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RECORD OF A MEETING BETWEEN
THE PRIME MINISTER

AND

HU YAOBANG, GENERAL SECRETARY OF THE CHINESE COMMUNIST PARTY

AT

ZHONGNANHAI, PEKING

ON

WEDNESDAY 19 DECEMBER AT 3.00 p.m.

Present:

The Rt Hon Margaret Thatcher, FRS, MP, Prime Minister
The Rt Hon Sir Geoffrey Howe, QC, MP, Secretary of State for
Foreign and Commonwealth Affairs
Sir Richard Evans, KCMG, H.M. Ambassador, Peking
Sir Percy Cradock, GCMG, Deputy Under Secretary of State, FCO
Sir Edward Youde, GCMG, MBE, Governor of Hong Kong
Mr R E T Butler, Principal Private Secretary to the Prime Minister
Dr D C Wilson, Assistant Under Secretary of State, FCO
Mr R J T McLaren, CMG, Assistant Under Secretary of State, FCO
Mr C D Powell, Private Secretary to the Prime Minister
Mr B Ingham, Chief Press Secretary to the Prime Minister
Mr L C Appleyard, Principal Private Secretary to the Secretary of State
Mr C J Meyer, Head of News Department, FCO
Mr P A B Thomson, Counsellor, British Embassy, Peking
Mr H L Davies, Commercial Counsellor, British Embassy, Peking
Mr W G Ehrman, First Secretary, British Embassy, Peking
Mr P F Ricketts, Private Secretary to the Secretary of State
Mr D G Blunt, First Secretary, British Embassy, Peking
Mr T W M Smith, Second Secretary, British Embassy, Peking
Miss A Batty, Attache, British Embassy, Peking
Mr Y P Cheng, Interpreter

HE Mr Hu Yaobang, General Secretary of the Chinese Communist Party
HE Mr Wu Xueqian, State Councillor and Foreign Minister
HE Mr Zhou Nan, Vice-Minister of Foreign Affairs
HE Mr Jia Shi, Vice-Minister of Foreign Economic Relations and Trade
HE Mr Chen Zhaoyuan, Chinese Ambassador at London
Mr Guo Fengmin, Director of the Western European Department of the
Foreign Ministry
Mr Tang Longbin, Director of the Protocol Department of the
Foreign Ministry

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Mr Ma Youzhen, Director of the Information Department of
the Foreign Ministry

Mr Shao Tianren, Legal Adviser to the Foreign Ministry

Mr Lu Ping, Adviser to the Foreign Ministry

Mr Ke Zaishuo, Adviser to the Foreign Ministry

Mr Luo Jiahuan, Counsellor of the Western European Department
of the Foreign Ministry

Mr Yue Junqing, Division Chief of the Western European Department
of the Foreign Ministry

Madame Zhang Youyun, Interpreter

Chinese notetakers

1. Hu Yaobang said it was a joyous occasion: a day to be remembered. The Prime Minister and Chairman Deng Xiaoping had laid a milestone for relations between Britain and China, which would always be remembered by people alive today and by generations to come. The Prime Minister remarked that there had been so much to do in the two years Chairman Deng had said were available she had never thought it could be completed. Hu Yaobang said the Prime Minister had displayed bravery and far-sightedness. The Prime Minister said the British side were very pleased that the people of Hong Kong had shown that they accepted the agreement.
2. Hu Yaobang then presented the Prime Minister with a concise edition in Chinese of the Encyclopaedia Britannica and a new English-Chinese dictionary, which was to express the growth in common language among the people of the two countries. The Prime Minister said she would treasure both gifts. Journalists left at this point and the meeting continued in private.
3. The Prime Minister said that it was a very historic day. She was very pleased that quite a considerable number of people from Hong Kong had been present at the welcoming ceremony and would also attend the signing ceremony. She was anxious to give them every reassurance that the agreement would be implemented in full by both Britain and China. Hu Yaobang said the Hong Kong people were witnesses. Both he and Premier Zhao Ziyang were very firm and strong supporters of the implementation of the agreement. The Prime Minister said that was very good to know. Hu Yaobang said that there was a Chinese proverb: "one hundred catties of gold may buy fame, but it needs one thousand catties of gold to secure a good reputation." He remarked that failure to implement the agreement would damage Chinese but not British credibility. The Prime Minister said she fully understood his meaning: it took a great deal to acquire a good reputation but far more to keep it. But both sides wished to maintain their good reputation. If by chance anything went wrong people would say that she herself had misjudged the matter and that must not be said of her any more than it must be said of Hu. The interests of the two sides were identical. Hu Yaobang agreed. The Prime Minister continued that she was sure the signature of the agreement would give the people of Hong Kong confidence to face the future. Assurances about their future that Hu, Premier Zhao and Chairman Deng had personally given had provided extra confidence. Hu Yaobang said the Prime Minister could rest assured that the Chinese side would do their best to increase confidence in Hong Kong year by year.

