

CONFIDENTIAL FILING

Meeting with Robert Adley
MP for Sussex COCOM negotiations
on TRADE with CHINA.

PRIME MINISTER

JULY 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
24-8-82							
PREM 19/890							



file 15

10 DOWNING STREET

From the Private Secretary

15 September 1982

Call on the Prime Minister by Mr Robert Adley

The Prime Minister has seen your letter of 10 September.

She would be prepared to present to the Chinese Government during her forthcoming visit a programme of technical cooperation in the agricultural sector on the lines you describe. Perhaps you could arrange for outline proposals to be drawn up and telegraphed to Peking in time for the Prime Minister's arrival there.

The Prime Minister still doubts whether the programme of cooperation in the cultural field, described in your letter of 28 July, would be worthwhile. But you should know that she has said that she would certainly be prepared to support an expansion in the British Council's programme of English language teaching.

I am copying this letter to Michael Power (Overseas Development Administration) and John Rhodes (Department of Trade).

A. J. COLES

J.E. Holmes, Esq.,
Foreign and Commonwealth Office.

My



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

Do you prefer

*(a) a programme of technical cooperation
in the agricultural sector*

10 September, 1982

*or (b) the original proposals for technical
cooperation at Flag C*

A.S.C. 192.

Dear John,

Call on Prime Minister by Mr Robert Adley

(RB's letter)
Thank you for your letter of 31 August enclosing a copy of the record of Mr Adley's meeting with the Prime Minister on that day, and asking what might be done to assist the Chinese in the fields of agriculture and development of tourism as Mr Adley suggests.

China file [We have noted the Prime Minister's view that assistance in these areas might be both cheaper and more welcome than what was proposed in Michael Power's letter of 28 July and the Foreign and Commonwealth Secretary's minute of 25 August. Certainly a package concentrating on two sectors could be devised that was cheaper than the wider-ranging programme which we had in mind. It is also true that agriculture and tourism are two sectors that the Chinese are anxious to develop; but whereas one has attractions for a development aid programme, the other is less attractive.

Agriculture is central to the Chinese economy and 80% of the population are engaged in it. It is moreover a field in which ODA are well placed to help and in which commercial benefit would accrue to British companies. Particular sub-sectors already identified by the Agricultural Research Council as suitable priorities for worthwhile expenditure are:

- (a) Animal husbandry;
- (b) Plant physiology;
- (c) Soil science;
- (d) Crop protection and breeding;
- (e) Plant disease;
- (f) Plant collection

On the other hand, although the British Tourist Authority have done one report for the Chinese and would be happy to do more if they were to be paid for their work, tourism does not seem to deserve the same priority for development; the majority of tourists other than overseas Chinese are after all Americans and Japanese. A programme of such assistance would therefore not be likely to reverse the Chinese tendency to look towards the United States

/and



and Japan for purchase of equipment.

The Departments concerned still see political and commercial benefit in the wider proposals for technical cooperation with China put forward earlier. They could be presented as developments of existing schemes (eg the cultural programme, BOTB services etc) if the Prime Minister preferred that to presentation as an aid package. However, if the Prime Minister does not wish to proceed with this, we would favour a more limited programme of technical cooperation in the agricultural sector. If it is agreed in principle that ODA funds should be made available, we could develop outline proposals rapidly.

Mr Pym, who is in Copenhagen, has not seen this letter but I will show it to him on his return and let you have any comments as soon as possible.

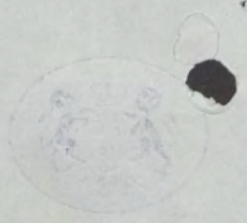
I am sending copies of this letter to Michael Power (ODA) and John Rhodes (DOT).

Yours ever

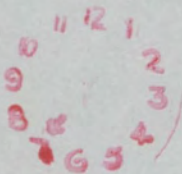
J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street



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10 DOWNING STREET

From the Principal Private Secretary

31 August 1982

Dear Brian,

I attach a note of a conversation which the Prime Minister had with Mr. Robert Adley, M.P. this afternoon. The Prime Minister was particularly struck by the point which Mr. Adley made about the help which the British Government could give the Chinese on tourism through the advice of the British Tourist Authority. She wondered whether there was anything worth pursuing here or in the area of advice on agriculture mentioned by Mr. Adley, which might be both a cheaper and a more welcome form of assistance to the Chinese than the proposals recently put forward on cultural assistance.

I should be grateful if you could consider this and let me have your views.

Yours ever,

Robin Butler

Brian Fall, Esq.,
Foreign and Commonwealth Office.

