



Prime Minister

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Could you kindly indicate
your view?

A. S. C. 5/10.

Ref. A083/2777

MR COLES

Hong Kong

Thank you for your minute of 4 October.

2. I recommend that the Committee to supervise the negotiations with the Chinese on the future of Hong Kong should be constituted as a Sub-Committee of the Defence and Oversea Policy Committee, with the following terms of reference:

"To keep under review all aspects of the conduct of the negotiations with the Chinese Government on the future of Hong Kong."

I have deliberately cast these terms of reference wide enough ["all aspects of"] to clear the Sub-Committee to discuss such related matters as the defence of the Hong Kong dollar and other measures to maintain confidence. I would propose to give the Sub-Committee the prefix OD(K).

3. The following Ministers should clearly be included in the membership:

Prime Minister
Lord President of the Council
Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Secretary of State for Defence
Attorney General

4. The Prime Minister will wish to consider whether to include the Lord Chancellor: but if so, it should be for political reasons rather than for legal advice, the source of which must be the Attorney General.

5. The Home Secretary has a strong interest, in view of the number of people in Hong Kong who have British passports and British overseas citizenship; we could wait until later to bring him in, but if a Committee is being set up it would perhaps be as well to bring him in from the outset.



6. The Secretary of State for Trade and Industry has a considerable Departmental (trade) interest; and might provide a useful source of advice on domestic political reactions.

7. The Prime Minister will wish to consider whether the Lord Privy Seal should be included, to reflect the views of Government supporters in the House of Commons.

8. I doubt whether this is a Committee in which the Chancellor of the Duchy of Lancaster need be invited to serve; but the Prime Minister will wish to consider whether she would like to include him.

9. In view of the involvement which the Minister of State, Foreign and Commonwealth Office (Mr Luce) is likely to have, I think he might be included as a member in his own right of a Committee which will otherwise consist of Cabinet Ministers.

10. If the Prime Minister is prepared at this stage to go a little beyond the nucleus of Ministers most closely concerned, I would recommend:

- ✓ Prime Minister
- ✓ Lord President of the Council
- ✓ Foreign and Commonwealth Secretary
- ✓ Home Secretary
- ✓ Chancellor of the Exchequer
- ✓ Secretary of State for Defence
- ✓ Lord Privy Seal
- ✓ Secretary of State for Trade and Industry
- ✓ Attorney General
- ✓ Minister of State, Foreign and Commonwealth Office (Mr Luce)

✓ 11. I suggest that this is not a Sub-Committee to which officials would normally be invited. Nonetheless, it is a Sub-Committee of OD, the Chief of the Defence Staff can be invited if military considerations had to be taken into account; and I suggest that the Foreign and Commonwealth Secretary should be authorised to bring with him, as and when appropriate, any one or all of the Governor of Hong Kong, the British Ambassador in Peking



and the Deputy Under Secretary of State in the Foreign and Commonwealth Office in charge of the Hong Kong Unit.

12. If the Prime Minister is content, I will promulgate accordingly.

RF

Approved by
ROBERT ARMSTRONG
and signed in his absence

5 October 1983

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

HONG KONG

Thank you for your minute of 5 October.

The Prime Minister agrees that a sub-committee of OD should be constituted with the terms of reference described in your paragraph 2 and the membership as listed in your paragraph 10.

The Prime Minister has further endorsed the suggestions in your paragraph 11.

A. J. COLES

6 October, 1983

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

HONG KONG

BK 11
The Prime Minister wishes to establish a Ministerial Committee of the Cabinet, under her Chairmanship, to deal with the negotiations with the Chinese about the future of Hong Kong. She would be grateful for your very early recommendations on the membership and terms of reference of the Committee. The Prime Minister's preliminary view is that it should consist of the Foreign and Commonwealth Secretary, Mr. Richard Luce, the Defence Secretary, the Chancellor, the Lord President of the Council and the Attorney General. You will no doubt also wish to consider whether the Home Secretary should attend.

A. J. COLES

4 October 1983