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4. Turning to economic cooperation between Britain and China, Hu Yaobang said he had checked the figures for last year on the volume of trade between China and Britain: Yuan 1.5 billion, which was one thirtieth or about 4% of China's total foreign trade. The Prime Minister said there was scope for expansion. Hu Yaobang agreed. The Prime Minister said Britain was hoping to send a trade delegation to China next March. She was sure both countries would make renewed efforts to increase trade. Britain would keep up to date with China's modernisation programme and plans so as to be able to pay attention to areas of special British expertise. Hu Yaobang said the most important areas for China were energy, transportation and new technologies. China planned to increase her volume of foreign trade by over 30% next year. Both he and Premier Zhao would be involved in the visit in March of the British trade delegation. Both Britain and China had their own strong points. The two sides should pursue the principle of equality and mutual benefit. So long as they did so the prospects for economic and trade relations were bright.

5. The Prime Minister asked if Hu could tell her something about domestic plans for China. Hu Yaobang said all was well in China. There were currently three main domestic tasks. Firstly, reform of the economy. Suggestions had been made in this context that China was abandoning socialism. China would never do so. But China had to embark on a road with Chinese characteristics. The Chinese were making efforts to blaze a new path that would lift China out of the state characterised by backward economic management, low productivity and a backward system of distribution. In the resolution that had been recently adopted at the Third Plenary Session of the Twelfth Central Committee it was stated that China would fulfil this task in the next five years. It was in fact likely to be fulfilled in the main in three years time. He did not expect great confusion would be created as a result. Some minor errors might be made but great attention would be paid to the task in order to avoid them, so that the momentum of economic development could be maintained and in the coming decade China would be able to double her national output. The Prime Minister remarked that it was a very ambitious target, but no doubt it could be reached. Chinese people were renowned for their resourcefulness, nevertheless no country had as many people as China, which was a very great problem in itself. Hu Yaobang said the Chinese people were working hard and single-mindedly towards modernisation. Secondly, China was making determined efforts to continue to pursue the policy of opening to the outside world. Thirdly, during the course of Party rectification,

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China would ensure that large numbers of young people were promoted to leading posts. Those promoted would have three qualities: youth; learning and determination to create a new situation in whatever they did. One of China's most difficult problems was that many elderly leading cadres who had taken part in the guerilla war against Chiang Kai-shek had not received much education.

6. The Prime Minister expressed understanding; good management was difficult to create. Only so much could be taught, the rest had to come from experience. Good management was the single most important requirement for industrial production. Hu Yaobang said that in science, technology and management, China should learn from the advanced countries of the world. They sincerely welcomed scientists, scholars and specialists to China. The Prime Minister invited Hu to visit Britain to look, particularly at science and technology, in which Britain was very inventive. Hu Yaobang thanked the Prime Minister for her kindness in inviting him. Premier Zhao was scheduled to visit Britain in 1985, but he too looked forward to making a visit, although his face was very red because he was only the General Secretary of the Chinese Communist Party. The Prime Minister said she was sure that if Hu did visit Britain he would be given a very warm welcome. Hu Yaobang said if he had the honour to visit Britain he would set himself three aims: to learn from the great British people; to learn from Britain's advanced science and technology; and to try his best to make his own contribution to enduring and friendly relations and cooperation between China and Britain.

7. Hu Yaobang asked the Prime Minister to convey his regards to Her Majesty the Queen and his respects to the great British people. The Prime Minister said she would certainly do this and thanked him for the warm welcome she had received. Hu Yaobang concluded that he hoped the Prime Minister, with her vitality, intelligence and wisdom, would make even greater contributions to British interests, to the maintenance of friendly relations and cooperation between the two countries and to the maintenance of world peace.

8. The meeting ended at 3.45 p.m.

BRITISH EMBASSY
PEKING

28 December 1984