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Foreign and Commonwealth Office

London SW1A 2AH

6 June 1985

Seen by PM
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Dear Charles,

Premier Zhao's Visit

In advance of the Prime Minister's second round of talks with Premier Zhao this afternoon you might wish to see the enclosed speech which Zhao gave on Chinese foreign policy this morning at Chatham House. It was extremely well received by a capacity audience. He made several helpful remarks about Hong Kong. We have underlined these in the attached copy of the text. He also dealt well with questions. Asked at the end by Lord Maclehoze, former Governor of Hong Kong, of the dangers of another Cultural Revolution, he said that the experience which China had undergone at that time was in some ways similar to the scourge of the Second World War. The wish for peace and stability in China was like the wish for peace of the peoples of Europe. This response went down well.

Premier Zhao clearly enjoyed his visit to Scotland. He was impressed by the two factories he visited:

Anderson Strathclyde in Motherwell (China is their biggest overseas customer, for mining equipment). The Premier was particularly pleased at the technology transfer agreement under which China will be producing and putting into operation in the next month one of their latest machines (for the record a double-ended ranging drum shearer).

Ferranti Infographics at Livingstone similarly arranged a Chinese-language video and an excellent tour. The Head of the Premier's office has told us that the word processor which the Prime Minister presented in December is in regular use in the offices of the State Council.

There were separate visits yesterday by Vice Premier Tian to the Midlands where he toured Austin Rover at Longbridge and GEC Telecommunications in Coventry. Both went well.

Premier Zhao is noticeably relaxing as the visit progresses

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and his party seem to appreciate the warmth of the reception he has been given by HMG and British industry.

I am copying this letter to John Mogg (DTI), Leigh Lewis (Lord Young's office), and John Graham (Scottish Office).

Yours ever,

P F Ricketts

(P F Ricketts)
Private Secretary

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(Translation)

FOR A LASTING PEACE, INCREASED FRIENDLY
COOPERATION AND CO-PROSPERITY

Speech by Premier Zhao Ziyang at the
Royal Institute of International Affairs

June 1985

Mr. Chairman,
Ladies and Gentlemen,

I am most pleased to have this opportunity of meeting you here today. I sincerely thank you, Lord Richardson, and everyone present here for your warm welcome.

My current visit to Britain at the kind invitation of Prime Minister Margaret Thatcher coincides with an important juncture in the development of Sino-British relations. Not long ago, the Sino-British Joint Declaration on the Question of Hong Kong entered into force upon the exchange of instruments of ratification between the two Governments. With the satisfactory settlement of the question of Hong Kong, a source of possible friction was removed, and the prospect of Sino-British relations became brighter than ever. Through my visit and efforts of both sides, I hope the friendly relations and cooperation between our two countries will be greatly advanced.

The Royal Institute of International Affairs is a specialized institution of international studies, which

has a long history and enjoys prestige in the world. You are either experts on international affairs and relations, or prominent figures from other circles. In order to increase our mutual understanding, I would like to take this opportunity to outline to you China's view on the current international situation and her foreign policy.

The world in which we live is fraught with complicated contradictions and international problems. But in our view, there are mainly two global and strategic issues: the East-West issue, or the issue of peace, and the North-South issue, or the issue of development.

The East-West issue arose from the establishment of the two major military-political blocs after World War II. The two blocs are in direct confrontation in Europe, but their existence affects areas beyond Europe. The key to the East-West relations is the relations between the Soviet Union and the United States. Relying on their economic and military strength far exceeding that of other countries, the two superpowers are engaged in fierce rivalry in all spheres, causing sustained turbulence in the international situation. The all-round arms race between them is ever escalating, from conventional to nuclear weapons, from land and sea to outer space. This has posed a serious threat to world peace and the security of all nations. In our world today, the United States and the Soviet Union are the only two countries that are capable of fighting a new world war. In this sense, the global issue of peace or war is closely linked with the East-West relations.

