

SUBJECT
cc Master.

bc Pc



10 DOWNING STREET

From the Private Secretary

8 June 1985

Dear Kate,

PRIME MINISTER'S MEETING WITH PREMIER ZHAO ZIYANG ON 8 JUNE

The Prime Minister paid a farewell call on Zhao Ziyang at Claridges this morning. The Chinese delegation was present in force.

The Prime Minister presented Zhao Ziyang with two signed photographs of him inspecting the guard of honour and with four ties which she had chosen herself from Turnbull & Asser. Zhao Ziyang seemed gratified and said that the other members of his delegation would be very envious.

The Prime Minister said that she would follow up the various points which she and Zhao Ziyang had discussed during their formal talks, particularly those relating to trade matters. It was important that the increasing friendship and co-operation between Britain and China should be reflected in an increase in trade. Zhao Ziyang said that he believed that his visit had furthered co-operation in all fields between China and Britain. He had held further useful discussions on trade issues with Lord Young on 7 June. There should now be contacts on specific items of business so that the desire for co-operation could be translated into specific projects.

Zhao Ziyang said that Lord Young had asked to see the Commander of the Chinese Air Force when he visited the United Kingdom. He would ensure that the Commander was appropriately briefed.

The Prime Minister said that she was pleased that both sides had been able to confirm publicly their determination to implement in full the Joint Declaration on Hong Kong. She had been particularly grateful for what Zhao Ziyang had told her about the drafting of the Basic Law. Zhao Ziyang said that the Standing Committee of the National People's

CONFIDENTIAL

de

Congress would be meeting today and the composition of the drafting committee would be made public within a very few days.

The Prime Minister said that she and Zhao Ziyang should keep in touch about developments in the Soviet Union. She believed that these developments had entered an interesting phase. She would find it helpful to be kept abreast of the Chinese interpretation of them. Zhao Ziyang agreed that this would be desirable.

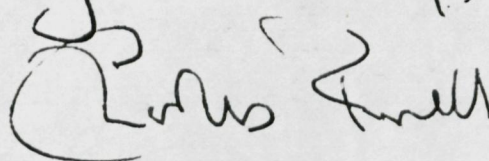
The Prime Minister said that she hoped to attend the 40th Anniversary celebration of the United Nations and hoped to see Zhao Ziyang there. Zhao Ziyang asked whether the Prime Minister had reached a decision on which dates she would be in New York. The Prime Minister said that it would probably be 23 and 24 October. She would let Zhao Ziyang know if this changed. Zhao Ziyang said that he would probably be present and he and the Prime Minister must meet again then.

Zhao Ziyang said that there was one more issue he wished to mention, although he was not quite sure that it was appropriate to do so during a final call. He wanted to seek the Prime Minister's views on whether he should raise, during his visits to the FRG and the Netherlands, the question of possible Chinese association with URENCO. He knew that this was a very sensitive subject. China very much hoped for co-operation here. But on no account did he wish to put the Prime Minister in a difficult position and if she would prefer him not to raise it, he would not do so. The Prime Minister said that it was indeed a difficult and sensitive issue. But she thought that Zhao Ziyang ought to raise it in both countries. Thereafter the three Governments would discuss it among themselves. Zhao Ziyang said that he was glad to hear what the Prime Minister had to say. He repeated that he was well aware that it was a highly sensitive question. But since the Prime Minister had authorised him, he would raise it during his further visits. He wanted to say that, in the light of the Prime Minister's helpful response, the Chinese side would be prepared to reach an understanding on the verification procedures and safeguards which would be required if co-operation in this area proved feasible. The Prime Minister thanked Zhao Ziyang for the delicate way in which he had handled this matter.

Zhao Ziyang said that he had enjoyed his visit enormously and was grateful to the Prime Minister for having devoted so much of her time to him. He was particularly grateful for her courtesy in paying a farewell call. The Prime Minister congratulated Zhao Ziyang on having carried out a highly successful visit. She hoped that he would

convey her best wishes to Deng Xiaoping and tell Mr. Hu Yaobang that we were looking forward to a visit by him.

I am copying this letter to Geoff Dart (Department of Energy), John Mogg (Department of Trade and Industry), Richard Broadbent (Chief Secretary's Office), and Leigh Lewis (Office of the Minister Without Portfolio).

Yours sincerely,


(C.D. Powell)

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.