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Minute to Cabinet  
Office.

PRIME MINISTER

M 4/10

Hong Kong

h.a.

We need to give careful thought to this week's meetings which will be of great importance both for the substance of our policy and for its public presentation.

As you know, you have up to two hours with the Unofficials from 0930 on Friday morning.

The Governor has to address the Legislative Council in Hong Kong on Wednesday and therefore cannot attend meetings here until Thursday. It is of course of great importance that there should be no suggestion in public that we are having meetings on our policy towards Hong Kong in his absence - if this got out his position in Hong Kong would be very difficult.

On the other hand I do not think we should wait until Thursday afternoon before having a policy meeting. There are some difficult decisions to be taken and the sooner we get on with it the better. Indeed, you may need two meetings. I therefore propose the following:

Wednesday 1630-1800

Meeting to consider policy, attended by Foreign Secretary, Defence Secretary, Mr. Luce, Sir Percy Cradock, Sir A. Acland, Mr. Donald, Sir A. Parsons. As explained above, Sir E. Youde could not be there.

Two questions:

(a) The financial aspect

The Treasury see no need for a meeting on the recent plan for stabilising the exchange rate which you saw over the weekend. This is a Hong Kong plan, on which the Treasury are providing advice, and may need to be implemented early this week. It might be useful for the Chancellor to be a member of the usual Hong Kong group from now on. Would you like him to be invited to the meeting on Wednesday?

Yes Mr

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/ (b)

(b) Cabinet Office

Sir Robert Armstrong is keen to be involved. May he be invited on Wednesday?

Thursday afternoon

I suggest that on Thursday you have in Sir E. Youde (together with the Foreign Secretary, Sir A. Acland and Sir P. Cradock) to up-date you on the situation in Hong Kong and to prepare for the meeting the next day with the Unofficials. Agree? *Yes mt*

At present we have in the diary for 1600 on Thursday the postponed meeting to discuss our strategy towards the European Community. I really do not think it will be profitable to discuss this this week when Hong Kong is so much on our minds. Can I cancel it and have the Hong Kong meeting instead? *Yes*

Finally, I now see distinct advantage in setting up a Ministerial Committee of the Cabinet to deal with Hong Kong. Our ad hoc arrangements have served well enough over the last year but the work is now growing and it would be more efficiently done if it were serviced by the Cabinet Office. I suggest that you constitute a group under your chairmanship which, subject to Sir R. Armstrong's advice, might consist of the Foreign Secretary, Mr. Luce, the Defence Secretary, the Chancellor and perhaps Lord Whitelaw and the Attorney General. Agree? *Yes mt*

*Home Secretary*

*A.J.C.*

3 October 1983