



Foreign and Commonwealth Office

London SW1A 2AH

11 February 1983

*Dear John,*Future of Hong Kong

When the Governor of Hong Kong visited London in January the Prime Minister agreed that the FCO should prepare a review of the present position and policy options for her consideration. The Governor and the Ambassador in Peking were to be consulted. It was also suggested that it might be helpful if the Governor and the Ambassador were to come to London after the paper had been submitted for a full discussion of our future strategy with the Prime Minister and Mr Pym.

The Ambassador's latest meeting with Vice Foreign Minister Yao Guang (Peking telno 133) confirms that the Chinese position remains hard. We shall be writing separately on the Ambassador's proposal that the Prime Minister might send a message to the Chinese Premier. Meanwhile, preparation of the review is well advanced. Mr Pym hopes to submit it to the Prime Minister by the end of next week.

The Governor has raised the question of consulting with EXCO on our policy planning. He has put them generally in the picture on our view of the problems which face us but believes that it is essential for him to take their specific advice on future action before he returns to London. They have in the past objected strongly to being presented with decisions already taken. If the Governor were to return again to London without taking EXCO's views with him, they would feel badly let down.

/The Governor



The Governor would therefore prefer to discuss possible alternative options with EXCO in some detail. Mr Pym agrees that this would be helpful but believes that the Prime Minister will want to see the proposals which are made in the review first, to make sure that she is content that they be taken further. Thereafter the Governor could discuss the alternative ideas orally with EXCO in some detail. This would enable him to come to London for a meeting with the Prime Minister with a clear idea of Hong Kong views.

If the Prime Minister agrees with this sequence, it would mean that some time would be necessary between the submission of the paper to the Prime Minister and the visit by the Governor and the Ambassador. For example, there would not be time to complete the process of consultation for the week beginning 21 February; in the following week Mr Pym will be out of the country. I therefore suggest that we should aim at discussions with Sir E Youde and Sir P Cradock in the week beginning 7 March.

*Yours ever*

*J E Holmes*

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