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10 DOWNING STREET

THE PRIME MINISTER

25 September 1984

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T1630/84.

Dear Ron.

After two years of tough and detailed negotiations with the Chinese, which started with my visit to Peking in September 1982, we are set to initial an agreement on 26 September.

I believe that in this Agreement we have achieved the major points we set out to secure. In particular, it will be a binding international agreement; it incorporates sufficient detail and clarity about the arrangements in Hong Kong for a period of 50 years after 1997 to command the confidence of the people of Hong Kong; and it contains a provision that its terms will be "stipulated" in the Basic Law to be passed by the National People's Congress of China which will, in effect, form the Constitution of Hong Kong after 1997. We have managed to secure a high degree of autonomy for Hong Kong in all fields, especially in the financial and economic fields and in aviation and shipping.

I do not pretend that the Agreement is ideal in every respect, but I am convinced that it is a good one, and I shall commend it strongly as a whole to the people of Hong Kong and to Parliament.

I believe that this Agreement has an importance that stretches beyond Hong Kong itself. It will help to heal some of the historical scars which still make relations

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between China and the West difficult at times. It will also play a stabilising role in the area. But to do this, the Agreement must work. If it does not work, this could only have a bad effect on China's relations with the West generally. It is therefore in the interests of the West as a whole that it should succeed.

That is why I wanted to write to you personally. As you know well, Hong Kong's prosperity and security depend critically on international confidence. Without that, its prosperity will evaporate. Hong Kong is heavily dependent on commercial links with the United States. It would therefore be most valuable if, once the Agreement is published, you felt able to authorise a personal statement from a senior member of your Administration expressing the confidence of the United States in Hong Kong's future prosperity. That would give a powerful lead to international reactions. It would be a major contribution to ensuring the survival of Hong Kong as a flourishing capitalist society.

*Y
Lum*

Ray

The President of the United States of America.