

CONFIDENTIAL

FROM PEKING 191800Z DEC 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 3045 OF 19 DECEMBER

INFO IMMEDIATE HONG KONG

COMMS OFFICE R.G.NO...18022...  
D.T.R. 20th DECEMBER 1984 0520 HRS*msg  
Record**Subject**cc Mr Peter Set*

PRIME MINISTER'S TALKS WITH HU YAOBANG

## SUMMARY

1. A LIVERLY AND GOOD-HUMOURED MEETING. HONG KONG, SINO-BRITISH TRADE PROSPECTS, AND CHINESE MEASURES OF REFORM AND MODERNISATION WERE ALL TOUCHED ON. THE PRIME MINISTER INVITED HU TO VISIT BRITAIN AT AN UNSPECIFIED DATE.

## DETAIL

2. HU SAID THAT THE PRIME MINISTER AND DENG HAD LAID A MILESTONE FOR RELATIONS BETWEEN THE TWO COUNTRIES WHICH WOULD ALWAYS BE REMEMBERED. THE PRIME MINISTER HAD DISPLAYED BRAVERY AND FAR-SIGHTEDNESS. IN RESPONSE TO A REMARK OF THE PRIME MINISTER'S, HU EMPHASISED THAT HE AND ZHAO WERE FIRM AND STRONG IN THEIR SUPPORT FOR THE IMPLEMENTATION OF THE AGREEMENT. FAILURE TO IMPLEMENT THE AGREEMENT WOULD DAMAGE CHINESE BUT NOT BRITISH CREDIBILITY. THE PRIME MINISTER REMARKED THAT THIS WAS SOMETHING THAT MUST NOT HAPPEN (SEMI COLON) THE INTERESTS OF BOTH SIDES IN THIS REGARD WERE IDENTICAL. ASSURANCES ABOUT THE IMPLEMENTATION OF THE AGREEMENT FROM HIMSELF, FROM ZHAO AND FROM DENG, GAVE THE PEOPLE OF HONG KONG EXTRA CONFIDENCE TO FACE THEIR FUTURE. HU ASSURED THE PRIME MINISTER THAT CHINA WOULD DO HER BEST TO INCREASE CONFIDENCE IN HONG KONG YEAR BY YEAR,

3. SOME CONVERSATION ON SINO-BRITISH TRADE PROSPECTS FOLLOWED DURING WHICH HU SAID THAT TOTAL TRADE BETWEEN THE TWO COUNTRIES LAST YEAR HAD AMOUNTED TO ONE THIRTIETH OF CHINA'S TOTAL FOREIGN TRADE. CHINA PLANNED TO INCREASE THIS TOTAL BY OVER 30 PERCENT NEXT YEAR. HU HIMSELF AND ZHAO WOULD BE INVOLVED IN THE FORTHCOMING VISIT OF THE HIGH LEVEL BRITISH TRADE DELEGATION IN MARCH.

CONFIDENTIAL

-2-

4. AT THE PRIME MINISTER'S INVITATION HU SPOKE BRIEFLY ABOUT THE DOMESTIC SCENE IN CHINA. EVERYTHING WAS GOOD. THERE WERE CURRENTLY THREE MAIN DOMESTIC TASKS:

- A) ECONOMIC REFORM TO IMPROVE MANAGEMENT, PRODUCTIVITY AND DISTRIBUTION WITH THE AIM OF DOUBLING GNP IN THE COMING DECADE:
- B) CONTINUED PURSUIT OF THE OPEN DOOR POLICY:
- C) AS PART OF THE PROCESS OF PARTY RECTIFICATION, TO PROMOTE LARGE NUMBERS OF YOUNG, WELL-QUALIFIED AND ABLE PEOPLE TO SENIOR POSTS. LOW LEVELS OF EDUCATION AMONG LEADING CADRES WAS ONE OF CHINAS MOST DIFFICULT PROBLEMS.

5. HU SPOKE OF CHINA'S NEED TO LEARN FROM ADVANCED COUNTRIES. THE PRIME MINISTER EXPRESSED THE HOPE THAT HE MIGHT PAY A VISIT TO BRITAIN IN ORDER TO LOOK AND LEARN. HU SAID HE WOULD BE HONOURED TO DO SO BUT ZHAO WAS VISITING BRITAIN NEXT YEAR AND, AS GENERAL SECRETARY OF THE COMMUNIST PARTY, HIS FACE WAS RED. HE ASKED THE PRIME MINISTER TO CONVEY HIS REGARDS TO THE QUEEN AND HIS RESPECTS TO THE PEOPLE OF BRITAIN.

A: S(CD)(5)

D: HE,CS,CDF,PS,AG(2),PA(2),PS/CH,DFA,AD(C)

ah

CONFIDENTIAL