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Foreign and Commonwealth Office

London SW1A 2AH

29 March 1983

Dear John,

Future of Hong Kong: Call on the Prime Minister by Madame Chen Muhua, Chinese Minister of Foreign Economic Relations and Trade
30 March

Madame Chen Muhua is due to call on the Prime Minister at 0900 hours on Wednesday 30 March. She is the first senior Chinese Minister to visit Britain since the Prime Minister's visit to China in September. She is an alternate member of the Politburo and, according to secret sources, was quite recently and may still be a member of a policy group on Hong Kong under the Politburo.

The Secretaries of State for Trade and Industry have been given defensive briefing only on Hong Kong's future, but HMA Peking takes the view (Peking telnos 205 and 254) that it would be unnatural for the Prime Minister not to raise the subject. Mr Pym agrees.

Flag A+B

The Ambassador delivered the Prime Minister's message to Premier Zhao, via Vice Foreign Minister Yao, on 23 March. It is most unlikely that a reply will have been received by 30 March. It is possible that the Chinese may wait to see what if anything is said to Mme Chen before considering their reply.

On the assumption that no reply has been received by 30 March, it would be helpful to stress the need to begin substantive talks, say how important the message to Zhao is, and that it goes as far as the Prime Minister can go constitutionally to meet the Chinese 'premise'.

If a reply to the Prime Minister's message has been received by then we will of course need to reconsider what the Prime Minister says.

/A suggested

SECRET



/ A suggested line to take with Madame Chen is attached.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

SECRET



CALL ON THE PRIME MINISTER BY MADAME CHEN,
CHINESE MINISTER OF FOREIGN ECONOMIC RELATIONS
AND TRADE, 30 MARCH.

LINE TO TAKE

1. Matter of much regret that substantive talks on future of Hong Kong, agreed with Chairman Deng and Premier Zhao, have not begun.
2. Whatever differences may exist between us there is much common ground. In both our interests, and of course Hong Kong's, that we work towards an agreement. The talks will enable us to do that.
3. As you may know, I have sent a personal and confidential message to Premier Zhao. In it I have gone so far as I can to get the talks going. On the question of sovereignty, it represents the limit to which I can go, given the overriding power of Parliament in such matters.
4. A satisfactory agreement would be a milestone in our relationship and a great boost to the further development of cooperation and good relations between us. I hope Chinese leaders are giving as much careful thought to this message as I have done, and that substantive talks on this issue can soon begin.
5. (If specifically asked)
As I said in my message to Premier Zhao, it is not [redacted] in my power as Prime Minister acting alone to agree to the transfer of sovereignty; that is a matter which I have to refer to Parliament which alone has the power to decide. Provided that agreement could be reached between the British and Chinese Government on administrative arrangements for Hong Kong which would guarantee the future

/prosperity

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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.

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FROM PEKING 030825Z MAR 83

TO ROUTINE FCO

TELEGRAM NUMBER 205 OF 3/3/83

REPEATED FOR INFO TO HONG KONG

FUTURE OF HONG KONG:

VISIT TO UK BY MADAME CHEN MUHUA

1. WE SHOULD CONSIDER WHAT IF ANYTHING SHOULD BE SAID TO MEE CHEN ABOUT THE FUTURE OF HONG KONG WHEN SHE VISITS THE UK FROM 24-31 MARCH. SHE IS AN ALTERNATE MEMBER OF THE POLITBURO.
2. MY FIRST THOUGHTS ARE THAT IT WOULD BE UNNATURAL TO SAY NOTHING AT ALL TO HER AND THAT THE BEST OPPORTUNITY TO RAISE THE MATTER WOULD BE WHEN SHE CALLS ON THE PRIME MINISTER ON 30 MARCH. EXACTLY WHAT MIGHT BE SAID WILL DEPEND ON DEVELOPMENTS BETWEEN NOW AND THEN.
3. WE COULD DISCUSS THIS WHEN I AM IN LONDON NEXT WEEK

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TO ROUTINE FCO

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TELEGRAM NUMBER 254 OF 21/3/83

REPEATED FOR INFO TO HONG KONG

YOUR TELNO 172: FUTURE OF HONG KONG: CHEN MUHUA

1. I AGREE THAT LORD COCKFIELD AND MR JENKIN NEED ONLY HAVE DEFENSIVE BRIEFING. HOWEVER, I FEEL THAT THE PRIME MINISTER SHOULD RAISE THE SUBJECT WITH MADAME CHEN: AS I SAID IN MY TEL NO 205, IT WOULD BE UNNATURAL NOT TO.
2. IT IS VERY UNLIKELY THAT WE SHALL HAVE RECEIVED A REPLY TO THE PM'S MESSAGE BY 30 MARCHN EXACTLY ONE WEEK AFTER MY CALL ON YAO GUANG TO DELIVER IT. I THEREFORE AGREE THAT THE PRIME MINISTER SHOULD STRESS THE NEED TO BEGIN TALKS SOON. I RECOMMEND SHE REFER TO THE MESSAGE, SAY HOW IMPORTANT IT IS AND THAT IT IS AS FAR AS SHE CAN CONSTITUTIONALLY GO TO MEET THE CHINESE "PREMISE". IT IS THIS LATTER POINT WHICH PARTICULARLY NEEDS STRESSING. (IN THE MOST UNLIKELY EVENT THAT A REPLY HAD BEEN RECEIVED FROM ZHAO, THE LINE WOULD NEED TO BE CHANGED ACCORDINGLY).

3. I WOULD ADVISE STRONGLY THAT THE OCCASION SHOULD NOT REPEAT NOT BE USED TO INSTRUCT MADAME CHEN IN GENERAL ECONOMIC AND POLITICAL REALITIES. THE OVERRIDING OBJECTIVE MUST BE TO FOCUS ATTENTION ON THE MESSAGE AND ITS IMPORTANCE, AND THEREBY TO IMPROVE THE CHANCES OF A POSITIVE RESPONSE. THE CHINESE MAY WELL WAIT TO SEE WHAT IS SAID TO MADAME CHEN BEFORE REPLYING. WE ARE AT A DELICATE JUNCTURE. AN EDUCATIVE LECTURE WOULD DETRACT FROM THE MAIN POINT OF THE MESSAGE AND, SINCE IT WOULD INEVITABLY CONTAIN TRUTHS WHICH THE CHINESE WOULD NOT LIKE TO HEAR, IT COULD ALSO DO POSITIVE HARM. THIS IS NOT THE MOMENT FOR IT.

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FUTURE OF HONG KONG

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THIS TELEGRAM
WAS NOT
ADVANCED

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