SECRET

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PRIME MINISTER

HONG KONG

The attached note from the Cabinet Office suggests that the first meeting of the new OD Sub-Committee should be on 25 October because no decisions will be needed until after the next round of talks.

This seems acceptable, but I am a little worried as to whether we are really ready to deal with the situation which will arise if, unexpectedly, the Chinese reject our latest formula and there is a breakdown next week. I have therefore told the Cabinet Office that I think they should look urgently at the contingency plans so far made and consider what other work needs to be done in case things do go wrong in the near future. In that case the OD Sub-Committee may need to meet rather sooner than suggested.

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Afc.

11 October 1983

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Ref. A083/2862 MR COLES Hong Kong There are no decisions for the new Ministerial Sub-Committee (OD(K)) to take at the moment following the Prime Minister's meeting on 7 October with the Hong Kong Executive Council to decide upon the instructions to be given to our Ambassador in Peking on 14 October. The Foreign and Commonwealth Office have confirmed that they will not need any further Ministerial directions until there is some reaction from the Chinese, which they do not expect until the negotiations resume on 19 October. This points to the first meeting of the Sub-Committee taking place around the middle of the week beginning 24 October. The Secretary of State for Defence will be away in Canada from 26 to 28 October. The Foreign and Commonwealth Office will prepare a background note for the benefit of those members of the Sub-Committee who are new to the topic, and a minute from the Foreign and Commonwealth Secretary which will report the reactions of Peking. 2. I should be grateful if you would confirm that you are content with these arrangements. 3. I have arranged a provisional slot in the Prime Minister's diary for a meeting of the new Sub-Committee at 11.30 am on Tuesday 25 October. 11 October 1983

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10 DOWNING STREET

From the Private Secretary

MS. LINDSAY WILKINSON

HONG KONG

Thank you for your minute of 11 October. I confirm that the arrangements which you envisage for OD(K) are acceptable.

In addition, I have informed the Prime Minister that, following my conversation with Mr. Goodall last week, the Departments concerned are also considering our contingency plans in case the Chinese reject our latest formula and there is an early breakdown in the negotiations.

A.J. COLES

17 October 1983