

CONFIDENTIAL FILING

Prime Minister Meeting with
Sir Jack Cater, Sir Henry Keswick and
Members of the Hong Kong Association
(Messrs Swire, Newbiggin)

PRIME MINISTER

August 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
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Andy
Mr Newbigging is in
your file - remember
he + others came to see PA.
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pm
BU. 18/10

Mr. NEWBISSING
(Fenwick Lansdowne prints)

10 DOWNING STREET

THE PRIME MINISTER

27 September 1982

Dear Mr. Newbigging,

Thank you very much indeed for your letter of 25 September.

I should be delighted to accept the set of prints by Fenwick Lansdowne in commemoration of 150 years of British enterprise and Anglo/Chinese co-operation. I should be glad if, as you suggest, the prints could be delivered in London.

I send my warmest best wishes for the 150th anniversary of the foundation of Jardines.

Yours sincerely

Raymond Storer

D.K. Newbigging, Esq.

BPT

TELEGRAPHIC ADDRESS:
JARDINES HONGKONG
TELEX: 73255 JMGHO
TELEPHONE: 5-228011
P. O. Box 70 GPO

Jardine, Matheson & Co., Ltd
Connaught Centre
Hong Kong

PERSONAL

25th September, 1982

The Rt. Honourable Margaret Thatcher, M.P.,
c/o Government House,
HONG KONG.

Dear Prime Minister,

This year is the 150th Anniversary of the foundation of Jardines. It is a special occasion for us since not only does it give us an opportunity to reflect on the past but, perhaps more importantly, it encourages us to focus on the future.

As one of the projects associated with our 150th Anniversary we commissioned an artist of international repute, Fenwick Lansdowne, to paint a series of Hong Kong Birds. Lansdowne himself was born in Hong Kong where his father worked for the Jardine Engineering Corporation from January 1925. He left Hong Kong at the age of three and it was not until this commission from his father's old Firm that he returned to add these studies of Hong Kong Birds to the wide and celebrated list of his ornithological paintings. We have chosen six paintings from a collection of ten pictures to produce a limited edition of 300 sets of prints.

Throughout its history Jardines, although a Hong Kong registered company, has maintained very close links with the United Kingdom. In acknowledgement of this and particularly in view of your important visit to the Far East in our 150th year, we hope you will accept a set of prints from us to commemorate 150 years of British enterprise and Anglo-Chinese cooperation. I hope it will be convenient to you for the prints to be delivered to you in London.

With kind regards,

Yours sincerely

David Newbigging

(D.K. NEWBIGGING)
CHAIRMAN



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pm 2 to

10 DOWNING STREET

From the Private Secretary

14 September, 1982.

The Prime Minister invited Mr. Henry Keswick, Mr. Newbigging and Mr. Swire to call on her this evening to discuss the future of Hong Kong. I enclose a copy of the record of discussion. I should be grateful if you would restrict circulation within the FCO strictly to those who need to know.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

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SUBJECT
cc Madar

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Record of a Discussion between the Prime Minister and Mr. Keswick, Mr. Newbigging and Mr. Swire at 1815 on Tuesday, 14 September, 1982, at 10 Downing Street

The Prime Minister opened the discussion by inviting views on the problem of the future of Hong Kong which she would be discussing on her forthcoming visit to the Far East.

Mr. Newbigging said that it might be helpful to use a commercial analogy with Deng Xiaoping. The Prime Minister could point out that when a firm was doing good business, it did not make changes just for the sake of change. The Prime Minister thought that it would be essential to end her visit to Peking by stating publicly that she and the Chinese were of one mind that the stability and prosperity of Hong Kong must be maintained. But if she was unable to make any such statement, what would the effect be? Mr. Newbigging thought that the absence of a statement would have a very serious effect.

Mr. Keswick said that the Prime Minister might encounter a certain naivety in China. Deng might not believe that continuing British administration in Hong Kong was essential. The Prime Minister asked what the best way was to get the message across. Mr. Newbigging suggested that the Prime Minister should first seek agreement that there was a common objective of maintaining the economic prosperity of Hong Kong, and that that required the maintenance of confidence and stability. A joint communique covering those points would maintain confidence in Hong Kong for the time being.

The Prime Minister said that the Chinese did not negotiate quickly. The most she would be able to achieve would be a holding statement. An agreement would take much longer. Mr. Keswick expressed the view that provided Britain retained jurisdiction, we could be flexible later about sovereignty.

