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MOST CONFIDENTIAL RECORD
TO
CC(83) 19th Conclusions
Thursday 16 June 1983

FOREIGN
AFFAIRS

Hong Kong

Previous
Reference:
CC(83) 18th
Conclusions,
Minute 2

THE PRIME MINISTER said that negotiations with the Government of the People's Republic of China were continuing on the basis of the letter which she had sent, with the Cabinet's agreement, to the Chinese Prime Minister, Mr Zhao Ziyang, and the Chinese reply. The Chinese had allowed a distorted version of the contents of her letter to become public, but no great harm had been done. It was clear that they were now anxious to proceed expeditiously with the formal talks about the future of Hong Kong; negotiations were in progress about the agenda, and the Chinese had come some way to meet the British position by offering to relegate the question of a transfer of sovereignty to third place in their list. Her Majesty's Ambassador at Peking had now been instructed to communicate the British Government's view in the following terms:

"In order to meet the wish of the Chinese side for a broad agenda covering the whole course of the formal talks, the British side agree that, during the course of the talks, matters relevant to the future of Hong Kong should be discussed, in particular all the subjects mentioned in Mrs Thatcher's letter and Premier Zhao Ziyang's letter. These will include arrangements for Hong Kong after 1997, arrangements for Hong Kong between now and 1997, and matters relating to a transfer of sovereignty in that order. It is agreed that this agenda should remain strictly confidential."

The Hong Kong Executive Council had been consulted and had agreed that it would be right for the British Government to enter into talks on the foregoing basis. The concept that the final outcome would have to be acceptable to the British Parliament, to China and to the people of Hong Kong had not been made explicit, since it was judged that this would be rejected by the Chinese, but was implicit in the reference to her letter to the Chinese Prime Minister. The eagerness which the Chinese Government was now showing to begin the formal talks was an important development, and suggested the beginning of some understanding on the Chinese side of the need to avoid a collapse of confidence in Hong Kong; but the negotiations would be long, complicated and difficult and it would be important to discourage any expectation of an early result.

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