

FUTURE OF HONG KONG ADVANCE COPIES 10

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COPY TO:

MR COLES, No. 10 DOWNING ST

Mr Roberts, News D.

RESIDENT CLERK

GPS 1109

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DESKBY 051130Z

FM HONG KONG 051030Z JAN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 35 OF 3 JANUARY 1984

INFO IMMEDIATE PEKING

YOUR TELNO 1405 (OF 30 DECEMBER) FUTURE OF HONG KONG:
POLICY REVIEW

1. AT TODAY'S PART II MEETING THE COUNCIL HAD A PRELIMINARY DISCUSSION OF THE POLICY REVIEW PAPER AND THE ACCOMPANYING ASSESSMENT. THE TEXTS BEFORE MEMBERS WERE AS INDICATED IN PARA 1 OF YOUR TUR. THEY WERE ACCOMPANIED BY A COVERING NOTE USING THE WORDING IN PARA 2.

2. IT WAS NOT AN EASY MEETING. AFTER I HAD BRIEFLY INTRODUCED THE PAPERS SIR S Y CHUNG SPOKE AT SOME LENGTH. HE REITERATED HIS VIEW THAT THE HONG KONG PEOPLE WOULD ALBEIT RELUCTANTLY AND AS SECOND BEST, NOT QUARREL WITH THE CHINESE TWELVE POINT PLAN AS SUCH: BUT THEY DID NOT TRUST THE CHINESE AND THE KEY TO CREDIBILITY WAS THEREFORE WHAT ASSURANCES THE CHINESE WOULD GIVE TO SUPPORT IT. HE DID NOT REGARD OPTION A IN PARA 10 AS A REAL OPTION: WE HAD PASSED THAT POINT. BUT OPTION B WAS NOT THE ONLY ALTERNATIVE. THERE SHOULD BE A NEW OPTION C WHICH WOULD BE TO CONCENTRATE FIRST ON SEEKING AN EFFECTIVE ASSURANCE OR ASSURANCES, ACCEPTABLE TO THE PEOPLE OF HONG KONG, THAT WHATEVER AGREEMENT WAS REACHED WOULD NOT BE CHANGED FOR AT LEAST 50 YEARS AFTER 1997. UNLESS SUCH ASSURANCES COULD BE OBTAINED THERE WOULD BE LITTLE POINT IN CONTINUING WITH THE PROCESS OF EXPLORATION AND CONSTRUCTION, AND INDEED THE PROCESS COULD ALL TOO EASILY LEAD PAST THE POINT OF NO RETURN BEFORE THE QUESTION OF ASSURANCES HAD BEEN SETTLED.

3. AS REGARDS POSSIBLE ASSURANCES, SIR S Y CHUNG GAVE AS EXAMPLES THE FOLLOWING IN ADDITION TO THOSE LISTED IN THE PAPER:

(A) CHANGES IN THE AGREED CONSTITUTIONAL ARRANGEMENTS COULD ONLY BE MADE ON HONG KONG INITIATIVE. THEY WOULD THEN HAVE TO BE SUBMITTED TO PEKING FOR APPROVAL. IF PEKING WISHED TO MAKE AMENDMENTS, THE AMENDMENTS WOULD HAVE TO BE AGREED BY HONG KONG. SIR S Y CHUNG BELIEVED (I THINK ERRONEOUSLY) THAT SUCH AN ARRANGEMENT NOW APPLIES IN MACAU.

~~BY HONG KONG. SIR S Y CHUNG BELIEVED (I THINK ERRONEOUSLY) THAT SUCH AN ARRANGEMENT NOW APPLIES IN HONG KONG.~~

(D) THERE SHOULD BE AN ADVISORY COMMISSION WITH INTERNATIONAL REPRESENTATION WHICH WOULD NEED TO APPROVE ANY PROPOSED CHANGES BEFORE THEY WERE PUT TO PEKING (MISS DUNN SUBSEQUENTLY EXPLAINED THAT THIS IDEA HAD ORIGINATED WITH A LEGCO MEMBER WHO BELIEVED THAT IT MIGHT BE ACCEPTABLE TO THE CHINESE. THE COMMISSION WOULD INCLUDE REPRESENTATIVES FROM BRITAIN, CHINA AND SOME OTHER OVERSEAS MEMBERS AND THE GOVERNOR WOULD IN SOME WAY BE RESPONSIBLE TO IT. IT WOULD THEREFORE CONSTITUTE A BUFFER BETWEEN HONG KONG AND CHINA).

