



China MAF
Original
i-GR

cc: JTI

10 DOWNING STREET

THE PRIME MINISTER

6 July 1979

Thank you for your letter of 20 June.

I very much doubt whether the order for cranes which the Chinese placed last year in Japan was influenced in any way by the pace of negotiations on Harrier. The Chinese expressed a firm interest in the purchase of Harriers only towards the end of 1978, and the previous Government made it clear in January that it was ready to see negotiations for the sale of Harriers go ahead as part of a balanced trade package. I can assure you that the Chinese are well aware that this Government is keen to see commercial negotiations brought to a satisfactory conclusion. Commercial discussions are proceeding actively.

More generally, as you may know, the Chinese are undertaking a comprehensive re-appraisal of their development plans and they have held up the conclusion of a number of contracts, both with this country and others, pending clarification of their plans.

Whilst therefore I do not consider that my personal intervention is necessary at this stage I nevertheless appreciate your interest in this matter. I hope that when the Chinese complete their current review of priorities you will be able to secure good business with them.

(SGD) MARGARET THATCHER