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PS Secretary of State for Trade and Industry

15 May 1984

*cc Hong Kong: Castle  
Peak + Guangdong #3.*

RESTRICTED

John Coles Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1

*A.d.c. 15  
h.a.*

*Dear John*

HONG KONG

My Secretary of State had a short courtesy meeting with Lord Kadoorie of China Light and Power on 10 May. Since most of what Lord Kadoorie said related to his view of the future of Hong Kong, I thought you might find it useful to have a copy of the enclosed meeting note.

... 2 I am sending a copy of this letter and the enclosure to Peter Ricketts in the Foreign and Commonwealth Office.

*Yours ever,  
Ruth*

RUTH THOMPSON  
Private Secretary

Encl

JF6516

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MR BENJAMIN

cc PS/Minister for Trade  
PS/Mr Baker  
PS/Sir Anthony Rawlinson  
Mr Roberts  
Mr Corley OT4  
Dr Dobbie MEE4  
Mr Hall OT4/2

SECRETARY OF STATE'S MEETING WITH LORD KADOORIE,  
10 MAY 1984

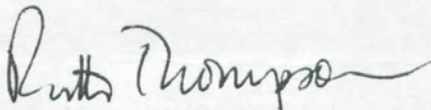
You and Dr Dobbie were present when the Secretary of State met Lord Kadoorie for what was essentially a courtesy call.

2 Most of the conversation centred on Lord Kadoorie's concerns about the future of Hong Kong. He said the publicity which was being attached to the current unofficials' visit was unfortunate, but very understandable. He warned that there was some anti-UK feeling about in Hong Kong. He was personally optimistic that the arrangement outlined by the Foreign Secretary would bear fruit: if any sort of co-existence between socialism and capitalism were to be possible, Hong Kong was the best available place to try this. Lord Kadoorie raised again the point he had made to the Prime Minister (John Coles' letter of 8 May to Peter Ricketts). Businessmen were, in particular, concerned about what was proposed. Lord Kadoorie said he had a "half-baked" suggestion to make: would it not be possible to make arrangements for temporary dual passports, which did not grant the right of residence in Britain, but did allow the holder right of access, to British Embassy and Consular officials in third countries. In particular, there was going to be a problem for Hong Kong citizens, originally of British descent but without any present British relations, who were likely not to receive passports from China. Lord Kadoorie believed that HMG should make some gesture in order to keep the goodwill of Hong Kong; this was just such a possibility. The Secretary of State replied that the problem of nationality was a particularly difficult one, which the Prime Minister, the Foreign Secretary and the Home Secretary had been grappling with. However, the Government had to take account of fears at home as well as the possible difficulties for Hong Kong citizens.

3 On the Guangdong project, Lord Kadoorie believed that provided the project went forward slowly, it would

succeed. The Chinese were, however, putting pressure on for quick decisions. Lord Kadoorie stressed the importance of his MD's excellent relationship with the Chinese Vice-Minister, Peng Shi-Lu in the talks. Lord Kadoorie said he still believed that the UK ought to demonstrate its backing for our producers in this brand-new prototype plant: he would have preferred a token investment from HMG (of, say, £25m). On the details of the talks, there was a difference between the Hong Kong and the Chinese sides on the amount of offtake from the plant; Hong Kong did not feel it could guarantee to take a total of 70 per cent of production, even though this projection of need was based on very conservative estimates of future growth rates, and was very likely to be needed. Somehow or other, this final point of difference would have to be resolved.

4 The Secretary of State thanked Lord Kadoorie for calling on him, and reiterated his hope that the Guangdong project would be successful.



RUTH THOMPSON  
PS/Secretary of State for Trade & Industry  
Room 803, 1 Victoria Street  
215 5422

11 May 1984

HONG KONG & future  
PK14

15 MAY 1984