(C) THE RELATIONSHIP BETWEEN HONG KONG AND CHINA MIGHT BE SOMEWHAT AKIN TO THAT BETWEEN THE UNITED STATES AND PUERTO RICO. SIR S Y CHUNG QUOTED A SUGGESTION TO THIS EFFECT MADE BY PROFESSOR BYRON WENG OF THE CHINESE UNIVERSITY IN A RECENT NEWSPAPER ARTICLE.

4. THE DISCUSSION WHICH FOLLOWED WAS SOMEWHAT CONFUSED. MR OSWALD CHEUNG SAW NO CASE FOR DEPARTING FROM THE COURSE AGREED WITH THE PRIME MINISTER IN OCTOBER AND SUPPORTED OPTION B. HE THOUGHT THAT THE NEGOTIATING TEAM HAD ALREADY ACHIEVED A CONSIDERABLE DEGREE OF SUCCESS IN GETTING THE CHINESE TO CONFIRM THAT THE ESSENTIAL FEATURES OF THE HONG KONG SYSTEM WOULD CONTINUE AFTER 1997. A REVERSAL AT THIS STAGE WOULD LEAD TO CONFRONTATION. SIR S Y CHUNG MADE IT CLEAR THAT HE ENVISAGED A TRADE OFF: THE CHINESE WOULD BE TOLD, UNCONDITIONALLY, THAT HMG WERE NO LONGER SEEKING THE CONTINUATION OF BRITISH ADMINISTRATION IN ANY PART OF HONG KONG AFTER 1997. IN RETURN THE CHINESE WOULD AGREE TO EFFECTIVE ASSURANCES THAT THERE WOULD BE NO CHANGE FOR 50 YEARS. HE EXPLAINED THAT HE HAD NO OBJECTION TO THE CONTINUED SUBMISSION OF WORKING PAPERS, BUT ASSURANCES SHOULD BE THE FIRST PRIORITY AND THERE SHOULD BE A WORKING PAPER DEALING SPECIFICALLY WITH THEM.

5. FURTHER INTERVENTIONS SHOWED THAT THERE WAS GENERAL AGREEMENT WITH THE ALTERNATIVE OBJECTIVE FORMULATED IN PARA 4 OF THE PAPER, WITH DRAFTING AMENDMENTS TO HIGHLIGHT THE IMPORTANCE OF ASSURANCES, BUT THAT THERE WAS A DIVISION OF OPINION ON HOW THE OBJECTIVE SHOULD BE PURSUED BETWEEN:

(I) THOSE WHO THOUGHT THAT DISCUSSION OF ASSURANCES SHOULD TAKE PLACE IN PARALLEL WITH THE PROCESS OF EXPLORATION AND CONSTRUCTION ON THE BASIS OF THE CHINESE PLAN; AND

(II) THOSE WHO AGREED WITH SIR S Y CHUNG THAT THE FIRST PRIORITY SHOULD BE TO ESTABLISH WHAT ASSURANCES COULD BE OBTAINED.

6. SEVERAL MEMBERS EXPRESSED DISAGREEMENT WITH THE STATEMENT IN PARA 12 OF THE PAPER THAT THE PURSUIT OF OPTION B WOULD ENTAIL PUTTING IN THE REMAINING WORKING PAPERS AS QUICKLY AS POSSIBLE. THEY TOOK THE VIEW THAT THE THREAT OF A SEPTEMBER ANNOUNCEMENT WAS AN ATTEMPT TO PUT PRESSURE ON HMG, AND THAT SINCE THE CHINESE WERE UNLIKELY TO ANNOUNCE

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MORE THAN THE TWELVE POINT PLAN, SEPTEMBER SHOULD NOT BE
REGARDED AS A DEADLINE. THE ISSUES WERE IMPORTANT ONES AND
WE SHOULD NOT BE RUSHED.

7. ON PUBLIC PRESENTATION, SIR S Y CHUNG ARGUED THAT THE
TIME HAD COME TO MAKE IT CLEAR TO THE HONG KONG PEOPLE
THAT THERE WAS NO LONGER ANY HOPE OF MAINTAINING CONTINUING
BRITISH ADMINISTRATION. HOW THIS SHOULD BE DONE WAS ANOTHER
MATTER. OTHER MEMBERS DID NOT EXPRESS VIEWS ON THIS POINT
BUT AGREED THAT THE QUESTION OF PUBLIC PRESENTATION WOULD
HAVE TO BE CONSIDERED ONCE THE STRATEGY HAD BEEN DECIDED.

8. I SUMMED UP THE DISCUSSION ON THE LINES OF PARAS 5 (I)
AND (II) ABOVE BUT MADE IT CLEAR THAT I WAS NOT ASKING THE
COUNCIL TO REACH CONCLUSIONS AT THIS STAGE.