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✓ Master

Subject

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND
MR ROBERT ADLEY MP ON TUESDAY 31 AUGUST 1982

Mr Adley came in to see the Prime Minister about her forthcoming visit to the Far East, and made the following points:

i) Mr Adley recalled that in 1973 he had urged Sir Anthony Royle, then a Minister at the Foreign Office, to take a more positive approach to the Chinese about the sale of Harriers and had been told that Harriers could only be sold to the Chinese if they made a formal approach, which they were unwilling to do unless they were assured that there was no risk of rebuff. That opportunity had now been lost since China could not afford to pay for Harriers, but Mr Adley said that British companies were continuing to find the COCOM arrangement a source of endless and irritating obstacles to the development of trade with China, and mentioned Sir Peter Matthews of Vickers and the "48 Group" of companies as sources for this. He remarked that the United States Export Licensing Agency had separated China from other countries on the COCOM list and operated a more liberal regime towards it, and suggested that we should do the same.

ii) Mr Adley said that the British Government was not taking ASEAN seriously enough or the Sihanouk coalition in Cambodia. He said that the Prime Minister of Australia had been convinced, on a recent visit to China, that the Chinese would accept the result of democratic elections in Cambodia after a Vietnamese withdrawal and would be content for the emerging Government to become a member of ASEAN. Mr Adley urged the Prime Minister to use her influence to ensure that the United Kingdom and the rest of the EEC fully recognised the importance of ASEAN.

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(iii) Mr. Adley said that the Chinese Government were anxious to ensure that Hong Kong continued as a separate regime within China in due course, and in view of their helpful attitude it was unfortunate that the British were seen as supporting the Americans in the unwise stance they were taking over the provision of arms to Taiwan. The Prime Minister intervened to say that the problem with China over Hong Kong was that they did not understand what was necessary to ensure the maintenance of confidence there, which was the continuation of British law and administration: one of the tasks in her forthcoming visit would be to get this point across to them. Mr. Adley said that he was very concerned about the way in which expectations had grown in Hong Kong about the outcome of the visit. Hong Kong businessmen did not normally concern themselves with politics but, having now become aware that 1997 was only fifteen years away, they had become very concerned about the situation and hopes had grown that the Prime Minister would return from China with a complete solution. It would be as well if these expectations could be dampened down before the Prime Minister's visit.

(iv) Mr. Adley said that he had been asked to advise one of the Chinese provinces on the development of tourism. He added that the Chinese Government were generally interested in the promotion of tourism and that the British Tourist Authority could give considerable help in this respect. Another area in which the British could help China was agriculture.

(v) Mr. Adley described the very strong feelings in China and in the Far East generally about the issue of the Japanese history books and their treatment of the Japanese invasion of China. He said that the feeling was so strong that there was some question whether the proposed visit by the Japanese Prime Minister to China would go ahead.

(vi) Mr. Adley said that as part of his recent visit to the Far East he had visited Malaysia and had been concerned

/ about

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about the anti-British feeling. He thought that there was some substance to it since some of the British firms there behaved as if nothing had changed in the last 25 years. The problems over student fees and the Guthrie take-over had not helped. He suggested that some evidence of British concern, for example a visit by a member of the Royal Family, would pay dividends.

F.R.B.

31 August 1982

CONFIDENTIAL

*Man
FCO advice below
is "Confidential"
K 25/8*

*cc. FCO
China Policy
LM*



10 DOWNING STREET

THE PRIME MINISTER

24 August, 1982.

Dear Robert.

Thank you for your letter of 2 August about COCOM and China.

I agree that it is in our national interest to sell to China and acknowledge that we do not always see eye to eye with certain of our COCOM partners on the level of Western technology permissible for such sales. But it is the agreed policy of the NATO countries and Japan that exports to China should, at least for the time being, remain subject to COCOM control.

Within this framework, we have striven, with some measure of success, for a less rigid approach to sales to China, giving due weight to her relations with the UK and other countries. The attitudes of our partners have been developing favourably. As things stand, the main restraint on our trade in items covered by COCOM is not obstruction by the United States or any other partner, but Chinese lack of cash. Since the beginning of 1982 we have received COCOM approval for sales of defence equipment with a total value of around £200 million, though in the case of one major contract the Chinese have so far balked at paying our price.

I accept that the mere existence of COCOM controls is likely to act as a disincentive for British firms, but the difficulties can be exaggerated. They are willing and able to sell the Chinese a wide range of defence and other equipment covered by COCOM controls. Conversely, I doubt whether removing China from the proscribed list would lead to a dramatic rise in the value of orders secured by

/British

LM

British firms, especially as the removal would also benefit their competitors in other COCOM countries.

