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19888 A.S.C. 25/11

RECORD OF A MEETING BETWEEN THE SECRETARY OF STATE FOR FOREIGN AND
COMMONWEALTH AFFAIRS, THE GOVERNOR OF HONG KONG AND EXCO
UNOFFICIALS: 13 JANUARY 1984

Present

Right Hon Sir Geoffrey Howe QC MP
Mr Richard Luce MP
Sir A Acland KCMG KCVO
Sir P Cradock GCMG
Sir R Evans KCMG
(HM Ambassador designate Peking)
Mr A E Donald CMG
Mr R D Clift CMG
Mr P F Ricketts
Mr C O Hum
Mr W Morris

Sir Edward Youde GCMG MBE
Sir S Y Chung CBE
Mr O V Cheung CBE QC
Mr R H Lobo CBE QC
Mr F W Li CBE
Mr M G R Sandberg OBE
Mr T S Lo CBE
Miss Lydia Dunn CBE
Mr Q W Lee CBE
Mr S L Chen CBE
Miss Maria Tam
Mr G A Higginson (Private
Secretary to the Governor)

1. Welcoming the Governor and the EXCO Unofficials, Sir Geoffrey Howe said he thought that some headway had been made in talks with the Chinese on the future of Hong Kong. The idea of conditionality had been maintained. The negotiators had got on to detailed discussion.
2. Sir S Y Chung said it was timely to review the situation and to consider strategy. He did not dispute that the three parties to the negotiations - the Chinese and British Governments and the people of Hong Kong - were in agreement over the common objective of stability and prosperity for Hong Kong. He should like to add to the objective the idea of freedom. The Chinese, too, seemed to attach importance to this for Hong Kong.
3. Sir S Y Chung said that for the last two years we had all believed that the best means of achieving freedom was the continuation of British administration in Hong Kong. It was now clear that it was not possible to achieve this, unless the British

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Government engaged in serious confrontation in a bid to see the Chinese bottom line. Failing that venture (which all agreed was not in Hong Kong's interest) the Unofficials now accepted that British administration was no longer a viable proposition. No other single means of achieving the common objective was effective. The alternative was probably to find a 'bundle' of means: like a bundle of sticks, they might not be effective individually but could be powerful in conjunction. This would be the second best approach. It would create a number of hurdles for the Chinese to cross if they sought to break their promises.

4. Sir S Y Chung said that paras 6-7 of the paper submitted to EXCO listed some possibilities. The Chinese means of achieving the objective was the 12 point Plan. This had recently been spelt out by the head of NCNA in Hong Kong. It was similar to the plan given to the British side, but one point had been added: it had been made clear that the plan was not a stopgap measure but had been approved by the State Council.

5. Sir S Y Chung said he had no dispute with the Chinese plan. On the surface it went far towards acceptance of the capitalist system. But we knew from experience that we should be uneasy. If the Chinese were not sincere, what recourse would we have? Normally a colony moved towards independence. But Hong Kong would not become independent, and it was Britain that was representing Hong Kong in the negotiations with China. After 1997, and in particular within the 50 year period to which the Chinese referred, Hong Kong would look to the British Government and ask what recourse it had against China. The Chinese assurances were therefore the foundation of a settlement and the Chinese 12 point plan was only a super-structure. Until we were certain of the foundation, there was no point in going into details.

6. Sir S Y Chung said the Chinese had recently indicated that they accepted the concern of the Hong Kong people. A Hong Kong professor had recently reported a proposal from Ji Pengfei that there might be a consultative council with one third of the members nominated by China and one third by Britain. This showed that the Chinese accepted the need for assurances implying a degree of British

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involvement. Wang Guangying (head of a mainland Chinese concern in Hong Kong) had recently suggested to a member of LEGCO that there might be a consultative commission, with half the members appointed by China and half by Britain: the head of NCNA could not confirm that this idea had Peking's backing, but had said it could be considered.

