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FROM: The Lord Kadoorie, CBE, JP

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*St. George's Building
Hong Kong*

February 13, 1985

The Rt. Hon. Margaret Thatcher, MP
Prime Minister
10 Downing Street
London SW1
ENGLAND

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Dear Prime Minister,

This letter is written to convey best wishes and to tell you something about our recent visit to Beijing in connection with the signing of the Joint Venture Agreement to build China's first large Nuclear Power Station at Daya Bay, some 50 Kms. from Hong Kong.

Thinking it might be of interest I enclose copies of the record of our interviews with Premier Zhao Zhi Yang and Chairman Deng Xiaoping.

It was pleasing that during these interviews they reiterated the importance they both attached to this Joint Venture, emphasising that it was by far the largest and most important project yet signed with any Western power.

Chairman Deng particularly appreciated our knowledge of Chinese thinking, saying that we were willing to take the risk when others would not.

He was emphatic in stating that socialism in China was here to stay and China would not revert to capitalism since this would be to recognize the failure of socialism. This, however, did not mean that socialism could not learn from capitalism, but he recognized this would take time - consequently the twelve years followed by fifty years, negotiated over Hong Kong.

After that the threads would be so closely knit, and the cloth so tightly woven, that they could not be separated and future policy would be firmly established.

Six years of patience and concentrated effort have at least succeeded in creating an atmosphere of cooperation which, with further effort, offers British Industry an opportunity to regain the premier place it once occupied in pre-war China.

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*St. George's Building
Hong Kong*

February 13, 1985

Pressure of work and the many official visitors from China just prior to the Lunar New Year unfortunately prevent me from attending the debate in the House of Lords on 19th inst. This I much regret. However, all being well, I hope to be in England sometime in April.

With renewed good wishes,

Sincerely yours,

Lawrence Kadoorie:

Kadoorie

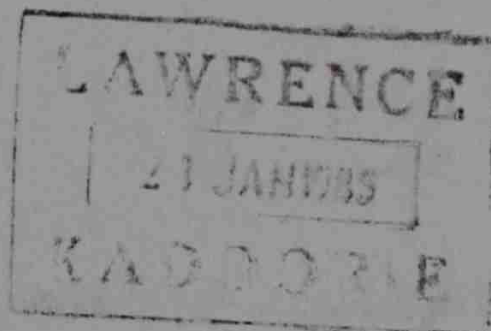
Notes of Meeting between
Chairman Deng Xiao Ping and the
HKNIC Delegation led by Lord Kadoorie

DATE

19th January, 1985

PLACE

Fujian Hall, Great Hall of the People



PRESENT AT THE RECEPTION

Hong Kong Delegation

Lord Kadoorie
Lady Kadoorie
Mr. & Mrs. P. Thompson
Sir Sidney Gordon
Mr. W.F. Stones
Mr. M.D. Kadoorie
Mr. R. McAulay
Mr. P. Jacobs
Mr. D. Blye
Mr. D. Barrett
Mr. S.K.L. Poon
Dr. Y.B. Lee
Mr. K. Chan
Mr. N.L. Chang

Representatives of Government Department in China

Mr. Li Peng	Vice Premier
Madam Zhu Ling	Office Chief Representative Office of Guangdong Nuclear Power Station in Beijing
Mr. Huang Yi Chen	Deputy Director, State Planning Commission
Mr. Zhou Nan	Assistant Minister, Ministry of Foreign Affairs
Mr. Wang Quan Guo	Chairman, GNPJVC
Mr. Wei Yu Ming	Vice Minister, MOFERT
Mr. Zhao Qing Fu	Vice Minister, MWREP
Mr. Li Jian An	Vice Governor, Guangdong
Mr. Zhao Hung	Vice Minister, Ministry of Nuclear Industry
Mr. Zhen Hua	Deputy Director, Xinhua News Agency, H.K.
Mr. Zhou Xi Wu	Deputy Major, Shenzhen
Mr. Chen Zeng Qing	Director, Nuclear Steering Committee - State Council

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1. Chairman Deng started by saying that Lord Kadoorie was 6 years older and looked healthier than himself. He asked whether Lord Kadoorie had subsequently visited Shanghai. Lord Kadoorie replied that he had been there again 7 years ago and was looking forward to going there at some future date. Chairman Deng suggested that he should visit Shanghai more often as he was born there. Lord Kadoorie replied that he was actually born in Hong Kong and went to Shanghai at an older age.

