

32/9

MT

SECRET

Confidential Filing

Sino - Soviet Relations

Visits by Mr Heath

CHINA

S
3004

MAY 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
22.5.79							
10.9.79							
31.10.79							
17.12.79							
18.10.83							
13.1.88							
21.10.88							
4.2.89							
15.1.90.							

CLOSED

PREM 19/2921

Jp 0942

MR ✓ POWELL

c Sir Robin Butler

Robin Powell
*COO.**mt*Sino-Soviet Relations

According to the Russians, Premier Li Peng is expected to visit Moscow "very soon". The announcement came at the end of last week after Deputy Foreign Minister Rogachev had held two days of "business-like and constructive" talks on Cambodia and consultations on bilateral relations in Peking. Some reports also suggest that General Secretary Jiang Zemin will visit the Soviet Union before long.

2. Li's visit will be the first high-level contact between the two sides since Gorbachev went to China last May. It comes at a time when the Chinese are much worried by the extent to which they have been marginalised by the pace and extent of the Soviet-US rapprochement. The visit is likely to record some progress towards resolving bilateral issues (perhaps related to the border question, troop reductions or confidence-building measures) and perhaps further convergence of their positions on the Cambodian question.

3. At the same time, the Chinese remain very sceptical about Gorbachev and some of his policies.

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

15 January 1990*ll*
PERCY CRADOCK

CONFIDENTIAL
UK COMMS ONLY
FM MOSCOW

TO IMMEDIATE FCO
TELNO 794

OF 121327Z MAY 89

INFO IMMEDIATE PEKING, WASHINGTON, UKDEL NATO, ACTOR, MODUK, CANBERRA
INFO PRIORITY HONG KONG, HANOI, PARIS, BONN, UKMIS NEW YORK
INFO PRIORITY NEW DELHI, SEOUL

PEKING TELNO 799: GORBACHEV'S VISIT TO CHINA

SUMMARY

1. THE RUSSIANS HAVE BEEN CAREFUL NOT TO INFLATE EXPECTATIONS OF THE PEKING SUMMIT. BUT THE VISIT ACHIEVES A GOAL TOWARDS WHICH GORBACHEV AND HIS ADVISERS HAVE WORKED FOR FOUR YEARS, MAKING SIGNIFICANT CONCESSIONS EN ROUTE. REPLACING CONFRONTATION WITH RENEWED PARTNERSHIP IN THE WORLD COMMUNIST FRATERNITY, ALBEIT ON A DIFFERENT BASIS TO THAT OF THE 1950S, IS AN IMPORTANT GAIN FOR THEM.

DETAIL

2. THE OBJECTIVES OF GORBACHEV'S CHINA POLICY ARE:

A) NORMALISATION OF PARTY TO PARTY RELATIONS

3. AS SIR A DONALD COMMENTS IN PEKING TUR, THE FACT OF THE SUMMIT AND OF NORMALISATION OF PARTY TO PARTY RELATIONS AFTER THREE DECADES OF HOSTILITY IS ITS MAJOR ACHIEVEMENT.

4. GORBACHEV HAS WORKED TO RE-ESTABLISH A FORM OF WORLD COMMUNIST MOVEMENT ON A NEW BASIS, IN WHICH THE CPSU NO LONGER CLAIMS HEGEMONY. HE PRESIDED OVER A LARGE GATHERING OF FRATERNAL PARTIES IN NOVEMBER 1987, AT WHICH THE CHINESE STOOD CAREFULLY ON THE FRINGE. IN PARTY TERMS, CHINA IS THE BIG CATCH. THE GORBACHEVIANS REGARD THE YEARS IN WHICH THE RUSSIANS COMPETED WITH THE CHINESE IN THE THIRD WORLD AND DIVIDED THE SOCIALIST FRATERNITY AS MISTAKEN AND UNPRODUCTIVE. THE DIVISION GAVE THE UNITED STATES AND THE WEST A GOLDEN OPPORTUNITY WHICH WAS DULY EXPLOITED. AND IT MULTIPLIED SOVIET BURDENS. SOVIET NEW THINKERS IN THE PARTY DO NOT EXPECT TO SEE EYE TO EYE WITH THE CHINESE, BUT THEY NOW REGARD THEIR COMMON GROUND IN THEORETICAL AND INTERNAL POLICIES AS MUCH GREATER THAN THEIR DIFFERENCES. WITH WORLD

CAPITALISM RAMPANT AND SOCIALISM AILING, THE CPSU NEEDS ALL THE SUPPORT IT CAN GET, ALBEIT IN A LOOSER CONFEDERATION.

B) REDUCING BILATERAL TENSION

5. GEOPOLITICAL FACTORS - THE LENGTH OF THE COMMON BORDER, THE DISPARITY IN POPULATION SIZE, HISTORIC GRIEVANCES OVER TERRITORY ETC - MADE A DEGREE OF MUTUAL SUSPICION INHERENT IN THE SINO-SOVIET RELATIONSHIP. THIS WILL NOT GO AWAY WITH GORBACHEV'S VISIT TO PEKING. IN THEIR HEARTS, THE DEEPLY CHAUVINIST RUSSIANS DO NOT LIKE AND HAVE A PRIMITIVE FEAR OF THE CHINESE. THE SOVIET NIGHTMARE IS THAT CHINA WILL EVENTUALLY BECOME A MILITARY AND ECONOMIC SUPERPOWER TOWERING OVER THEIR OWN UNDERPOPULATED AND VULNERABLE SIBERIAN TERRITORIES. IN THE SHORTER TERM, CONFRONTATION WITH CHINA HAS BEEN EXTREMELY EXPENSIVE TO THE SOVIET UNION, REQUIRING A MASSIVE AND EXPENSIVE MILITARY DEPLOYMENT. ALL POWERFUL REASONS FOR GORBACHEV TO MAKE CONCESSIONS NOW AND REMOVE THE DIRECT CONFRONTATION, AS HE HAS DONE STEP BY STEP. NORMALISATION HAS HELPED TO PROVIDE SECURITY AT A LOWER COST.

C) NEW ASIA POLICY

6. AS WE HAVE COMMENTED ELSEWHERE, WITH REFERENCE TO JAPAN AS WELL AS CHINA, GORBACHEV IS ANXIOUS TO DEVELOP A CONSTRUCTIVE POLICY ON THE SOVIET UNION'S EASTERN FLANK. THE SUB-TEXT OF HIS VLADIVOSTOK AND KRASNOYARSK ASIAN SECURITY INITIATIVES WAS TO TRY TO FIX A PLACE FOR THE USSR IN ASIA GENERALLY, BUT IN THE DYNAMIC DEVELOPMENT IN THE PACIFIC IN PARTICULAR. THE RUSSIANS CHERISH THE DREAM OF MAKING THEIR PACIFIC SEABOARD PART OF THAT DEVELOPMENT. THEY HAVE TRADITIONALLY ASSERTED THE USSR'S RIGHT TO BE REGARDED AS AN ASIAN POWER. THIS TOO LED TO COMPETITION WITH THE CHINESE, AS WELL AS WITH OTHER ASIANS AND THE UNITED STATES: AND AS A POLICY HAD ONLY LIMITED SUCCESS. GORBACHEV IS NOW APPROACHING THE OBJECTIVE FROM A DIFFERENT ANGLE AND TRYING TO PRESENT THE SOVIET UNION IN A LESS COMPETITIVE LIGHT IN ASIA. HIS FRUSTRATION AT HIS LACK OF SUCCESS CAME OUT DURING HIS MEETING WITH THE JAPANESE FOREIGN MINISTER LAST WEEK. HIS PROBLEM IS THAT HE HAS LITTLE TO OFFER OTHER THAN MILITARY STRENGTH. AS SIR A DONALD SAYS, THERE IS NO PARTICULAR REASON FOR THE CHINESE TO HELP HIM. BUT THE RUSSIANS WILL PROBABLY PRESENT THE VISIT AS ANOTHER STEP IN THE VLADIVOSTOK CONTINUUM.

D) CAMBODIA

7. FOR THE RUSSIANS, A CAMBODIAN SETTLEMENT IS A MEANS TO THE END OF

IMPROVING THEIR POSTURE IN ASIA AND THUS PUTTING THEMSELVES IN A BETTER LIGHT THAN THE AMERICANS: AND WOULD ALSO HELP TO REDUCE THEIR EXPENSIVE COMMITMENT TO THE VIETNAMESE. THEY HAVE THEREFORE BEEN READY TO SHOW CONSIDERABLE FLEXIBILITY ON CAMBODIA, AND MAY BE EXPECTED TO DO SO AGAIN IN PEKING NEXT WEEK. BUT WHILE THEY HAVE INFLUENCE, THEY CANNOT DELIVER THE VIETNAMESE.

E) ECONOMIC CONNECTIONS AND POLITICAL REFORM

8. A YEAR AGO, THE RUSSIANS WERE SHOWING INTENSE INTEREST IN DEVELOPMENTS WITHIN CHINA AND A WILLINGNESS TO LEARN FROM CHINESE EXPERIENCES IN MODERNISING THEIR INTERNAL POLICIES. AS THE CHINESE MODEL IS NOW TARNISHED, THIS ASPECT WILL HAVE MOVED DOWN GORBACHEV'S LIST OF OBJECTIVES. HE CAN COMPARE NOTES WITH THE CHINESE LEADERSHIP ABOUT MUTUAL DIFFICULTIES, BUT NEITHER COUNTRY SEEMS TO HAVE ANSWERS TO HAND. PEKING TUR DESCRIBES WELL THE AREAS IN WHICH BILATERAL COOPERATION HAS DEVELOPED, WITHOUT A DRAMATIC INCREASE IN ECONOMIC LINKS. SOVIET EXPECTATIONS HAVE ALREADY BEEN DOWNGRADED.

