

SECRET

13

PRIME MINISTER

HONG KONG MEETING

We have two hours. We have provisionally arranged another meeting for Wednesday in case you need it.

HANDLING OF MEETING

I suggest you:-

- (a) ask Percy Cradock to describe his latest contacts with the Chinese and summarise the Chinese position as he sees it.
- (b) ask Teddy Youde to describe the latest Hong Kong view - you should see the report of his latest talk with EXCO at Flag 'A'. *(and 2 other telegrams from him which have just arrived - also at Flag 'A')*.

We should then discuss whether EXCO's advice - that we should stand pat on our present position - is realistic.

If the conclusion is that our objective must be to get the talks going then we should consider:-

- (a) whether you should send a message to the Chinese Premier.
- (b) or/and whether we should send a special emissary.

and in each case what should be said.

You will wish to see the letter at Flag 'B' which describes a new appointment at the Chinese Embassy here which could lead to a new channel of communication.

In any event the meeting should probably commission a contingency paper on what we should do if the Chinese announce their "plan" in June.

SUBSTANCE

I am convinced that our immediate objective must be to get talks started. Until we do - and until they have been under way for some time - we shall never know what the true Chinese position is.

/The

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- 2 -

unofficials clearly believe that it is open to negotiation.

How do we do it? It may be that the time has come for us to strike a tougher note than we have done since your visit in September. We could state in a formal message that the Chinese pre-condition is unacceptable and that we expect the Chinese to honour the agreement reached between you and Zhao. We could recall your hint that if satisfactory arrangements can be agreed you would be prepared to make recommendations on sovereignty to the British Parliament and imply that if the Chinese reject that basis for proceeding the responsibility will be theirs. But we hope that they will now agree to start the talks.

I attach, in case you need them,

- (a) the paper on joint administration: Flag C.
- (b) Sir A. Parson's minute of 24 February: Flag D.
- (c) the Chinese note of 9 February: Flag E.
- (d) the Foreign Secretary's minute and the "options paper" of 16 February: **FLAG F.**

I have, as you asked, invited Mr. Heseltine to join the meeting.

A-2C.

4 March, 1983

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PRIME MINISTER

Caroline 0/5
I have told the F.C.O. - but ①
Sir A. Acland will not be able to
come.
A.J.C. $\frac{4}{3}$.

Hong Kong

In the coming week we need to settle our policy. I shall let you have papers at the weekend.

We have set aside two hours on Monday (from 4 p.m. to 6 p.m.). This may be sufficient but in case it is not, we have also kept 90 minutes on Wednesday.

For the first meeting, we could invite:

Foreign Secretary
Sir Antony Acland
Sir E. Youde
Sir P. Cradock
Alan Donald
Tony Parsons
Sir Ian Sinclair.

I doubt if it is necessary to invite John Belstead as well but do you want him to attend?

It [↓] would be helpful
to have John present.
not

A.J.C.

3 March, 1983

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7

PRIME MINISTER

HONG KONG

Yes not

I attach:

- A A minute by Sir Anthony Parsons;
- B A paper by the FCO on the idea of joint administration after 1997;
- C A draft telegram to the Governor authorising him to hold a discussion with EXCO before he returns here next week;
- D In case you need it again, the original FCO paper on the future of Hong Kong.

OK
PT 4

I am aware that this does not take us much further forward. It is a very difficult problem and I think our best plan is to have a thorough discussion with Percy Cradock and the Governor in the week beginning 7 March. But I shall, next week, try to give more thought to this myself and let you have some ideas.

The only decision needed now is on the draft telegram at Flag C. Do you agree that the Governor may be given this authority?

A + C .

25 February 1983

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OUT TELEGRAM

	Classification and Caveats	Precedence/Deskby
	SECRET	IMMEDIATE

ZCZC 1 ZCZC
 GRS 2 GRS
 CLASS 3 SECRET
 CAVEATS 4
 DESKBY 5
 FM FCO 6 FM FCO FEBRUARY 1983
 PRE/ADD 7 TO IMMEDIATE HONG KONG
 TEL NO 8 TELEGRAM NUMBER
 9 INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)
 10 MY TELNO 106: FUTURE OF HONG KONG
 11 1. The Prime Minister has now considered papers which outline
 12 the present position and a number of options before us, and looks
 13 forward to discussing the situation with you and Sir Percy
 14 Cradock during the week beginning 7 March.
 15 2. The Prime Minister has not yet formed a view on the
 16 direction in which we should now move. She recognises the
 17 problem posed by the Chinese resistance so far to substantive
 18 talks on acceptable terms and by the likelihood that they will
 19 take early action to reveal more of their own plans publicly.
 20 ~~For your own information, she considers that any moves on our~~
 21 ~~part implying any weakening of our stand on sovereignty would~~
 22 ~~need to be examined very carefully to see whether they would~~
 23 ~~in fact be likely to produce advantages for us and the people~~
 24 ~~of Hong Kong.~~
 25 3. The Prime Minister confirms that you should consult EXCO

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NNNN ends telegram	BLANK	Catchword before
File number	Dept Private Office	Distribution Future of Hong Kong
Drafted by (Block capitals) JOHN HOLMES		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats		Page
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1 >>>>
 2 before you come to London. She would like you to ^{give EXCO} ~~concentrate~~
 3 ^{an} ~~on the~~ analysis of the present position and the problems facing
 4 HMG, ~~as described in the first part of the paper,~~ giving due
 5 weight to the statement to Sir P Cradock by Yao Guang on
 6 9 February. You should follow this up with a ^{by asking EXCO for their} ~~broad sounding~~
 7 ^{views on the way forward.} ~~of EXCO's views on the choices we now face without going into~~
 8 ~~detail or suggesting that we have a favoured course.~~
 9 4. You should not repeat not put ^{the} ~~any~~ paper outlining the
 10 options to EXCO[↑] It is also very important that you should not
 11 (not) give any impression that the Prime Minister has changed
 12 in any way her views on the issue of sovereignty or the handling
 13 of this with the Chinese. Your purpose should be to get EXCO
 14 to give their views on the best way forward. You will no doubt
 15 undertake to convey their views fully to Ministers in London
 16 who are anxious to have their counsel at this stage.
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 18 PYM
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now should you put those options to them orally.

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NNNN ends telegram	BLANK	Catchword
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