While on the topic of age, Lord Kadoorie added that the combined age of Chairman Deng and himself totalled 160 years of experience. Chairman Deng replied that it was indeed so, adding that Lord Kadoorie really understood China.

2. Chairman Deng said that in the preceding period at the time of Sino British discussions, Hong Kong experienced some turbulence but Lord Kadoorie and his company adopted a friendly and positive attitude towards China. For this, he wished to thank Lord Kadoorie and the friends in his company. Lord Kadoorie said it had been a great pleasure to be useful to China and to continue the co-operation which he and his company had had with China in the past. Chairman Deng said that China Light together with the Guangdong Power Co. were co-operating in a project which was the largest joint venture between China and an external investor. This is simply an extraordinary event he emphasised. Lord Kadoorie said it was an honour for him and his company to act as the link in a chain between the past and the future and to be useful to China and Hong Kong. Chairman Deng said that not only was the project in question the largest joint venture, it also contributed to the prosperity and stability of Hong Kong by boosting the confidence of the people there. This was a point which was especially important. He said the joint venture agreement exercised its usefulness not only during the 7-year construction period but would continue to do so after 1997. It had the effect of linking the economies of Hong Kong and the mainland even more closely. Although he very seldom met delegations of this nature, he was very pleased to see Lord Kadoorie and to congratulate him and his delegation for their work. Chairman Deng added that although he had met other people such

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as Mr. Y.K. Pao, those meetings took place in relation to things which were different. Lord Kadoorie thanked Chairman Deng and expressed appreciation on behalf of his wife and the delegation for the reception. Chairman Deng replied that the person really to be thanked was Lord Kadoorie himself. At a time when others were afraid to take risks, he had the courage to expose himself, taking a lead which would contribute to attracting Hong Kong and foreign investment into China. Chairman Deng said that the Open Door Policy was a long term policy of the country. Some people were concerned that China will one day change course. Chairman Deng said he would emphasise that there will be no change in this policy. There will be no change before 1997 and it will continue to remain so for another 50 years following 1997. Some Japanese friends had asked him about this matter. He had replied that the time period of 50 years was no flippant decision. It had been arrived at after considering China's future development and her current status.

China has charted for itself a development plan to quadruple its GNP by the end of this century. This plan was formulated in 1980 when the average per capita income in the country was US\$250 per year; a very poor country indeed. When this figure is quadruple by the end of this century, the average per capita income would be US\$1,000 per year; a very small figure for the friends from Hong Kong, but represented great aspirations for China. At that time, China would have become rather well off and life in the country would be quite comfortable but still not rich. By the end of this first great aspirations, the productive capability of the country would have been relatively developed and the GNP would amount to US\$1,000 billion; not a big figure compared to some developed countries.

It would not be the most backward but would still remain a backward economy. What is therefore needed is a real development plan which will take another 50 years in the next century to realise, enabling China to get close to the living standards of the developed countries. In order to quadruple the GNP what is needed is to inject vigour into the economy inside the country and to open the door even

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wider to economies outside. The open door policy therefore cannot change during this century and will continue to be maintained for another 50 years thereafter. This was the basis on which the 50 years had been determined.

What would happen after 50 years, say in 60 years' time, Chairman Deng posed the question and proceeded to elucidate. The economies of China and the foreign countries would have become closer and tied up by thousand and one links. Could such ties be then broken, he asked. There was yet another point as to why China had declared that the open door policy cannot change. Some people inside and outside of China say that the open door policy will lead to capitalism. If that was to happen, then China would have failed in its open door policy. By opening the door, certain aspects associated with capitalism would find their way into China. However, the Socialist economy would have developed much faster as a result of this open door policy, creating a situation where the socialist economy is always dominant. Taking the Guangdong J.V. as an example, 75% was socialist.