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The Prime Minister said that British control would need to remain in practically every field. The question was whether titular sovereignty would be sufficient for the Chinese. Mr. Keswick said that it could be argued that the Chinese stood to benefit more than Britain or Hong Kong from the continued prosperity of the colony. 40% of foreign exchange was very substantial. Mr. Swire pointed out that this represented only 1% of GNP.

The Prime Minister said that she did not know how far the message about the need to maintain confidence had penetrated Chinese thinking. Were they aware of the recent dents in confidence? Mr. Newbigging thought that Chinese awareness of the problem had indeed increased, especially among those in Hong Kong who owed allegiance to China. They were much more conscious than previously of the fragility of the Hong Kong market. If one of the short term objectives was to boost confidence, he thought the kind of statement he had suggested would achieve that. No thinking person expected the Prime Minister to settle the matter during this visit.

The Prime Minister said that Deng was pursuing the misguided idea of Hong Kong becoming an administratively separate part of China. Mr. Swire said that it was almost impossible for Hong Kong Chinese to go to Peking and say that British administration must be maintained in Hong Kong. Indeed, quite a number of Chinese in the colony did not accept that they themselves, as distinct from the British, could not administer Hong Kong.

Mr. Newbigging warned that Deng, like most elderly Chinese, would tend to become very reticent if an unknown factor were injected into the discussions. A possible formula for a future agreement was that Hong Kong would be maintained as a single entity, that 1997 would have no significance, and that the principle of

/ sovereignty

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sovereignty would be conceded provided Britain retained full jurisdiction and authority. Mr. Keswick said that if Deng insisted that any solution must be based on special administrative status for Hong Kong within China, he might be hard to convince. It would be necessary to emphasise that China would not get its foreign exchange if Hong Kong were treated in that way.

Mr. Newbigging asked whether there had been any indication from the Chinese side that they would not be prepared to accept the kind of statement that had been talked about in the Hong Kong Press. If there had been no such indication, that might be encouraging. Mr. Swire said that it would be important that in the future Hong Kong was still able to negotiate textile agreements and civil aviation rights. Mr. Newbigging believed that China would be firm on principle, but flexible on substance.

Mr. Keswick thought that the Chinese were at present probing our position. Since they wished Hong Kong to be prosperous, our position was in fact strong.

The Prime Minister enquired how the special economic zones were working. Mr. Newbigging said that they were making little progress. Such industry as there was was small and very unsophisticated. Mr. Swire said that if they adopted the right methods, they could be more productive. His own company had a cassette factory in Canton whose productivity, once piece work had been introduced, matched that of Hong Kong factories.

The Prime Minister enquired how business was in Hong Kong at present. Mr. Swire said that the world recession was now affecting the area, so business was not as good as in the past. But one was still talking in terms of real growth. Mr. Newbigging said that the latest forecast of growth in Hong Kong ^{next year} was 5-6%, and inflation, at 9%, was well down on last year. The property and stock markets were not strong at present, but the tertiary sector and construction

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- 4 -

and civil engineering flourished. Mr. Newbigging pointed out that remittances from overseas Chinese were one of the strengths of the Hong Kong dollar. These remittances would not go to Hong Kong if it became Chinese. Mr. Newbigging said there was more money in the Hong Kong banking system than ever before. Mr. Swire said, however, that the mean income was about £20 a week. People had been pulling in their belts to deal with inflation. Hong Kong was not a rich place for the ordinary person.

Mr. Swire said that even if the first reaction to the Prime Minister's visit was not favourable, Hong Kong would recover. Mr. Newbigging said that his firm had been consistently confident about the future, and had made significant capital commitments. The Prime Minister asked whether the people of Hong Kong were apprehensive. Mr. Swire said that he had felt apprehension amongst, in particular, young Chinese executives. This was partly because of the constant Press comment which fed on itself.

Mr. Newbigging said that it would be useful to involve Zhao Ziyang in the results of the visit. Xiyang, at the age of 63, represented the next generation of Chinese. His support would therefore be an additional guarantee. It should be remembered that it was Ziyang who introduced capitalism into Szechuan Province.

A.S.C.

14 September, 1982.

SECRET

*File
in
[unclear]*

*3 Lombard Street
London EC3N 9AQ*

7th September 1982

Dear Miss Stephens

Many thanks for your letters of 31st August and 1st September and I very much look forward to meeting the Prime Minister with David Newbigging, John Swire and Jack Cater at 6.15 p.m. on Tuesday, 14th September at No.10.

