

Ref: A09128



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Prime Minister

Content with objectives? → please
note in particular C.3 on page

MR. COLES

3.

A.S.C. $\frac{30}{7}$

I much prefer your version
of the H/K objectives.

Attention
agreed
not

Prime Minister's Visit to the Far East,
16th-29th September 1982

Sir Antony Acland copied to you his letter of 7th July to me about the Prime Minister's forthcoming visits to Japan, China and Hong Kong. I have not minuted you before about the briefing arrangements for these visits, since I have had to await comments from the other Permanent Secretaries concerned about the proposals contained in that letter and its enclosures.

2. None of the Permanent Secretaries to whom Sir Antony Acland's letter was copied have made any comments on the contents of the letter as far as these concern the background against which the visits will be taking place and also developments in Japan and China. The letter made the point that neither in the political nor in the economic arena has Japan's performance as a member of the club of advanced countries been very satisfactory. As was seen in particular over the Falkland Islands, Japan's sense of political responsibility remains immature. Japan's response to the pressures of the international economic situation has also been inadequate, and her government has sought to forestall or divert criticism about the problems created by Japan's export policies by taking piecemeal or short-term and generally minimal measures in the hope of temporarily placating Japan's critics rather than making the more fundamental policy adjustments which her trading partners would welcome. This approach was evident in the run-up to the recent Versailles Economic Summit, when the Japanese announced a number of minor measures allegedly to encourage imports in an ultimately successful effort to prevent the Summit itself raising Japan's trading policies as a leading agenda item. These considerations have caused the Department of Trade to propose a more pointed British objective for the visit in the area of trade policy.

3. As far as China and Hong Kong are concerned, the combination of the two visits will inevitably mean that one of the principal focuses of attention for the Prime Minister's talks in Peking will be the future of Hong Kong.



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There will similarly be much attention paid in Hong Kong to the implications of the Prime Minister's talks in China for the future of the Colony with all that that involves for the financial and trading interests based there. The Prime Minister has already had the opportunity of discussing these aspects of her visits to Hong Kong and China with Lord Maclehole and she is also to see Sir Percy Cradock later this week to discuss her visit to Peking. (She has also seen Sir Hugh Cortazzi about the visit to Japan.) In the light of these discussions, she will no doubt have her own views on the draft objectives for the visits and on the list of briefs, both of which I attach with this minute.

4. I should be grateful if you could let me know the Prime Minister's views on these drafts so that I can put in hand the commissioning of the briefs by the Cabinet Office. We would aim to arrange for them to reach you by close of play on Friday, 10th September. The Prime Minister's briefing meeting for the Far Eastern visits is currently planned for Monday, 13th September. She will thus have the weekend of 11th and 12th September in which to study the briefs.

Robert Armstrong

28th July 1982

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ANNEX A

PRIME MINISTER'S VISIT TO THE FAR EAST
16-29 SEPTEMBER 1982

OBJECTIVES

A. JAPAN

BROAD OBJECTIVES (UNITED KINGDOM)

1. To encourage Japan to accept greater responsibility for the international consequences of her economic success, and to adapt her economic and trading policies accordingly.
2. To promote industrial collaboration between the United Kingdom and Japan.
3. To convey the continued importance we attach to collaboration with Japan on political as well as economic issues.
4. To promote specific bilateral economic and commercial objectives.

SPECIFIC OBJECTIVES (UNITED KINGDOM)

ECONOMIC - INTERNATIONAL

5. To bring the Japanese to recognise the need for adjustment of their economic policies so as to prevent continuing large trade surpluses; to avoid export-led growth; to increase import propensity to levels comparable with other OECD countries; to support voluntary restraint arrangements as a means of avoiding direct Government action; and to encourage measures to strengthen the yen.

ECONOMIC - BILATERAL

6. To promote inward investment and scientific and industrial co-operation.

POLITICAL

7. To seek Japanese support for United Kingdom/Western objectives especially in East/West matters and the Middle East; and to exchange views on other international issues, especially Asian questions.

COMMERCIAL

8. To promote aircraft sales (BAe 146); defence sales (especially Sea Harrier); and sales of high technology equipment. To emphasise the need for changes in the structure of Japanese industry and distribution to reduce the propensity for self-sufficiency and to secure easier access for foreign goods. To press for meaningful reductions in tariffs in areas of importance to the United Kingdom.