7. Sir S Y Chung concluded that it was time to discuss assurances with China. The possibilities should be considered with urgency. In addition to those in the EXCO paper, he had further ideas:

(i) a relationship between China and Hong Kong similar to that between Portugal and Macao. (Any change to the constitution of Macao had to be initiated by Macao for approval by the Portuguese Parliament);

(ii) some form of consultative commission;

(iii) 'a Chinese Commonwealth' as recently proposed by a professor of political science in Hong Kong.

If these ideas had any merit they should be put to the Chinese.

8. Sir S Y Chung said that although EXCO was not elected by the Hong Kong public, it reflected their views. He was confident that he knew what the Hong Kong public wanted, namely continued British administration. If HMG was to aim for something different, he was not sure what the views of the Hong Kong public would be. There could also be difficulties with the British Parliament. Perhaps a way should be found of informing the Hong Kong people of the new objective of the talks. One means might be an interim agreement with China on the basis of the 12 Point Plan and a joint announcement subject to later assurances. This might retain the confidence of the Hong Kong public and encourage them to discuss the future.

9. Mr T S Lo commented that even if the Chinese meant what they said today, there would always be pressures to change from within China. This was an additional reason why assurances were needed. Mr S L Chen said that a suitable body with joint British and Chinese membership

would ensure that there was a British link.

10. Sir Geoffrey Howe commented that it was difficult to determine the status of these recent contributions to the debate. Sir S Y Chung remarked that the authors of these remarks had been authoritative figures. Miss Dunn said that the suggestions had been vague and muddled. But the introduction of the concept that Britain might appoint representatives to a committee with joint responsibility was significant. Sir E Youde commented that the points had not been raised or even foreshadowed in the Peking negotiations.

11. Sir Geoffrey Howe recalled that initially HMG had tried to retain the concept of British administration. This would have been best. But it had become clear that it could not have been achieved, except perhaps at unacceptable risk. He agreed that one single adequate assurance was unlikely to be achieved. The objective should perhaps be to secure the highest possible degree of internal and external autonomy for Hong Kong as a means of securing in place the components of the 12 Point Plan. We should not discard any idea that might be acceptable to China and have a chance of working. He understood the reasons for suggesting (on the Macao analogy) that any change in the basic law should be initiated locally. But this could undermine the concept of a 50 year period of stability. The concept of a Chinese commonwealth was difficult to comprehend. As regards a consultative commission, what form would it take?

12. Sir S Y Chung said this was not clear. The significance was that China was receptive to the need for assurances and accepted a British presence. This was a real breakthrough. Sir Geoffrey Howe said we should guard against appearing to question Chinese good faith: this could erode the basis of confidence. There had already been discussion of a possible British presence in some aspects of Hong Kong's life. The notion of external involvement in legal matters was helpful and constituted a form of assurance. We should look at the widest possible range of such components.

13. Miss Tam said she appreciated Sir Geoffrey's reservations about a change of approach. While the British and Hong Kong people might believe that the present negotiations were without prejudice, and that

it was possible to go back to the conditionality of the Prime Minister's message, the Chinese might well feel that the British position was unconditional. If we continued to discuss Working Papers covering such difficult points as a Chinese garrison in Hong Kong, the Chinese might maintain their position, then build it into the 12 Point Plan. But if the Chinese were now ready to bring up the idea of a commission or a committee with the role of policing or enforcing an agreement (even if this was not done at the highest level) the idea should be followed up. It was the first suggestion that a British personality might have a operational role. Sir Geoffrey Howe commented that he understood the potential significance of the proposal. But it would be wrong to build up undue hopes.

14. Miss Dunn asked what was the most essential assurance. If the Chinese agreed to everything in the British Working Papers and incorporated it into the basic law - was this enough?

Sir Geoffrey Howe said that no absolute assurance could be given. In Britain, for example, the supremacy of Parliament diminished every assurance. Miss Dunn wondered how the absence of change for 50 years could be assured. Mr T S Lo commented that it would be wrong to appear to question Chinese sincerity. But questions about assurances could be based on the ideas of the Chinese themselves.

