



PM/83/20

PRIME MINISTER

1. At our meeting yesterday you agreed to consider a possible message from you to Prime Minister Zhao Ziyang on the future of Hong Kong. A draft is attached.
2. There would be two objects in sending such a message. The first would be to draw the Chinese into substantive talks, without which we shall be unable to make any progress towards a settlement. The second would be to discourage them from announcing their own plans. Such an announcement would damage confidence in Hong Kong and make it very difficult for the Chinese to modify the public position they have taken up. There are, as you know, indications that they are planning to do this in June.
3. The key passage in this draft concerns the issue of sovereignty. You told Prime Minister Zhao Ziyang and Chairman Deng Xiaoping in September last year that subject to certain conditions being satisfied you would be prepared to consider making recommendations on sovereignty to Parliament. The draft now attached strengthens the indication, which you have already given to the Chinese leaders, that if the package was right you would be ready to make recommendations to Parliament on sovereignty. The formula used is still conditional and you would be entering into no commitment before the terms of future arrangements had been agreed. On the other hand, the strengthening of this indication might just be sufficient to persuade the Chinese that their requirements had been sufficiently taken into account to allow substantive talks to start.
4. If you agree with the terms of this message it could be delivered by the Ambassador soon after his return. The Governor considers it would be prudent to inform EXCO of it in advance and to explain the reasons why it had been decided to send it.

SECRET



5. I am copying this to Michael Heseltine.

A handwritten signature in dark ink, appearing to be 'FP' with a flourish underneath.

(FRANCIS PYM)

Foreign and Commonwealth Office

8 March, 1983

SECRET

SECRET

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: PRIME MINISTER

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: Zhao Ziyang

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

Dear Prime Minister

.....In Confidence

I recall the far-ranging and important talks I held with you and with Chairman Deng Xiaoping on the subject of Hong Kong during my visit to Peking in September of last year. As you know, at the conclusion of the meeting with Chairman Deng he and I agreed on a joint statement. In this statement we recognised that there were differences between us but we agreed that talks should take place through diplomatic channels with the common aim of maintaining the future stability and prosperity of Hong Kong.

CAVEAT.....

Since then various meetings have taken place in Peking between the British Ambassador and senior representatives of the Chinese Ministry of Foreign Affairs. It is a great disappointment to me that although six months have elapsed since my visit no real progress has been made through these contacts and we have not yet been able to begin substantive talks on this vital issue.

Enclosures—flag(s).....

I fully understand the importance the Chinese Government attach to the matter of sovereignty. But as I explained to you and Chairman Deng it is not

SECRET

/constitutionally

that is a matter which I have to refer to Parliament which alone has the power to decide.

constitutionally in my power as Prime Minister <sup>acting alone</sup> to agree to the transfer of sovereignty; I must emphasise that ~~this is a matter which Parliament alone can decide.~~ If Parliament is to agree to such a transfer of sovereignty, it will need to be part of an overall ~~package~~ package of measures guaranteeing <sup>the</sup> future stability and prosperity of Hong Kong. I understand your difficulties, but I hope that you will understand mine. In my meeting with you I said that I would be prepared to consider making recommendations on sovereignty to Parliament in certain circumstances. Perhaps it would be helpful if I strengthened that assurance. Provided that agreement could be reached between the British and Chinese Government on administrative arrangements for Hong Kong which would guarantee the future prosperity and stability of Hong Kong, and would be acceptable to the British Parliament and to the people of Hong Kong as well as to the Chinese Government, I would be prepared to recommend to Parliament that sovereignty over the whole of Hong Kong should revert to China.

I profoundly believe that both our governments have a responsibility to achieve an early negotiated solution to this problem and I very much hope that we can cooperate to exercise that joint responsibility. I am confident that if we do so it will be possible to reach a solution consonant with Chinese and British interests and those of the people of Hong Kong. This will be

SECRET

a great contribution to the development of friendly relations between Britain and China to which we attach the highest importance. It would point the way to even closer cooperation between our two governments and peoples.

I have explained my position to you in as frank and as positive way as I can in this message. I hope that in the light of it you and Chairman Deng will agree that the Chinese Government are prepared to enter into substantive talks. I hope that in your reply you will be able to tell me that we can hold the first of such discussions within the next month.

SECRET

PRIME MINISTER

HONG KONG

I attach the draft message from you to Zhao Ziyang.

You will of course wish to consider it carefully. My own view is that we shall have to say something like this if there is to be any chance of getting into proper talks. But I can quite see that you might feel the need for collective endorsement by your colleagues before sending such a message. I suggest that that would be no bad thing. I have felt for some time that it would be valuable to have a wider Ministerial meeting to give you backing on this important issue.

If you are content with the draft, perhaps you would care to indicate whether you wish there to be an OD or Cabinet discussion (or perhaps a restricted group of Ministers).

Everybody who was at the meeting on Tuesday thinks it would be valuable to take advantage of the presence in London of Sir Edward Youde and Sir Percy Cradock to have a further discussion. This would be more valuable if we did not need to concentrate on the drafting of the message but instead had a brain-storming session on all the possibilities for the future eg if the message does not do the trick. I have provisionally arranged for the group to re-assemble at 1600 hours tomorrow (though I gather that Lord Belstead would not be able to come on this occasion).

A.J.C.

8 March 1983

DSR 11 (Revised)

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