

SUBJECT cc Manager

CONFIDENTIAL

NOTE FOR THE FILE

HONG KONG

A Mr. Roger Henning of Henning International called on the Prime Minister this afternoon (see his letter of 20 June).

He said that he had for some time been retained by Macao to look after its interests in Australia. In 1979 the Chinese had invited him to China and had asked him to report on how tourists could be attracted from Macao to China. Later on, the Chinese, religiously following all his recommendations, had opened the gate between Macao and China. More recently, he had been asked by China to handle its tourism in Australia. He was unable to accept this request because of a conflict of interests.

There had recently been a meeting in Macao at the house of the Hong Kong businessman, Mr. Stanley Ho. There had been present about 8 businessmen who had interests in Hong Kong, Macao and China. Ho himself did business with China, was frequently asked for advice by Peking and had even been persuaded to invest in China, though his investment had been unprofitable. Ho was the person referred to in Mr. Henning's letter of 20 June to the Prime Minister. His attitude towards the British Government was particularly interesting. His fear was that Britain might soften the stand it had taken so far. He believed that China was only now learning how to negotiate. It was beginning to recognise that there would have to be a compromise about Hong Kong's future.

China was now seeking from Mr. Henning, through tourist links, information as to how it should handle its image abroad. In dealing with this matter, it would be helpful for him to know Britain's objectives in its negotiations with China. There was no doubt that China saw Hong Kong as the essential gateway for tourism for many years ahead.

The Prime Minister said that our objectives were as stated in the Communique issued after her visit to Peking (I gave him a copy). We wanted the present system ie rule of law, a free

/capitalistic

CONFIDENTIAL

- 2 -

capitalistic economy, British administration and the Chinese character - to continue like this would be an immense advance for both Britain and China. It would be tragic if we could not arrange for the same system to continue after 1997. We should need some face saving definition for the Chinese. But unless Hong Kong was independent from Peking confidence would not be retained. A major problem was that those Chinese who went to Peking did not tell the Chinese clearly what was necessary for the Hong Kong success story to continue.

Mr. Henning asked how far the talks had got. The Prime Minister said that they had just entered a new phase. Mr. Henning asked whether the Chinese were planning any move on Macao. The Prime Minister said that she had no evidence that they were doing so. Their tactic was rather <sup>one of</sup> leaving Macao as it was and saying that Hong Kong should have a similar stance. But the argument was fallacious; Hong Kong and Macao were ~~all~~ different.

It was agreed that if Mr. Henning had anything of importance to communicate to us about the talks on Hong Kong, he should do so using the confidential bag from Sydney. I have written accordingly to the Foreign Office.

A.J.C. 13/7.

11 July 1983



10 DOWNING STREET

*From the Private Secretary*

11 July 1983

Mr. Roger Henning of Henning International made a private call today on the Prime Minister.

Mr. Henning has business interests in Macao, Hong Kong and China

I should be most grateful if you could arrange for H.M. Consul General in Sydney to accept any request which Mr. Henning may put to him for help in passing on communications to me.

in cases where Mr. Henning states that the information is urgent I would hope that it could be conveyed telegraphically.

A. J. COLES

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OF THE PUBLIC RECORDS ACT

Brian Fall, Esq.,  
Foreign and Commonwealth Office.



10 DOWNING STREET

Prime Minister

Roger Heuning is now in  
London. Would you like to  
talk to him about Hong Kong  
at 3.30 on Sunday?  
(see attached paper).

A.F.C.  $\frac{8}{7}$

I can only  
listen to him.

mb

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NNNN

*[Handwritten signature]*

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SYDNEY 96/95 7 1608 PAGE 1/50

PRIME MINISTER'S RESIDENCE  
10 DOWNING STREET  
LONDON

7 JULY 1983 ATTN PRIVATE SECRETARY TO PRIME MINISTER RE YOUR LETTER OF 28 JUNE 1983; ROGER HENNING EN ROUTE TO LONDON. SCHEDULED TO JOIN MRS HENNING AT CHURCHILL HOTEL TOMORROW FRIDAY 8 JULY. ATTENDING WEDDING OF AN AUSTRALIAN POLITICIAN NOON 9 JULY

COL 10 7 1983 28 1983; 8 9

RF1591 PRIME MINISTER'S PAGE 2/45

WESTMINSTER CHAPEL. AVAILABLE TO MEET WITH PRIME MINISTER AT HER CONVENIENCE WITH THE EXCEPTION OF PERIOD 1100 HRS TO 1700 HRS SATURDAY 9 JULY. MR AND MRS HENNING SCHEDULED TO DEPART FOR PARIS THEN HONG KONG TUESDAY 12 JULY. BEST REGARDS  
G SYDBELL PERSONAL ASSISTANT

COL 1100 1700 9 12

*A.J.C. 11/8*

*p.a. (Hong Kong)*

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PERSONAL

43A

# HENNING INTERNATIONAL

SUITE 604 135 MACQUARIE ST., SYDNEY N.S.W. 2000 AUSTRALIA  
Tel. (02) 27 9949    TELEX AA24667    CABLES: HENINT SYDNEY

RH:ng

20 June, 1983

1025

Dear Prime Minister,

We were all absolutely thrilled with the election result and again extend our congratulations to you on a superb victory!