15. Mr Luce said no agreement anywhere could be water tight. But the strongest assurance would be a package with a 50 year guarantee. This could be buttressed by further assurances. No one assurance in isolation was particularly strong but they could be made into a bundle. Sir Geoffrey Howe said that an agreement, with Britain as one party, might not give us power to enforce but would give us standing. We could make representations, build Hong Kong's status into international organisations and involve other countries. The latter would have an interest too. This was like an investment protection agreement where both sides benefitted. T S Lo said the Chinese would welcome this sort of thing. Mr Sandberg did not think Ji Pengfei's Consultative Committee idea was particularly strange and that we should not pour cold water on it, Sir Geoffrey Howe agreed. Sir Percy Cradock said it was very important not to pin too much on one particular assurance, but a bundle could provide a fair degree of guarantee. These assurances should be injected like steel rods

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as the building went up all the way along. A bilateral agreement would be a strong assurance in itself. This would be different from the old Ching Treaties. The Chinese had a good record since 1949 on keeping their word. He agreed with Sir Geoffrey Howe that it was better to go for 50 years with no change than to propose how a possible change might be dealt with. Sir S Y Chung agreed.

16. Sir Percy Cradock thought there might be some misunderstanding over the International Commission idea. No such suggestion had been made in the talks. Ji's remarks dealt with a tripartite Consultative Council which was very different. An International Commission of a policing nature would be unacceptable to the Chinese. As he understood it, Ji's idea was for a local internal body playing a consultative role. He was not overly impressed with this so far. On the Chinese Commonwealth idea, the SAR proposal was the Chinese idea of a Commonwealth. There would be one SAR for Taiwan and one for Hong Kong. This was a long way from tightly controlled central government. The Chinese had already made considerable concessions. We should be establishing our new objective, now that the old one of continuing British administration was unattainable. The new one was: the highest possible degree of internal and external autonomy for the SAR. Q W Lee said the Chinese press spoke simply of a Council; this was different from a Consultative Council. Mr Donald described the sort of Council Ji Pengfei proposed as reported in the press. Sir E Youde thought the the word "Consultative" had crept into the press but had not originally been used by Ji. Miss Dunn said the Chinese were still searching in the dark for ideas. Sir S Y Chung said many people were talking about getting assurances in the next few months for a change that would not happen for another 13 years. During those 13 years more ideas might come up. It was therefore wrong to go into a detailed agreement too soon. An interim one would be sufficient leaving details to be filled in, along with assurances over the next 3 or 4 years.

17. Sir Geoffrey Howe underlined the importance of assurances if an agreement was to stick. He agreed that they should be built in gradually. We should not suddenly present our ideas on assurances to the Chinese. We were seeking a more final agreement than the

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Chinese seemed to want. Their present aim was a 'pre-final one'. He accepted Sir Percy Cradock's assessment that an International Commission would not be acceptable to the Chinese but where assurances were concerned the involvement of other countries' interests might be part of an agreement. We might find that through some of the assurances there were opportunities for extending our own interests and involvement in the SAR. Mr Cheung proposed one more objective: no change to the agreed arrangements unless absolutely necessary, as a principle.

