

CONFIDENTIAL

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Hayley

Foreign and Commonwealth Office

London SW1A 2AH

28 October 1983

A.S.C. ⁿ/_w
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Dear John,

The enclosed notes have been prepared for Mr Michael Alison MP, who is to talk to Mr Robert Adley MP on Monday in advance of the adjournment debate.

You might wish to pass a copy now to Mr Alison. The notes have not yet been seen by Sir Geoffrey Howe or Mr Luce, but copies are being passed to them this evening, and if they have any comments I will pass them to you first thing on Monday morning.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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HONG KONG

POINTS TO MAKE

1. Hong Kong sensitive issue at the moment. Complex negotiations taking place between Britain and China. Confidence in Hong Kong fragile. Aware of strong feelings that it arouses and in particular of Mr Adley's own views.

2. No-one in any doubt about importance of our relations with China. A successful outcome to the Hong Kong negotiations would strengthen these. No less important to obtain solution acceptable to people of Hong Kong. Only sensible to leave negotiating tactics to the negotiators.

What is important is the whole package on which, at the end of the day, Parliament would have to pronounce.

3. Ministers attach great importance to talks taking place in calmest possible atmosphere. Essential not to send signals from here which could undermine confidence in Hong Kong and mislead the Chinese, thereby making any settlement that much harder.

4. Hope these points will be borne in mind in handling of tonight's debate. No objection at all to subject being raised in the House. But constructive line important so as to avoid any risk of damaging atmosphere for next round of talks in Peking on 14/15 November. As you will have seen the last round on 19/20 October was described by both sides as useful and constructive.

[IF ASKED WHY TALKS ARE CONFIDENTIAL: WHY MPs BROUGHT NOT MORE INTO THE PICTURE?]

5. Know you have talked to Richard Luce about this; nothing to add to what has been already said, except to say that any negotiation if it to be successful is better conducted in private and that any agreement reached will of course be put to the House for endorsement when MPs will have every opportunity to comment.



BACKGROUND

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1. The attached note gives general background on the talks on the future
 2. Mr Adley, who is Chairman of the Anglo-Chinese Parliamentary group has tended to take the following line:
 - (a) that Hong Kong must not be allowed to become irritant in Britain's relations with China.
 - (b) That HMG should acknowledge now that China has sovereignty over the whole of Hong Kong and negotiate on this basis.He has recently made these views known in letters to Ministers and in interviews to the media.
 3. As far as the debate is concerned, Mr Adley has kept in regular touch with Mr Luce's PPS (Mr Colvin) and has said that he intends to take a constructive line. The message is, nevertheless, worth re-enforcing.

BACKGROUND NOTE ON THE FUTURE OF HONG KONG

1. The Prime Minister visited China and Hong Kong in September 1982.

2. During her visit to China, the first ever by a British Prime Minister in office, one of the subjects discussed was Hong Kong. The following statement was issued after a meeting between Mrs Thatcher and Chairman Deng Xiaoping on 24 September:

"Today the leaders of both countries held far-reaching talks in a friendly atmosphere on the future of Hong Kong. Both leaders made clear their respective positions on this subject.

They agreed to enter talks through diplomatic channels following the visit with the common aim of maintaining the stability and prosperity of Hong Kong".

3. Meetings in Peking to follow up the Prime Minister's visit began soon afterwards and are continuing. On 1 July the following statement was issued in Peking, London and Hong Kong:

"Following the discussions between the leaders of the two countries in September 1982 and subsequent useful exchanges, it has been agreed that a second phase of the talks on the future of Hong Kong will begin in Peking on 12 July 1983".

4. As part of the second phase, talks were held in Peking on 12/13 July, 25/26 July, 2/3 August, 22/23 September and 19/20 October. The following statement was issued there on 20 October.

"The Chinese and British sides held useful and constructive talks on October 19th and 20th. It was agreed that the next round of talks will be held on

November 14th and 15th in Peking."

5. The content of all these talks is confidential. The extent and level of Hong Kong's participation on the British side is decided in accordance with the requirements of the talks but the Governor of Hong Kong is being consulted throughout. He has participated in all the sessions since July. As the Prime Minister made clear in Hong Kong in September 1982, the views of the people of Hong Kong are being taken into account.

6. HMG's aim in the talks is to reach a solution that is acceptable to the British and Chinese Governments and to the people of Hong Kong. We are not making any rigid preconditions as to how this might be achieved and are receptive to any proposals that would meet these criteria. We are concentrating on the talks and do not regard their outcome as prejudged by anything that may be said outside.

Hong Kong Department
FOREIGN AND COMMONWEALTH OFFICE
20 October 1983

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