



Hong Kong

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10 DOWNING STREET

THE PRIME MINISTER

11 June 1979

Dear Sir Lawrence.

Thank you for your letter of 14 May and your personal congratulations.

I do indeed recall our meeting last August and I am pleased that you have subsequently placed such substantial orders with this country. I hope we may see British industry increasingly successful in trade with Hong Kong and I know that the Department of Industry will continue their efforts in relation to the current and succeeding contracts.

The personal commitment you have made to Sino-British relations is one which is well recognised and I am delighted to have achieved the important breakthrough in supplying electricity to China. We obviously would like to see Sino-British trade flourish and are grateful for the assistance you are giving in this respect. I look forward to a further discussion with you perhaps when you next visit the United Kingdom.

Yours sincerely,
Margaret Thatcher

Sir Lawrence Kadoorie, CBE, JP.

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PS/ *Secretary of State for Industry*

Bryan Cartledge Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

7 June 1979

Dear Bryan

You requested advice and a draft reply to the letter of 14 May 1979 from Sir Lawrence Kadoorie.

Sir Lawrence is reputedly one of the ten richest men in the world. He comes from one of the Iraqi merchant families that played a major role in the growth of Shanghai into a major trading port before 1939. The Kadoorie family subsequently established itself in Hong Kong where among many other interests they are the controlling share holders in China Light and Power, (CLP) the electricity generating Company that supplies Kowloon and the New Territories.

Sir Lawrence has been a good friend to the UK. His own interests and the sincerity of his goodwill to us combine to make him one of our great China watchers with a eye to the long term wide-ranging issues of Sino British relations. In Hong Kong there is little doubt that without his influence CLP would have gone to international tender for the £120m Castle Peak power station and £100m transmission system. The UK would have been hard pressed to win such a contract in the market place. By approaching the UK Government direct he also inspired the Department of Industry to put together and concert action on a "UK Limited" package of design, manufacture and financial terms including monitoring, inspection and training by CEGB personnel, which otherwise might not have come about. The package approach is something our overseas competitors are generally rather better at but it can be vital in winning major export contracts. The Prime Minister will be aware of the state of the UK power plant industry and how vital exports are to its survival as a result of the recent discussions in E Committee.

CLP are at present negotiating for Gas Turbines from GEC and are considering the purchase of another 2 x 350 MW turbine generator sets to complete the Castle Peak power station. By supplying electricity over the border to China and through offering to train Chinese personnel at CLP, Sir Lawrence is actively encouraging the closer co-operation and mutual benefit which he sees as necessary to the maintenance of good Hong Kong/Chinese relations and indeed the very survival of Hong Kong's special position as (in his words) "the free zone of China under British Management" long term. His efforts might

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also further the prospects of GEC and NEI who are bidding for conventional power stations in China.

|| The Prime Minister should be aware that her predecessor received Sir Lawrence on more than one occasion and it would be helpful if she were prepared to meet him on one of his future visits to the UK.

*Yours sincerely,
Pete.*

PETER STREDDER
Private Secretary



DRAFT LETTER FOR THE PRIME MINISTER TO SEND TO SIR LAWRENCE KADOORIE

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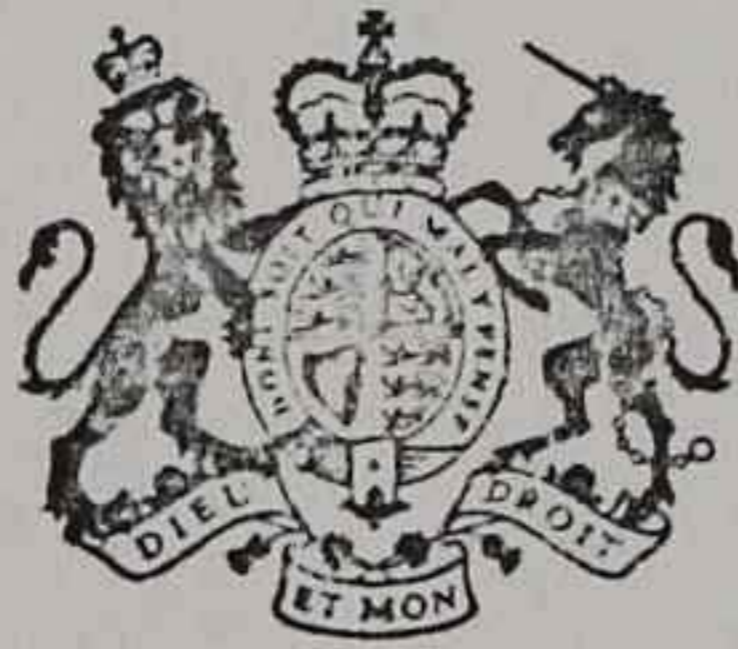
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HONG KONG

