

SECRET



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10 DOWNING STREET

*From the Private Secretary*

21 November, 1983.

Future of Hong Kong

Thank you for your letter of 18 November.

As your Resident Clerk was informed over the weekend, the Prime Minister agreed, subject to the Foreign and Commonwealth Secretary's views, with the draft telegram of instructions which you enclosed.

A. J. COLES

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.

*PR*

SECRET





Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

18 November 1983

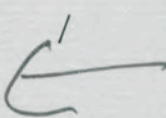
*If you are content with the telegram of instructions the duty level will arrange for it to be sent over the weekend.*

Dear John,

*A.S.C. 15/11*

*Content - but K.S. has to agree first.*

Future of Hong Kong



Following yesterday's discussion in OD(K), I enclose a draft telegram of instructions to Peking and Hong Kong. I am showing a copy in parallel to Sir Geoffrey Howe. The purpose of the telegram is to enable a discussion on the next steps to take place in the Executive Council on 23 November as suggested by the Governor.

The discussion of Sir Percy's formula (Peking telno 1206) in EXCO may give rise to some difficulty. Sir S Y Chung and some other members may see this as the final abandonment of any hope of achieving British administration in Hong Kong after 1997 and react strongly against it. We nevertheless believe that the use of Sir Percy's formula is necessary from the point of view of our public position if we are obliged at some future date to justify our conduct of the negotiations. We should be culpable in the eyes of the people of Hong Kong and Parliament if we had not explored (on the conditions set out in the Prime Minister's message) every possibility of building on the Chinese proposals. Although the situation is serious, we do not believe that the talks will actually break down at the next round. That occasion will mark the end of a distinguished period of service by Sir P Cradock, which the Chinese will recognise. We should do all we can to give him the cards which will enable him to extract the maximum advantage from his last lap.

In the light of the above, we consider that we should press the case in EXCO for deploying the formula with the Chinese, making clear that it is still within the terms of the Prime Minister's message and does not mean any fundamental change of strategy or close off any options. All the options will however need to be reviewed in December and

/January.





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January. We have therefore initiated a thorough reappraisal for Ministers to consider in preparation for discussion of the situation with EXCO after the next round of talks.

*Yours ever,*

*Peter Ricketts*


(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

S E C R E T



OUT TELEGRAM

	↓	Classification and Caveats <b>SECRET</b>	Precedence/Deskby <b>IMMEDIATE</b>

ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	SECRET
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO 181800Z NOV 83
PRE/ADD	7	TO IMMEDIATE PEKING
TEL NO	8	TELEGRAM NUMBER
	9	REPEATED INFO IMMEDIATE HONG KONG
	10	PERSONAL FOR AMBASSADOR
	11	YOUR TELNOS 1187, 1188, 1194, 1196 AND 1199 AND 1206 AND HONG KONG
	12	TELNOS 1753, 1754 AND 1755: FUTURE OF HONG KONG: SIXTH ROUND AND
	13	FUTURE TACTICS
	14	1. I am grateful for the skilful way in which you and the
	15	British team handled a very difficult round and in particular
	16	succeeded in getting a reassuring communique out of such bleak
	17	material. I am also glad that you and the Governor have had an
	18	opportunity to compare notes and are in broad agreement on the
	19	position and the way ahead.
	20	2. Ministers have had a full discussion <del>in OD(K)</del> on the
	21	general situation and the prospects for the next round of talks.
///	22	They agree generally with the assessment in your telno 1199 and
//	23	accept that we are reaching a critical point. We have to face
/	24	the fact that the Chinese are not prepared to enter into detailed
	25	discussions on the basis of what we have been prepared to offer

NNNN ends telegram	BLANK	Catchword SO
File number	Dept HKD	Distribution FUTURE OF HONG KONG
Drafted by (Block capitals) R D CLIFT		
Telephone number 233 3184		
Authorised for despatch		
Comcen reference	Time of despatch	



OUT TELEGRAM (CONT)

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1 <<<<  
 2 so far.  
 3 3. I wish to re-examine our range of options. These would  
 4 cover going on with our "step-by-step" tactic semi colon a  
 5 confrontation with the Chinese which Ministers yesterday  
 6 reaffirmed would be against HMG's and Hong Kong's long term  
 7 interests semi colon and alternative ways of reaching a  
 8 negotiated settlement. But I do not think that we should bring  
 9 this major stocktaking to a head before the next round on 7/8  
 10 December. We need first to demonstrate conclusively for our own  
 11 purposes and in terms of likely reactions in Hong Kong and in  
 12 London, that we have explored <sup>exhaustively all that</sup> ~~every iota of what~~ the Chinese may  
 13 have to offer on the basis of the Prime Minister's message.  
 14 4. ~~For this reason and also because it is important to create~~  
 15 ~~the best possible atmosphere for the resumption of talks~~  
 16 ~~following the arrival of the new Ambassador,~~ <sup>therefore</sup> I agree that the  
 17 next step should be the deployment of the formula suggested in  
 18 paragraph 7 of your telno 1199 spelt out in your telno 1206. It  
 19 logically falls within the terms of the agreement between the  
 20 Unofficials and the Prime Minister and the resulting message  
 21 which you delivered before the fifth round.  
 22 5. I also agree with the Governor's recommendation that there  
 23 should be a full discussion with EXCO, which would include the  
 24 question of the deployment of this formula. It would be helpful  
 25 to provide EXCO with an assessment of the point we have reached  
 26 in the talks and I should be grateful if you would telegraph a  
 27 draft as soon as possible. For the reasons I have given above, I  
 28 do not think that any paper or discussion with EXCO at this stage  
 29 should go quite as far as suggested by the Governor in Hong Kong  
 30 telno 1754 in initiating a fundamental strategic reappraisal.  
 31 However I accept that it is important to take the initiative with  
 32 EXCO and to give them as much guidance as possible. I certainly  
 33 believe that it would be helpful to include in our current  
 34 assessment a view on how effective (or ineffective) confrontation

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2 would be in changing the Chinese mind. This should enable the  
 3 Governor to discuss with the Council the tactics for the next  
 4 round, taking the line that we should explore the Chinese  
 5 position fully, allow Yao Guang's report on the last round to  
 6 sink into the leadership and on 7 and 8 December continue to  
 7 press for detailed discussion on the basis of the Prime  
 8 Minister's message and our working papers. This would lead to  
 9 telling EXCO that in my view the formula which you proposed  
 10 should help in probing the Chinese position fully and above all  
 11 would leave Peking with no excuse for saying that we were seeking  
 12 to perpetuate colonialism for its own sake. It would remain  
 13 within the conditionality of the Prime Minister's message and  
 14 would not restrict our consideration of options thereafter. If,  
 15 as in honesty seems likely, we do not make much further progress  
 16 with the Chinese at the next round, we would look forward to  
 17 associating EXCO with a major rethink of our strategy in December  
 18 and January.

19 6. I shall telegraph as soon as possible my views on the  
 20 ground which such a review should cover.

22 HOWE

23 NNNN

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NNNN ends  
telegram

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Catchword