

MEETING WITH ZHAO ZIYANG

1. Recall discussions during 1982 visit. With exchanges so frequent, know each other's views well. Let's begin with discussion of Hong Kong: go on to concise exchanges on issues of political relations: then trade and economic relations: finally international issues.

2. Hong Kong. Come to Peking to sign to symbolize high importance UK attaches to the agreement and successful implementation of it.

Committed to implement it in every respect. Welcome your statements in same vein. Helpful for ^{reassuring} ~~reassessing~~ Hong Kong opinion.

/ Want

B.L. - Maintenance of confidence

- Have to be ² right for capitalistic system

- Right for the courts - + legal system - must be clear

Want to cooperate to put agreement into effect.

Joint Liaison Group of great importance as forum for consultation. [Wandering until 1984 - talks on composition]

Drafting of Basic Law task of particular importance.

Welcome your statement that you would solicit opinion from wide range of people in Hong Kong.

We shall do all we can to preserve stability and prosperity. Financial management will be prudent and cautious.

You will know of White Paper on constitutional development in Hong Kong. Aim is to give people the

/ experience

experience needed to run their own administration post-1997.

*From 1985 - elected gov in Hk. Co.
Canton Pacific - leader in int'l affairs.*

3. Bilateral Issues. Welcome growth of bilateral contact. HM The Queen accepts Chinese invitation in principle, but can't come before 1986. Hope that Zhao himself will come in October next year.

Propose negotiation of Nuclear Cooperation Agreement as framework for collaboration between British firms and Chinese counterparts.

Hope early progress can be made on settlement of Claims.

/ On

On Air Services hope for further extension of arrangements on BA's Hong Kong-Peking service and greater role for Cathay Pacific in Hong Kong-China services.

4. Trade. Britain has a great deal to offer to China's modernisation. Want to increase our bilateral trade. Hope you can agree to receive high-level business mission led by Lord Young.

Particular areas are power generation, offshore oil and gas, coalmining (Shell Coal International at JEENING and NCB at Herbay), and aerospace (Bae 146).

/ Other

Other projects include: Hong Kong-Canton highway, Shenzhen-Canton railway, Shenzhen Airport, Pingguo Aluminium Project, Beijing Subway, China Aluminium Complex.

5. Guangdong Nuclear. Welcome progress towards Joint Venture agreement. Full confidence in Lord Kadoorie and China Light and Power as well as in GEC. Important to get contract signed by 15 January. Take decision to move China into top category for ECGC credit. Rate for Guangdong most favourable possible.

9.5-9%

/ 6. International Issues

6. International Issues

- tell about Gorbachev
- ask about Arkhipov visit
- Indo-China
- Afghanistan
- South Asia

Seem to want agreement.

- Not easy.