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10 DOWNING STREET

From the Principal Private Secretary

31 August 1982

Dear Brian,

I attach a note of a conversation which the Prime Minister had with Mr. Robert Adley, M.P. this afternoon. The Prime Minister was particularly struck by the point which Mr. Adley made about the help which the British Government could give the Chinese on tourism through the advice of the British Tourist Authority. She wondered whether there was anything worth pursuing here or in the area of advice on agriculture mentioned by Mr. Adley, which might be both a cheaper and a more welcome form of assistance to the Chinese than the proposals recently put forward on cultural assistance.

I should be grateful if you could consider this and let me have your views.

Yours ever,

Robin Butler

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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Subject

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND
MR ROBERT ADLEY MP ON TUESDAY 31 AUGUST 1982

Mr Adley came in to see the Prime Minister about her forthcoming visit to the Far East, and made the following points:

i) Mr Adley recalled that in 1973 he had urged Sir Anthony Royle, then a Minister at the Foreign Office, to take a more positive approach to the Chinese about the sale of Harriers and had been told that Harriers could only be sold to the Chinese if they made a formal approach, which they were unwilling to do unless they were assured that there was no risk of rebuff. That opportunity had now been lost since China could not afford to pay for Harriers, but Mr Adley said that British companies were continuing to find the COCOM arrangement a source of endless and irritating obstacles to the development of trade with China, and mentioned Sir Peter Matthews of Vickers and the "48 Group" of companies as sources for this. He remarked that the United States Export Licensing Agency had separated China from other countries on the COCOM list and operated a more liberal regime towards it, and suggested that we should do the same.

ii) Mr Adley said that the British Government was not taking ASEAN seriously enough or the Sihanouk coalition in Cambodia. He said that the Prime Minister of Australia had been convinced, on a recent visit to China, that the Chinese would accept the result of democratic elections in Cambodia after a Vietnamese withdrawal and would be content for the emerging Government to become a member of ASEAN. Mr Adley urged the Prime Minister to use her influence to ensure that the United Kingdom and the rest of the EEC fully recognised the importance of ASEAN.

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(iii) Mr. Adley said that the Chinese Government were anxious to ensure that Hong Kong continued as a separate regime within China in due course, and in view of their helpful attitude it was unfortunate that the British were seen as supporting the Americans in the unwise stance they were taking over the provision of arms to Taiwan. The Prime Minister intervened to say that the problem with China over Hong Kong was that they did not understand what was necessary to ensure the maintenance of confidence there, which was the continuation of British law and administration: one of the tasks in her forthcoming visit would be to get this point across to them. Mr. Adley said that he was very concerned about the way in which expectations had grown in Hong Kong about the outcome of the visit. Hong Kong businessmen did not normally concern themselves with politics but, having now become aware that 1997 was only fifteen years away, they had become very concerned about the situation and hopes had grown that the Prime Minister would return from China with a complete solution. It would be as well if these expectations could be dampened down before the Prime Minister's visit.

(iv) Mr. Adley said that he had been asked to advise one of the Chinese provinces on the development of tourism. He added that the Chinese Government were generally interested in the promotion of tourism and that the British Tourist Authority could give considerable help in this respect. Another area in which the British could help China was agriculture.

(v) Mr. Adley described the very strong feelings in China and in the Far East generally about the issue of the Japanese history books and their treatment of the Japanese invasion of China. He said that the feeling was so strong that there was some question whether the proposed visit by the Japanese Prime Minister to China would go ahead.

(vi) Mr. Adley said that as part of his recent visit to the Far East he had visited Malaysia and had been concerned

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about the anti-British feeling. He thought that there was some substance to it since some of the British firms there behaved as if nothing had changed in the last 25 years. The problems over student fees and the Guthrie take-over had not helped. He suggested that some evidence of British concern, for example a visit by a member of the Royal Family, would pay dividends.

F.R.B.

31 August 1982

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