Having suffered enough from the scourge of war, the people of all countries crave for peace. They don't

want war. They are against fighting a war. On this major issue involving the future of mankind, more and more countries, big countries as well as small and medium-sized, non-aligned as well as aligned countries, are determined to take their destiny into their own hands. They are actively taking all kinds of action in an effort to maintain world peace. These countries and peoples eagerly hope that the East-West relations may be eased, and they strongly demand that the superpowers stop their arms race and carry out genuine disarmament. It can be said that although the danger of war still exists, the forces deterring war and safeguarding peace are also growing steadily. This is an important trend in the world situation today.

The essence of the North-South issue is the widening of economic gap between developing and developed countries. This is attributable to various reasons, an important one being the existence of the outdated international economic order which is unjust and inequitable. The world today has increasingly become a closely linked whole. It is impossible to expect continued economic growth of the developed countries on the basis of the continued poverty of the developing countries. Without the economic growth of those areas inhabited by three quarters of the world's population, the developed countries will face difficulties in getting resources, markets and outlets of capital, and hence damage to their own economic interests. The logic is obvious. The relations between the developed and developing countries should be equal, mutually beneficial and complementary. The developed countries need cooperation of the developing countries as badly as the latter need the cooperation of the former. It should be said that the North-South relationship is both an economic and political issue. The sharpening of

the North-South contradictions will not only impede the healthy development of the world economy, but also brew turbulence and confrontational elements. Quite a few developed countries in Western Europe and elsewhere can now appreciate the role of the third world from the all-over perspective of world politics and economy and value its cooperation. This is a welcome trend in international relations.

Maintenance of world peace and economic development are interrelated and interactive. A peaceful international environment is essential for the development of any country, while expanded international economic cooperation and the economic prosperity and development of most countries increase the forces maintaining world peace and stability. A lasting peace, increased friendly cooperation and co-prosperity have a vital bearing on the interests of the people of all countries, and they are becoming the goal of a world-wide effort today.

Being a developing socialist country, China is faced with the arduous task of lifting herself from poverty and backwardness and catching up with the developed countries economically. The Chinese people are determined to modernize their industry, agriculture, national defence, and science and technology through several decades' unremitting efforts so as to make their country affluent. To this end, we need an international environment of lasting peace and the friendship and cooperation of all nations. Proceeding from the fundamental interests of the people of China and the whole world and taking stock of the present international situation, the Chinese Government steadfastly pursues an independent foreign policy of peace.

China will maintain her independence at all times and in all circumstances. China will never attach herself to any big power or group of powers, nor will she yield to any foreign pressure. In international affairs, we decide on our attitudes according to the merits of each case. The basic criterion by which we judge the right or wrong of a case is whether it is in the interest of peace, international friendship and world economic prosperity. We definitely will not enter into alliance or strategic relationship with any big power, that is, not align ourselves with one against another. We will never seek hegemony, and are firmly opposed to all forms of hegemonism. As a big country with a population of one thousand million, China is aware of her responsibility and weight in international affairs. We believe that China's principled position of independence is in the best interest of world peace and stability.

China has sought to develop relations with all countries on the basis of the Five Principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. Learning from experiences since the end of World War II, we will not let the state of our relationship with other countries be predetermined by the fact whether our social systems and ideologies are similar or not. State relations of different types have emerged since the end of the war, but only those based on the Five Principles of Peaceful Coexistence have a strong vitality and are most conducive to stability and healthy development of the international situation. We earnestly hope that the Five Principles of Peaceful Coexistence will be strictly

observed by all countries, particularly by the superpowers. Accordingly, we seek a steady development of the Sino-U.S. relations on the basis of observance of the mutual agreements by both sides. We hope to see the normalization of the Sino-Soviet relations through removal of the existing obstacles. We support the improvement of relations between the countries of Eastern Europe and Western Europe. We also wish to see the relations between the United States and the Soviet Union eased, for all these are in the interest of world peace.