CONCLUSION

9. BECAUSE, I THINK, OF THE POOR INTERNAL POSITION OF BOTH COUNTRIES, THE SOVIET PUBLICITY BUILD-UP TO THE SUMMIT HAS BEEN SOBER AND NON-TRIUMPHALIST. COMMENT ON CHINA IN GENERAL IS MORE MUTED THAN LAST YEAR. GORBACHEV IS ALSO INHIBITED BY THE FACT THAT THE CHINESE MADE VERY CLEAR IN THE RUN-UP THAT HE WAS THE DEMANDEUR. THE RUSSIAN PEOPLE AS WHOLE ARE MORE INTERESTED IN DEVELOPING RELATIONS WITH THE WEST - WITH ITS TECHNOLOGICAL ATTRACTIONS AND LANGUAGES WHICH MORE OF THEM SPEAK - THAN WITH CHINA. THEY WILL NOT BE CHEERING IN THE STREETS. BUT THE VISIT IS SET FAIR TO STAND AS ANOTHER IMPORTANT ACHIEVEMENT FOR GORBACHEV'S FOREIGN POLICY, AND AS ALWAYS WILL HELP TO DIVERT THE SPOTLIGHT FROM HIS INTERNAL DIFFICULTIES.

BRAITHWAITE

YYYY

DISTRIBUTION

224

MAIN 208

SINO/SOVIET SUMMIT
LIMITED
FED
SOVIET D
NEWS D
INFO D
PUSD
RESEARCH D
ECD(E)
HKD
SEAD
SAD
DEFENCE D
COMED
EED
UND
SEC POL D
ACDD
SEND
CSCE UNIT
NAD
WED
PROTOCOL
POD
LEGAL ADV

PLANNERS
ERD
ECON ADV
SPD
PS
PS/LORD GLENARTHUR
PS/MRS CHALKER
PS/MR WALDEGRAVE
PS/MR EGGAR
PS/MR PATTEN
PS/PUS
PS/SIR J FRETWELL
MR GILLMORE
MR MCLAREN
MR RATFORD
CHIEF CLERK
MR BAYNE
MR BOYD
MR TOMKYS
MR GOULDEN
MISS PESTELL
MR FEARN
MR WINCHESTER
MR KERR

ADDITIONAL 16

ASS STAFF CAB OFFICE
MR A M THOMPSON CAB OFFICE
MR WESTON, CAB OFFICE
MR J ADAMS B OF E
MR MACKINNON, OT3/5 DTI
MR HALL OT2 DTI
CDI, MOD

MR D NICHOLLS, DUS (P) MOD
D NUC(POL) SY, MOD
MR YOUNGER, DI(WP) ECON MOD
DACU, MOD
PS/PM
PRESS SEC/PM

NNNN

CONFIDENTIAL

060136
MDADAN 6010

ADVANCE COPY

CONFIDENTIAL
FM PEKING
TO DESKBY 060900Z F C O
TELNO 171
OF 041001Z FEBRUARY 89
INFO DESKBY 060900Z CABINET OFFICE
INFO IMMEDIATE MOSCOW, WASHINGTON, HANOI, ISLAMABAD, UKMIS NEW YORK
INFO IMMEDIATE PARIS, ACTOR, UKDEL NATO
INFO PRIORITY BONN, BANGKOK, NEW DELHI, HONG KONG
INFO ROUTINE SINGAPORE, KUALA LUMPUR, BANDAR SERI BEGAWAN, MANILA

YOUR TELNO 89.

SHEVARDNADZE'S VISIT TO CHINA: FIRST IMPRESSIONS.

SUMMARY

1. VISIT PRESENTED AS SUCCESS. GORBACHEV TO VISIT PEKING IN MID-MAY 1989. LARGE AGREEMENT ON FUTURE PRINCIPLES OF SINO-SOVIET RELATIONS, ON NEED TO IMPROVE BORDER SITUATION, AND TO DEEPEN COOPERATION. CAMBODIA STILL PLAYED UP BY CHINESE AS AN 'OBSTACLE'. FURTHER REPORT AFTER SPRING FESTIVAL.

DETAIL: PROGRAMME.

2. SHEVARDNADZE ARRIVED IN PEKING LATE ON 1 FEBRUARY, THE FIRST EVER SOVIET FOREIGN MINISTER TO VISIT CHINA IN HIS OWN RIGHT (GROMYKO CAME WITH KHRUSCHEV IN 1959). HE HAD TALKS AND A BANQUET WITH FOREIGN MINISTER QIAN QICHEN ON 2 FEBRUARY, SAW PREMIER LI PENG FOR 100 MINUTES ON 3 FEBRUARY THEN FLEW TO SHANGHAI TO CALL ON DENG XIAOPING (WHO HAS BEEN SPENDING TIME THERE FOR POLITICAL AND/OR MEDICAL PURPOSES AND ALSO RECEIVED THERE THE VISITING PRESIDENT OF MALI). SHEVARDNADZE GAVE A PRESS CONFERENCE BEFORE LEAVING PEKING LATE ON 4 FEBRUARY FOR PAKISTAN. HE SAID AT THE PRESS CONFERENCE THAT DENG SEEMED FIT AND WELL.

3. AN APPARENT GAP IN SHEVARDNADZE'S PROGRAMME ON 3 FEBRUARY GAVE COLOUR TO RUMOURS THAT HE WOULD MEET SIHANOUK. THE SOVIET EMBASSY HAVE TOLD REPORTERS, HOWEVER, THAT THIS PERIOD WAS USED FOR FURTHER TALKS WITH QIAN AND THAT SIHANOUK HAD NOT (NOT) MET SHEVARDNADZE OR ANY OTHER MEMBER OF HIS PARTY. SHEVARDNADZE SAID NO SUCH MEETING HAD BEEN REQUESTED NOR HAD THE SUBJECT BEEN

DISCUSSED.

GENERAL THEMES.

4. BOTH SIDES STRESSED THE HISTORICAL IMPORTANCE OF THE VISIT AND ITS PURPOSE IN PREPARING A SINO-SOVIET SUMMIT. THEY AGREED THAT GORBACHEV'S 'NEW THINKING' AND DENG'S CONCEPT OF A 'NEW INTERNATIONAL ORDER' PROVIDED CONDITIONS IN WHICH THEIR RELATIONS COULD BE IMPROVED ON A NEW BASIS, CONFORMING TO 'UNIVERSAL PRINCIPLES' AND NOT DIRECTED AGAINST OR DAMAGING ANY OTHER STATE. THE NEW RELATIONSHIP WOULD BE A FRIENDLY, GOOD-NEIGHBOURLY ONE BASED ON EQUALITY AND MUTUAL BENEFIT AND RESPECTING THE FIVE PRINCIPLES OF PEACEFUL COEXISTENCE.

5. SHEVARDNADZE ACCEPTED PRESIDENT YANG SHANGKUN'S INVITATION FOR GORBACHEV TO VISIT CHINA IN MID-MAY 1989. SHEVARDNADZE SAID AT THE PRESS CONFERENCE THAT THE OUTLINE OF THE SUMMIT HAD BEEN AGREED ON 3 FEBRUARY. HE DEFINED THE SUMMIT AS A MEETING BETWEEN GORBACHEV AND DENG XIAOPING. HE SAID GORBACHEV WILL MEET LI PENG AND OTHER LEADERS INCLUDING GENERAL SECRETARY ZHAO ZIYANG. SHEVARDNADZE THEN SAID 'I THINK THAT SUCH A MEETING MEANS A RESUMPTION OF PARTY TO PARTY CONTACTS. IT WAS NOTABLE THAT THE CHINESE LEADERS WERE REFERRED TO AS 'COMRADE' THROUGHOUT THE CONFERENCE.

6. THERE ARE LOCAL REPORTS THAT SHEVARDNADZE MAY HAVE PRESSED FOR A FORMAL DOCUMENT TO BE PREPARED FOR THE SUMMIT, ENSHRINING THE NEW PRINCIPLES OF THE SINO-SOVIET RELATIONSHIP (CF LUDLOW'S TELELETTER OF 020730Z FEBRUARY TO F E D). THE CHINESE ARE SAID TO SEE NO NEED FOR THIS, THOUGH WE EXPECT THEY WOULD GO ALONG WITH A PRE-AGREED FORMULA OF SOME KIND FOR PUBLIC USE AT THE TIME.

BILATERAL AND INTERNATIONAL ISSUES.