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LIKELY JAPANESE OBJECTIVES

1. To repair the damage to Anglo-Japanese relations caused by Japanese unhelpfulness over the Falklands.
2. Following recent visits to Japan by other European leaders (Pertini, Mitterrand) and contacts eg at Versailles, to strengthen overall political and economic co-operation with Britain.
3. To avoid excessive concentration on bilateral (United Kingdom-Japan and EC-Japan) trade problems; and to convey the importance of recent measures to open the Japanese market.

B. CHINA

MAIN OBJECTIVES (UNITED KINGDOM)

1. To demonstrate Britain's willingness to develop through exchanges at the top level an enduring and balanced relationship with China. To show our confidence in China's stability and our interest in long-term co-operation, especially in Chinese economic development.
2. To continue a dialogue with the Chinese leadership on international issues. To explain our view particularly of the Soviet threat and of North-South questions. To persuade China of Western unity, realism and determination. To encourage China to play a constructive role in international organisations and debates.
3. Against this background, to obtain further Chinese understanding and co-operation over Hong Kong: this is the dominant objective for the visit. To reaffirm our wish to see a major Hong Kong contribution to China's economic development. To seek agreement on the opening of discussions on the future of the Territory after 1997. To contain public expectations of progress on the issue so that confidence in Hong Kong is not undermined.
4. To take such limited opportunities as may arise to further our commercial interests. To register with the Chinese what we have to offer in terms of technology and experience. To discuss possibilities for future commercial co-operation, including the Guangdong nuclear project.

LIKELY CHINESE OBJECTIVES

1. To discourage any weakening of British resolve to resist Soviet expansionism. To persuade Her Majesty's Government to work for greater European and NATO cohesion and to adopt more radical North/South policies aimed at reducing Soviet penetration of the Third World.
2. To persuade Her Majesty's Government of Chinese political stability and of the prospect of continuity for China's current 'open door' economic policy.

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3. To achieve progress towards the re-establishment of Chinese sovereignty over Hong Kong without jeopardising the Territory's prosperity.
4. To secure aid or concessionary finance in support of British involvement in China's economic modernisation.
5. To obtain Her Majesty's Government's support for the further development of economic co-operation between China and Hong Kong.
6. To obtain Her Majesty's Government's support for the maintenance of Democratic Kampuchea's credentials at the United Nations and to secure political support for the recently formed coalition of anti-Vietnamese forces in Cambodia.

C. HONG KONG

MAIN OBJECTIVES (UNITED KINGDOM)

1. To reassure the people of Hong Kong that Her Majesty's Government's commitment is as strong as ever.
2. To confirm that the common objective of the United Kingdom and China is to maintain Hong Kong's prosperity and stability.
3. [Depending on the results of the China visit] To confirm that in discussions with the Chinese on Hong Kong's future the interests of the people of Hong Kong will be taken into account.

LIKELY HONG KONG OBJECTIVES

1. To bring to the Prime Minister's attention certain United Kingdom/Hong Kong issues, notably Hong Kong's unhappiness over the Multi-Fibre Arrangement, the Nationality Act, and students' fees.
2. To obtain firm assurances that Britain is in no way distancing itself from Hong Kong.
3. To encourage Her Majesty's Government to face up to the problem of the future of Hong Kong in the near future and to ensure that in any discussions with the Chinese the wishes of the Hong Kong people are taken into account.

Prime Minister

C 3 above. You may prefer something like:-

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" To confirm that in discussions with the Chinese on Hong Kong's future we shall be guided by our aim will be to secure a prosperous and secure future for the people of Hong Kong."

