

Hongkong

SPEAKING NOTE FOR CABINET

HONG KONG

I told Cabinet on 24 March that my letter to the Chinese Prime Minister had been delivered.

The key passage was:-

"Provided that agreement could be reached between the British and Chinese Governments 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."

On 9 May the reply of the Chinese Prime Minister was handed to our Ambassador in Peking. The tone of the reply is friendly. But it reiterates that China has inherent sovereignty over the whole Hong Kong area, that it will recover sovereignty not later than 1997 and that that must be the premise and basis for further talks. He notes, twisting my words, that I am "prepared at a certain stage to recommend to Parliament that sovereignty over the entire Hong Kong area should revert to China". He proposes that there should be an early meeting in Peking to discuss the agenda for talks, the composition of delegations and other relevant matters in preparation for an early start of substantive talks.

Our Ambassador, in receiving the reply, drew attention to the precise language which I had used about sovereignty.

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We are now considering the next steps. But it looks as though we shall be able to get substantive talks going which was our objective - and that is a relief. We shall of course make our position on sovereignty very clear during the talks.

Colleagues will also have noted that BP has just won an important off-shore contract from China.

A.J.C.

No mention of this publicly. Usual arrangements for Cabinet minutes.

11 May 1983