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Foreign and Commonwealth Office

*Weekend Box.*

London SW1A 2AH

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*Pm*  
Prime Minister

29 January 1980

*Phd 25/1*

*Dear Michael,*

*AS.*

Afghanistan: Forward Planning: China

You may find it useful to see the enclosed internal FCO memorandum on policy towards China. Lord Carrington agrees generally with its conclusions and has given instructions for matters to be carried forward, as agreed by Ministers in OD on 22 January. I will keep you informed of progress,

*yours ever*  
*Roderic Lyne*

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Private Secretary

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LONDON

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## POLICY TOWARDS CHINA AFTER AFGHANISTAN

1. The Russians argue that in recent decades the 'correlation of forces' has been moving in their favour. We need, after Afghanistan, to find ways of making it clear to them that things are not moving inexorably their way; and that if they try to change the rules of the game in one sphere they must expect to find the rules changed against them in others. The deliberate development of closer ties with China is one possibility which could be considered. This paper sets out some preliminary thoughts.

## SINO-BRITISH CONSIDERATIONS

2. Unlike the Soviet Union, China presents no threat to the West, at least in the short and medium term. There is no prospect in the foreseeable future of a reconciliation between China and the Soviet Union or of the re-emergence of a monolithic Sino-Soviet bloc. Externally, China's global and regional importance seems likely to grow steadily. The Chinese domestic political situation now seems relatively stable. The Cultural Revolution decade (1965-76) looks increasingly like an aberration, and although a reversion cannot be ruled out it is a reasonable assumption that current pragmatic policies will continue through the 1980s. Modernisation will be slow, but China will gradually become an important force in world trade. There is thus good scope for continuing to develop the bilateral relationship with China which we have built up in recent years. But there are limitations to this process. As communists, the Chinese have long term aims and interests different from ours. They have embarked on a new relationship with the West for reasons of self-interest. They want to see a strong NATO and a politically united Western Europe for their own anti-Soviet reasons. They also see us as a source of cheap credits, cheap technology and advanced military equipment at bargain rates. There is, in short, only a limited coincidence of interests between the West and China, unlike the broad community of interests which exists among the Western countries themselves.

/SOVIET

## SOVIET CONSIDERATIONS

3. The Russians are irrationally nervous about China (the 'Yellow Peril' syndrome). They have reacted badly to the development so far of Western ties with China. They would be concerned by major new moves in this direction, particularly in the defence field. Their alarm would be stridently expressed. The West would want to stop short of the point at which the Russians saw a threat to their vital interests.

4. Action by the UK alone might marginally improve prospects for trade with China (and help us over Hong Kong). But it would be unlikely to have any real effect on the Russians except to reinforce the Soviet conception of us as the European power most prepared to align itself with the US and expose us to selective Soviet reprisals. This underscores the need to carry as many allies as possible (including Canada and Australia) with us in any deliberate strengthening of relations with China, partly to avoid difficulties with them and partly to present any new policy as a general Western one. Moreover, we shall undoubtedly wish to work for an improvement in relations with Moscow at some time in the future. This suggests that we should look for measures which would have as much impact as possible in the short term but would not tie our hands for the future.

## WESTERN PARTNERS

5. The Americans have been moving fast towards China. Public pronouncements during the visit to Peking of Defence Secretary Brown (the timing of which was settled long before the Soviet intervention in Afghanistan) have given the impression that the US is no longer making any pretence of even-handedness as between Moscow and Peking. The Americans are now prepared to sell dual civil/military purpose technology to China and have told us that they intend to sound out their partners about establishing a 'China differential' in COCOM (we are hoping to arrange bilateral consultations first). But they still maintain their policy of refusing to sell defence equipment. This position could well change in the next 3 to 4

/years

years. In the meantime the Americans are likely to view more sympathetically sales of strategic materials by their allies. If the Americans are moving towards direct defence sales, we must try to ensure that they do not promote policies in this field which suit their interests but are incompatible with ours. All this argues for UK firms getting firmly into the market now. There have been some hints from Washington that this is what the US expects and wants to see.

6. Other Western countries are likely to be more diffident about arms sales and defence co-operation and may seek to restrain us. The Germans and Japanese do not wish to sell arms to China and have some reservations about others doing so. The French and Italians have no such inhibitions; but the French at least are more constrained by their relationship with the Soviet Union and are unlikely to favour any linkage between Afghanistan and increased defence co-operation with China.

#### OTHER COUNTRIES

7. We would need to take great care with India and the ASEAN countries. India's position is crucial, particularly given Mrs Gandhi's known views. The Indians already regard China as aggressive and irresponsible; the 'punishment' of Vietnam was an uncomfortably close parallel to China's action against India in 1962. They are nervous about increased Western support for Pakistan and would be increasingly worried if China matched Western efforts or, worse, began to force the pace. In general the ASEAN countries are currently less concerned because their attention remains concentrated on Vietnam's actions in Indo-China. But it would not take much - if Indo-China gradually went off the boil - to persuade at least Indonesia and possibly also Malaysia that the long term threat still came from China.