18. Mr T S Lo said that as far as possible any joint announcement or agreement should reflect the views of the people of Hong Kong. Sir S Y Chung agreed. He thought many of the concessions the Chinese had made in recent months were reaction to the views of the people. Thus the longer talks dragged on the more we might get the Chinese to concede. Neither Sir Geoffrey Howe nor Miss Dunn were sure about this, although Miss Dunn agreed the Chinese were receptive to the views of the Hong Kong people. She wanted to know whether we thought the International Commission idea was worth simply putting to the Chinese. Sir Percy Cradock said not; it would annoy them and create a bad atmosphere. Sir S Y Chung suggested using informal channels. Sir E Youde said it should be possible to find out what Ji had actually said. We could simply ask the Chinese for fuller details. But proposing any sort of commission ourselves, international or tripartite, was another matter. Sir Geoffrey Howe thought we should keep an eye on all this. In any case something might emerge. He felt that if the Chinese did not accept British administration they would be unlikely to accept continued British surveillance through some form of commission. He thought it might be risky to sound out Ji Pengfei through unofficial channels. The Chinese would think any approach was an official one. Mr Sandberg expressed enthusiasm for pursuing Ji's Consultative Council idea, whatever it was. Miss Dunn agreed. We ought to discuss it with the Chinese and perhaps even touch on it in a Working Paper. Here was a chance to put more of our ideas to them. Sir Geoffrey Howe agreed that the ideas were worth exploring to gain a better idea of what the Chinese did or did not mean. But we should avoid a great leap before their own thoughts were clearer. Miss Dunn understood but thought that some form of council might appear in an eventual

agreement. Sir E Youde also thought Ji's remarks were worth exploring to see if we could build on them.

19. Sir Geoffrey Howe said that what had been discussed on "assurances" should be kept strictly to ourselves. He would welcome further views from EXCO for examination. Some might be included in a Working Paper in due course. On the timing of an agreement we could not be too precise. We were to some extent hemmed in by China's September 1984 deadline. But we would still have influence and talks would still carry on after this. We might aim at an interim agreement by September 1984, as a staging post. Mr Sandberg agreed. It could take the sting out of China's announcement. Sir Percy Cradock stressed how strongly the Chinese were committed to an announcement in September. There was not a lot of time before then, particularly if talks continued at monthly intervals. The most important papers were still to go in. When he left Peking the atmosphere was very good, with the Chinese being very receptive to ideas. The Chinese had virtually said that apart from sovereignty and administration everything else was negotiable and flexible. To take advantage of this atmosphere we should get the remaining Working Papers in quickly, before Chinese ideas became set. This gave us the best chance of getting some form of interim agreement in July, August or September.

20. Mr F W Li asked if the Chinese were anxious to tackle the second point on the agenda ie arrangements between now and 1997. Sir Percy Cradock thought they were and said we should not be too rigid about this. Mr Chen asked about conditionality. We were sure about it, but did the Chinese accept it or were we in a no return position? Sir Percy Cradock said the position had been made plain to them over and over again, with frequent reference to the Prime Minister's messages. He was not surprised the Chinese tried to represent what we had said as acceptance by us of their position. We would continue to stress the conditionality.

21. Mr Q W Lee said Britain and China controlled the destiny of 5 1/4 million people. Eventually acceptability would have to be judged by the people of Hong Kong. Assurances had to be built in by

1997. Sir Geoffrey Howe said that if negotiations went on indefinitely this fact alone would erode confidence. He thought it best to aim for the early establishment of a general framework, still coupled with conditionality which we would continue to stress to the Chinese. Sir S Y Chung said we adhered to confidentiality, while the Chinese continued to spread stories about their position and said we had given up sovereignty. He realised it was difficult for us to comment publicly but the Hong Kong people were gradually believing that Britain had conceded. Presentation was a problem.

22. Returning to September 1984 Mr Sandberg thought that since the Chinese had said so much already in public an announcement then would be an anti-climax. If we moved too hastily and reached a bad agreement by then this could be worse than a Chinese announcement that might contain little new. Sir Percy Cradock thought it wrong to under-estimate the adverse effect of a Chinese announcement. This would be a formal statement perhaps from the Foreign Minister or Prime Minister, carrying much more weight than a statement by Xu Jiatur. Sir E Youde thought the question was not so much one of content of the Chinese announcement, but of its authority and rigidity. It would make it appear that Britain was left out and that the Chinese would thereafter consult the Hong Kong people on the Basic Law. If an agreed announcement were made we would be seen to be still in the game. Sir Geoffrey Howe said time put pressure on us but we should not settle in haste for something unsatisfactory. He thought those present were generally agreed that a joint announcement of some kind should be the aim.

