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## 10 DOWNING STREET

THE PRIME MINISTER

14 January 1983

PERSONAL

Rear In. Kiesingen.

Thank you so much for your letter of 20 December.

I was very glad that you were able to come to dinner in November and I much appreciated the views you expressed then on China and Hong Kong.

If I may say so, I think your remarks to Ambassador Cai Zemin hit just the right note, particularly your point about preserving Hong Kong's stability and prosperity.

The Ambassador's remarks about being 'flexible on all other matters', were we to recognise Chinese sovereignty, are encouraging as far as they go. But I believe they still fall a long way short of a really satisfactory package. The present Chinese ideas appear to envisage an autonomous, capitalist style Hong Kong under China's control. This is the scheme of which the Chinese are currently spreading word, but it does not, it seems to me, offer any genuine guarantees whatsoever that Hong Kong's stability and prosperity, let alone the people's confidence in a free way of life, would be preserved.

Finally, I note with interest what you and the Ambassador have said about informal talks on the subject. We shall, of course, bear this in mind but I do not think that the time is yet right

/to pursue



to pursue this. We need to see how our diplomatic contacts develop.

Thank you once again for taking the trouble to write. Do let me know when you are in London next. I am always pleased to hear from those like you who have great experience of Chinese affairs.

And it is always good to see you

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Dr. Henry A. Kissinger,