John Swire
Henry Keswick
Henry Keswick

Ms. Caroline Stephens,
10 Downing Street,
LONDON, S.W.1.



PM

10 DOWNING STREET

Caroline

Have told her
~~they~~ ~~are~~ ~~all~~
happy. cf. 9/19.

The P.R. will see Nass. Newbigging,
Swire and Keswick alone i.e. without
the others so far invited.

She is reluctantly prepared to see the next
the next day (if you have any opportunity
of going for the second engagement without
causing offence, you could take it).

Let me know if you want me to speak to

Sir Paul later.

J.C. speaks to

A.S.C. 9/19

Sir Jack - he is happy

At Lyde
1st with
Cate etc



File JP

10 DOWNING STREET

From the Private Secretary

7 September 1982

Further to my conversation with your secretary this morning, I am writing to confirm that the Prime Minister would like to invite Mr. Q.W. Lee (General Manager of the Hang Seng Bank); Miss Christine Loh (Chairman of the Hong Kong Observers); and Mrs. Helen Yu (Assistant Commissioner in the Hong Kong Government Office in London) to the meeting on Tuesday 14 September at Downing Street at 1815 hours. The Prime Minister is anxious that the invitation comes from her, and I would be grateful if you could notify the people concerned.

CS

Sir J. Cater, KBE.

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Le Mo

10 DOWNING STREET

From the Private Secretary

MR. KESWICK

MR. SWIRE

ADDITIONS TO MEETING ON TUESDAY
14 SEPTEMBER 1982 AT DOWNING ST
AT 1815 HOURS

Mr. Q. W. Lee - General Manager of
Hang Seng Bank

Miss Christine Loh - Chairman of
Hong Kong Observers

Mrs. Helen Yu - Assistant Commissioner
in Hong Kong Govern-
ment Office

CAROLINE STEPHENS

7 September 1982



file 11

10 DOWNING STREET

From the Private Secretary

7 September 1982

Further to my conversation with your secretary this morning, I am writing to confirm that the Prime Minister would like to invite Mr. Q. W. Lee (General Manager of the Hang Seng Bank); Miss Christine Loh (Chairman of the Hong Kong Observers) and Mrs. Helen Yu (Assistant Commissioner in the Hong Kong Government Office in London) to the meeting on Tuesday 14 September at Downing Street at 1815 hours. I gather you will kindly be inviting them and the Prime Minister is anxious that the invitation comes from her.

CAROLINE STEPHENS

Sir J. Cater, K.B.E.
Hong Kong Government Liaison Office,
6 Grafton Street,
London W1X 3LB

Prime Minister

Agree that Rose at X
should be invited?

MISS STEPHENS

A.J.C. 6/7.

Sw e KBE
OK

I had a meeting with Jack Cator and Alfred Sherman this morning.

Their joint recommendation is that the following three Chinese should be invited to the meeting with the Prime Minister on Tuesday 14 September at 6.15 pm, at which Sir Jack Cator, Mr. Swire, Mr. Newbigging and Mr. Keswick are to be present:-

- (a) Mr. Q.W. Lee (General Manager of the Hang Seng Bank).
- (b) Miss Christine Loh (Chairman of the Hong Kong Observers).
- (c) Mrs. Helen Yu (Assistant Commissioner in the Hong Kong Government office in London).

Alfred was not certain whether he had the Prime Minister's authority to invite these three people to the meeting or not. I stress that the three are recommended jointly by Alfred and Sir Jack. In view of Alfred's uncertainty, we must ask the Prime Minister.

Alfred is about to leave for Brighton. If the Prime Minister would like these people invited, would you be kind enough, please, to let Sir Jack Cator know. His office number is 499-9821. His home number is 222-0635.

Rang Sir Jack
- confirmed.
ef. 2/9

ef. I.G.

3 September 1982

I should like them to be invited - invitation must come from me. Perhaps John would let the F.O. know and they can just ask Teddy Wood if he has any objection not

Alan
To you?
Kay
2/9



10 DOWNING STREET

1 September, 1982

From the Private Secretary

Further to my letter of 31 August, I am writing to let you know that Sir Jack Cater will be attending the meeting on Tuesday, 14 September at No.10 at 1815 hrs.

W. F. S. RICKETT

Henry Keswick, Esq.,



FILE

RH

10 DOWNING STREET

From the Private Secretary

1 September, 1982

Further to my letter of 31 August, I am writing to let you know that Sir Jack Cater will be attending the meeting on Tuesday, 14 September at No.10 at 1815 hrs.