7. SHEVARDNADZE CALLED FOR THE SINO-SOVIET BORDER TO BE MADE A 'ZONE OF PEACE' THROUGH REDUCING BOTH SIDES' TROOPS TO THE MUTUALLY ACCEPTABLE MINIMUM, SETTLING ALL DISPUTES AND EXPANDING CROSS-BORDER INTERACTION. THE CHINESE AGREED THAT A 'NEGOTIATING GROUP' OF DIPLOMATS AND MILITARY EXPERTS SHOULD BE SEW UP (PRESUMABLY SUBSUMING THE EXISTING BORDER EXPERTS' GROUPS) TO DISCUSS GENERAL PRINCIPLES AND SPECIFIC MEASURES INCLUDING FORCE REDUCTIONS AND CONFIDENCE-BUILDING MEASURES. BOTH SIDES STRESSED THEIR WISH FOR FURTHER PROGRESS COVERING ALL SECTORS OF THE BORDER. THE FIRST MEETING OF THE NEW GROUP MAY HAPPEN IN

ADVANCE OF THE SUMMIT. SHEVARDNADZE SAID THAT BOTH SIDES HAD GONE AS FAR AS THEY COULD UNILATERALLY AND THAT FURTHER DEEP CUTS COULD ONLY BE ACHIEVED THROUGH NEGOTIATION.

8. ON BILATERAL RELATIONS GENERALLY, THERE WAS AGREEMENT THAT MUCH POTENTIAL REMAINED UNTAPPED, THE TWO COUNTRIES' ECONOMIC REFORMS PRESENTED NEW OPPORTUNITIES, AND ECONOMIC AND OTHER PRACTICAL COOPERATION SHOULD BE FURTHER EXPANDED. SHEVARDNADZE SAID THAT GIVEN THAT CHINA AND THE USSR WERE NEIGHBOURS, SOCIALIST COUNTRIES, GREAT POWERS AND PERMANENT MEMBERS OF THE UN SECURITY COUNCIL, NORMALISATION OF RELATIONS IMPLIED A VERY HIGH LEVEL INDEED. HE MENTIONED PLANS FOR THE EXPANSION OF BILATERAL TRADE, ECONOMIC, SCIENTIFIC, ENVIRONMENTAL AND PEOPLE-TO-PEOPLE LINKS SPECIFICALLY INCLUDING THE PEACEFUL EXPLORATION OF OUTER SPACE.

9. CAMBODIA WAS THE DOMINANT INTERNATIONAL ISSUE, AND THE CHINESE SIDE REPORTED AN INCREASE IN THE AREAS OF AGREEMENT, ALTHOUGH SOME DIFFERENCES STILL REMAINED. SHEVARDNADZE AGREED THERE SHOULD BE INTERNATIONAL SUPERVISION, WITH THE MAJOR COUNTRIES TAKING PART AND PROVIDING GUARANTEES, OF THE TROOP WITHDRAWALS, INTERNAL SETTLEMENT AND FREE ELECTIONS. THE CHINESE SIDE PUT GREATER EMPHASIS ON THE NEED TO LINK AN INTERNAL SETTLEMENT WITH THE EXTERNAL SOLUTION AND ON THE RESPONSIBILITIES OF "INTERNATIONAL SOCIETY" TO "MAKE POSITIVE EFFORTS FOR JUST AND FAIR SETTLEMENT OF THE ISSUE" (QIAN QICHEN). LI PENG REPEATED CHINESE SUPPORT FOR A FOUR-PARTY COALITION HEADED BY SIHANOUK. AREAS OF DISPUTE BETWEEN THE TWO SIDES WERE NOT BROUGHT OUT CLEARLY, BUT PRESUMABLY INCLUDED THE NATURE OF THE INTERNATIONAL PRESENCE (OBSERVERS OR TROOPS), THE POLITICAL AND MILITARY POSITIONS OF THE P R K AND KHMER ROUGE FOLLOWING WITHDRAWAL, AND THE ROLE TO BE PLAYED BY SIHANOUK. SHEVARDNADZE SAID THAT THE CESSATION OF MILITARY AID TO THE FACTIONS SHOULD FOLLOW A POLITICAL SETTLEMENT AND VIETNAMESE WITHDRAWAL.

10. AFGHANISTAN WAS ALSO DISCUSSED, AND SOCIALIST COLLEAGUES SUGGEST SHEVARDNADZE MAY HAVE ASKED THE CHINESE TO USE THEIR INFLUENCE WITH AND THROUGH PAKISTAN TO MODERATE REPRISALS BY THE RESISTANCE. SHEVARDNADZE WAS ASKED WHETHER HE WAS TAKING ANY SPECIFIC PROBLEMS TO PAKISTAN BUT SAID ONLY THAT HE AIMED TO DISCUSS HOW FURTHER BLOODSHED MIGHT BE AVOIDED. HE REAFFIRMED THAT THE WITHDRAWAL WOULD BE COMPLETED BY 15 FEBRUARY. HE HAD SAID EARLIER IN THE VISIT THAT HE WELCOMED THE IMPROVEMENT IN SINO-INDIAN AND SINO-VIETNAMESE RELATIONS. THERE WAS NO REFERENCE

TO KOREA, THOUGH WE SHOULD BE SURPRISED IF IT WAS NOT RAISED.

COMMENT.

11. PEKING IS CLOSING DOWN FOR THE SPRING FESTIVAL AND THE MFA WILL NOT REOPEN UNTIL 10 FEBRUARY. THE TWELVE ARE SEEKING A BRIEFING THEN AND WE SHALL REPORT FURTHER. IT MAY BE WORTH RECORDING THAT THE PRESS CONFERENCE BEGAN TWO HOURS LATE PROMPTING SPECULATION THAT THERE WAS SOME CRISIS. INSTEAD OF GOING TO THE PRESS CONFERENCE ON RETURN FROM SHANGHAI, SHEVARDNADZE WENT TO THE SOVIET EMBASSY. NO EXPLANATION WAS OFFERED FOR THE CHANGE IN PLAN.

12. FIRST IMPRESSIONS ARE OF A VISIT WHICH BOTH SIDES WANTED TO SUCCEED, AND A RELATIONSHIP ALREADY 'NORMAL' IN THE ORDINARY SENSE. THE ATMOSPHERE OF THE TALKS WAS DESCRIBED AS 'PRETTY GOOD' AND AS 'FRIENDLY, FRANK AND REALISTIC'. CHINESE PRESS COVERAGE IN THE RUN-UP (CF LUDLOW'S TELELETTER OF 020730Z FEB TO F E D) UNDERLINED THE BROAD AND MANY-SIDED NATURE OF SINO-SOVIET RAPPROCHEMENT, INCLUDING A DRAMATIC SURGE IN PROVINCE-TO-PROVINCE CONTACTS (TRADE BETWEEN THE CHINESE NORTH-EAST AND ITS SOVIET NEIGHBOURS INCREASING 3.7 TIMES IN 1988 OVER 1987), INCREASING ACADEMIC COOPERATION, CROSS-BORDER TOURISM AND RESURGENT INTEREST IN RUSSIAN LANGUAGE TEACHING. SHEVARDNADZE EXPRESSED HIMSELF WELL-PLEASED WITH THE VISIT AND THE PROGRESS ACHIEVED.

13. GORBACHEV'S VISIT TO CHINA IS NOW IN THE BAG. BUT CAMBODIA REMAINS THE KEY ISSUE ON WHICH THE CHINESE ARE PRESSING THE RUSSIANS TO DO MORE TO DESERVE THE SUMMIT AND TO MAKE IT A SUCCESS. LI PENG'S MEETING WITH SIHANOUK ON 1 FEBRUARY, THE LINE TAKEN BY WU XUEQIAN WITH THE AUSTRALIAN FOREIGN MINISTER AND CHINESE STATEMENTS DURING SHEVARDNADZE'S VISIT ITSELF ALL POINTED THE FINGER AT VIETNAM AS OBSTRUCTING A PROPER INTERNAL SETTLEMENT, INSISTED ON THE NECESSITY OF THE LATTER AND IMPLICITLY DEMANDED FURTHER SOVIET PRESSURE ON VIETNAM. LI PENG WENT SO FAR AS TO DESCRIBE CAMBODIA AGAIN AS A 'MAJOR OBSTACLE TO THE NORMALISATION OF RELATIONS BETWEEN CHINA AND THE SOVIET UNION', WHICH SHEVARDNADZE'S VISIT HAD GONE ONLY PART OF THE WAY TOWARDS RESOLVING. TAKEN TOGETHER WITH THE CHINESE LINE THAT GORBACHEV'S VISIT ITSELF WILL NOT COMPLETE NORMALISATION, THIS LOOKS LIKE TYPICAL CHINESE TACTICS FOR EXTRACTING THE LONGEST POSSIBLE SERIES OF CONCESSIONS FROM A PARTNER WHILE NOT PUTTING THE ESSENTIAL IMPROVEMENT IN SINO-SOVIET RELATIONS, WHICH THEY WELCOME AS MUCH AS MOSCOW DOES, AT RISK.

CONFIDENTIAL

060136
MDADAN 6010

DONALD

YYYY

DISTRIBUTION

3

ADVANCE

3

HD/FED
ASSESSMENT STAFF/CAB

RESIDENT CLERK

NNNN

PAGE 5
CONFIDENTIAL



Di. R. H. W.

CDD 21/X

Jp 0652

PRIME MINISTERSino-Soviet Relations

A very reliable American source has told me that when Shultz and Deng Xiaoping met in August Deng said, very confidently, "we are going to improve relations with the Soviets". This is important information, which I am surprised the Americans had not passed to us earlier. It gives much firmer backing to the various hints Deng has been dropping to foreign visitors in the last few weeks about a possible Sino-Soviet summit next year. It also has obvious implications for Cambodia.