China stands for the pacific settlement of international disputes in the spirit of the Five Principles of Peaceful Coexistence, and is against the use or threat of force. There are a number of disputes in the world today. Whether old ones left over from history, or those which have newly arisen, they face the choice of a way of settlement. The non-peaceful way, or the armed way, cannot eradicate any dispute but will leave long after-effects detrimental to world stability. The peaceful way, or the way of negotiation is, in the final analysis, in the interests of the countries concerned and of world peace. We are pleased that the British side shows understanding for China's policy towards Hong Kong, which is formulated in accordance with state sovereignty and the concept of "one country, two systems" for the settlement of this fairly complicated issue left over from history. Prime Minister Margaret Thatcher's foresight and vision have contributed positively to the success of the negotiations. The Chinese and British Governments have settled the Hong Kong question satisfactorily through negotiations on an equal footing in the spirit of mutual understanding and mutual accommodation, thus providing a new example

for the pacific settlement of an international dispute. We believe it should not be difficult to settle disputes rationally through peaceful negotiations so long as the parties concerned sincerely desire a settlement and show mutual respect, mutual understanding and mutual accommodation.

China stands for equality among all countries, big or small, and is against the big bullying the small, the strong humiliating the weak. We firmly support the Kampuchean and Afghan peoples in their struggles against foreign aggression, the Arab people in their struggle against Israeli expansion, the South African people in their struggle against racial discrimination and apartheid, the Namibian people in their struggle for national independence and the Central American people in their struggle against external interference. As for international issues resulting from wilful violation of other countries' sovereignty and seizure of other countries' territories, it is our opinion that their political solution can be sought only on the premise of stopping expansion and aggression and withdrawal from the occupied territories. Failing this premise, the victim country and people can only put up determined resistance to aggression and expansion.

China stands for disarmament and is against all kinds of arms race, whether conventional or nuclear, whether on land or sea or in outer space. We strongly advocate a complete prohibition and thorough elimination of nuclear weapons. We welcome the resumption of the talks on arms control between the United States and the Soviet Union which were suspended for over a year. We sincerely hope that the United States and the Soviet Union, which

under U.N. resolutions bear primary responsibility for nuclear disarmament, will heed the just voice of the people of the world, stop their dangerous arms race, and through serious negotiations reach agreements not prejudicial to the interests of other countries on drastically cutting their nuclear armaments, so as to create the necessary condition for general nuclear disarmament by all the nuclear powers.

China is a developing country belonging to the third world. Strengthening our unity and cooperation with the other third world countries is a cornerstone for our diplomatic work. For the sake of promoting world peace and prosperity, we are trying to promote the improvement of North-South relations in the hope of making some headway in breaking the present deadlock in the North-South dialogue created by the unwise attitude taken by individual big powers. We welcome and actively support the third world countries taking the course of collective self-reliance and strengthening South-South cooperation. We believe that South-South cooperation and North-South cooperation, far from being contradictory, are mutually complementary. We firmly support a restructuring of the irrational old international economic order through global negotiations. The third world is an important force of peace and an important economic force that is playing an increasing role in promoting international security and cooperation. China will for ever stand together with the third world.

China believes that since maintaining world peace and seeking co-prosperity are major questions concerning the future of the world and the fate of all peoples, every nation and people should have a say and can make their

due contribution on them. We are convinced that so long as all peoples steadily develop their friendly cooperation and work together, peace of the world can be maintained and common economic prosperity and development achieved.

Mr. Chairman, Ladies and Gentlemen,

Increased all-round friendly cooperation between an independent China and a united and strong Europe has a significance that far exceeds our bilateral relations and is vital for world peace and international cooperation. To steadily strengthen this friendly cooperation, actively develop economic and technological exchanges and trade so as to promote peace and development is an important component of China's foreign policy.

The British people are a great people who have made significant contributions to world civilization and progress. Britain is a country that plays an important role in international affairs. China has always attached importance to Sino-British relations. We expect that in the new historical period of our bilateral relations in the years to come, our two sides will continue our close cooperation, earnestly implementing the Joint Declaration on Hong Kong, and take energetic steps to increase our cooperation in the economic, technological and other fields, so as to make Sino-British relations an example of peaceful coexistence between countries of different social systems, and of mutually beneficial cooperation and co-prosperity between developing and developed countries. We will work together with our British friends to bring about this prospect.

Thank you.