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ANNEX B

LIST OF BRIEFS FOR THE PRIME MINISTER'S VISIT TO
THE FAR EAST - 16-29 SEPTEMBER 1982

<u>LIST OF BRIEFS</u>	<u>Lead Department</u>	<u>In consultation with</u>
A. JAPAN		
1. Steering Brief (together with programmes and personality notes)	FCO(FED)	
<u>Bilateral Matters</u>		
2. Industrial issues (including inward investment and industrial and scientific co-operation)	DOI	FCO(FED/EESD/ TRED)
3. Commercial issues (including BAe 146)	DOT	FCO(FED/TRED)
4. Defence relations and sales	MOD	FCO/FED/Defence)
<u>International Matters</u>		
5. EC/Japan (trade/political co-operation)	FCO (ECD(E))	DOT, DOI, TSY
6. Japanese Economy-International Implications	Treasury	FCO(ECD(E)FED) DOT, DOI
7. East and South East Asia	FCO(FED/ SEAD)	
8. East-West political relations (including Afghanistan)	FCO(EESD)	
9. East-West economic relations	FCO(TRED)	DOT, Treasury
10. Defence (and forces)	MOD	FCO(FED/Defence)
11. North-South dialogue	FCO(ERD)	Treasury
12. Middle East	FCO(NENAD/ MED)	

Capitular

LIST OF BRIEFS

Lead
Department

In consultation
with

Background Briefs

- | | | | |
|-----|------------------------------------|----------|--|
| 13. | Japan Foreign Policy | FCO(FED) | |
| 14. | Anglo-Japanese political Relations | FCO(FED) | |
| 15. | Politics in Japan | FCO(FED) | |
| 16. | Northern Islands | FCO(FED) | |

B. CHINA

- | | | | |
|----|---|----------|--|
| 1. | Steering Brief (together with programmes and personality notes) | FCO(FED) | |
|----|---|----------|--|

Bilateral Matters

- | | | | |
|-----|--|------------------|-------------------------------|
| 2. | Future of Hong Kong | FCO(HKGD) | |
| 3. | Guangdong Nuclear Project | DOI | FCO(FED/NED)
Treasury, DOT |
| 4. | Other commercial issues (eg involvement in modernisation of Chinese coal industry and ports, telecommunications and agricultural co-operation) | DOT | FCO(FED) |
| 5. | Defence Relations and Sales | MOD | FCO(FED/TRED) |
| 6. | Aid | ODA | FCO(FED/CRD)
Treasury, DOT |
| 7. | Scientific and Technological Co-operation and Educational exchanges | FCO(CRD) | DES, ODA |
| 8. | Air Services | FCO(MAED) | DOT |
| 9. | Consular agreement (including opening of consulate at Shanghai) | FCO(FED) | |
| 10. | Claims | FCO(Claims Dept) | Treasury |
| 11. | Travel Restrictions | FCO(FED) | |

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LIST OF BRIEFS

International Matters

	<u>Lead Department</u>	<u>In Consultation with</u>
12. East and South East Asia	FCO(FED/ SEAD)	
13. China and South Asia	FCO(SAD)	
14. East-West Relations (including Poland and Afghanistan)	FCO(EESD)	
15. Defence (and forces)	MOD	Treasury FCO(FED/Defence)
16. Middle East	FCO(NENAD/ MED)	
17. Arms Control	FCO(ACDD)	
18. COCOM	FCO(TRED)	MOD

Background Briefs

19. Chinese Foreign Policy (including Sino/US and Sino/Soviet relations)	FCO(FED)	
20. Anglo-Chinese Political Relations	FCO(FED)	
21. Chinese Internal Policies	FCO(FED)	
22. Chinese Economy (including modernisation)	MOD(D173)	FCO(FED), DOT
23. Taiwan	FCO(FED)	DOT

C. HONG KONG

1. Steering Brief (together with programmes and personality notes)	FCO(HKGD)	
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Bilateral Matters

2. UK/Hong Kong issues (eg Nationality Act, Students Fees, MFA, refugees)	FCO(HKGD)	Treasury
3. Defence and Security	FCO(HKGD)	MOD
4. Castle Peak Power Station	DOI	FCO(HKGD), Treasury, DOT

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LIST OF BRIEFS

	<u>Lead</u> <u>Department</u>	<u>In consultation</u> <u>with</u>
5. Other Major Commercial Opportunities	DOT	FCO(HKGD) Treasury
6. Meeting with Unofficial Members of the Executive and Legislative Councils (UMELCO)	FCO(HKGD)	
7. Multifibre Agreement in Hong Kong	DQT	FCO(ECD(E))

Background Briefs

8. Hong Kong's Political, Economic and Social Situation	FCO(HKGD)	
9. Hong Kong's Economic Relations with UK, EC, US and Japan	FCO(HKGD)	