2. Deng also apparently told Shultz that the Chinese did not want to make trouble over their missile exports. They have now cancelled their agreement to supply the 600 km M9 ballistic missile to Syria. I fear, however, this will not mean a total cessation of the Chinese arms sales campaign. Basing themselves on the fact that there is now a ceasefire between Iran and Iraq, they are continuing their plans to provide inter alia the C801 ship-borne cruise missiles to the Iranians.

PERCY CRADOCK

21 October 1988

Jp 0482

MR ROWELL

c Sir Robin Butler

Sino-Soviet Relations: Gorbachev's Call for a Summit

In an interview granted to the Chinese journal "Liaowang" in December, but published on 10 January, Gorbachev once again signalled his readiness for a Sino-Soviet Summit. He said that Soviet-Chinese border talks had got off to a good start and claimed that a Summit would be the "logical development" of the political dialogue which was being established. The Chinese have reacted, through a Foreign Ministry spokesman, by once again restating the need for the Soviet Union to get Vietnam to withdraw its troops from Cambodia.

2. The interview, and Gorbachev's suggestion of a Summit, has been given considerable prominence in the Soviet domestic and international media. The version broadcast by the Chinese news agency, Xinhua, however, omitted the Summit reference. The Chinese doubtless intend that foreign observers should note the omission, and draw their own conclusions.

3. The repeated Chinese refusal of a Summit should not, however, obscure the progress that has been made in Sino-Soviet relations at a lower level. There have been many visits, and commercial and economic links have expanded considerably in recent years. The very fact that a Chinese journal should publish an interview with a Soviet leader, for the first time for many years, suggests a more flexible Chinese attitude. We do not expect any sudden change in the Chinese position. Chinese concerns about Soviet support for Vietnam, and the other "obstacles" which they claim hinder full Party relations, are genuine, and progress is likely to be slow.

13 January 1988

PERCY CRADOCK

china

4

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

I have highlighted a few points.

A.J.C. 20/10.

18 October 1983

Dear John,

MB

China

The Foreign Secretary's attention was drawn recently to the records of conversation between Mr Heath and the Chinese Foreign Minister & Deng Xiao Ping during his visit to China in early September. He was struck by the interest of the conversations and thought that, although the visit is now some six weeks ago, the Prime Minister might be interested in reading them also. There are some interesting insights on China's relations with various countries, including India, which may be of particular interest in the run up to CHOGM.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

F
W24.RECORD OF MEETING BETWEEN MR HEATH AND DENG XIAOPING IN THE GREAT HALL OF THE PEOPLE AT 10 AM ON 10 SEPTEMBER 1983

Present: The Rt Hon Edward Heath MP Mr Deng Xiaoping
Mr Gerald Clark, Charge d'Affaires Mr Hao Deqing
Mr Simon May Mr Xie Li
Mr Peter Batey Mr Luo Jiahuan
Mr A C Galsworthy

1. Mr Heath said that he saw great improvements in China. Mr Deng replied that China was 150 years behind, and indeed sometimes seemed to be in 1840. Mr Heath said that this could hardly be true with the amount of Japanese equipment that China had imported. Mr Deng said that China could not hope to catch up with industrialised countries in this century. It would take 20-30 years of the next century, and very likely even 50. When China spoke of the 4 modernisations in this century, this meant modernisations in the Chinese context, not catching up with the rest of the world. Average per capita income would rise to US \$ 800 or at most US \$ 1000 by the year 2000. This was not much but it was much better than the present situation. There were 17 years to the end of the century, and in this period the foundations would be laid for the next century. China could achieve this, but Deng thought that he personally would not see it. Mr Heath said that he hoped he would. Mr Deng replied that if he lived that long he would be a monster.

2. Mr Heath said that progress would be easier once it got under way. He had seen excellent results in agriculture. Mr Deng said the agricultural situation in the country was very good. It was however more difficult in industry, which was much more complicated. The responsibility systems could be applied to urban and industrial sectors, but they must have different characteristics which could be applied to each sector. Some experiments were in progress, and he was hopeful that China could advance. But it could not all be done at once: progress must be step by step, and experience must be summed up at each point. China's friends sometimes thought she was moving too slowly and had difficulty in seeing progress. But it would not do to walk too fast. China had made several mistakes due to over-ambitious speed in the past. On agriculture China had moved too quickly from a low to a high level cooperative system, and later to the communes. This was now seen as unsuccessful. In industry the Great Leap Forward had been a mistake. After the Gang of Four fell China had again wanted to move too fast and had made mistakes.

/3. Mr Heath

A ping ding does
not take the same
statistical approach to
Hua Kang.

3. Mr Heath said that some other countries had expected to see faster movement, but that this was misplaced. Mr Deng agreed. After the Gang of Four had been smashed China had ordered 22 advanced sets of equipment, and had made mistakes worth US \$ 5 billion.
4. Mr Heath said that he was delighted to hear that the British would get the contract for the conventional equipment in the nuclear power station to be built in Guangdong. Mr Deng confirmed that Britain would get this contract.
5. Mr Heath said that it was one of China's strengths that she was prepared to examine each situation and see where mistakes had been made in the past. Some other countries maintained that everything they did was correct, even to the shooting down of passenger planes. Mr Deng said that in the past China had mainly learnt from the Soviet Union. Some things she had learnt were not bad, at least with reference to the level of technical progress at the time. But the basic experiment had not been successful. Some things were difficult to correct because they had existed for too long.
6. Mr Heath wondered whether Andropov would remain in power for long. Mr Deng said that "our opponent" was a more difficult man to deal with than Brezhnev. Deng personally knew him well. There was no change in Soviet policy, but Andropov was cleverer, more energetic, and more intelligent. Nevertheless he could not change the line of the Soviet Union. In the past few years China had set things to rights quite successfully, but it was impossible for the Soviet Union to do the same, because the roots of her policies came from the Tsarist period. Mr Heath asked whether Andropov would be able to make changes in internal economic arrangements. Mr Deng said that he would like to, but would find it difficult. What China wished to do involved even greater steps, and China had had difficulties.
7. Mr Heath said that Andropov was not fit and energetic like Mr Deng. Mr Deng replied that he was certainly not more energetic than Andropov. He was reducing his working hours, and never did more than 6 hours work a day. His comrades were reducing his workload. He did not now receive many foreign friends, but had asked to see Mr Heath because he was such an old friend. He was doing this because he wished to live a few years longer.
8. Mr Heath said that during his last conversation with Mr Deng there was great tension between the United States and China on Taiwan. He had read Mr Deng's recent statement that the situation was improving and was encouraged. Mr Deng said that he had spoken to the United States very sharply on this subject.

/The

The problem lay with issues like arms sales to Taiwan. These were on the agenda of bilateral relations and there had been a quarrel. The problem was not yet completely settled. There had been other issues like that of the tennis player, the Hu Guang railway bonds, textiles, and technological transfers. The United States did not wish to transfer technology to China. But these issues were not fundamental, whereas Taiwan was. Even the sale of arms was not the fundamental issue, which was the Taiwan Relations Act. Every day this Act existed there would be a danger of crisis in bilateral relations. China did not know from day to day when bilateral relations might be broken off because of the Act. Mr Heath said that he was afraid last year that China might find it necessary to break relations, and was glad that this had not happened. Mr Deng said that he had recently talked to some US Senators and had said relations were improving after many twists and turns. He hoped they would return to the level of 1979, which had been the high point. But the power of decision lay with the United States. He had explained why: the key issue was the Taiwan Relations Act, which had been passed during President Carter's administration. It nevertheless represented President Reagan's position. The TRA was an act passed by the American legislature which interfered in Chinese internal affairs and carried out a two-China policy. He had spoken to Bush about the nature of the TRA, which was an inheritance from Dulles.

9. Many American leaders and Senators asked why China called the United States hegemonist: this was the thing they most disliked about China. However China was very careful and did not say too much about United States hegemonism. Most of what she said was related to Soviet hegemonism. But if the Americans carried out hegemonist activities, China had to say so. Even without mentioning South Korea, Israel and South Africa, the case of Taiwan was enough to prove that the United States was engaging in hegemonism. There were many people in the United States both in and out of power who did not want to see Chinese reunification. China knew that in the political climate in Washington it would be difficult to amend the Taiwan Relations Act, but the President had the power to decide to what extent he should carry it out. If the United States carried out the sort of policies in Taiwan which she had implemented previously, there would be a danger of relations being broken off. China had seriously considered in 1982. Through efforts on both sides over the past year the situation had improved, but the TRA still existed.

10. Mr Heath asked whether the President would reduce arms sales. Mr Deng replied that he had not done so. In fact in quantity and quality arms sales were increasing. Maybe they would be reduced next year or the year after. Mr Deng said that China would see how the United States implemented the joint communique of 17 August 1982, which gave a commitment to reduce gradually and finally cease arms sales. At the time Mr Deng had said that if there were a reduction of US \$ 1 per year, the sales could go on 100 million years.

/11. Mr Deng

11. Mr Deng said that foreign leaders often worried whether or not China was stable. He personally thought the United States was the most unstable country in the world. The Americans believed their own system was the best, but it was China which really had stability. The President of the United States said one thing in campaigning for election, and another once in office. He said something different again at the mid-term elections, and something else after them. Mr Heath observed that Khrushchev had said much the same to him. Mr Deng said even Carter, who had appeared to be a friend of China, had presided over the passage of the TRA.

