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Foreign and Commonwealth Office

London SW1A 2AH

15 January, 1985

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CDP K9i

Dear Charles,

Prime Minister's Visit to China

You might be interested to see a copy of the despatch from our Charge d'Affaires at Peking on the Prime Minister's recent visit to China.

Yours,

P F Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street



CONFIDENTIAL

VISIT OF THE PRIME MINISTER TO CHINA

S U M M A R Y

1. Aims of the visit to sign the Joint Declaration on the question of Hong Kong and to demonstrate British and secure Chinese commitment to it; and to develop rapport with Chinese leaders and lay foundations for increased trade. (Paragraphs 2 - 4)

2. Exceptional turn-out for signature ceremony. Fulsome expressions of Chinese intention to honour agreement. Assurance that Hong Kong views would be solicited in drafting Basic Law. Prime Minister's emphasis on British commitment up to 1997.

(Paragraphs 5 and 6)

3. Discussion of other bilateral matters and East-West and Sino-Soviet relations in hectic programme of meetings with four most senior Chinese leaders.

(Paragraphs 7 - 9)

4. Major significance of, and publicity for, agreement in China. High standing of Prime Minister.

(Paragraph 10)

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BRITISH EMBASSY,
PEKING.

4 January 1985

The Rt Honourable
Sir Geoffrey Howe, Q.C., M.P.,
etc etc etc

VISIT OF THE PRIME MINISTER TO CHINA, 18-20 DECEMBER 1984

Sir

1. I have the honour to report that the Prime Minister, the Rt Hon Mrs Margaret Thatcher, F.R.S., M.P., accompanied by yourself and Lady Howe, visited China from 18-20 December 1984. Her programme and a list of her party are attached at Annexes A and B.

2. The Prime Minister's principal purpose in paying her visit was to sign the Joint Declaration on the Question of Hong Kong which had been initialled in Peking on 26 September, and by so doing to demonstrate British commitment to the full implementation of the agreement and to secure a similar degree of commitment from the Chinese side. In her talks with Chinese leaders, Mrs Thatcher further aimed to express our readiness to cooperate with the Chinese Government in putting the agreement into effect and thus to elicit a similar response from the Chinese; to obtain assurances that Hong Kong people would be fully consulted about the drafting of the Basic Law which will be the territory's constitutional instrument after 1997; and to reassure Chinese leaders that up to 1997 Hong Kong would continue to be administered effectively and prudently.

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3. Hong Kong was at centre stage throughout the visit, but there were other objectives too. The Prime Minister wished to meet and develop personal rapport with as many Chinese leaders as possible, to lay the foundation for a marked increase in Britain's market share of Chinese imports, and to continue a dialogue with the Chinese leadership on international issues.
4. This added up to a lot of aims for a visit in which all substantive engagements took place on a single day, 19 December; but the Prime Minister achieved every one of them.
5. The signature ceremony was the centrepiece. On the Chinese side this was attended by three members of the Politburo's Standing Committee - Deng Xiaoping, Li Xiannian and Zhao Ziyang, the last of whom signed the Joint Declaration for the Chinese Government in his capacity of Premier. The level and depth of this attendance - we were told afterwards that no agreement between China and another country had ever been signed with three members of the Standing Committee present - emphatically underlined the importance which China attached to the agreement and her commitment to it. 101 of Hong Kong's most prominent citizens also attended as observers.
6. Chinese commitment to the agreement was voiced publicly by Premier Zhao at the signature ceremony when he spoke of China's and Britain's common interest in ensuring the full implementation of the Joint Declaration and of China's intention to cooperate with Britain in realising this goal. In talks with the Prime Minister, he added that it was a tradition of the Chinese people to act in good faith, that China always lived up to her international commitments and that the Chinese Government

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would prove its words by its deeds, all assurances which Mrs Thatcher was able to repeat in Hong Kong. Chairman Deng Xiaoping and Party General Secretary Hu Yaobang gave similar assurances. On the Basic Law, Zhao reaffirmed the terms of the Joint Declaration, stating that the law would embody the terms of the agreement. He also assured the Prime Minister that in the course of its drafting the views of the people of Hong Kong would be widely solicited. Mrs Thatcher for her part stressed that the maintenance of Hong Kong's stability and prosperity was a cardinal British aim in the years leading up to 1997 and that we would continue to administer the territory prudently and with foresight. When Deng met the Prime Minister he repeated none of the doubts about British intentions in Hong Kong between now and 1997 which he had voiced when he met you in April and July. This does not mean that he no longer harbours any misgivings. But repeated assurances of our commitment to the territory do seem to have prompted the Chinese not to play up this theme during Mrs Thatcher's visit.