Lord Kadoorie said he was very happy to co-operate with Socialist China and although China was poor in money, in brains she was very rich. Chairman Deng replied that he believed in this statement. Lord Kadoorie said he was very glad to see the opportunity where socialism and capitalism were working together, where both sides tried to understand each other for the benefit of the country and the world. This he said had been his policy from the beginning. Lord Kadoorie added that he did not talk about different ideologies, but had thought more about benefits to the country and to the world. He would continue along this route and assured Chairman Deng of his co-operation and the satisfactory completion of the work begun together by two sides.

Chairman Deng said that in another 7 years, Lord Kadoorie would have reached the age of 93 and he himself 87. He suggested that they should hold a celebration party on that occasion using it as a model of the open door policy. The timing had already begun following the signing of the J.V. agreement the day before.

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3. In answer to Chairman Deng's question as to whether Lord Kadoorie had anything else to say, Lord Kadoorie said that China was following a very sound financial policy by not borrowing excessively. He hoped that his company and China would create the wealth together. Unlike many other countries which borrowed heavily and lived beyond their means, China was building from the root upwards and not from top to bottom.

Chairman Deng replied that China only did things which were within her capabilities, but China's potentials had not been tapped. Even so, China was in a position to repay the loans which she was borrowing. He said that in co-operating with foreign capital, it should be made certain that they did not lose money.

Of course China also hoped that the foreign investor did not make excessive profit. It should be such that the parties involved were able to share the profit in a fair manner. Only by this would other investors be encouraged to come into China. When one talked about the continuation of the open door policy, this particular aspect formed an integral part of that policy.

Chairman Deng said it will not work if only one party were to be benefited.

In a similar way, when negotiations took place in connection with the question of Hong Kong between China and the U.K., the interests of China, U.K. and the people of Hong Kong were taken into consideration. On this basis an agreement was reached.

Chairman Deng said that there remained now the question of Taiwan. He said one could say that the terms offered to Taiwan were broader than those available to Hong Kong, in that Taiwan is allowed to keep its troops. Similarly, the solution for Taiwan cannot be one which benefited only one side. The interests of Taiwan and those of the foreign investors with economic ties with Taiwan would be looked after, or else it would not work.

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Lord Kadoorie said that Hong Kong is a son of China and so is Taiwan which is a brother to Hong Kong. He added that both the brothers will return to the father.

Chairman Deng said he believed this, adding that he looked forward to meeting Lord Kadoorie again in 7 years' time.

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24th January, 1985

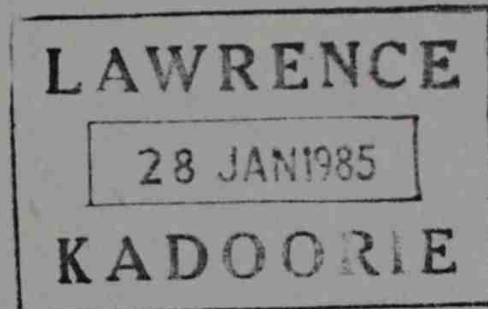
Notes of meeting between
Premier Zhao Zhi Yang and the HKNIC Delegation led by Lord Kadoorie

DATE

18th January, 1985

PLACE

Zi Guang Ge
Zhong Nan Hai
Seat of the Central Government

PRESENT AT THE RECEPTIONHong Kong Delegation

Lord & Lady Kadoorie
Sir & Lady Gordon
Mr. & Mrs. P. Thompson
Mr. & Mrs. W.F. Stones
Sir S.Y. Chung
Mr. & Mrs. M.D. Kadoorie
Mr. & Mrs. R. McAulay
Mr. P. Jacobs
Mr. D. Blye
Mr. D. Barrett
Mr. & Mrs. S.K.L. Poon
Dr. & Mrs. Y.B. Lee
Mr. Kenneth Chan
Mr. N.L. Chang