12. Mr Heath said that President Carter had been very weak, particularly at the time of the hostages in Tehran, and had not had the strength to stop the TRA. Mr Deng, in response to a question, said that he would be taking the same line with Mr Weinberger. He had said the same to Shultz. If they were going to deal together, it was best that the real point of view be put frankly. This was not a quarrel.

13. Mr Heath asked what would happen if the US did not offer the expected military technology. Would there be another crisis? Mr Deng said that there would be no crisis on this question. The key problem was the Taiwan Relations Act, not technological transfer. But he thought that it would be a good thing from the point of view of global strategy for the US to give technological information to China. Nevertheless it was for the United States to decide. China was accustomed to its own backwardness and could live without US technology. Weinberger would make clear whether or not the United States would give China technology: from his answer China would know if the United States was sincere in seeking an improvement in relations and would be able to judge the breadth and depth of US interest. China could decide if the US would be a friend, and what kind of friend. | x

14. Mr Heath said that Mr Deng had spoken on Israel and South Africa. He sometimes thought that President Reagan's policies were dominated by his attitude to the Soviet Union. Mr Deng on a previous occasion had spoken of the American view of Taiwan as an unsinkable aircraft carrier. This general viewpoint dominated President Reagan's decisions. Mr Deng said that the Americans saw Taiwan not just in relation to the Soviet Union, but also as a demonstration of their sphere of influence and a buffer of their global strategy. When he had talked to President Carter he had asked why the United States supported 3 million Israelis against 100 million Arabs. If the US could be flexible Soviet influence would be reduced. But the Americans wished to use Israel as an unsinkable aircraft carrier to help them to dominate the Middle East. Taiwan was the same.

/15. Mr Heath

15. Mr Heath asked whether Mr Deng regarded President Reagan's policies towards the Soviet Union as wise or provocative. Mr Deng said that the Chinese analysis was familiar to Mr Heath. The United States and the Soviet Union were rivals in the world. But for long after world war two the Soviet Union had been taking the offensive, while the United States had been on the defensive. China believed that only these two countries were in a position to launch a world war. The Chinese analysis was that since the Soviet Union was on the offensive, the main danger of war came from that direction. President Reagan had made some changes in policy. China did not criticise his hard line towards the Soviet Union, or his wish to build up Europe. But if one looked at the content of his policies elsewhere, for instance in Lebanon, South Africa and Taiwan, one wondered what the significance was. They could not be explained just because President Reagan had a policy of tit for tat towards the Soviet Union. The fact was he was harking back to Dulles. Mr Heath said that there might be some similarities, but after Vietnam President Reagan did not have the same freedom of action as Dulles.

16. He recalled that Mr Deng had once told him that China did not mind Japan building up her military strength. What was the Chinese attitude towards Japan's current efforts, for the first time, to do this? Mr Deng said that China had never opposed the idea of Japan having more defensive capability, but that there should be a limit. The limit should be calculated in relation to the present situation. China's relations with Japan were good, but Japan should be clear about her own history. She was an economic great power, and wished to be a political great power. This could be allowed, because political power derived from economic power. But if she also wanted to be a military great power, one had to ask what was the significance of this. Mr Deng had heard that Japan wished to have an obligation to undertake the defence of the Asian and Pacific region for up to 1,000 nautical miles from her coasts. This might extend to Guam, to Singapore and to South East Asia, and would certainly include Taiwan. This was something very different. He noticed that Japan was still referring to her "defence" capability: he had told the Japanese some years ago that China was not opposed to Japan having a defence capability, which it did not regard as a threat. But if it went beyond a certain point it was difficult to say what the meaning would be. The suggestion of 1,000 nautical miles was not yet confirmed as policy, but if it became policy China, and South East Asia too, would have questions to ask. Mr Deng had himself told the Japanese ministers lately that South East Asian countries had often referred to Japan as an economic animal, but would have rather different feelings if Japan were to become a political and even military animal. But he had not said anything about this previously, and wished his remarks to remain confidential. China was trying to persuade her Japanese friends to be more careful, because people did not forget the past.

17. Mr Heath

17. Mr Heath said that western countries had tried to persuade Japan to increase her military spending for two reasons: the first was to help contain the Soviet Union, and the second because Japan as an economic animal competed too well, and this was partly because she did not have the defence burden which other countries had. There was a conflict of interest, but he understood the Chinese position. Mr Deng had said that relations with Japan were better now that the Japanese had stopped rewriting their textbooks, but he hoped that relations with western Europe and the UK were good as well.

18. Mr Deng said that he did not think there were any contradictions except on Hong Kong, which was not difficult to resolve. On technical know-how the UK was more open to China than some other countries, so the future was good. Mr Heath recalled that under his government full diplomatic relations had been set up with China. This had been followed by the Rolls Royce contract and the sale of the Trident. We had still not however succeeded in persuading the Chinese to buy the Harrier aircraft which had been so successful in the Falklands conflict. Mr Deng said that the Harrier's legs were too short and it was too expensive. But in future China and Britain could cooperate in other fields.

19. The rest of the conversation concerned Hong Kong, and has been recorded elsewhere.

W24

RECORD OF MEETING HELD AT THE DAIOYUTAI AT 18.30 ON 6 SEPTEMBER 1983

Present:	The Rt Hon Edward Heath MP	Mr Wu Xueqian, Minister of Foreign Affairs
	Mr Gerald Clark, Charge d'Affaires	Mr Hao Deqing
	Mr Simon May	Mr Xie Li
	Mr Peter Batey	Mr Luo Jiaohuan
	Mr A C Galsworthy	

1. Mr Heath asked whether the Chinese saw any change of policy with the new leadership in the Soviet Union. Mr Wu replied that Andropov had been in office for nearly a year and the Chinese had been watching his actions and policies to see whether there was any change. So far they had not detected any change in Soviet foreign policy. Andropov had put most of his energy so far into domestic economic policies. The Soviet Union's strategy of seeking hegemony had not changed. Mr Heath might have heard of Andropov's recent interview with Pravda, which had contained one paragraph on Sino-Soviet relations. Mr Andropov had had much to say about the improvement in bilateral relations, and had looked forward to further improvement. He referred to the possibility of development of trade and economic relations, technical cooperation, cultural exchanges, and exchanges of personnel. He also spoke of the establishment of mutual trust between China and the Soviet Union. But his last words were the most important, when he had said that the improvement of Sino-Soviet relations should not damage third countries. Andropov meant by this that he rejected the results of the first two consultations at Vice Ministerial level. In these consultations China had pressed for the removal of the well-known three obstacles. In response to a question Mr Wu confirmed that Mr Andropov's rejection covered all three of the obstacles since the question of troops on the border included the five Soviet divisions in Mongolia. Without the removal of the three obstacles by effective measures there could be no fundamental change in the relationship.

2. Mr Heath observed that Andropov appeared to be trying to create the impression of warmer relations without taking any fundamental action to resolve the problems. Mr Wu said that Andropov wished to avoid the question and to give a false impression that relations were improving. China had said that there could be improvements in bilateral relations such as trade, economic cooperation and exchange of personnel, but without the removal of the three obstacles the significance of any such improvement would be very limited.

/3. Mr Heath

3. Mr Heath said that the Soviet Union had very little to offer in the economic field: Soviet technology was well behind that of the West and the Soviet economy was in bad shape. Mr Wu said that China could develop her trade with the Soviet Union to some extent on the basis of equality and mutual benefit. China for instance could buy Soviet timber for which she had a considerable need. The Soviet Union needed Chinese textiles and light industrial products. On a small scale, technical cooperation was also possible. In the 1950s the Soviet Union had assisted China with 156 large scale projects using Soviet technology and equipment. Obviously China would not agree to ask the Soviet Union to carry out technical upgrading on all of those projects, but they might perhaps agree to do it on one or two. Mr Heath said that in 1958 Moscow had let China down: Mao himself had spoken strongly to him on this. Mr Wu confirmed that the Soviet Union had withdrawn all her experts quite suddenly in 1960: China was well aware of the dangers.

4. Mr Heath said that the Soviet Union had grave problems in her satellite countries, in particular Poland. She was stuck in Afghanistan as the Americans had been in Vietnam. She was dependent on the United States for 25 million tons of grain per annum, and was becoming more and more dependent on Western Europe to earn the foreign exchange she needed to buy the grain by sales of gas through the pipeline. The Soviet Union was very exposed. Mr Wu agreed. The Soviet Union's burden was becoming heavier. Afghanistan was a heavy part of this burden. There were more than 100,000 Soviet troops in Afghanistan and they were suffering casualties every day. But it was not easy to foresee a withdrawal as the Soviet Union had no intention of changing its strategic drive southwards. The Soviet Union had to consider the chain reaction which would occur if she withdrew from Afghanistan: it would leave the Vietnamese position in Cambodia more isolated. After the Vietnamese aggression and occupation of Cambodia the Soviet Union had been able to maintain three military bases in Vietnam. Mr Wu had talked not long before with his Pakistani opposite number, and had told him that the reason why Gromyko had refused to give a timetable for Soviet withdrawal from Afghanistan was that the Soviet Union had not changed her basic strategy.

