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RECORD OF A MEETING HELD AT 10 DOWNING STREET AT 1800 HOURS ON
THURSDAY 2 DECEMBER 1982

Present: Prime Minister
Foreign and Commonwealth Secretary
Lord Belstead
Lord Maclehorse
Sir Philip Haddon-Cave
Mr. Donald
Mr. Butler
Mr. Coles

The Prime Minister said that she felt the time had come for a discussion of our tactics vis-a-vis the Chinese. But it would be helpful to hear first about the situation in Hong Kong.

Sir Philip Haddon-Cave said that he did not believe that the propaganda directed from Peking at the people of Hong Kong with regard to the "Chinese plan" had greatly affected the markets. At present, the underlying economic factors were the more important influence. But the Chinese bombardment was making it difficult for the Governor to hold the line that our stance should be passive. We must of course avoid a public argument with the Chinese which could push China into announcing officially the plan which was so far being mooted unofficially and often at a low level. Certainty was not possible but he tended to believe that the Chinese Government was not yet officially committed to the plan.

The Prime Minister said that the long delay that had ensued since we agreed to enter into talks had been exploited by the Chinese to their advantage. So far we had done little counter briefing and had not emphasised in public that our position had the sure legal basis of internationally valid treaties. HM Ambassador in Peking had advised that we should not run after the Chinese and should not

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show that we were worried. She accepted this advice but thought we could not remain inactive for much longer.

The Foreign and Commonwealth Secretary commented that the essential point was to start the talks. Mr. Donald pointed out that there were possible explanations for the delay. The former Chinese Foreign Minister had retired and his Ministry had been reshuffled. Zhang Wenjin had been appointed as Ambassador in Washington. It was not yet clear who on the Chinese side would be responsible for the talks. Sir Philip Haddon-Cave agreed that it was quite possible that there were good practical reasons for delay on the Chinese side. It was less clear why they had used the delay to launch a major propaganda offensive. Local opinion in Hong Kong was somewhat disturbed. People were puzzled as to why we did not announce a British plan for the future of Hong Kong. But the position could be held if the Governor were able to take EXCO more into his confidence. It was important that they should feel that they were being consulted. Agreeing, Lord Maclehoze pointed out that constitutionally EXCO were the Governor's advisers. They ought to be kept informed. Unless they felt that the Governor was being frank with them, there was a danger of a breakdown in confidence.

The Prime Minister enquired whether influential editors were being briefed. Mr. Donald replied that we were taking steps to brief US and some British newspaper editors. Sir Philip Haddon-Cave said that the Hong Kong Government was carrying out an intensive briefing campaign.

The Prime Minister enquired why in 1972 we had ceased to send reports to the United Nations about Hong Kong. Mr. Donald recalled the history. In 1971 China had taken over Taiwan's seat at the United Nations. It had set about removing all vestiges of Taiwan from the organisation and had then turned its attention to Hong Kong and Macao. China had then put a draft resolution to the UN General Assembly. We had had to decide whether to have an annual battle in the United Nations, with the majority of the organisation against us and with predictable effects on confidence in Hong Kong. We had decided it was best not to do this. We had therefore ceased our

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practice of reporting but sent a letter to all permanent representatives in New York making plain our sovereignty over Hong Kong. The Prime Minister would shortly be receiving written advice on this question.

The Prime Minister said that it might be necessary to consider bringing Hong Kong and Kowloon to a status closer to independence so that the people became more accustomed to running their affairs and taking decisions and thus became more likely to stand up to Chinese pressure. Sir Philip Haddon-Cave thought that there would be an immediate and unfavourable reaction from the Chinese if we moved in this direction. Lord Maclehorse agreed.

Sir Philip Haddon-Cave thought that the Hong Kong Chinese would be more likely to withstand pressure from Peking if we took them more fully into our confidence. Personally he thought it conceivable that the Chinese could still accept a situation where we acknowledged Chinese sovereignty over Hong Kong but British administration continued with some purely cosmetic changes. A British Governor reporting to the Secretary of State could still remain. He suspected that the Chinese were not particularly interested in the actual exercise of sovereignty. Lord Maclehorse expressed the fear that the Chinese might become convinced by their own propaganda.

The Prime Minister stressed that there could be no question of making a move on sovereignty until we obtained something in return.

Lord Maclehorse recalled that Sir Percy Craddock was due to see Zhang Wenjin on 4 December. If his report was unsatisfactory, we could consider instructing him to call on the Chinese Foreign Minister. For the time being we should not indulge in a publicity contest with the Chinese. The Prime Minister agreed.

