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FM BONN 251535Z OCTOBER 79

TO IMMEDIATE FCO

TELEGRAM NO 630 OF 25 OCTOBER

INFO PRIORITY ROME

INFO ROUTINE PEKING, PARIS, WASHINGTON, MOSCOW, HANOI, VIENTIANE AND BANGKOK.

HUA GUOFENG'S VISIT TO THE FRG

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HUA GUOFENG'S VISIT TO THE FRG

1. HUA LEFT BONN YESTERDAY FOR VISITS TO HAMBURG, BADEN-WUERTTEMBERG AND BAVARIA BEFORE LEAVING THE FEDERAL REPUBLIC. THE DUST HAS NOT YET FULLY SETTLED AFTER HIS TALKS IN BONN BUT THE FOLLOWING ARE THE MAIN POINTS WE HAVE BEEN ABLE TO ELICIT FROM SENIOR OFFICIALS IN THE FEDERAL CHANCELLOR'S OFFICE. WE UNDERSTAND THAT RUHFUS HAS ALREADY BEEN IN TOUCH WITH NO 10 DIRECT ABOUT THE VISIT.

GENERAL

2. SCHMIDT HAD NOT EXPECTED VERY MUCH FROM THE VISIT AND WAS PLEASANTLY SURPRISED BY THE OUTCOME. HIS TALKS WITH HUA (WHICH HAD PRODUCED A SURPRISINGLY WIDE MEASURE OF AGREEMENT) WERE INTENSIVE AND COVERED THE WHOLE WORLD. THE CHANCELLOR WAS GREATLY IMPRESSED BY HUA. FOR A MAN WHO KNEW LITTLE OF THE OUTSIDE WORLD FROM PERSONAL EXPERIENCE HIS GRASP OF INTERNATIONAL AFFAIRS HAD BEEN QUITE EXTRAORDINARY.

3. SCHMIDT ACCEPTED AN INVITATION TO VISIT CHINA. THIS IS NOT LIKELY TO TAKE PLACE BEFORE 1981.

EAST-WEST RELATIONS

4. THE CHINESE SHOWED THEMSELVES SURPRISINGLY WELL-INFORMED ON FRG POLICIES AND SENSITIVITIES. THE GERMANS SURMISE THAT IT WAS PERHAPS BECAUSE OF THIS THAT HUA DID NOT TRY, EITHER DURING THE TALKS OR IN PUBLIC, TO USE THE VISIT AS A SOUNDING BOARD FOR ATTACKS AGAINST THE SOVIET UNION. HE TOOK A GENERALLY SOFTER LINE ON THE SOVIET UNION THAN HE HAD DONE IN PARIS, ALTHOUGH HE WAS PESSIMISTIC ABOUT THE SINO/SOVIET TALKS. HE DID NOT ATTACK THE SOVIET UNION BY NAME IN PUBLIC.

5. HUA HAD NATURALLY SPOKEN STRONGLY IN FAVOUR OF A POWERFUL AND UNITED EUROPE. ON DETENTE, HE HAD SHOWN GREAT UNDERSTANDING FOR SCHMIDT'S POINT OF VIEW. IN DISCUSSION WITH THE CHANCELLOR HE VERY MUCH PLAYED DOWN THE INEVITABILITY OF WAR, WHICH COULD BE POSTPONED FOR A VERY LONG TIME IF EUROPE REMAINED STRONG ENOUGH TO STAND UP TO THE SOVIET UNION: THE RUSSIANS COULD NOT SURVIVE A WAR ON TWO FRONTS. THE GERMANS WERE NOT SURE WHETHER THIS REPRESENTED A REAL SHIFT IN THE CHINESE POSITION OR WHETHER HUA HAD CHOSEN TO PLAY DOWN THE THREAT OF WAR FOR TACTICAL REASONS.

6. THE POSSIBILITY OF FRG ARMS SUPPLIES TO CHINA WAS NOT MENTIONED BY EITHER SIDE.

INDO-CHINA

7. HUA HAD BEEN INSISTENT THAT THE CHINESE INCURSION INTO VIETNAM HAD NOT BEEN UNDERTAKEN WITHOUT CAREFUL REFLECTION BEFOREHAND. IT HAD BEEN NECESSARY BOTH AS A LESSON TO THE SOVIET

BEFOREHAND. IT HAD BEEN NECESSARY BOTH AS A LESSON TO THE SOVIET UNION AND AS A FORM OF SUPPORT TO ASEAN. HUA RAISED NO DIFFICULTIES ABOUT HUMANITARIAN AID TO CAMBODIA, BUT EXPRESSED THE HOPE THAT IT WOULD BE SENT BY WAY OF THAILAND TO AVOID ITS FALLING INTO THE HANDS OF HENG SAMRIN'S FORCES.

MIDDLE-EAST

8. SCHMIDT SAID THAT THE MIDDLE EAST CONFLICT REPRESENTED A GREATER THREAT TO WORLD PEACE THAN THE TROUBLES IN INDO-CHINA BECAUSE OF THE POSSIBLE CONSEQUENCES FOR WESTERN ENERGY SUPPLIES. HUA AGREED.

RHODESIA

9. SCHMIDT SPOKE STRONGLY IN SUPPORT OF BRITISH EFFORTS TO ACHIEVE A SETTLEMENT.

NON-ALIGNED MOVEMENT

10. SCHMIDT EXPRESSED HIS CONCERN AT THE WAY IN WHICH THE NAM, WAS MOVING UNDER CUBAN PRESIDENCY. HUA SAID THAT HE TOO WAS SCEPTICAL ABOUT THE MOVEMENTS PROSPECTS.

CHINA AS A DEVELOPING COUNTRY

11. IN HIS TALKS WITH THE GERMANS YU QIULI LEFT THE GERMANS IN NO DOUBT THAT CHINA WISHED TO BE TREATED AS A DEVELOPING COUNTRY. THE GERMANS SAID THAT THE FRG WOULD NOT OPPOSE ANY MOVE FORMALLY TO DESIGNATE CHINA AS A DEVELOPING COUNTRY IF THIS WERE ACCEPTABLE TO THEIR WESTERN PARTNERS.

BILATERAL

12. ECONOMIC COOPERATION, CULTURAL AND CONSULAR AGREEMENTS WERE SIGNED DURING THE VISIT. DETAILS WILL FOLLOW BY BAG.

13. ON THE ECONOMIC SIDE THE CHINESE TOLD THE GERMANS IN THE NICEST POSSIBLE WAY ABOUT THE ADVANTAGEOUS CREDIT TERMS THEY WERE RECEIVING FROM JAPAN. THE GERMANS MAINTAINED THEIR PREVIOUS POSITION THAT CREDIT SHOULD BE ARRANGED THROUGH THE PRIVATE SECTOR. BUT EXPORT CREDIT GUARANTEES WOULD CONTINUE TO BE AVAILABLE TO GERMAN FIRMS TRADING WITH CHINA.

14. THE CHINESE ASKED FOR INCREASED COOPERATION IN THE MINING AND PROCESSING OF RARE EARTH METALS AND EXPRESSED AN INTEREST IN INCREASED COMPENSATION TRADING. THE GERMANS REACTED CAUTIOUSLY ON THE LATTER POINT. DETAILS OF INDIVIDUAL CONTRACTS WERE NOT DISCUSSED.

15. FCO PLEASE PASS ADVANCE COPY TO NO. 10 DOWNING STREET.

WRIGHT

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SENT AT 25/1620Z LB