

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

25 October 1979

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Dear George,

PREMIER HUA'S VISIT

Dr. Ruhfus rang me yesterday from the German Chancellery to brief me on the discussions between Chancellor Schmidt and Premier Hua. You may care to have an account of what he said.

According to Dr. Ruhfus, the talks had gone very well. Premier Hua had adopted a markedly more moderate tone than in Paris. He stressed the strong interest of the Chinese Government in peace and did not lay any emphasis on the inevitability of war. Chancellor Schmidt gave Premier Hua a lengthy exposition of German views on detente and East-West relations in general. His main theme had been on the need for the West to maintain its strength while developing cooperation with Soviet bloc countries. Premier Hua had said that the Chinese Government did not expect much in the way of results from the Soviet/Chinese talks in Moscow.

Premier Hua and the Chancellor had agreed that the two major crisis areas during the next decade would be the Middle East and South East Asia. Of the two, the Middle East was probably the more critical because of the oil question. On Africa, Chancellor Schmidt had explained to Premier Hua what Britain was trying to achieve in the Rhodesia talks. He told Premier Hua that the Prime Minister's policy was brave and realistic and required support. Premier Hua seemed to have taken the point. According to Dr. Ruhfus, Chancellor Schmidt had also spoken warmly of the Prime Minister's efforts to revive the British economy.

Premier Hua had stressed the importance he attached to the further development of European unity. Just as Chancellor Schmidt wanted a strong China so Premier Hua wanted a strong Europe.

Three bilateral agreements had been signed during the visit. These covered economic and cultural matters and the opening of

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consulates in Hamburg and Shanghai. The Federal Government had offered the Chinese no State or Government credits. Any commercial agreements entered into by German companies were to be financed by private capital. The Government's role would be limited to the offer of export guarantees. There had been no discussion of arms sales. Premier Hua had invited Chancellor Schmidt to visit China. Chancellor Schmidt had accepted in principle but made it clear that he could not go until after next year's elections.

Dr. Ruhfus's general impression was that Premier Hua was an impressive performer. Given his limited international experience, his views were remarkably solid, well-established and well expressed. He had handled the press extremely well.

I am sending copies of this letter to Brian Norbury (Ministry of Defence), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and Martin Vile (Cabinet Office).

CLAUDE ALEXANDER

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