

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow evening, following your meeting with the EDG (bearing in mind that he will have to slip out and say something to the press outside No.10 immediately after the EDG session).

Points which you will want to cover are:

- East Germany. He will want to tell you about his visit to East Germany and his impressions.
- German Reunification. He will have seen my account of your talk with President Mitterrand, and has arranged to meet M. Dumas for a follow-up discussion in about two weeks time. The Defence Secretary will be seeing his opposite number about then too. These meetings will allow us to judge the scope both for coordinating our views and actions on Germany, and for closer defence cooperation.
- Hong Kong. He will have seen my account of your talk with Dame Lydia Dunn and Mr. Lee. We need to consider the next steps. The Foreign Secretary's inclination is apparently to go for a deal on the basis of 18 seats in 1991 and 20 in 1995, provided we can get satisfactory assurances about the electoral college and voting rights. You will want to consider whether there is any further action, for example, a message from you (as one of the signatories of the Joint Declaration) to Jiang Zemin or even Deng, which might still move the Chinese to accept a figure of 24 for 1995 (or 1997). I doubt it would work: Li Ka-Shing saw Deng last week and there was a lot of talk of how Hong Kong was always asking for more, and China could make no further concessions.

An alternative would be to simply set a figure of 18 or 20 for 1991, but say nothing about 1995 or subsequent years, in the hope that the situation in China might improve in the

meantime. This might get us off the hook with Hong Kong opinion (but is it really as agitated on this as Lydia Dunn suggests?) But Sir Percy Cradock's note attached argues strongly that this will be interpreted as turning down the Chinese offer, and will lead to a full-scale confrontation.

- Vietnamese Boat People. You have sent a message to the President, but the omens are not very good.

C.D.P.

CDP

23 January 1990

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