J.W.F.S. RICKETT

John Swire, Esq.,

Caroline

Sir Jack Cater,

Hong Kong Commissioner

pleased to accept

invite for 6:15.

on Tues 14th Sept

Steve

1/9/82

Börsenstrasse,
K5, 8022, Zürich

With the compliments of

10 DOWNING STREET





Foreign and Commonwealth Office

London SW1A 2AH

31 August 1982

Dear Willie,

Letter from Mr John Swire, Chairman of the
Hong Kong Association

Thank you for your letter of 23 August, enclosing a copy of Mr Swire's letter of 20 August to the Prime Minister.

I understand from Tim Flesher that an appointment is being made for Mr Swire to call on the Prime Minister, together with Mr David Newbigging and Mr Henry Keswick.

/ I enclose a draft acknowledgement accordingly for the Prime Minister to send to Mr Swire.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

W Rickett Esq
10 Downing Street

*PPS
Blue
Folder
14.9.82*

DSR 11 (Revised)

DRAFT: ~~MEMO~~/letter/~~MEMO~~/~~DISPATCH~~/~~NOTE~~

TYPE: Draft/Final 1+

FROM:

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

J A SWIRE ESQ CBE
Chairman, The Hong Kong Association
Regis House
43 - 46 King William Street
LONDON
EC4R 9BE

Copies to:

PRIVACY MARKING

SUBJECT: FUTURE OF HONG KONG

.....In Confidence

CAVEAT.....

Thank you for your letter of 20 August, and for your helpful summary of the views of the Hong Kong Association.

I look forward to seeing you on ^{14 September}..... when you come with Mr Newbigging and Mr Keswick.

Enclosures—flag(s).....

SEP 1982

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31 August 1982

Further to my conversation with your secretary last week, I am writing to confirm the meeting with the Prime Minister at 1815 on Tuesday 14 September at No. 10. I believe you will be accompanied by Mr. Newbiggin, and John Swire of the Hong Kong Association will also be present.

C.S.

Henry Keswick, Esq.
Matheson & Co Ltd,
3 Lombard Street
EC3

31 August 1982

I am writing to confirm the arrangements for the meeting with the Prime Minister on Tuesday 14 September at 1815 at Downing Street. As my colleagues mentioned to your secretary on the telephone, the meeting will also be attended by Mr. Henry Keswick and Mr. Newbiggin.

C.S.

John Swire, Esq.

ls



Cartner

She did
ring and
explained.

10 DOWNING STREET

~~T:u~~

IF

① Mr Swire's Sec
was not available

② She may ring back.

③ Meeting is on
TUE Sept 14th
at 18.15.

④ You will have
to explain that
Keswick will be
there.

Cf.

letter with pm
24/8
wn

FILE

da



2/9

John SWIRE

10 DOWNING STREET (Sir Adrian SWIRE)

Cathay Pacific Airways - 30/9/82

From the Private Secretary

23 August 1982

I enclose a copy of a letter which the Prime Minister has received from Mr. John Swire, Chairman of the Hong Kong Association.

I should be grateful if you could provide a draft reply for the Prime Minister's signature, to reach us by 2 September.

W. F. S. RICKETT

John Holmes, Esq.,
Foreign and Commonwealth Office.

W



10 DOWNING STREET

From the Private Secretary

23 August 1982

I am writing on behalf of the Prime Minister to acknowledge your letter of 20 August. This is receiving attention and you will be sent a reply as soon as possible.

L. W. F. S. RICKETT

John Swire, Esq.

JS

Would you like us to add Mr. Swire to the meeting with Keswick and Newbigging?
1 Mr Butler
2 Prime Minister
I have asked the FCO for a draft reply. But would you like to see Mr Swire?
會協商工英中港香
FERB 29.8

THE HONG KONG ASSOCIATION

(A company limited by guarantee, registered in England, No. 703170)

Telephone

01-623 5320
01-623 5324

Registered Office

REGIS HOUSE,
43-46 KING WILLIAM STREET,
LONDON E.C.4R 9BE.

20th August, 1982.

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

Dear Prime Minister,

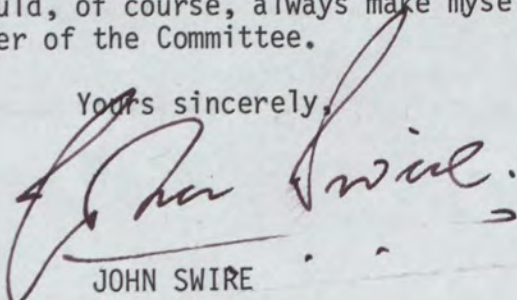
I am writing as Chairman of the Hong Kong Association, an association of businessmen in the United Kingdom with interests in Hong Kong.

