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Foreign and Commonwealth Office

London SW1A 2AH

23 May 1985

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Dear Charles,

Visit by Premier Zhao Ziyang, 2-8 June 1985

I enclose briefing for the Prime Minister's talks with Premier Zhao from 16.30 to 18.30 on 3 June and 16.30 to 17.30 on 6 June. This includes a programme for the visit, highlighting the Prime Minister's involvement, and personality notes on the leading members of Premier Zhao's delegation. There are four gaps. The briefs on Aid for China, Defence Sales to China and a Joint Economic Commission all depend on Ministerial decisions to be made in the next few days. And the bilateral brief on Visits is still awaiting clearance from Buckingham Palace of the line on The Queen's visit to China next year. We shall send these separately as soon as possible.

Objectives

The briefing is largely self-explanatory. It is in the new format but sub-divided with objectives and arguments by subject. To avoid repetition, there is no steering brief. But the Prime Minister may find it helpful to have the following assessment of British and Chinese general objectives for the visit:

- (a) Our objectives
- (i) To re-affirm the importance of faithful implementation of the Hong Kong agreement; to secure an encouraging press line on discussions on Hong Kong; and to indicate the importance of the drafting of the Basic Law;
 - (ii) to develop the Prime Minister's personal rapport with Premier Zhao established on her visits to Peking;
 - (iii) to demonstrate our desire that bilateral relations should continue rapidly to gain substance;
 - (iv) to work for a marked increase in Britain's market share of Chinese imports, pursue specific trade policy issues and promote specific projects;

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- (v) to underline the strategic importance we attach to an outward-looking and economically reformist China;
- (vi) to continue the dialogue on international issues.

(b) Likely Chinese Objectives

- (i) to underline China's satisfaction at the signing and ratification of the Joint Declaration on Hong Kong;
- (ii) to persuade us that China's open door economic strategy will not change;
- (iii) to emphasise that China is now a force for stability and should be treated accordingly eg by COCOM; →
- (iv) to achieve agreement on at least provisional dates for The Queen's State Visit to China;
- (v) to learn more about our views on disarmament and arms control;
- (vi) to underline the opportunities which China's opening to the outside world offers to British industry; and pursue specific trade policy issues (particularly to seek concessionary financing).

There are two meetings planned between the Prime Minister and Zhao Ziyang. It will probably not prove possible to cover the full scope of the briefs in the three hours available (half of which will be taken up by interpretation). We suggest that the first session of talks should concentrate on Hong Kong, and bilateral and international issues (brief nos 2-4); of the latter, we would attach particular priority to discussion at Prime Minister level of Sino-Soviet relations, Indo-Chinese and, if time allows, East-West relations (brief nos 4 a-c). The second, shorter session could be devoted to trade and economic cooperation (brief no 5). If the other international issues have not been reached by the end of the first session, they could be taken up in the separate meeting between Sir Geoffrey Howe and Wu Xueqian on 4 June. This would ensure that there is adequate time in the second round to deal fully with trade and economic issues.

/Participation



Participation

You have already agreed that, on the Chinese side, a team of 13 can participate in each round. Once the Chinese have told us who these will be, we will send a full name list. On our side, we suggest the following team:

Prime Minister
 No 10 Private Secretary
 Mr Luce
 Sir R Evans (Ambassador, Peking)
 Sir P Cradock
 Dr Wilson (AUSS, FCO)
 Mr Y P Chang (Interpreter)
 Mr Orr (Far Eastern Department, FCO - to monitor interpretation)

Sir G Howe)
 Mr Heseltine) (first round only)
 Sir E Youde)

Lord Young)
 Mr Tebbit) (second round only)

Agreements

Two bilateral agreements will be ready for signature with the Chinese by next week. These are:

- (i) Economic Cooperation Agreement: this is a continuation of the existing Agreement, which was signed in 1979 and expires at the end of this year. It provides a framework for economic cooperation and identifies specific priority sectors; and
- (ii) Agreement for Cooperation in the Peaceful Uses of Nuclear Energy: this provides a framework for the British nuclear industry to exploit the new opportunities opened up by the growing Chinese civil nuclear programme. The Foreign Secretary is minuting separately to the Prime Minister with details.

It would add considerably to the presentational success of the visit if the Prime Minister were willing to sign both

/Agreements



Agreements with Premier Zhao, ideally at the beginning or end of the first round of talks. The formal endorsement of cooperation provided by agreements is of more significance in the Chinese system than our own; in each case, Prime Ministerial signature would have symbolic value for the Chinese as a signal of political commitment at the highest level. It had earlier seemed that neither agreement would be ready in time for President Zhao's visit; the Chinese have however made considerable efforts to achieve them on time and have shown unusual flexibility in the process. They have indicated that they would welcome signature at Prime Ministerial level, and would indeed be disappointed if this were refused. We therefore very much hope the Prime Minister can agree. If so, the whole process could be condensed into about 15 minutes, if the Prime Minister is content that the normal speeches and vin d'honneur be dispensed with.

We will be submitting separately a short draft speech for the Prime Minister at her dinner for Premier Zhao on 3 June.

*Will sign. - I think Yours ever,
 They will want. Le Appleyard
 the vin d'honneur. (L V Appleyard)
 not Private Secretary*