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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T156A183

PRIME MINISTER • PREMIER MINISTRE
OTTAWA, K1A 0A2

PERSONAL AND CONFIDENTIAL

October 19, 1983

Dear Margaret,

Allow me to take a moment to convey my personal congratulations for your immensely successful visit to Canada in late September, the impact of which continues to be discussed in private and public. You have captured the imagination of many Canadians. As usual, I enjoyed our discussions and hope to pursue them next month in New Delhi.

I recall particularly your concerns about Britain's ongoing negotiations with China on the future of Hong Kong. Significant Canadian interests are also at play but not, of course, to anything like the extent of your own.

Fortuitously, the Chinese Foreign Minister, State Councillor Wu Xueqian, visited Ottawa in early October. During my luncheon with Mr. Wu, he spoke at some length of the future of Hong Kong and China's approach to the negotiations (all this, I must add, without any particular encouragement from me). I do not for a moment consider Wu's statements to be a disinterested account of the negotiations. I thought nevertheless you might like to have, in confidence, a brief resumé of Wu's comments.

The Right Honourable Margaret Thatcher, M.P.
Prime Minister of the United Kingdom
10 Downing Street
London, England

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The substance of Wu's presentation would be all too familiar to you. The assumption of sovereignty over all of the British administered territory was, he said, fundamental to China's current position. He emphasized that it was not China's intention to disrupt either the social or economic fabric of Hong Kong by assuming sovereignty. Indeed, he forcefully reiterated the importance of assuring stability for Hong Kong in the long term.

Your negotiators are no doubt familiar with the following points which Wu emphasized would underpin the Chinese Government's policy vis-à-vis Hong Kong following 1997:

- foreign businesses, including British businesses, would continue operating without interference;
- the judicial system would remain unchanged;
- the right of final appeal in judicial matters would be vested in Hong Kong;
- the only wording changes in existing Hong Kong laws would reflect PRC sovereignty;
- international economic relations would remain unchanged;
- the Hong Kong dollar would remain in use; and
- general elections would allow Hong Kong residents to administer Hong Kong as a "Special Administrative Region".

Throughout Wu's presentation, there was no discussion of a possible role for Britain beyond 1997. He repeated that sovereignty and administration, in Chinese eyes, must go hand in hand.

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In concluding his remarks, Wu stated that "we do not wish to export revolution" and left the implication that China had no immediate thought of communizing Hong Kong. He stated with equal emphasis that the People's Republic of China wished to keep Hong Kong as a principal trading centre not only in the Far East but in the world.

I certainly do not wish to insert myself in your delicate and complex talks with the Chinese. I would inform you nevertheless that Chinese Premier Zhao Ziyang will undertake an official visit to Canada during the second half of January. If you see any way in which that visit could be useful, I hope you will let me know.

I am aware that the next session of your ongoing negotiations on Hong Kong will take place on October 19 and 20. The emphasis which Foreign Minister Wu placed on the financial and economic arrangements for Hong Kong suggested to me that such considerations might figure more prominently in the Chinese approach in future discussions.

Yours sincerely, with
personal regards.

A handwritten signature in cursive script, appearing to read "Qian".