Speculation over the future of Hong Kong being what it is, and appreciating the likely extreme sensitivity of your forthcoming talks in Peking, my Committee and I felt that it might perhaps be helpful if we were to let you know our position on these issues as we see them at present.

1. The continuance of British administration and jurisdiction, with all that these imply - the rule of law, convertibility of currency, control over foreign relations etc. - is essential if confidence is to be maintained. Without these, Hong Kong would be of value neither to China nor to the United Kingdom, with resulting consequences for ourselves and all the inhabitants of Hong Kong.
2. If the price of obtaining satisfactory terms for the continuance of British administration were to be some cosmetic acknowledgement of Chinese sovereignty over both the leased territories and Hong Kong Island and the ceded areas of Kowloon, then this would have the backing of our Committee and I believe the majority of United Kingdom businessmen with Hong Kong interests.

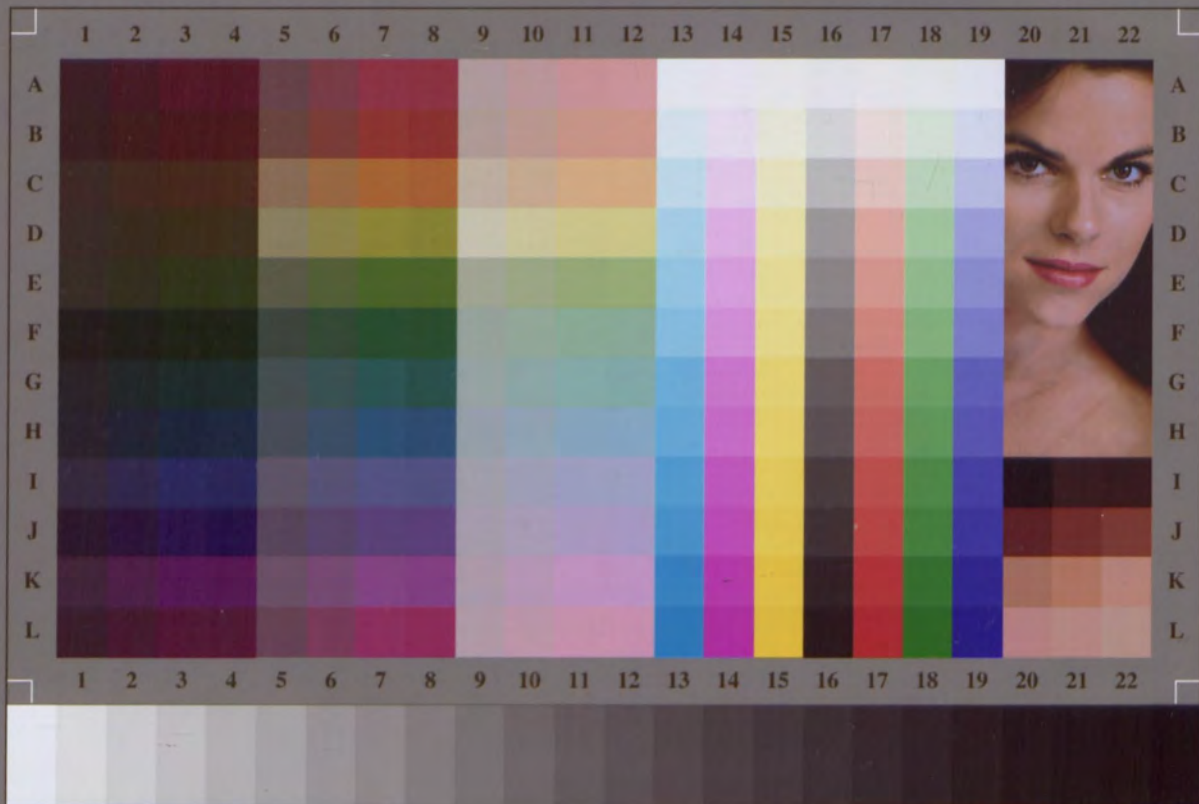
I am myself presently planning to be in Scotland from August 23rd to September 6th when I return to London, but if you wished to discuss any of these points further I could, of course, always make myself available, perhaps with another member of the Committee.

Yours sincerely,


JOHN SWIRE

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