23. Sir Antony Acland suggested we might find out what the Chinese themselves intended to put into their announcement. What was its maximum extent? He agreed it was a reason for getting on quickly with our outstanding working papers. Mr Cheung and Mr Lo both thought that a joint statement might be made taking account of what had been agreed up to that point. Sir Geoffrey Howe agreed. There might be scope for further statements later at different stages eg when something had been settled about relations between the SAR and GATT. Mr Donald expressed concern about how to deal with conditionality in any interim agreements. If conditionality was too strongly stressed we might get an adverse reaction from the Chinese

on the question of sovereignty. Sir Geoffrey Howe agreed. Sir E Youde said we should decide on what was common ground in consultation with the Chinese. But we needed to get further down the line before doing so. Sir Percy Cradock thought we would get close to this position in July or August.

24. Sir Geoffrey Howe said another problem was presentation. Was it possible to lift the veil at all in Hong Kong? As well as the people of Hong Kong, Parliament's interest had to be borne in mind. We had not formed a clear view. Mr Cheung said the Chinese had said their announcement would contain general principles. They had also said they would draft the Basic Law. We should steer them off this. It should be produced as a result of consultation between the UK and China. Sir Geoffrey Howe could see the attraction of this. Sir Percy Cradock said this was a further argument for moving on quickly so we could add fine print to the Chinese 12 Points. Premier Zhao had said to him that what the two sides had agreed would go into the Basic Law, so we were on the way.

Constitutional Development

25. Sir Geoffrey Howe raised the question of constitutional development in Hong Kong between now and 1997. He detected a wish in Hong Kong for greater democracy and more representative structures. The Chinese seemed to be looking for development in this direction too, but their position was not clear. If the Governor and Chief Executive were not going to be appointed by London or Peking then there would have to be some alternative; universal suffrage might be going too far but should we move more down this road? Mr Cheung said we should. The Regional Council elections in 1985/6 were a starting point. He thought we had 10 years or so during which we could go further down the road.

26. Mr Lo, admitting he was probably in a minority of one, said the District Board system did not fit the bill. He was in favour of full universal suffrage, direct elections to LEGCO, collegiate elections from LEGCO to EXCO and some form of directly

lected Governor. Such a system should be introduced well before 1997. Miss Dunn thought this dangerous. The key thing was the calibre of the Governor. The community was not ready and candidates would be hesitant about coming forward. Any development should be controlled and allowed to evolve step by step. Mr Q W Lee was afraid that the Chinese would have much influence over the election of a Governor. Mr Sandberg said we should not accept the present position, where on the one hand China was calling for more democracy but at the same time was saying effective measures could not be initiated until 1997 become an SAR.

27. Sir S Y Chung said that those present could only really talk about the direction developments might take. The pattern and rate were up to the people of Hong Kong. They needed to be consulted. There was a need for Green Papers on the subject. Miss Tam said the Hong Kong Government had not been active in encouraging Hong Kong people towards democratic reform. This should change. LEGCO and EXCO could do much to encourage people to come forward to form political parties and to get more involved before 1997. Positive thinking was at present concentrated among a very small group. She felt some frustration at being unable to tell Hong Kong people what was best for Hong Kong. Sir Geoffrey Howe agreed that this should all be looked at very carefully, particularly the direction in which things might go.

Possible Representation of Unofficial Members On British Delegation to Talks

28. Sir S Y Chung said that this idea had been revived following the Governor's meeting in December with UMELCO members. LEGCO Unofficials had been concerned at hearing that British administration was not attainable. They were querying whether EXCO members were in fact getting full information from HMG, maintaining that there should be a Hong Kong resident on the negotiating team.

29. Sir Geoffrey Howe said that he understood the need to maintain confidence in Hong Kong. However he saw two difficulties. To propose a change in the team now would risk a bad reaction from the Chinese. Moreover the Chinese had earlier shown their opposition to

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Hong Kong representation. Sir S Y Chung interjected that the idea was not to have representation of Hong Kong but a Hong Kong resident as part of the British team. Sir Geoffrey Howe said that he believed the Chinese would object equally to that. Sir S Y Chung queried this. He said that even if the Chinese were to reject the idea again it was better to put it forward with the onus on them of turning it down.