5. Mr Heath said that he understood that the Vietnamese military position in Cambodia had deteriorated somewhat. Mr Wu said that it was true the Vietnamese had suffered some setbacks. They had failed in five dry season offensives. The three factions in Cambodia had reached agreement on a coalition. It was now difficult for Vietnam to maintain complete control over Cambodia, and this was why she had recently been playing the tactic of peace overtures, airing a so-called political solution. Some of China's friends like Mr Hayden believed in these overtures. Two months ago he had delivered speeches in Thailand and Malaysia saying that Vietnam was sincere and ASEAN should respond. Mr Wu had had two rounds of talks with Mr Hayden after his visit to Thailand. He had said that unless there were a Vietnamese troop

/withdrawal

withdrawal from Cambodia China could not show flexibility: this was an absolute pre-condition. But if Vietnam withdrew her troops from Cambodia then China could engage in discussions on an improvement in bilateral relations. As for Cambodia, China was not in favour of a one party solution, nor of any particular party. Cambodia should decide her own political system and choose her own leaders under United Nations supervision. Mr Hayden had told Premier Zhao that he would not seek to mediate, but would merely promote a solution. Zhao had said that he hoped that God would bless his efforts, but Mr Hayden had observed that since Zhao as a good communist did not believe in God, what he meant was that his mission would not succeed. |

6. Mr Heath asked whether China was still able to give material aid to Afghanistan and Cambodia. Mr Wu said that in Cambodia China provided aid to all three parties in the coalition in co-operation with the Thai Government. They hoped that ASEAN and other friendly countries would also continue to support the coalition. They gave assistance to Afghanistan through Pakistan. Mr Heath said that the war was a great burden on Pakistan. Mr Wu agreed. He had himself visited the refugee camps. There were 3 million refugees. Pakistan not only had economic problems resulting from this, but there were also pressures from the Soviet Union on the common borders with Pakistan. So Pakistan pursued the policy of engaging in talks at the same time as pressing the Soviet Union for a timetable for withdrawal. China supported the Pakistani position. Mr Heath said that there was little possibility of progress. Mr Wu agreed.

7. Mr Heath asked about Sino-Indian relations. Mr Wu said that exchanges in the cultural and scientific and technological fields were increasing. In that sense relations were better. Nevertheless the crucial issue was the border. China had suggested a policy of mutual understanding and mutual accommodation. But India was not yet ready to accept such a principle. The 4th round of talks would take place at the end of October in New Delhi. Mr Heath asked what China's policy of mutual accommodation would mean in practice. Mr Wu replied that it referred to the eastern and western sections, the central section being less important. On the eastern section India had occupied large tracts of territory which had traditionally been under Chinese jurisdiction, while on the western section India claimed the Aksai Chin, which had also been under Chinese rule for a very long time. The Chinese had offered to make compromises on the eastern section in return for Indian compromises on the western section. However India wanted concessions on the west but at the same time did not wish to give up anything in the east. India constantly referred to the very great national sentiments on this issue: but China had exactly the same sentiments. If India wished to maintain the status quo in the east, China could not give up a section in the west. The Tibetan government would find it very hard to accept such a solution. He foresaw lengthy talks and no early solution.

8. Mr Heath asked whether China was still prepared to have the Dalai Lama back and for him to visit Tibet. Mr Wu said that his brother had already come back. If the Dalai Lama wanted to come he would be welcome, but he was putting forward conditions. He would be allowed to visit Tibet if he came back, but it still seemed unlikely that he would come. He was still campaigning actively against China abroad. He was based in India and perhaps received help and encouragement from the Indians.

9. Mr Heath said that he had recently heard of Chinese statements on Sino-US relations which were rather encouraging. Mr Wu said that after six months of cooling down during which China had carried out some struggles against the United States, in May Secretary Baldrige had come to Peking and had made some very friendly gestures on the transfer of technology. China had been moved into the V group of countries instead of the P group. But there were still several grades of V country and China did not know in which grade she would be placed. The effect of this would be that US sales of military technology to China would not have to go via COCOM, although for some groups of countries within the V group certain items still needed COCOM approval. The Chinese side had responded to these friendly gestures and said that they would welcome Secretary Weinberger to Peking, since he had requested several times to come. Mr Wu had himself accepted an invitation from Secretary Shultz to visit Washington in early October. He hoped this exchange would promote bilateral relations further. Mr Heath said that he admired Mr Shultz. Mr Wu said that in February he had had three rounds of talks with Shultz, who had been a very patient listener. The main obstacle was the Taiwan issue, and the sale of US arms was one of the problems. The worst problem however was the Taiwan Relations Act. So, in all the talks with US leaders, the Chinese said that if the Taiwan issue could be solved bilateral relations could proceed on a sound footing. Mr Heath asked how Mr Shultz had reacted to the 9 point proposal. Mr Wu said that he had not really talked about this in February. Mr Shultz had been very cautious. He had said that on the President's instructions he could inform Chinese leaders that the United States would abide by the 17th August communique, and recognised the PRC as the sole legal government of China, and Taiwan as part of China. But their words and deeds diverged. China could not give up her position on Taiwan. Recently Deng Xiaoping had talked to Professor Yang and had said that China had adopted a very lenient policy for the return of Taiwan to the motherland. But the continuing sales of arms by the United States, which had not been drastically reduced, and even in qualitative terms had improved, meant that Taiwan was simply encouraged to be stubborn towards Chinese overtures.

/9. Mr Heath

9. Mr Heath asked whether Senator Jackson had given the Chinese a message on the sale of arms. Mr Wu said that Senator Jackson had brought a letter to Deng Xiaoping from President Reagan. It had been friendly in tone, but had not spoken of arms sales, and indeed had very little real content. The Chinese were looking forward to Weinberger's visit and his own visit to the United States, and hoped that both sides would adopt deeds instead of mere words.

10. Mr Heath said that we did not hear very much now of Chinese policies towards the EC. Mr Wu said that China had taken a positive step recently to improve her relations with the Community. China had agreed that the regular bilateral consultations with the Community should be raised to ministerial level. M. Cheysson had said that during France's presidency in 1984 he would invite Mr Wu to lead a delegation to the Community to discuss a further strengthening in relations. The Chinese were willing to do this. They wished to strengthen further their economic and technological cooperation with Western Europe, including the United Kingdom. In the first half of 1983 President Mitterrand came to China and reached an agreement of intent with China for France to assist in the construction of a nuclear power station in Guangdong province. The French would carry out the nuclear part of the construction, and would also transfer technology. China would buy the conventional part from the United Kingdom: each generator would be 900 MW. This was a big contract. Mr Heath said he was delighted. He observed that this was a field where Europe could help, whereas Japan could not. Mr Wu said that Europe had the advantage that she has fewer restrictions in selling technology to China than the US.

CONFIDENTIAL

Subject on USA, Nov 79: Visit to
US Policy

China

Extract from Record of Meeting between PM
and American Secretary for Defense, Dr Brown,
Washington 17.12.79

(The Prime Minister) wondered whether the

Russians really felt threatened by the Chinese. She had found Chairman Hua a trifle naive when he had assured her that the Russians no longer knew where China's nuclear weapons were, since they had been moved. Dr Brown said that the Russians were convinced that both China and NATO posed a military threat to them. They were paranoid about China. The Prime Minister said that they realised that the Chinese would not hesitate to press the button. They had an oriental attitude towards human life and felt that they could absorb any losses in their own population. Pakistan, Thailand, Afghanistan and Iran were all areas of crucial importance to the West.

CONFIDENTIAL

CONFIDENTIAL

Original filed on China
Germany June 79
PM's meetings with Chancellor
Schmidt in Germany.
Sino Soviet Relations

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE
FEDERAL CHANCELLOR IN THE FEDERAL CHANCELLERY, BONN, AT
1115 ON WEDNESDAY 31 OCTOBER 1979

Present:

Prime Minister
Mr. C. A. Whitmore

Chancellor Schmidt
Dr. Jurgen Ruhfus

* * * * *

Premier Hua's Visit to Western Europe

The Prime Minister said that Premier Hua, who was now in the middle of his visit to the United Kingdom, had told her how pleased he had been with his talks with the Chancellor in Bonn. She had herself discussed the international scene with him on Monday and Tuesday and was due to discuss bilateral issues with him the following day. She had first met Premier Hua in Peking three years ago and had been struck then by how very much he was in command. His present visit had served to confirm that impression. Until his present visit to Western Europe he had not previously been to a Western country. Yet he was handling the visit with remarkable self-confidence and ease of manner. He had given her a detailed account of his view of the position in a very wide range of countries: he seemed to have considerable knowledge of what was happening even in relatively obscure states. In talking about the inevitability of war with the Soviet Union, he had tempered slightly the view which he had taken three years earlier when he had told the Prime Minister that he thought that she was too soft on this. But the weakness of his present argument was his assumption that if the Soviet Union attacked China, NATO would attack the Soviet Union.

/ It was not clear

CONFIDENTIAL

CONFIDENTIAL

- 2 -

It was not clear why he made this assumption since it was clear that China would not automatically come to the help of the West if the Soviet Union attacked us. She had told him that, in her view, the Soviet Union, faced with NATO firm in the West and with China in the East, were probing the soft underbelly which ran through Afghanistan, Iran and other Middle Eastern countries into the African continent.