More generally, it is very much in our interest that COCOM should remain a credible and efficient institution. It is the mechanism by which the Western Alliance, with Japan in association, controls the export of goods and technology of strategic importance to all Communist countries. In this situation, it is in our interest to abide by its rules and principles, including the principle of unanimous decision. We can - and do - press our partners for changes in the rules; and often with fair success. But I am sure that it would be a mistake for us to act unilaterally.

I look forward to seeing you next Tuesday.

Yours
Raymond

Robert Adley, Esq., M.P.,



10 DOWNING STREET

PRIME MINISTER

You should be aware that Robert Adley is now coming to see you to discuss the prospects for your Far East trip next Tuesday at 2.30 pm.

WM

23 August, 1982

COVERING CONFIDENTIAL

FR 31/8
2.30



Foreign and Commonwealth Office

London SW1A 2AH

23 August 1982

Handwritten initials and scribbles

cc 1/8 28/8

Dear Willie, *Pl type and add a slip saying "You should be aware that Robert Adley is now coming to see you to discuss the prospects for your Far East trip next Tuesday at 2.30"*

Thank you for your letter of 5 August to Francis Richards enclosing a copy of Robert Adley's letter of 2 August to the Prime Minister about the possibility of removing COCOM restrictions on trade with China.

I enclose a draft reply for the Prime Minister's signature.

Yours ever
J E Holmes

(J E Holmes)
Private Secretary

W Rickett Esq
10 Downing Street

COVERING CONFIDENTIAL

DSR 11 (Revised)

DRAFT: minute/letter/teletype/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

Reference

DEPARTMENT: **TEL. NO:**

SECURITY CLASSIFICATION

TO:
Robert Adley Esq MP
House of Commons
London SW1A 0AA

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 2 August about COCOM and China.

CAVEAT.....

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More generally, it is very much in our interest that COCOM should remain a credible and efficient institution. It is the mechanism by which the Western Alliance, with Japan in association, controls the export of goods and technology of strategic importance to all Communist countries. In this situation, it is in our interest to abide by its rules and principles, including the principle of unanimous decision. We can - and do - press our partners for changes in the rules; and often with fair success. But I am sure that it would be a mistake for us to act unilaterally.

I look forward to seeing you next Tuesday.

ADLATE

Handed to the Prime
Minister by Mr. Adley, M.P.
who asked that its source should
be protected.

RANSIA

Telegram No.: 669

Date sent:

FeB
3-8
time:

From:

WISMAPUTRA KL

By

To:

MALAKIL BANGKOK

Date recd 6TH AUGUST 82
time:

FOR KADIR MOHAMAD FROM MELANIE.

FOLLOWING MESSAGE FROM AUSTRALIAN PM TO YB MENTERI LUAR WAS
RECEIVED THIS AFTERNOON. GRATEFUL CONVEY TO YB MENTERI.

" I HAD LENGTHY DISCUSSIONS YESTERDAY WITH PREMIER ZHAO ABOUT
CAMBODIA. IT WAS PARTICULARLY HELPFUL FOR ME TO HAVE HAD
DISCUSSIONS WITH YOU BEFOREHAND IN FORMULATING SOME OF THE QUESTIONS
I PUT TO HIM, AND I FOUND IT STRIKING HOW CLOSELY MANY OF THE
REPLIES FOLLOWED THE LINES YOU HAD PREDICTED. I NOTE PARTICULARLY
THREE CLAIMS ZHAO MADE:-

- (I) EVEN THOUGH CHINA SEES A NEED TO PROVIDE CONTINUING MATERIAL
SUPPORT TO THE KR FOR THE PRESENT IT IS NOT COMMITTED TO ITS
RETURN TO PHNOM PENH
- (II) CHINA WOULD RESPECT THE RESULT OF DEMOCRATIC ELECTIONS HELD
AFTER VIETNAMESE WITHDRAWAL, INCLUDING THE POSSIBLE
EMERGENCE OF AN INDEPENDENT NEUTRAL AND NON-ALIGNED GOVERNMENT
IN KAMPUCHEA.
- (III) CHINA WOULD BE QUITE HAPPY FOR THAT GOVERNMENT TO BECOME A
MEMBER OF ASEAN.