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by 6/8/79

10 DOWNING STREET

From the Private Secretary

29 May 1979

I enclose a copy of a letter to the Prime Minister from Sir Lawrence Kadoorie, congratulating her on her appointment.

In view of Sir Lawrence Kadoorie's contacts with the previous Government, you may consider that it would be in the interests of the UK's trade with Hong Kong and with China if the Prime Minister were to send him a personal reply, which could contain some comments of substance on UK/Chinese trade. If so, I should be grateful for a draft: it would be helpful if this could reach me not later than 6 June.

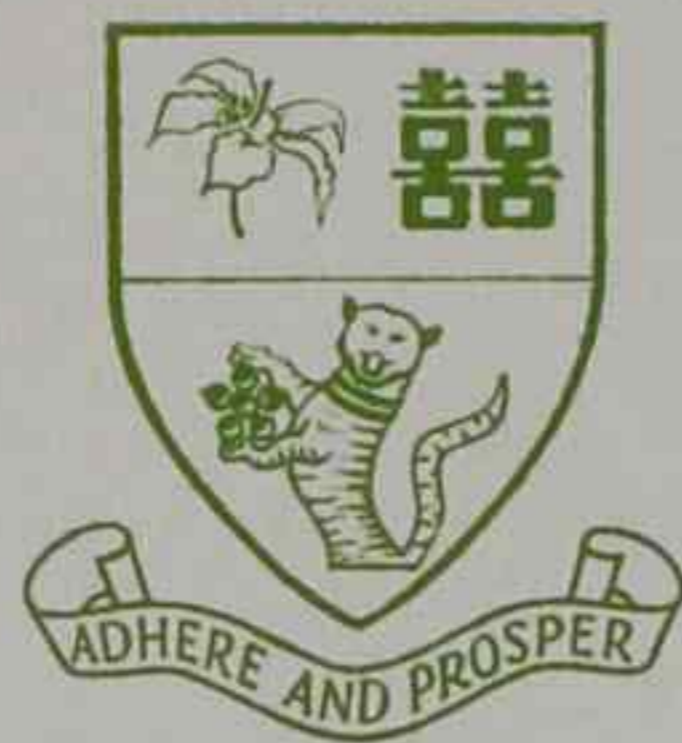
I am sending copies of this letter to Andrew Duguid (Department of Industry) and Stephen Wall (Foreign and Commonwealth Office).

B. G. CARTLEDGE

Tom Harris, Esq.,
Department of Trade.

A handwritten signature in dark ink, appearing to be 'B. G. Cartledge'.

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St. George's Building
Hong Kong

May 14, 1979

The Rt. Hon. Mrs. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
London S.W. 1
ENGLAND

Dear Prime Minister,

My sincere congratulations to you on your success in the recent General Election.

Perhaps you may recall our interview last August during which I mentioned that we had been able to open the door to a new era of British Trade with China. In retrospect it is pleasing to note that, since then, our Company alone has placed orders in the United Kingdom amounting to almost £400 Million and that further projects of equal magnitude are now under consideration.

We are most appreciative of the co-ordinating role played by your Department of Industry which was essential to the successful negotiation of these contracts.

It is of good augury that last month when, after years of effort, I succeeded in achieving interconnection of our Power supply with that of Kwangtung Province, the Chinese Authorities assured me of their complete co-operation.

I am indeed happy to know that we can rely on your continued personal interest which I believe to be vital to the success of Sino-British relations.

With all good wishes,

Yours sincerely,

Lawrence Kadoorie

LK/mw

29 MAY 1979

