



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister.

12 December 1983

A.J.C. 12

Dear John,

Hong Kong

Your letters of 28 and 29 November described remarks by Mr Lee Kwan Yew to the Prime Minister and to yourself respectively about Hong Kong. You invited our comments.

In general Mr Lee's views are similar to those that he has previously expressed to the effect that any approach to the Chinese requires a mixture of firmness and realism. He is particularly keen on the psychological advantages which in his view derive from acknowledging to the Chinese that we understand their position and are ready to afford them "face".

While Lee Kwan Yew's remarks must be seen against his own background as a Western educated overseas Chinese, there is a good deal in what he says. At the same time he clearly does not understand the extent of the efforts we already have made to meet the Chinese, within our own constraints. The approach he outlined to you looks pretty thin on how a negotiator should try to achieve practical returns as a quid pro quo for ritual obeisance. His suggestion that we should simply brace ourselves to meet whatever the Chinese have in mind for Hong Kong looks altogether too negative an approach.

In essence, Mr Lee Kwan Yew's assessment of the need for a realistic attitude is not very different from that which Sir P Cradock has consistently advanced. His idea of sending a high level Minister or emissary is of course one which we have borne in mind all along and which we might in some circumstances still wish to deploy, although so far we have used the technique of high level messages. There would not, however, seem to be a great deal of sense in sending a

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senior representative if we had, as Lee Kwan Yew suggests, reached the conclusion that there was no solution. Circumstances might of course arise in which we wished to send an emissary to Peking. If that happened however we should certainly still be aiming for a better deal for Hong Kong. We should in other words want to combine a tactical and realistic approach with a firm line on substance.

*Yours truly,
Peter Ricketts.*

(P F Ricketts)
Private Secretary

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