

THE WHITE HOUSE
WASHINGTON

October 17, 1984

Dear Margaret:

Thank you for sharing your thoughts with me on the Hong Kong agreement initialled in Beijing on September 26. We hope you found George Shultz's statement helpful. I was happy to see that the response to the agreement, both in Hong Kong and by American businessmen, appeared to reflect confidence in Hong Kong's continuing prosperity.

I share your conviction that it is important that the agreement work, your belief that the agreement has long-term implications for the development of Western relations with China beyond Hong Kong itself, and your desire to build upon the agreement to improve ties between China and the West. The unique establishment of Hong Kong as a Special Administrative Region under Chinese sovereignty should strengthen the hand of those who want to increase China's receptivity to Western investment and knowledge. I am heartened by your conviction that the agreement secures the major principles your government sought, and I hope that it will be accepted with similar confidence by the people of Hong Kong.

As you know, there is a substantial American commercial presence in Hong Kong. The U.S. statement of confidence in Hong Kong's continuing prosperity expressed both our assessment of the situation and our desire to

UNCLASSIFIED/Released

NLS 78-005 #14

BY any NARA DATE 10/13/98

reinforce your objective of preserving the survival of the free enterprise system there. In this regard, we hope that U.S. investment and trade with Hong Kong will continue on an upward trend in the years to come.

Thanks for keeping us so well informed on this important question.

Warm regards.

Sincerely,

Ron

P.S. a belated "Happy Birthday."

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London