IN MY OWN REMARKS I STRESSED THE UNACCEPTABILITY OF POL POT
FOR COUNTRIES LIKE AUSTRALIA. I NOTED THAT PROSPECTS OF SIHANOUK
AND THE COALITION GAINING INTERNATIONAL SUPPORT WOULD BE MUCH ENHANCED
IF THE CHINESE COULD ARRANGE TO GIVE POL POT A LONG HOLIDAY, THEREBY
HELPING SIHANOUK TO BECOME THE EFFECTIVE, AS OPPOSED TO THE TITULAR,
LEADER OF THE COALITION.

-/2

Distribution

AMBASSADOR
MINISTER, COUNSELLOR (T)
LOG
FILE

THE FOREGOING IS, OF COURSE, ONLY A VERY BRIEF AND QUICK ACCOUNT OF WHAT TOOK PLACE. I SHOULD BE VERY HAPPY TO DISCUSS THE ISSUE WITH YOU FURTHER AND IN PERSON AFTER THE TRANSCRIPT HAS BEEN PUT TOGETHER AND ANALYSED.

WITH WARM PERSONAL REGARDS,

MALCOLM FRASER. "

[Handwritten notes and signatures]

[Faint handwritten notes, possibly including names like 'L. E. A.', 'J. L. S.', and 'H. H. H.']



FILE

EW
23/8

ROBERT ADLEY MP

10 DOWNING STREET COCOM/CHINA

From the Private Secretary

5 August, 1982

I enclose a letter the Prime Minister has received from Robert Adley, MP, in which he follows up her written answer about the possibility of removing COCOM restrictions on trade with China. The Prime Minister had promised to discuss with Mr Adley the prospects for her visit to the Far East, but this is now no longer likely, and I think that she will have to send a substantive reply to his letter.

I should be grateful for a suitable draft reply for the Prime Minister's signature by Monday, 23 August.

W. F. S. RICKETT

F N Richards, Esq.,
Foreign and Commonwealth Office

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10 DOWNING STREET

From the Private Secretary

5 August, 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 2 August. I will place your letter before Mrs Thatcher and you will be sent a reply as soon as possible.

W. F. S. RICKETT

Robert Adley, Esq, M.P.,

ROBERT ADLEY MP



HOUSE OF COMMONS
LONDON SW1A 0AA

2nd August 1982

228 . FPS
cc 18/8/82
22/7
I Margaret

Many thanks for your note about your visit to China. Naturally, I would very much welcome an opportunity to chat to you before you go.

I am disturbed by your written answer to my question on COCOM.

It is clear that, for some major companies, the COCOM list represents a serious obstacle in their trade relationships. The fact is that the United States can exercise a veto, which they use to further their own commercial ends, as well as in support of their Taiwan policy, which HMG do not support.

With best wishes

The Prime Minister,
10 Downing Street,
Whitehall,
SW1



FILE

JD

10 DOWNING STREET

22 July, 1982

THE PRIME MINISTER

Dear Robert,

Thank you very much for your letter of 15 July.

I have not finally settled my itinerary in China, and will certainly bear in mind your suggestion that I should visit Xian.

It would be nice to have a word about China before I go, if we can find time (perhaps after the Recess) *slants*.

*Yours
Margaret*

Robert Adley, Esq., M.P.

RM

ROBERT ADLEY MP



HOUSE OF COMMONS
LONDON SW1A 0AA

15th July 1982 219

J. Margaret

I was just wondering if you have yet had much time to consider the itinerary for your forthcoming visit to China. As Chairman of the British - Chinese Parliamentary Group, I have developed close links with the country and have established a good rapport with the Embassy in London. I was a member of the recent IPU delegation led by Edward Du Cann, although this was not my first visit to China.

I do not know whether your itinerary is yet settled, but I recommend a visit to Xian. The City sees comparatively few foreign visitors compared with Peking or Shanghai, and we felt it to be a most agreeable part of our recent journey. It is the capital of Shaanxi Province within which have been discovered the tombs of Qin Shi Huang. By way of declaration of interest, I should explain that I have arranged for a formal link between Shaanxi Province and Dorset County Council, which has just been approved by Dorset County Council. The Chinese Government's policy of devolution to the Provinces will, I think, be a major feature in the development of commercial relations between China and the West. The link I have arranged between Shaanxi Province and Dorset has been endorsed by the CBI, to whom I have been able to explain the position.

No doubt you will be inundated with advice! I am not always sure, frankly, that the Foreign Office or Department of Trade are as 'au courant' as they might be in these matters.

An opportunity to chat to you about China before you go, would be very welcome.

A large, stylized handwritten signature in dark ink, appearing to be 'M. Thatcher'.

The Prime Minister,
The Rt Hon Margaret Thatcher MP,
10 Downing Street,
SW1

