



Foreign and Commonwealth Office

London SW1A 2AH

20 May 1983

This will be brought to the P.M.'s attention if there is firm evidence that the Chinese intend to announce their "plan" in June.

A.S.C. $\frac{23}{5}$

S.U. $\frac{4}{6}$

Dear Idan,

Future of Hong Kong: Contingency Planning for an Announcement
by the Chinese of their proposals for Hong Kong

Thank you for your letter of 6 April. The ideas in the paper enclosed with my letter of 5 April were subsequently discussed with the Ambassador in Peking and with the Governor and EXCO in Hong Kong. They met with general approval. The situation has of course moved on a little since then, notably with Premier Zhao's reply to the Prime Minister. I now enclose a note setting out our latest views.

*Yours ever
John Holmes*

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Private Secretary

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*B.F. overtaken
by events
8/6/83*

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Future of Hong Kong: Contingency Planning for an Announcement
by the Chinese of their Proposals for Hong Kong

Since early April there have been a number of indications that the Chinese may be reconsidering the idea of an announcement in June or intending to postpone it. Some reports have suggested that action would not be taken until September. One of the more authoritative reports was in the account given by Mr Hal Miller MP of his conversation in mid-April with Liao Changzhi, Politburo member in charge of Hong Kong and Macau questions. He gave a firm assurance that there would be no 'unilateral declaration' by China.

This adjustment of Chinese thinking seems to have coincided with the period in which the Prime Minister's letter of 10 March to Premier Zhao was under study in Peking. A number of reports mentioned that the letter had been well received. If the Chinese indeed thought that there was a new chance to break the log-jam and get substantive talks going, it would be logical for them to play down an announcement of their own plan.

However, we have now seen that Zhao's reply to the Prime Minister aims to steer the talks towards discussion of a transference of sovereignty and we can expect the Chinese to repeat this point at intervals. Moreover they have already, as reported by the Governor by telegram, leaked a highly distorted version of plans for substantive talks intended to suggest that HMG have conceded their position on sovereignty. We cannot therefore rule out another kind of Chinese announcement designed to suggest to Hong Kong that we have already given way. This might well take the form of a statement or answers to journalists' questions by the Chinese Ministry of Foreign Affairs when a visit by the Governor to Peking was announced or took place.

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At the same time we should still be ready for a statement on Hong Kong during the National People's Congress which opens in Peking on 6 June, which would probably be designed to put over a similar line.

We must be prepared to meet tactics of this sort firmly while avoiding jeopardising the talks. Depending on the type and level of the Chinese statement we should need to issue a statement of our own. The terms would vary, but some or all of the following points should be included:

'The British position on the question of sovereignty over Hong Kong has been made clear. Authority for any transfer of sovereignty is not in the gift of the British Government: it is for Parliament to decide.

'We have explained to the Chinese that before any proposals could be put to Parliament, it would be necessary to reach agreement on arrangements for the future which would be acceptable, not only to Parliament and the Chinese Government, but also to the people of Hong Kong.

'In our talks with the Chinese Government, the common objective of which is the maintenance of the stability and prosperity of Hong Kong, we intend to work towards such an agreement, which meets the concerns of all the parties involved.

'Any suggestion that HMG have made an advance commitment on any aspect of future arrangements, including the question of sovereignty, is incorrect.'

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Pt 6.



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