



10 DOWNING STREET

From the Private Secretary

10 September 1982

HONG KONG

Following this morning's most useful meeting with Lord Macle hose, Sir Antony Acland, Sir Ian Sinclair and Mr. Donald, the Prime Minister requested some additional material. This is as follows:

- (a) a draft aide-memoire which the Prime Minister, if she so decides, may leave with the Chinese Government, describing the need to maintain confidence, and hence stability and prosperity, in Hong Kong. This aide-memoire is likely to be regarded as a working document in any negotiation. It should therefore set out a maximalist position. One of the aims in producing the document is to put something on the table to counter the various statements already made by the Chinese giving their view of the future status of Hong Kong. It thus has an educational purpose, in the sense that the Chinese are probably at present viewing the problem largely in terms of their own statements.
- (b) A list of nominal concessions which might be made in any negotiation. This should be devised as a guide to the Prime Minister, should the talks during her visit to Peking move faster than we think and it becomes necessary to indicate a measure of apparent flexibility.
- (c) A chronology of statements relating to the status of Hong Kong, beginning with extracts from the Treaties and including extracts from the Chinese statements to the then Lord Privy Seal in January 1982 and Lord Home in 1972. The chronology should be in tabular form, indicating the date, the occasion, the speaker, quotations from the statement and a final column describing its effect, if any.
- (d) A speaking note which the Prime Minister might use with Chinese leaders. This could be a revised version of the text which Alan Donald showed to me

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during the discussion, namely:

- (i) It should commence with a reference to common friendship, interests and objectives, and specify that as regards Hong Kong we both agree on the need to maintain confidence.
- (ii) It should contain a paragraph explaining why it is not possible for the Chinese themselves to maintain confidence in Hong Kong. Given the recent history of China, no-one would believe that the Chinese could achieve this aim. Time would be needed to re-establish confidence in the capacity of the Chinese Government to carry out such a task.
- (e) A note on the form and structure of the negotiations which might follow the Prime Minister's visit to Peking. This should include a comment on the possible venue and the desirable degree of secrecy.
- (f) A paper on the various packages which may be acceptable at the end of the negotiation. One example mentioned during the discussion was a formula whereby, to begin with, British administration continued unchanged and the Chinese had titular sovereignty but, later, at the end of an undefined period, there was some change.

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I should be grateful if as much of the above as possible could be received in time for the Prime Minister to read it on Monday night. In any case, I think Mrs. Thatcher would like to have (a), (c) and (d) by then. If necessary, (b), (e) and (f) could follow by Tuesday night.

J. COLES

John Holmes, Esq.,
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Foreign and Commonwealth Office

London SW1A 2AH

15 September, 1982

Prime Minister

Dear John,

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A.J.C. 14/9.

Future of Hong Kong

I undertook to let you have Mr Pym's comments on the papers enclosed with my letter to you of 13 September. Mr Pym is generally content but has endorsed the view in my letter that any aide memoire should be handled very carefully indeed. He sees considerable dangers in handing over to the Chinese a paper which goes into such detail as the existing draft. If the Prime Minister decides to hand over an aide memoire to the Chinese (and Mr Pym considers that this is risky whatever the contents), he believes that it would be preferable for it to be confined to the first four paragraphs of the existing draft. Such an aide memoire could perhaps conclude with the statement that the above represents the British view of the basis on which negotiations should be conducted and that such negotiations would have to cover such issues as legislation, external relations, security, citizenship and immigration, finance and trade.

Yours ever

J E Holmes

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Private Secretary

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From the Private Secretary

16 September 1982

FUTURE OF HONG KONG

Thank you for your letter of 15 September. During her discussion with Lord MacLehose, Sir Antony Acland and others at a working lunch yesterday, the Prime Minister made it plain that it was not her intention to hand over an aide memoire at this stage to the Chinese (for the reasons which the Foreign and Commonwealth Secretary has given). The document will, nevertheless, be useful as a background note for the Prime Minister's talks.

I should add that the Prime Minister is extremely grateful for all the detailed and timely work which has been done by the Foreign and Commonwealth Office to prepare her discussions in Peking on this difficult subject. Could you kindly convey her thanks to all concerned.

John Holmes Esq
Foreign and Commonwealth Office

John

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