9. COMMENT. IT IS CLEAR FROM THIS DISCUSSION THAT MEMBERS
WILL WISH TO CONCENTRATE ON THE QUESTION OF ASSURANCES IN
THEIR MEETINGS WITH MINISTERS, IN PARTICULAR (A) WHAT
SPECIFIC ASSURANCES CAN BE OBTAINED; AND (B) WHAT PRIORITY
SHOULD NOW BE GIVEN TO SEEKING THEM. IT IS LIKELY THAT
SIR S Y CHUNG WILL REPEAT MOST OF THE POINTS HE MADE TODAY,
AND THAT HE WILL RECEIVE CONSIDERABLE SUPPORT FROM THE
OTHER UNOFFICIALS, THOUGH NOT FROM ALL OF THEM. IT WOULD
BE HELPFUL IF MINISTERS COULD GIVE A CLEAR STATEMENT ON
THE ASSURANCES WHICH WILL BE SOUGHT, TAKING INTO ACCOUNT
THE ADDITIONAL ONES SUGGESTED BY SIR S Y CHUNG (I DO NOT
REGARD PARA 3 (B) AS A STARTER BUT WILL SEEK TO OBTAIN
FURTHER CLARIFICATION OF WHAT IS IN MIND). THERE WILL ALSO
NEED TO BE A RESPONSE TO THE IDEA OF A WORKING PAPER
DEVOTED SPECIFICALLY TO THE QUESTION OF ASSURANCES.

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FM HONG KONG 051055Z JAN 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 36 OF 5 JANUARY

INFO IMMEDIATE PEKING

ADVANCE COPY

IMMEDIATE

YOUR TELNO 1403: FUTURE OF HONG KONG: PAPER ON CONSTITUTIONAL DEVELOPMENT AND GOVERNMENT STRUCTURE.

I PUT THE PAPER TO EXCO AT TODAY'S PART II MEETING.

THE FINAL TEXT INCORPORATED THE AMENDMENTS IN YOUR TUR.

THE COUNCIL HAD EARLIER ENDORSED (IN A PART I MEETING HELD IMMEDIATELY BEFOREHAND) THE PAPER DEALING WITH THE PROPOSED NEW TERRITORIES COUNCIL AND CHANGES IN THE COMPOSITION AND FUNCTIONS OF DISTRICT BOARDS (YOUR TELNO 1380 OF 22 DECEMBER).

2. IN INTRODUCING THE DISCUSSION I EMPHASISED THAT THE PAPER HAD BEEN DESIGNED TO PROVIDE A BASIS FOR MEMBERS' DISCUSSION WITH MINISTERS ON THE DEVELOPMENT OF A MORE REPRESENTATIVE SYSTEM OF GOVERNMENT IN HONG KONG. IT WAS NOT INTENDED TO INDICATE ANY COMMITMENT ON THE PART OF MINISTERS OF ANY PARTICULAR COURSE OF ACTION. BUT THE QUESTION WAS IMPORTANT SINCE THE FUTURE PATTERN OF GOVERNMENT WOULD EITHER BE SET BY HMG, ACTING BEFORE 1997, OR BY THE CHINESE AFTER THAT DATE.

3. THERE WAS A UNANIMOUS AND UNPROMPTED VIEW THAT PROGRESSIVE

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DEVELOPMENT, BUILDING ON EXISTING INSTITUTIONS WAS THE RIGHT
COURSE. NO MEMBER SPOKE IN FAVOUR OF MOVING DIRECTLY TO THE
INTRODUCTION OF A FULLY ELECTIVE SYTEM: SOME THOUGHT THAT THIS
WOULD BE INTERPRETED LOCALLY AS AN INDICATION THAT THE BRITISH
WERE PULLING OUT. THERE WAS ALSO A GENERALLY FAVOURABLE REACTION
TO THE PROPOSED COLLEGIATE SYSTEM, PARTICULARLY AS A MEANS OF GETTING
OVER THE DIFFICULTY OF FINDING SUFFICIENT SUITABLY QUALIFIED
PEOPLE FOR THE LEGISLATIVE COUNCIL FROM AMONG DIRECTLY ELECTED
CANDIDATES FROM DISTRICT BOARDS AND REGIONAL COUNCILS.

4. MEMBERS WERE CAUTIOUS AS REGARDS THE TIMING OF THE INTRODUCTION
OF ANY CHANGES. THE THOUGHT IT WOULD BE IMPORTANT NOT TO BE RUSHED,
AND TO MOVE STEP BY STEP. BUT THEY AGREED ON THE NEED TO HAVE IN
PLACE BY 1997 A SELF-SUSTAINING SYSTEM WHICH COULD CONTINUE
THEREAFTER.

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