30. Sir P Cradock said that he acknowledged the logic of the Unofficials' proposal. But the Chinese had consistently taken the line that the negotiations were bilateral between the UK and China. Moreover they maintained that they represented the Chinese people, including the "compatriots" in Hong Kong. Therefore we would be likely to get a very strong Chinese reaction to the proposal. Was it worth taking the risk? He questioned whether it was sensible either to try to take the line that we should be seen to try, even though we anticipated failure. If we did that we should be seen to have proposed the inclusion of Hong Kong Chinese and to have had our request refused. This would show HMG in an unacceptably weak light. Moreover the Chinese reaction could be so bad that the talks might be jeopardised.

31. Mr O V Cheong questioned whether the Chinese would object to Unofficials being made formal members of the British team. Sir P Cradock believed they would. He pointed out that the Chinese object even to our consulting EXCO about the talks. They took the line that we only represented British interests. Sir S Y Chung asked in that case who did speak for the Hong Kong people.

32. Sir Geoffrey Howe said he was not arguing the merits of the proposal. But the Chinese had shown their suspicion on this point. They had not even been happy with the inclusion of the Governor in the team though they now accepted this. We had thought about the proposal very carefully. In his view we should not challenge Sir P Cradock's advice. It would be a mistake to risk knocking the negotiations off course.

33. Mr Sandberg said that there was a risk that public opinion would see the British side as only negotiating for British

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interests. There was a strong argument for making the proposal in order to counter this. Mr T S Lo suggested that possibly the Chinese position had changed with the improvement in the atmosphere in the talks. Mr Q W Lee suggested that the idea might be floated informally with the Chinese. Mr S L Chen thought that we could suggest that the stage had been reached when the Hong Kong people should be given a say in the talks. Sir S Y Chung emphasised that they were not suggesting separate representation of Hong Kong.

34. Sir E Youde saw great risk in allowing the Chinese to appear to dictate the composition of the British team. It was either that or insisting on putting who we wanted in the team and causing a breakdown in the negotiations. He emphasised that he saw the logic and merit of the proposals but he was afraid that if we raised this question of principle and were seen to back down we could damage our own position.

35. Sir Geoffrey Howe pointed out that we would be making the proposal at a very late stage in the negotiations. Miss Dunn asked whether the Chinese would really risk stopping the talks over this. Sir E Youde thought that was a real possibility. The Chinese would be asked to accept that someone would speak in the talks on behalf of the Hong Kong Chinese community. (It would be impossible to disguise that that was happening).

36. Sir S Y Chung said that he would not insist but he wanted to make some points for the record. He had not realised that we had already made a proposal of this sort and been turned down. That in itself suggested that EXCO were not being told everything. An important consideration was that, now we were clearly negotiating not for British administration but for an autonomous local Government, the people of Hong Kong should be more clearly involved. How could EXCO recommend an agreement to the people of Hong Kong if HMG were accepted that they were negotiating only for British interests?

37. Sir P Cradock said we did not accept that. It was what the Chinese chose to think. But we had to consider the choice before us and the risk to the negotiations.

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38. Mr Luce pointed out that the concerns which the Unofficials had raised were the very reason why we had intensive consultations on the present lines. Sir Geoffrey Howe said he understood why Unofficials felt as they did. But there was a real risk of jeopardising the talks. He suggested that it would not be necessary to raise the point with the Prime Minister on Monday. Sir S Y Chung said that he would leave the matter there, with a warning that when the news broke, that there would be no British administration in Hong Kong people in the territory would inevitably ask whether there had been a Hong Kong man on the team. Sir Geoffrey Howe said that we should have to face that point when the time came.

HONG KONG DEPARTMENT

17 January 1984

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