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10 DOWNING STREET

From the Private Secretary

30 July 1982

AID TO CHINA

The Prime Minister has seen your letter of 28 July in which you state that Ministers have decided to start a broader programme of technical cooperation with China.

Mrs. Thatcher is doubtful whether the proposed funds will be usefully spent in this way. She considers that the relatively small amount of money involved is unlikely to make much impact in China and doubts whether it will further our commercial interests in any significant way. She believes that the money would be better spent in smaller countries and in that connection mentioned the possibility of using such funds to finance training awards for Malaysians.

Mr. Marten may wish to reflect further about the proposal and let the Prime Minister have his considered views.

I am copying this letter to Francis Richards (Foreign and Commonwealth Office), John Rhodes (Department of Trade) and Terry Mathews (Chief Secretary's Office, HM Treasury).

A. J. COLES

Michael Power, Esq.,
Overseas Development Administration

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