#### OPTIONS AVAILABLE FOR STRENGTHENING UK RELATIONS WITH CHINA

8. (a) THICKENING-UP MILITARY CO-OPERATION

- i visit by the Secretary of State for Defence. Mr Pym has suggested that he should visit China in March to open the SBAC exhibition

/(Sir K Joseph

(Sir K Joseph cannot now go). HM Ambassadors in Peking and Moscow see advantages in such a visit post-Afghanistan but it might worry the Indians. The Department will be submitting separately;

- ii defence sales. Ministers decided in June 1979 to give case-by-case consideration to projects as they arise. A number of major projects in which the Chinese have expressed interest are being considered interdepartmentally and the Defence Secretary will shortly be consulting his colleagues in OD. Difficult decisions will be required. Although some of the Soviet constraints have now been removed, national security, the views of our Western partners and the possible impact on relations with other countries will still inhibit sales of sensitive equipment or offensive weapons. But even though the Chinese appear to be giving a low priority to defence at present, the opportunity to improve defence sales ought not to be missed;
- iii naval visit. A separate submission recommends that 3 ships from a Naval Task Group should visit Shanghai in the late summer;
- iv military exchanges and training. Consideration should be given to further exchanges at various levels. We are recommending separately a visit by the CNS this year. The RCDS are proposing another visit to China in 1981. Staff college exchanges and, possibly, offers of military training in the UK for Chinese officers might now be considered.

(b) ROYAL VISITS:

A visit by the Duke of Gloucester is to take place this April. There is no real scope for further visits in the near

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future - and in any case Royal visits may be an inappropriate vehicle for making too blunt a political point;

- (c) EXPANSION OF MINISTERIAL VISITS: Lord Carrington has already recommended that the Prime Minister should take up Premier Hua's return invitation this year (or, alternatively, that he himself might go). A visit might now be given higher priority. Several other Ministers are already scheduled to visit China in 1980 and while much less important in the Soviet context than the Prime Minister's or Mr Pym's visits, these will help to underline our developing ties with China compared to the freeze in our relations with the Soviet Union;
- (d) BROADENING OF OFFICIAL AND OTHER CONTACTS: we might now propose regular (eg annual) political consultations, possibly at Political Director level;
- (e) AID AND CONCESSIONARY CREDIT: we could consider whether the political advantages would outweigh the likely commercial disadvantages (eg stimulating a credit race).

9. Whatever their longer term effect, the public announcement of measures such as these could in the short term have a considerable impact on the Russians. Careful publicity and timing would therefore be important.

#### CONCLUSIONS

- 10. (a) there are good reasons, Afghanistan apart, for continuing to develop our relations with China. There is some scope for accelerating the process as part of our response to the Christmas coup in Kabul;
- (b) if our action is to have a significant impact on the Soviet Union, and to avoid singling us out, we would need to carry our allies and other Western partners with us as far as possible;

/(c)

- (c) we would need to consider carefully the effect on our relations with other countries, particularly India;
- (d) the most suitable measures would be those which would have a considerable effect in the short term but would not impede an improvement in Anglo/Soviet relations if circumstances changed. Increased Ministerial visits, particularly by the Prime Minister and the Defence Secretary, expansion of contacts in the defence field and more political consultation are the most promising possibilities;
- (e) we should seek to increase defence sales, but there will still be constraints. We will need to find an acceptable means of handling such sales in relation to the COCOM machinery;
- (f) we should remain wary of long term Chinese intentions and recognise that the present coincidence of interests will not necessarily last long.

FAR EASTERN DEPARTMENT  
18 JANUARY 1980

1950 JAN 29

29 JAN 1950





China!

The President said that the Secretary for Defense would be going to China in the New Year to discuss matters of common strategic and political interest. It was not the intention to sell weapons to the Chinese.

The Prime Minister said that the British were prepared to sell Harriers to the Chinese if they wished to buy them. She added that the British Government had now withdrawn recognition of the Pol Pot regime in Cambodia; this decision had upset the Chinese, and the ASEAN countries. The President commented wryly that the Americans were a little upset too. He said that the American Government wished that it were possible to get Prince Sihanouk back into Cambodia; but the Chinese were clinging to Pol Pot. The Foreign and Commonwealth Secretary said that, when Chairman Hua visited the United Kingdom, he had given the impression that Chinese enthusiasm for Pol Pot was diminishing.

The President asked the Prime Minister what impression she had formed of Chairman Hua. The Prime Minister said that, as when she first met him, he had seemed very much in command. He had been very relaxed, though his entourage seemed to speak less easily in front of him on this occasion than when she had first met him. He had talked readily and at length, but when she had pressed him for an answer on a specific matter - such as Hong Kong - he had not come up with clear answers. The Foreign and Commonwealth Secretary added that Chairman Hua had not struck him as being of the same quality as Deng Hsiao-Ping: neither as incisive nor as decisive. Dr. Brzezinski commented that Chairman Hua was much more in the Imperial tradition: gentler and more general and wide-ranging than Deng Hsiao-Ping. The Prime Minister had commented that he had seemed to adapt very easily to the ways of the various countries which he had visited; but she did not think that he necessarily carried that difference of attitude back with him when he returned to China. It could well be that, like many people from non-western cultures, Chairman Hua was able to switch without difficulty between a Chinese and a western culture, without carrying his attitudes across.

The meeting adjourned at about 1250 p.m.

Ans