

SECRET



10 DOWNING STREET

From the Private Secretary

21 December 1983

See Peter,

HONG KONG

Three matters arose during Richard Evans' call on the Prime Minister this morning which I should bring to your attention.

First, the Prime Minister mentioned that, while at CHOGM, the Tongan representative had said to her that the Chinese were using the same arguments over Hong Kong, and in exactly the same order, that they had used earlier in connection with Shanghai. Mrs. Thatcher would be grateful if some research could be carried out on this point and if she could receive your comments in due course.

Secondly, the Prime Minister has noted from recent telegrams that the Chinese are reluctant to envisage progress towards democratic institutions in Hong Kong before 1997. She finds it a little curious that this subject should have arisen so soon after she herself asked, at the last meeting of OD(K), that a paper on democracy in Hong Kong should be produced. She wonders whether there is any connection between these two matters. Again, I should be grateful for your comments.

Finally, the Prime Minister said that she had noted that in a recent conversation Sir Percy Cradock had told the Chinese that we envisaged British troops withdrawing from Hong Kong by 1997. Mrs. Thatcher said that she could envisage circumstances in which it might be necessary to retain British troops in Hong Kong and Kowloon after 1997, though she accepted that Sir Percy Cradock was speaking in the context of the "conditional" negotiations which were taking place at present, i.e. that if a satisfactory agreement could be worked out on the basis of the Chinese proposals, sovereignty and the right of administration would have to be conceded (subject to the approval of the British Parliament).

*you see
for 6/8.*

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

Hong Kong Future Pt II