7. In terms of meeting Chinese leaders the Prime Minister set a record for a foreign visitor: she held separate talks or was hosted at a meal by four members of the Politburo Standing Committee in one day. During her business-like talks with Zhao, she was able to inform him that Her Majesty The Queen was happy to accept in principle an invitation to visit China. Zhao confirmed that he would take up the Prime Minister's invitation to him to visit Britain, probably in June this year. The Prime Minister became the first senior British visitor to meet Party Leader Hu Yaobang and invited him also to visit Britain at a



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suitable time. This meeting was useful not only in terms of personal relations with the Chinese leadership, but also in that it provided first hand confirmation of Hu's exuberance, extravagance and, frankly, unpredictability. The meeting with Deng Xiaoping went very smoothly. Deng, who was in buoyant and expansive form, was clearly determined that no note of controversy should ruffle the day of signature. The lunch hosted by President Li Xiannian was more of a formality, but also a relaxed and enjoyable occasion.

8. On commercial matters, Zhao stated in his banquet speech that China wished to see a steady and enduring expansion of economic and technological cooperation with Britain. It was agreed that a high-level trade delegation, led by Lord Young, should visit China in March this year and both Hu and Zhao stated that they would involve themselves personally with this. The Prime Minister spoke forcefully in support of British companies, particularly in the fields of oil exploration, coal mining, electricity generation and aerospace. Zhao praised British transfer of technology terms but urged more competitive prices.

9. Useful exchanges of view were held on East-West and Sino-Soviet relations. The Prime Minister briefed Deng and Zhao on her meeting with Gorbachev and they spoke on Chinese relations with the Soviet Union, stressing that no progress had been made towards removing the three political obstacles to the normalisation of relations (troops on the border, Afghanistan and Cambodia) although trade and cultural contacts were growing.

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10. Among people in Britain and by the British media the signature of the Hong Kong Agreement was not treated as a major national event. But in China it really was, as Hu Yaobang remarked, a Red Letter day. The People's Daily devoted all of its first two pages on 20 December to the Prime Minister's visit and there was blanket coverage on television. The sense of national pride in the agreement felt by Chinese at every level is enormous. As Deng Xiaoping put it, an historical trauma has been healed and the shadow hanging over Sino-British relations lifted. Not only does this pride arise naturally with agreement on the recovery of a piece of Chinese territory. It is also pride among ordinary Chinese in the maturity displayed by their own government in advancing the concept of "one country, two systems". The prestige in which the Prime Minister is held personally is very high too. All the Chinese leaders whom she met referred to her far-sightedness and statesmanship. Among ordinary Chinese, who already admired her as a result of her leadership during the Falklands campaign, she is considered to have shown wisdom in agreeing to return Hong Kong to China, and great ability in securing the detailed terms that are a feature of the agreement. To give an example of popular sentiment, a Chinese cook employed in the household of a member of the Embassy told his master in mid-December that the Chinese people considered the three greatest world statesmen of all time to be Lenin, Zhou Enlai and Mrs Thatcher. An interesting compliment for the Prime Minister to remember her visit by.

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/ 11. I enclose the British copy of the Agreement, signed by the Prime Minister and by Premier Zhao Ziyang.

12. I am sending copies of this despatch to Her Majesty's Ambassadors at Washington, Moscow, and Tokyo, and to the Governor of Hong Kong.

I am, Sir,

Yours faithfully

P A B Thomson

Charge d'Affairs

VISIT BY PRIME MINISTER AND SECRETARY OF STATE: PROGRAMME

Tuesday 18 December

2020 Arrive Peking Airport
2110 Arrive at the Diaoyutai State Guesthouse
2130 Private dinner at Guesthouse

Wednesday 19 December

0900 Welcoming Ceremony at the Great Hall of the People
0915 Courtesy meeting with Premier Zhao Ziyang at the Great Hall of the People
0930 Talks with Premier Zhao Ziyang at the Great Hall of the People
1230 Meeting with President Li Xiannian at the Diaoyutai State Guesthouse
1245 Lunch with President Li Xiannian at the Diaoyutai State Guesthouse
1500 Meeting with CCP General Secretary Hu Yaobang at Zhongnanhai
1600 Meeting with Chairman Deng Xiaoping at the Great Hall of the People
1730 Signature Ceremony at the Great Hall of the People
1930 Welcoming banquet at the Great Hall of the People
2130 Presentation of Ferranti word processor to Premier Zhao Ziyang
2200 Meeting with British press at Residence

Thursday 20 December

0800 Farewell call by Premier Zhao Ziyang
0815 Leave the Diaoyutai State Guesthouse for Peking Airport
0900 Depart for Hong Kong

ANNEX B

OFFICIALS ACCOMPANYING THE PRIME MINISTER AND SECRETARY OF STATE

Sir P Cradock, GCMG, Deputy Under Secretary of State, FCO

Sir E Youde, GCMG, MBE, Governor of Hong Kong

Mr R E F Butler, Principal Private Secretary to the Prime Minister

Mr R J T McLaren, CMG, Assistant Under Secretary of State, FCO

Dr D C Wilson, 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 V Appleyard, Principal Private Secretary to the
Secretary of State

Mr C J R Meyer, Head of News Department, FCO

Mr P F Ricketts, Assistant Private Secretary to the
Secretary of State

Mr I Murray, Press Secretary to the Prime Minister