

S E C R E T

2

Hong Kong



Foreign and Commonwealth Office

London SW1A 2AH

21 January 1983

GR  
please type  
draft for PMS  
signature

Dear John,

Future of Hong Kong

Thank you for your letter of 14 January about Lord Kadoorie's letter of 31 December 1982 to the Prime Minister. I attach a revised draft reply which deals with Lord Kadoorie's main suggestion in rather more detail.

Yours ever  
John Holmes

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

S E C R E T

DSR 11 (Revised)

**DRAFT:** ~~memo~~/letter/telex/memo/despatch/note

**TYPE:** Draft/Final 1+

FROM:

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

LORD KADOORIE

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

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

CAVEAT.....

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 of whatsoever of this Government 'washing its hands' of its /responsibility

Enclosures—flag(s).....



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. ~~This is one of many permutations that various people have put forward. We also, of course, have our own ideas.~~ I would make two points, ~~here~~. Firstly, as I made clear in Hong Kong, treaties cannot be abrogated unilaterally. Any changes must be by agreement. ~~Secondly, such an arrangement could not be considered without guarantees that Hong Kong's stability and prosperity would be maintained.~~

It is too soon to forecast what form a final settlement will take / <sup>and</sup> 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

and as I am sure you would agree,

DSR 11C

further cooperation with China eg 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.

HONG-KONG! LORD KADOORIE: PE3.

21 JAN 1983

1 2 3 4  
5 6 7 8 9 10 11 12



HONG KONG



file No

10 DOWNING STREET

*From the Private Secretary*

14 January 1983

HONG KONG

Thank you for your letter of 10 January, with which you enclosed a draft reply for the Prime Minister to send to Lord Kadoorie in response to his letter of 31 December.

Mrs. Thatcher has asked whether, in the third paragraph of the draft, it would not be possible to go a little further to deal with the main suggestion made by Lord Kadoorie. Could you consider this and let me have further advice please.

A. J. COLES

John Holmes Esq  
Foreign and Commonwealth Office



10 DOWNING STREET

THE PRIME MINISTER

CONFIDENTIAL AND PERSONAL

*Dear Lord Kadooni,*

Thank you so much for your letter of 31 December 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 a solution to the question of Hong Kong's future. As you know, talks with the Chinese have begun with a view to reaching an agreement for the future which will preserve Hong Kong's stability and prosperity. This must not merely meet the interests of the British and Chinese governments but also, of course, those of Hong Kong. We are determined to keep to this aim. I would not rule out any possible solution that was acceptable to the people of Hong Kong and to Parliament.

*Can we not go a little further than this to deal with the road?*

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



- 2 -

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.,



S E C R E T



Foreign and Commonwealth Office

London SW1A 2AH

10 January 1983

*Don't forget  
to type letters to  
the Prime Minister  
D.*

Future of Hong Kong: Lord Kadoorie

Thank you for your letter of 4 January enclosing a copy of a letter dated 31 December 1982 from Lord Kadoorie to the Prime Minister.

The compromise idea suggested by Lord Kadoorie is, as the Prime Minister has indicated, not a new one. It is in effect a variation on the idea of a sovereignty/administration deal. The attached draft letter to Lord Kadoorie makes clear that no solution acceptable to Parliament and to the people of Hong Kong can be ruled out, but does not go into any detail.

*Yours over,  
B*

(B J P Fall)  
Private Secretary

A J Coles Esq  
10 Downing Street

S E C R E T

CONFIDENTIAL AND PERSONAL

DSR 11 (Revised)

**DRAFT:** minute/letter/teleletter/despatch/note

**TYPE:** Draft/Final 1+

**FROM:**  
Prime Minister

Reference

**DEPARTMENT:**

**TEL. NO:**

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

**TO:**  
Lord Kadoorie

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

**SUBJECT:**

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 a solution to the question of Hong Kong's future. As you know, talks with the Chinese have begun with a view to reaching an agreement for the future which will preserve Hong Kong's stability and prosperity. This must not merely meet the interests of the British and Chinese governments but also of course those of Hong Kong. We are determined to keep to this aim. I would not rule out any possible solution that was acceptable to the people of Hong Kong and to Parliament.

Enclosures—flag(s).....

/I also

CONFIDENTIAL AND PERSONAL



CONFIDENTIAL AND PERSONAL

Henry Hill  
Future 81  
pt 4

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.

CONFIDENTIAL AND PERSONAL



CONFIDENTIAL

FILE

da

Hong Kong

Bf



10 DOWNING STREET

From the Private Secretary

4 January 1983

Hong Kong

I enclose a copy of a letter which the Prime Minister has received from Lord Kadoorie. The latter suggests, partly with the Guangdong nuclear power station project in mind, that a compromise solution to the problem of the future of Hong Kong could be found in a formula whereby the United Kingdom abrogated the "unequal treaties" but in all other respects the status quo should remain as at present (with both parties having the right to give 20 years notice of their desire to make any changes).

The Prime Minister believes that this is not a new idea but she would be grateful for a draft reply which she could send to Lord Kadoorie. Could this please reach me by 12 January.

A. J. COLES

John Holmes, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

da