Pru and I hope to be in the UK shortly to attend the wedding of one of our politicians in London on 9 July.

However, I have given some thought as to how to communicate to you some information regarding the attitude of China towards Hong Kong.

I do not believe it is wise to commit to paper the source of these comments but they are authoritative and come from a private conversation involving a prominent Chinese businessman with interests in Hong Kong, Macau and China.

He said prior to your election that he believed the Peoples Republic would begin negotiating "on a sensible basis" with the British Government during the second week of August.

He did not indicate a reason for stipulating the second week of August but felt that this month would be critical.

He believes that China has become quite aware of "the stupidity in insisting that the Governor of Hong Kong be someone appointed by the Chinese authorities."

He said that China has realised that a number of mistakes have been made in the handling of initial negotiations over the future of Hong Kong.

The Chinese business community has apparently put pressure on the decision-making process within China which was described as "archaic".

This discussion with someone whose future is dependent on both Hong Kong and Macau could best be described as pessimistic.

He was adamant that the future of both Macau and Hong Kong are irretrievably linked and if Hong Kong ceased to be a British colony, then the Chinese would be forced to do an about face on Macau and the fate of both territories would be similar.

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20 June, 1983

He believes the Chinese authorities are looking for a face-saving solution which is difficult for a country which he describes as being "50 years behind the times and unaware of how to communicate outside the Peoples Republic and devoid of any public relations or image-making skills."

He said that he automatically "writes off any business involvement he may be forced to have in China as an immediate bad debt" and gets it off his books.

His belief is that the Hong Kong situation can be resolved if "the British stick to their guns and do not concede to the unrealistic suggestions being made by China."

This prominent figure and others believe that it is essential for China to maintain the British presence in Hong Kong and that this necessity has been recognised.

The man involved in this conversation has no knowledge of my involvement with the Thatcher family as a friend and I intend to keep it that way.

Because of my on-going business activities involving Hong Kong, Macau and China and having been responsible for a report on tourism development in the southern provinces of China which helped lead to the opening of the border gate between Macau and China, I have some superb contacts and sources of information.

To the best of my knowledge the only person who knows that I have any connection with any member of the Thatcher family is my Hong Kong financial adviser who has met Mark on one occasion when we all had lunch together in Hong Kong.

I mention this to make it very clear that this pipeline to various sources of information in the Hong Kong/Chinese community, Macau and within China may be a resource of value to you but I do not know how to communicate to the appropriate person within your Government.

I am also anxious to retain the capacity to expand my ability to do business with China.

I can elaborate further on this conversation and others if it is of benefit to you or your colleagues in Government.

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20 June, 1983

I am reluctant to deal directly with any member of the bureaucracy or foreign office without first establishing the need for my various sources of information to be protected and it is vital that I am not linked directly with any Government to Government negotiations unless I am requested to participate on an official basis, as this could lead to embarrassment for all concerned and perhaps spoil opportunities for a happy final result for everyone.

I will be returning to Macau shortly and have an invitation from China to revisit the country but have chosen to postpone any direct contact with China until I can establish in my own mind the goal of the British Government in respect to Hong Kong.

Then and only then can I speak with any real knowledge of the situation as I am limited at this stage to the interpretation that is placed on the subject of Hong Kong by foreign correspondents and some areas of the business community.

I hope this input is of some benefit and I look forward to seeing the twins if they are in London when next we visit your country.

You have given us all new hope and for that we are most grateful.

Our best wishes for your next five years in office.

Sincerely and with best wishes

(ROGER HENNING)  
Managing Director

The Right Honourable Mrs Margaret Thatcher  
Prime Minister  
10 Downing Street  
London  
UNITED KINGDOM



Roger HENNING

BU 19/7

Clark



10 DOWNING STREET

*From the Private Secretary*

28 June 1983

The Prime Minister has asked me to thank you for your letter of 20 June which she read with considerable interest. She has asked me to establish whether you are likely to be visiting London in the near future. If so, she will be happy to have a word with you about this matter herself. Perhaps you would kindly let me know.

A. J. COLES

Mr. Roger Henning.

*(Handwritten signature)*



10 DOWNING STREET

Prime Minister

You will know the writer  
(ROGER HENNING) and perhaps be  
able to judge whether he can be  
helpful to us over HONG KONG.

He wants to know who he  
should communicate with about  
Hong Kong. If you think it  
useful, I could offer to be his  
contact point.

A.J.C.  $\frac{27}{6}$ .

All information is  
useful. I will be here  
when he comes and then  
we can discuss how to proceed  
no