



10 DOWNING STREET

THE PRIME MINISTER

28 January 1983

PERSONAL

Dear Lord Kadooie,

Thank you so much for your letter of 31 December 1982 and for your kind New Year wishes.

I have been following very closely the proposal to construct a nuclear power station in Guangdong Province and I am much encouraged by the progress made so far; your own efforts, I know, have been unstinting. As you say, it is a project not only of considerable potential value to British industry but one which could do much for confidence in Hong Kong by further cementing the Hong Kong/UK/China triangle.

I am grateful to you also for your views on Hong Kong's future. Let me assure you first of all that in seeking to agree with Chinese leaders satisfactory arrangements for Hong Kong's future I have the well-being of the people of Hong Kong foremost in my mind. There is no question whatsoever of this Government 'washing its hands' of its responsibility for this or any other Dependent Territory.

You suggest that Britain might abrogate the treaties on the understanding that the present system of administration should continue with either side able to give 20 years notice of a desire for change. I would make two points. First, as I made clear in Hong Kong, and as I am sure you would agree, treaties cannot be abrogated unilaterally. Any changes must be by agreement. Secondly, I do not believe that such an arrangement could be considered without guarantees that Hong Kong's stability and prosperity would be maintained.

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It is too soon to forecast what form a final settlement will take and I do not intend to prejudge the outcome of our talks with the Chinese, but our aim is to reach an agreed, negotiated settlement. Let me assure you, however, that I rule out no possible settlement which is acceptable to the people of Hong Kong and to Parliament.

I also take note of your point about the importance of the question in the context of raising funds for the power station project. As I see it, the two issues interlock. We must find the right solution for Hong Kong's future in order to lay the basis for further co-operation with China e.g. on the lines of the Guangdong project. Equally, that project is itself of immense importance in encouraging confidence in Hong Kong and in giving China a further vested interest in the Territory's stability. I agree that we need a satisfactory outcome as soon as possible, without rushing matters.

Thank you again for taking the trouble to write. I am always pleased to have the benefit of your great experience. May I reciprocate your good wishes for 1983 very warmly.

Yours sincerely
Margaret Thatcher

The Lord Kadoorie, C.B.E.