Chancellor Schmidt said that he agreed with the Prime Minister's assessment of Premier Hua's qualities. He had found him clever and wise, with the outlook of a much bigger man than he had expected. He had been deeply impressed by Premier Hua. China had come a very long way since the death of Mao. It had been noticeable that Premier Hua had not mentioned Mao's name once in his speeches in the Federal Republic. He had given his German hosts an assured and detailed assessment of Sino/Soviet relations, which he had said was not his personal analysis alone, but the joint appreciation of the Chinese leadership as a whole. It was the Chinese view that there would not be a war with the Soviet Union in the 1980s. They were confident in their judgement that the Soviet Union would never dare to initiate a war on two fronts. Premier Hua had said that China could separate Eastern Siberia from the rest of Russia by cutting their railways. The Soviet Union knew that they could not destroy all of China's missile forces and so the prospect of a retaliatory strike against Soviet cities deterred them from attacking China. In making this fresh appraisal of the strategic relationship between China and the Soviet Union the Chinese were in effect abandoning their own propaganda. Premier Hua had also told him that the Chinese had thoroughly analysed the Soviet strategic position before they undertook what they had termed the self-defence operation in Vietnam. They had been confident that the Soviet Union would not intervene in response to China's involvement, and their assessment had been proved right in the event.

CONFIDENTIAL / THE Prime Minister

CONFIDENTIAL

GR 200

China
P. Minister

CONFIDENTIAL

FM PEKING 100746Z SEP 79

TO PRIORITY FCO

TELEGRAM NUMBER 788 OF 10 SEPTEMBER 79

INFO PRIORITY HONG KONG, WASHINGTON, MOSCOW, TOKYO

ROUTINE CANBERRA, UKDEL NATO

INFO SAVING ULAN BATOR

Print 2/9

and

SINO-SOVIET RELATIONS

1. IN THE COURSE OF A TALK WITH MR HEATH ON 7 SEPTEMBER, HUA GUOFENG SAID SINO/SOVIET NEGOTIATIONS WOULD BEGIN IN MOSCOW IN MID-SEPTEMBER. THE SOVIET UNION WAS READY TO ACCEPT THE CONCEPT OF OPPOSING HEGEMONISM. IN ORDER TO GIVE SUBSTANCE TO THIS, HOWEVER, THE CHINESE WERE REQUIRING THAT THE RUSSIANS AGREE TO WITHDRAW THEIR FORCES FROM THE NORTHERN BORDER AND FROM MONGOLIA, REDUCE THE STRENGTH OF THOSE FORCES TO THE LEVEL IN THE PERIOD OF KHRUSCHEV AND THAT NEITHER SIDE SHOULD ASSIST AGGRESSION AGAINST A THIRD COUNTRY.

2. ASKED WHETHER A SOVIET UNDERTAKING TO WITHDRAW TROOPS FROM THE NORTHERN BORDER WOULD NOT SUFFICE, HUA INDICATED IT WOULD NOT AND REFERRED TO CONTINUING SOVIET SUPPORT FOR VIETNAM.

3. MR HEATH COMMENTED THAT THESE CONDITIONS WOULD BE DIFFICULT FOR THE RUSSIANS TO SATISFY BUT SUGGESTED ONE INDUCEMENT FOR SOVIET CONCESSIONS WOULD BE THE HOPE THAT THEY COULD WEAN CHINA AWAY WITH HER PRESENT GOOD RELATIONS WITH THE UNITED STATES AND WESTERN EUROPE.

CONFIDENTIAL

/4. HUA REPLIED

4. HUA REPLIED THAT THE NATURE OF SOCIALIST IMPERIALISM WAS UNLIKELY TO CHANGE. THE NEGOTIATIONS WITH THE RUSSIANS WOULD BE MOST DIFFICULT AND PROLONGED. THE NEGOTIATIONS ON THE BOUNDARY HAD ALREADY TAKEN 10 YEARS WITHOUT RESULT. THE CHINESE ATTACHED GREAT IMPORTANCE TO THEIR RELATIONS WITH WESTERN EUROPE AND HIS COMING VISIT REFLECTED THIS.

5. RECORD FOLLOWS BY BAG.

[COPIES SENT TO NO 10 DOWNING ST]

CRADOCK

DEPARTMENTAL DISTN.

FED

EESD

SEAD

HK & GD

DEF D

UND

EID

N AM D

PUSD

OID

IPD

NEWS D

CABINET OFFICE

COPIES TO:

ASSESSMENTS STAFF

DIO.

} CABINET OFFICE

CONFIDENTIAL

GR 300

CHINA
2

Prime Minister

6/24/5

CONFIDENTIAL

FM MOSCOW 221445Z MAY 79

TO PRIORITY FCO

TELEGRAM NUMBER 299 OF 22 MAY.

INFO PEKING, WASHINGTON, UKMIS NEW YORK, UKDEL NATO,
TOKYO, DELHI, ULAN BATOR.

[Ulan]

PEKING TELNO 450: SINO-SOVIET RELATIONS.

1. THERE HAS BEEN NO PUBLIC REACTION HERE TO THE CHINESE MEMORANDUM OF 5 MAY. KAPITSA, (HEAD OF THE SOVIET MFA FAR EASTERN DEPT) TOLD ME TODAY THAT THE RUSSIANS WERE PREPARED TO TALK IF THE CHINESE SERIOUSLY WISHED TO REACH AGREEMENT, BUT THAT THEY REMAINED SCEPTICAL. THE CHINESE INDICATION OF READINESS TO NEGOTIATE PRINCIPLES OF MUTUAL RELATIONS MIGHT SOUND PROMISING, BUT CHINESE GOOD FAITH WAS CALLED INTO QUESTION BY THEIR UNWILLINGNESS TO DISCUSS THE POSSIBILITY OF AGREEING TO DISCONTINUE HOSTILE PROPAGANDA. THE RUSSIANS HAD ONCE BEFORE ENTERED TALKS (ON THE BORDER QUESTION) ONLY TO BE FACED WITH A CHINESE ATTEMPT TO BROADEN THE DISCUSSIONS TO SUCH AN EXTENT AS TO MAKE THEM WORTHLESS. THE RUSSIANS WOULD GIVE VERY CAREFUL CONSIDERATION TO THE NEXT MOVE.

2. MORE GENERALLY ON SINO-SOVIET RELATIONS, KAPITSA BELIEVED THERE WOULD BE IMPROVEMENT, BUT THAT IT WOULD BE LIMITED: HOSTILITY TOWARDS THE SOVIET UNION WAS THE ONLY CURRENCY IN WHICH CHINA COULD PAY FOR THE FRIENDSHIP AND SUPPORT OF THE WEST, AND THE CLOSENESS OF THE SINO-SOVIET RELATIONSHIP WOULD NOT EXCEED THAT OF THE CURRENT US-SOVIET ONE.

KEEBLE

FCO/WHITEHALL DISTRIBUTION

FED

CONFIDENTIAL

CONFIDENTIAL

2

GRS 580

CONFIDENTIAL

FM PEKING 150845Z MAY 79

TO PRIORITY FCO

TELNO 450 OF 15 MAY

AND TO MOSCOW, WASHINGTON, UKMIS NEW YORK, UKDEL NATO, TOKYO,
DELHI, CANBERRA

Prime Minister

16/5

P.A.
14/5

SINO/SOVIET RELATIONS

1. YOU WILL HAVE SEEN PRESS REPORTS THAT THE CHINESE HAVE PUT TO THE RUSSIANS NEW PROPOSALS FOR NEGOTIATIONS. THE MFA HAVE CONFIRMED THAT THE CHINESE GOVERNMENT ON 5 MAY PRESENTED TO THE SOVIET SIDE A MEMORANDUM PROPOSING THAT THE TWO SIDES HOLD NEGOTIATIONS TO RESOLVE OUTSTANDING QUESTIONS BETWEEN THEM AND TO IMPROVE RELATIONS. THIS MEMORANDUM, REPLYING TO THE SOVIET NOTE OF 17 APRIL, WAS HANDED OVER BY YU ZHAN, DEPUTY FOREIGN MINISTER, TO THE SOVIET AMBASSADOR. THE MEMORANDUM SAID THAT THE CHINESE SIDE WAS READY TO HOLD WIDE-RANGING NEGOTIATIONS, IN ADDITION TO CONTINUING THE SINO/SOVIET BORDER NEGOTIATIONS WHICH SHOULD ACHIEVE RESULTS AS SOON AS POSSIBLE. THE NEGOTIATIONS SHOULD INCLUDE THE FORMULATION OF PRINCIPLES GUIDING RELATIONS BETWEEN THE TWO COUNTRIES, THE REMOVAL OF OBSTACLES TO NORMALISATION OF RELATIONS, AND THE QUESTIONS OF THE DEVELOPMENT OF TRADING, SCIENTIFIC AND TECHNOLOGICAL AND CULTURAL EXCHANGES. THE MEMORANDUM WOULD NOT BE PUBLISHED. THE CHINESE HAVE TOLD WEST GERMAN COLLEAGUES THAT CHINA WAS WAITING TO SEE WHETHER THE SOVIET UNION ARE "SINCERE". CHINA WISHED TO REACH A MODUS VIVENDI, EVEN THOUGH THERE REMAINED DIFFERENCES OF OPINION. BUT THE DIFFERENCES SHOULD NOT IMPEDE THE NORMALISATION OF RELATIONS. THE MFA INDICATED THAT ARRANGEMENTS FOR THE LEVEL, TIME AND PLACE OF THE NEGOTIATIONS WERE TO BE DECIDED THROUGH CONSULTATION.