Representative of Government Departments in China

Mr. Li Peng	Vice Premier
Madame Zhu Ling	Office Chief Representative Office of Guangdong Nuclear Power Station in Beijing
Mr. Huang Yi Chen	Deputy Director, State Planning Commission
Mr. Zhou Nan	Assistant Minister, Ministry of Foreign Affairs
Mr. Wang Quan Guo	Chairman, GNPJVC
Mr. Wei Yu Ming	Vice Minister, MOFERT
Mr. Lin Zong Tang	Vice Minister, State Economic Commission
Mr. Zhao Qing Fu	Vice Minister, MWREP
Mr. Peng Shi Lu	Vice Minister, MWREP
Mr. Li Jian An	Vice Governor, Guangdong
Mr. Zhao Hung	Vice Minister, Ministry of Nuclear Industry
Mr. Zhen Hua	Deputy Director, Xinhua News Agency, H.K.
Mr. Zhou Xi Wu	Deputy Mayor, Shenzhen
Mr. Chen Gang	General Manager GPC, Deputy Chairman GNPJVC
Mr. Pan Yan Sheng	Director of Nuclear Bureau, MWREP General Manager GNPJVC
Mr. Shen Jian Sheng	Chief Engineer, GPC Deputy General Manager, GNPJVC
Mr. Chen Zeng Qing	Director, Nuclear Steering Committee The State Council
Mr. Lo An Ren	Deputy Director, Nuclear Steering Committee The State Council

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1. Premier Zhao said that the Guangdong Nuclear Power Station was a very meaningful project. Not long ago, a satisfactory solution had just been reached between the U.K. and China on the question of Hong Kong which was now being followed by this major co-operation. The signing of the Joint Venture Agreement was very significant. It signalled the bright prospects ahead and the wide scope for future development.

Premier Zhao thanked Lord Kadoorie, Mr. Stones and Sir Sidney for their constructive work during the negotiations which was conducted in a positive spirit. This had enabled agreement to be reached on the nuclear joint venture.

2. Lord Kadoorie said that it was an honour for his wife and colleagues to be in Beijing and to be received by the Premier. Personally, he was very pleased because of the long association between the Kadoorie family and China. It gave him an opportunity to follow in the footsteps of his father who came to China over 100 years ago. He sincerely hoped that this association would lead to great co-operation and that he and his family would become the bridge between the western world and the great country of China.

3. Lord Kadoorie added that the nuclear project was of great significance because it brought in new technologies and new ideas and was the forerunner of many more. It was hard work which were at times difficult that had brought the project to its present state. He said it was difficult to make some people in Europe and the U.S. to understand the change that was taking place in the region and the need and desire of those people who had been long in the area to co-operate fully with China. He hoped that the little contribution he was able to make would bring satisfaction, happiness and prosperity to all.

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4. Premier Zhao thanked Lord Kadoorie for the kind words. He said China attached great importance to the co-operation on the project for the following reasons :

- (a) This was the biggest joint venture following the initiation of the open door policy in China.
- (b) This was the first nuclear power station in China of the 1,000MW category. Through this project China wished to acquire construction and management experience.
- (c) It symbolised co-operation between Hong Kong and China which was especially important. Although this was only one project in many, it was very meaningful in relation to China's Four Modernisation programme. It also had great significance for Hong Kong.
- (d) CLP is a very influential company in Hong Kong and Lord Kadoorie well known all around the world. By entering into a joint venture with China, Lord Kadoorie would have set the pace and inspired others in the West as well as those in Hong Kong to co-operate with China and invest there.

Premier Zhao said Lord Kadoorie had taken a big lead for others to follow. He said work relating to the project had proceeded smoothly in the past and he hoped that similar spirit will guide all work on the project in the future. This would result in a power station that is both economical and safe.

5. Premier Zhao once again expressed his pleasure in making Lord Kadoorie's acquaintance and in meeting all the new friends. He wished Lord Kadoorie a pleasant time in China and hoped that the weather in Beijing did not prove too cold.

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6. Lord Kadoorie thanked Premier Zhao for his kind words. He said that when he first arrived in Beijing, the sun was shining and although the weather was cold, amongst friends, he felt very warm. Lord Kadoorie said he regarded the project as the first link in a chain, the chain which the Kadoorie family had started a long time ago. He said he believed it would be long and extend well into the future. It was his privilege to have had an understanding of China and he hoped that the co-operation on the project will lead to better understanding between China and the West. Towards this end Lord Kadoorie said he and his company will provide its fullest co-operation.

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26th January, 1985