

TOP SECRET



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

A.J.C. 10/10

18 October 1982

Dear John,

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Hong Kong Contingency Planning

While we seek satisfactory arrangements for the future of Hong Kong in our talks with the Chinese, we must at the same time make contingency plans for the worst case of a breakdown of the talks or a period in which little progress is made and relations with the Chinese deteriorate. This could produce two types of problem: lowered morale in Hong Kong and pressure on the Territory from the Chinese. The practical consequences could range from a sharp fall in the Hong Kong dollar to civil unrest in Hong Kong.

The Prime Minister may wish to know that the Governor of Hong Kong is already working on contingency planning at his end. We are in touch with him on supporting action which would need to be taken in London. We shall report on this as soon as possible.

Clearly it will be of the greatest possible importance to avoid any information about such planning leaking out. Knowledge is confined at present to a very small group in the FCO on a 'need to know' basis and we would adopt the same line with those few other Whitehall departments who will have to be brought in. Meanwhile, we are grading the whole exercise Top Secret.

Delivered  
Home Office  
Treasury.

Tommy  
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Private Secretary

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