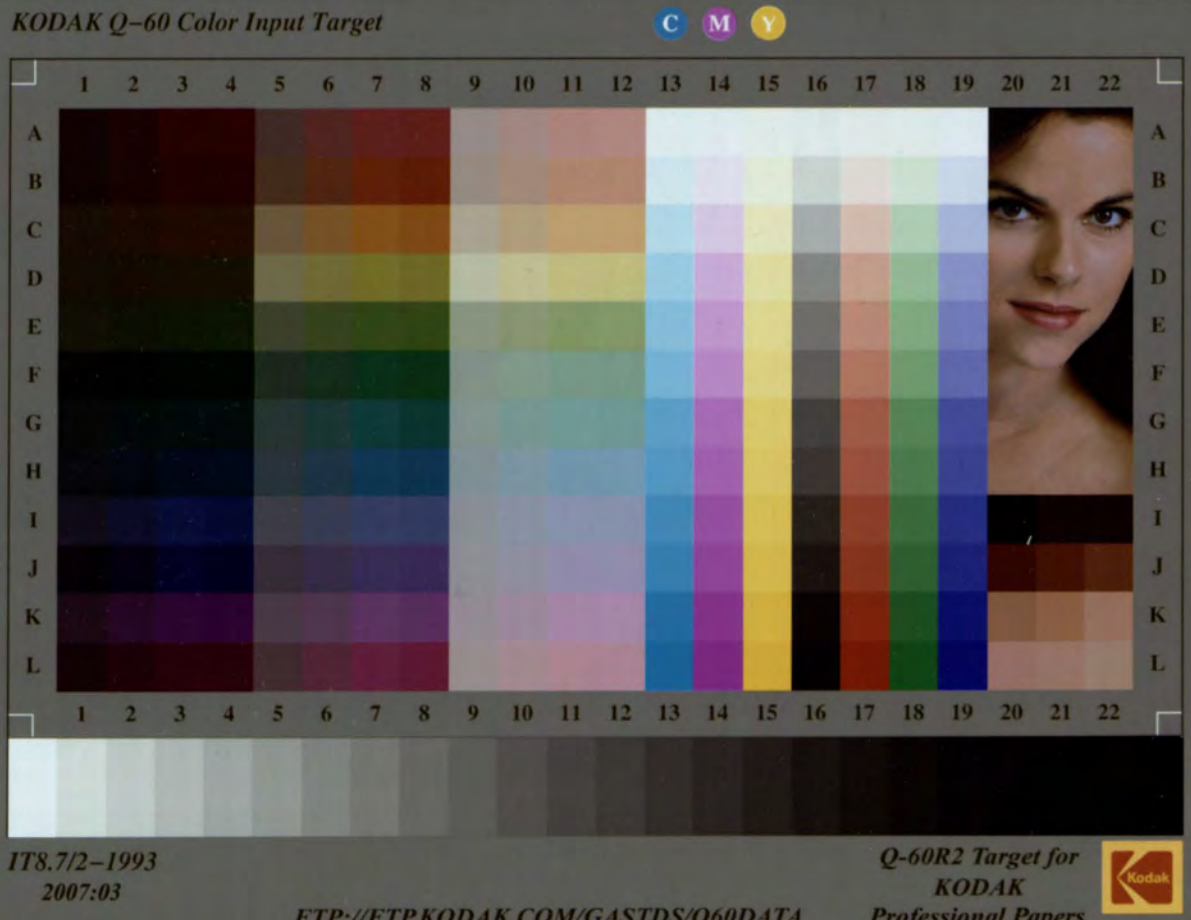
Denis Hamilton

PART 1 ends:-

SS/DTI to Mr. E. Sharp 21.11.83.

PART 2. begins:-

D. Hamilton to PM 19.3.84.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