2. A MEMBER OF THE SOVIET EMBASSY CONFIRMED THAT THE MFA'S ACCOUNT ACCURATELY REFLECTED THE CONTENT OF THE MEMORANDUM AND COMMENTED THAT, IN SUGGESTING NEGOTIATIONS ON PRINCIPLES GUIDING MUTUAL RELATIONS AND ON SCIENTIFIC AND TECHNOLOGICAL AND CULTURAL EXCHANGES, THE CHINESE WERE BREAKING NEW GROUND, SINCE IN RECENT TIMES THEY HAD EXCLUDED THESE SUBJECTS FROM NEGOTIATION. THE

/SOVIET

CONFIDENTIAL

CONFIDENTIAL

SOVIET DIPLOMAT ADDED THAT THE CHINESE HAD INDICATED THAT THEY WOULD LIKE DOCUMENTS TO BE SIGNED BY EARLY 1980 AND THAT THEY WOULD AGREE TO THE NEGOTIATIONS TAKING PLACE IN MOSCOW. CHINESE DIPLOMATS HAD INFORMALLY IMPLIED THAT THE NEGOTIATIONS MIGHT TAKE PLACE AT THE LEVEL OF FOREIGN MINISTER.

3. THE SOVIET DIPLOMAT SAID THAT AT AN EARLIER MEETING BETWEEN YU ZHAN AND SHCHERBAKOV ON 15 FEBRUARY, YU ZHAN HAD BEEN EXTREMELY NEGATIVE ON THE SUBJECT OF NEGOTIATIONS. THE RUSSIANS WERE WONDERING WHAT HAD CAUSED A SUDDEN MARKED CHANGE IN THE CHINESE APPROACH. THEY WOULD CONSIDER THE CHINESE PROPOSALS CAREFULLY AND WOULD BE IN NO HURRY TO GIVE A REPLY. THE CHINESE PROPOSALS WERE COUCHED IN GENERAL TERMS AND THE SOVIET SIDE WOULD NEED A MORE DETAILED INDICATION OF WHAT THE CHINESE HAD IN MIND BEFORE THEY WOULD AGREE TO ENTER INTO NEGOTIATIONS. IF, FOR EXAMPLE, THE CHINESE INTENDED PROPOSING PRINCIPLES GOVERNING MUTUAL RELATIONS SIMILAR TO THE EIGHT PRINCIPLES WHICH THEY HAD RECENTLY PUT TO THE VIETNAMESE, THE NEGOTIATIONS WOULD BE A WASTE OF TIME.

4. WHILE THERE IS NO REASON TO BELIEVE THAT THE CHINESE PROPOSALS REFLECT A FUNDAMENTAL RE-THINK OF THE CHINESE APPROACH TO THE SOVIET UNION, THE CHINESE MAY NOW SEE TACTICAL BENEFIT IN TAKING SOME OF THE TENSION OUT OF THEIR RELATIONS WITH THE SOVIET UNION, PARTICULARLY IN VIEW OF THE CONTINUING STRUGGLE WITH VIETNAM.

CRADOCK

[COPIES SENT TO NO 10 DOWNING ST]

DEPARTMENTAL DIST:

FED

EESD

NAD

SPD

WED

SAD

OID

IPD

WED
NEWS.D

CABINET Office

CONFIDENTIAL

CRS 580

CONFIDENTIAL

FM PEKING 150845Z MAY 79

TO PRIORITY FCO

TELNO 450 OF 15 MAY

AND TO MOSCOW, WASHINGTON, UKMIS NEW YORK, UKDEL NATO, TOKYO,
DELHI, CANBERRA

SINO/SOVIET RELATIONS

1. YOU WILL HAVE SEEN PRESS REPORTS THAT THE CHINESE HAVE PUT TO THE RUSSIANS NEW PROPOSALS FOR NEGOTIATIONS. THE MFA HAVE CONFIRMED THAT THE CHINESE GOVERNMENT ON 5 MAY PRESENTED TO THE SOVIET SIDE A MEMORANDUM PROPOSING THAT THE TWO SIDES HOLD NEGOTIATIONS TO RESOLVE OUTSTANDING QUESTIONS BETWEEN THEM AND TO IMPROVE RELATIONS. THIS MEMORANDUM, REPLYING TO THE SOVIET NOTE OF 17 APRIL, WAS HANDED OVER BY YU ZHAN, DEPUTY FOREIGN MINISTER, TO THE SOVIET AMBASSADOR. THE MEMORANDUM SAID THAT THE CHINESE SIDE WAS READY TO HOLD WIDE-RANGING NEGOTIATIONS, IN ADDITION TO CONTINUING THE SINO/SOVIET BORDER NEGOTIATIONS WHICH SHOULD ACHIEVE RESULTS AS SOON AS POSSIBLE. THE NEGOTIATIONS SHOULD INCLUDE THE FORMULATION OF PRINCIPLES GUIDING RELATIONS BETWEEN THE TWO COUNTRIES, THE REMOVAL OF OBSTACLES TO NORMALISATION OF RELATIONS, AND THE QUESTIONS OF THE DEVELOPMENT OF TRADING, SCIENTIFIC AND TECHNOLOGICAL AND CULTURAL EXCHANGES. THE MEMORANDUM WOULD NOT BE PUBLISHED. THE CHINESE HAVE TOLD WEST GERMAN COLLEAGUES THAT CHINA WAS WAITING TO SEE WHETHER THE SOVIET UNION ARE "SINCERE". CHINA WISHED TO REACH A MODUS VIVENDI, EVEN THOUGH THERE REMAINED DIFFERENCES OF OPINION. BUT THE DIFFERENCES SHOULD NOT IMPEDE THE NORMALISATION OF RELATIONS. THE MFA INDICATED THAT ARRANGEMENTS FOR THE LEVEL, TIME AND PLACE OF THE NEGOTIATIONS WERE TO BE DECIDED THROUGH CONSULTATION.

2. A MEMBER OF THE SOVIET EMBASSY CONFIRMED THAT THE MFA'S ACCOUNT ACCURATELY REFLECTED THE CONTENT OF THE MEMORANDUM AND COMMENTED THAT, IN SUGGESTING NEGOTIATIONS ON PRINCIPLES GUIDING MUTUAL RELATIONS AND ON SCIENTIFIC AND TECHNOLOGICAL AND CULTURAL EXCHANGES, THE CHINESE WERE BREAKING NEW GROUND, SINCE IN RECENT TIMES THEY HAD EXCLUDED THESE SUBJECTS FROM NEGOTIATION. THE

/SOVIET

CONFIDENTIAL

SOVIET DIPLOMAT ADDED THAT THE CHINESE HAD INDICATED THAT THEY WOULD LIKE DOCUMENTS TO BE SIGNED BY EARLY 1980 AND THAT THEY WOULD AGREE TO THE NEGOTIATIONS TAKING PLACE IN MOSCOW. CHINESE DIPLOMATS HAD INFORMALLY IMPLIED THAT THE NEGOTIATIONS MIGHT TAKE PLACE AT THE LEVEL OF FOREIGN MINISTER.

3. THE SOVIET DIPLOMAT SAID THAT AT AN EARLIER MEETING BETWEEN YU ZHAN AND SHCHERBAKOV ON 15 FEBRUARY, YU ZHAN HAD BEEN EXTREMELY NEGATIVE ON THE SUBJECT OF NEGOTIATIONS. THE RUSSIANS WERE WONDERING WHAT HAD CAUSED A SUDDEN MARKED CHANGE IN THE CHINESE APPROACH. THEY WOULD CONSIDER THE CHINESE PROPOSALS CAREFULLY AND WOULD BE IN NO HURRY TO GIVE A REPLY. THE CHINESE PROPOSALS WERE COUCHED IN GENERAL TERMS AND THE SOVIET SIDE WOULD NEED A MORE DETAILED INDICATION OF WHAT THE CHINESE HAD IN MIND BEFORE THEY WOULD AGREE TO ENTER INTO NEGOTIATIONS. IF, FOR EXAMPLE, THE CHINESE INTENDED PROPOSING PRINCIPLES GOVERNING MUTUAL RELATIONS SIMILAR TO THE EIGHT PRINCIPLES WHICH THEY HAD RECENTLY PUT TO THE VIETNAMESE, THE NEGOTIATIONS WOULD BE A WASTE OF TIME.

4. WHILE THERE IS NO REASON TO BELIEVE THAT THE CHINESE PROPOSALS REFLECT A FUNDAMENTAL RE-THINK OF THE CHINESE APPROACH TO THE SOVIET UNION, THE CHINESE MAY NOW SEE TACTICAL BENEFIT IN TAKING SOME OF THE TENSION OUT OF THEIR RELATIONS WITH THE SOVIET UNION, PARTICULARLY IN VIEW OF THE CONTINUING STRUGGLE WITH VIETNAM.

CRADOCK

[COPIES SENT TO NO 10 Downing St]

DEPARTMENTAL DIST:

FED

EESD

NAD

SPD

WED

SAD

OID

IPD

WED
NEWS.D

CABINGT Office

Grey Scale #13



A

1

2

3

4

5

6

M

8

9

10

11

12

13

14

15

B

17

18

19

