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PC,*

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*SUBJECT
CC MOTE**From the Private Secretary*

8 August 1988

Dear Bob,

PRIME MINISTER'S MEETING WITH THE
PRIME MINISTER OF THAILAND

The Prime Minister had a meeting in Bangkok this morning with the Prime Minister of Thailand. General Prem was accompanied by the Prime Minister-designate, Major-General Chatichai Choonhavan, the Minister of Foreign Affairs, Air Chief Marshal Siddhi Savetsila and the Thai Ambassador in London. H.M. Ambassador Bangkok was also present. The meeting lasted some fifty minutes and was extremely friendly and good humoured.

Cambodia

The Prime Minister referred to her visit to the Site B refugee camp and praised Thailand's help for the Cambodian refugees. The aim must be to create conditions in Cambodia which would allow the refugees to return under a stable and secure government. She wondered how General Prem envisaged this coming about.

General Prem said this was a good question. He shared the Prime Minister's aim. But the refugees would not return until they could feel safe. Air Marshal Siddhi added that there would need to be an international conference on the resettlement of refugees, on the pattern of that held in 1979. The Prime Minister indicated that she thought that this was premature for the time being. But Britain would be ready to provide financial assistance when the refugees returned.

The Prime Minister continued that the first task must be to secure the withdrawal of Vietnamese forces. Thereafter there must be a stable government. The informal group set up following the meeting in Indonesia would obviously have a role in helping to create conditions in which such a government could be formed, as would the United Nations. The return of the Pol Pot regime must be out of the question. General Prem said that a way must be found to reconcile all four of the main Cambodian groups. One needed to distinguish between particular individuals in the Khymer Rouge movement, who were evil men, and the movement itself. Not all its members were bad - indeed some of them were quite good - and a way would have to be found to accommodate them in any future government. He understood that China now agreed that certain individuals would have to be excluded altogether and wanted to see a reasonable

government in Phnom Penh. The Prime Minister commented that the most ruthless people usually succeeded in dominating the rest. She wondered what timescale General Prem had in mind for a settlement. General Prem said that it need not take very long, but a great deal rested on Prince Sihanouk. Much would also depend on the forthcoming meeting between the Chinese and Soviet Deputy Foreign Ministers at which Cambodia was to be discussed.

The Prime Minister said that, having listened to General Prem and reflected on her brief discussion with Prince Sihanouk, she thought that the United Nations ought to play a more active role. There had been good cooperation between the Five Permanent Members of the Security Council over Iran/Iraq and she would like to see this cooperation extended to discussion of Cambodia. The Five should turn their attention to the problem. She would consider on her return to the United Kingdom how best this might be pursued. General Prem said it would indeed be very desirable if the Five Permanent Members were to focus on the problem. There would be no solution in Cambodia if it was left to the regional countries alone. Thailand had very much appreciated the Prime Minister's action in raising the problem of Cambodia with Mr. Gorbachev. That had meant a great deal to them.

Bilateral relations

The Prime Minister and General Prem agreed that bilateral relations between Britain and Thailand were very satisfactory. The Prime Minister said that she hoped there would be further exchanges of ministerial visits and more British investment in Thailand. General Prem said that he was glad that ICI had been the successful bidder to establish a PTA plant in Thailand. He knew that the company had a very high reputation internationally and Thailand looked forward to a good relationship at the technical level. The Prime Minister commented that there were a number of other major projects in which Britain was interested, for instance the supply of BAe aircraft, either for purchase or lease; the Hawk 200 aircraft to meet the Royal Thai Navy's need for light attack aircraft; and Shell's interest in building a new oil refinery on the eastern seaboard. General Prem said that Thailand had just spent a great deal of money in the defence field on the purchase of the M16 tank from the United States. Although the economy was doing much better, priority would need to be given to alleviating poverty. He believed that the recent economic growth would continue, but Thailand would need to be prudent in spending money. The Prime Minister said that she understood this and had simply wished to put on record the ability of British firms to help in certain specific areas. She complimented General Prem on his very successful management of the economy.

The Prime Minister added that she also very much welcomed the cooperation between Thailand and Britain against drugs.

China

The Prime Minister commented that she had been very impressed by the fast pace of economic development in South East Asia and round the Pacific rim. But a major question-mark remained over the future of the Chinese economy. She believed that the Chinese Communist Party would continue to exert strong central control, which would considerably inhibit the prospects for economic growth. General Prem commented that the Chinese had changed a lot in recent years and had learned some lessons from the past.

International economic questions

The Prime Minister said she thought that the path of future economic cooperation lay in more investment and joint ventures. We welcomed Thailand's openness to such investment. She knew that some governments in South East Asia were worried about the implications for their trade with Europe of completion of the single market in 1992. Britain was determined that this would not lead to the establishment of new barriers to trade with countries outside the European Community. We would also fight protectionism on the agricultural front, although there would be difficulties with France and Germany within Europe and with Japan in the GATT. The major industrialised countries must not ruin other countries economies by heavy subsidies to their own agriculture.

Defence

The Prime Minister thanked General Prem for allowing British units to exercise in Thailand. We welcomed Thai officers on courses in the United Kingdom. She would like to see this aspect of relations strengthened.

Vale

General Prem concluded that he wanted to express personally to the Prime Minister his appreciation for her role as a great world leader. He had been proud to be her partner and - he hoped he could say - friend. He had learned much from working with her and Thailand would not forget the way in which she had brought their concerns to Mr. Gorbachev's attention. He was going to step down as Prime Minister in the next day or two, but would not want to leave office without having expressed his gratitude to the Prime Minister, both on his own behalf and on behalf of the Thai people, for all she had done over his eight years in office.

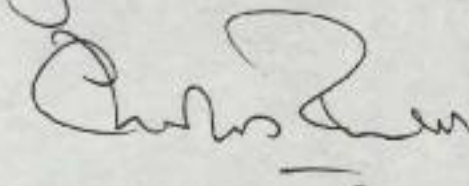
The Prime Minister said that the feeling of gratitude was fully reciprocated. She recalled that General Prem had come to see her early in her time as Prime Minister and they had from the beginning established an excellent personal relationship. She believed their partnership had been helpful for both countries. She hoped that General Prem would let her know whenever he came to London. She did not forget old friends.

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General Prem commended his successor to the Prime Minister. The Prime Minister said that she looked forward to working just as closely with him.

I am copying this letter to Brian Hawtin (Ministry of Defence), Alex Allan (H.M. Treasury), Neil Thornton (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

Yours sincerely,


(CHARLES POWELL)

R.N. Peirce, Esq.,
Foreign and Commonwealth Office.

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