

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary after Cabinet tomorrow. The main subjects will be:

- Hong Kong. You will want to compliment him on his handling of his visit there which was very skilful. We await a further reaction from the Chinese on the issue of directly-elected seats. It is possible that they will come some way further towards us e.g. 17 in 1991. But if they refuse altogether, then Ministers will have to decide whether to go ahead with 20 directly-elected seats in 1991 and more in 1995 despite the Chinese, and face a major confrontation: or to accept the Chinese bottom line as the best we can get, with a consequent row in Hong Kong and in the House.

You will also want to find out what impression the Foreign Secretary formed of the Governor: and what progress he made over the question of looking after British interests in Hong Kong.

- Meeting with Mitterrand. The Foreign Secretary has let you have some papers, which are somewhat turgid. We are going to need to simplify our thinking on the future of NATO, German reunification and so on, if we are going to construct a policy which people will readily understand. We can extract enough from the FCO papers to test how far the French are seriously interested in putting relations with us on a new and more substantial footing. But we must not see that as an alternative to our privileged defence relationship with the Americans, or to the need to be on terms with the Germans.
- Senior Appointments. There was no time to deal with this at your last meeting. I have put the background note in the folder.

- Herr Teltschik. You may want to mention Chancellor Kohl's suggestion that Teltschik and I should have another meeting (after rather a long gap).

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C. D. POWELL

17 January 1990

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