Mr. Donald suggested that if there had been no progress by the New Year, we might consider sending a special emissary. One possibility was to send a suitable academic to make contact with the President of the Academy of Social Sciences in China. The latter was familiar with

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the progress of the talks on Hong Kong and was closely acquainted with Zhao Ziyang. This idea was noted.

The Prime Minister thought that any message which we conveyed to the Chinese should recall the terms of the agreed communiqué and state that the delay in entering into talks was putting in question the good faith of both sides.

Lord Macle hose recalled that, at his recent meeting with the Prime Minister, Dr. Kissinger had said that we should aim to deal in practicalities not legalities. He believed that some move on sovereignty was an essential preliminary to finding out what the Chinese intended to do.

There followed some discussion of a formula which might be used in an attempt to make progress with the talks. The Prime Minister said that, though she wished to take a final decision about this later, it might be possible to put to the Chinese the question: If we were to acknowledge Chinese sovereignty over the whole area, what would the reaction be?

Returning to the question of the briefings given by the Governor to the Unofficials, the Prime Minister said that she believed that Sir Edward Youde must in future be free to use his discretion. She would write a letter to the Governor about this matter.

With regard to the forthcoming visit of Lord Belstead to Hong Kong the Prime Minister said that, if questioned publicly on the talks with the Chinese, he should take a very cautious line. He should emphasise that the talks were confidential; he was not prepared to comment on them publicly; but they were in good hands. HM Ambassador in Peking was in close touch with the Governor.

If Lord Belstead were asked to comment on the Prime Minister's references to the treaties while she was in Hong Kong, he should take the line that there was nothing more to be said.

The meeting ended at 1920 hours.

A. J. C.

2 December 1982

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10 DOWNING STREET

From the Private Secretary

2 December 1982

HONG KONG

I enclose:

a) A record of the meeting which the Prime Minister held with the Foreign and Commonwealth Secretary, Lord Belstead and officials here today to discuss the question of Hong Kong. (I should be grateful if, as usual with records on this subject, this document can be given the closest protection).

b) A letter, as discussed at the meeting, from the Prime Minister to the Governor of Hong Kong. I should be grateful if the text could be telegraphed to Sir Edward Youde. Perhaps Lord Belstead's party could deliver the signed version.

A. J. DOLES

John Holmes, Esq.,
Foreign and Commonwealth Office

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FM HONG KONG 301031Z NOV 82
TO PRIORITY F C O
TELEGRAM NUMBER 1408 OF 30 NOVEMBER

FOLLOWING FOR COLES NO. 10
MY TELNO 1402 REFERS.

PHILIP HADDON-CAVE WILL NOW ARRIVE LONDON ON 2 DECEMBER SO WILL
NOT BE AVAILABLE UNTIL 3 DECEMBER.

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FM HONG KONG 291010Z NOV 82
TO PRIORITY FCO
TELEGRAM NUMBER 1402 OF 29 NOVEMBER

FOLLOWING FOR COLES NO 10 FROM GOVERNOR.

YOU MAY WISH TO KNOW THAT PHILIP HADDON-CAVE WILL BE ON UK LEAVE NEXT MONTH AND WILL BE AVAILABLE IN LONDON BETWEEN 1 DECEMBER AND 10 DECEMBER. HE IS SEEING LORD BELSTEAD AT 10 A.M. ON FRIDAY 3 DECEMBER. I DO NOT KNOW WHETHER THE PRIME MINISTER WOULD WISH TO SEE HIM BUT YOU MIGHT IN ANY CASE LIKE TO HAVE A TALK WITH HIM ABOUT THE PRESENT MOOD IN HONG KONG OVER THE FUTURE. HE CAN BE CONTACTED EITHER THROUGH THE HONG KONG AND GENERAL DEPARTMENT IN THE FOREIGN AND COMMONWEALTH OFFICE OR ON HIS LONDON NUMBER WHICH IS 607-5871.

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Hong Kong

10 DOWNING STREET

Hong Kong.

We have arranged a meeting for Thursday,
to be attended by the Foreign Secretary, Anthony
Acland, Mr. Donald and Sir Jean Sinclair.

Ray Lord Belstead, who arrives in Hong
Kong next week, also attend?

Would you like Philip Hadden-Cave,
who is in London from 1 to 10 December,
to attend also?

Yes not

A.S.C.

29.11.82.