

RECORD OF MEETING BETWEEN MR RICHARD LUCE MP, MINISTER OF STATE,  
THE GOVERNOR OF HONG KONG AND EXCO UNOFFICIALS:

10.00 AM 17 JANUARY 1984

Present

Mr Richard Luce MP  
PS/Mr Luce  
Sir P Cradock GCMG  
Mr A E Donald CMG  
Mr R D Clift CMG  
Mr R J F Hoare  
Mrs J S C Priest

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. Mr Luce welcomed the Governor and the Unofficials and suggested that the agenda for the meeting might be:
  - (i) discussion of the summary of the conclusions reached at the Prime Minister's meeting with the Unofficials on 16 January;
  - (ii) clarification of HMG's commitment to Hong Kong;
  - (iii) the principles underlying the working papers on:
    - (a) Defence and Internal Security;
    - (b) The Public Service;
    - (c) Government Structures;
    - (d) Nationality.
  - (iv) Public Presentation of HMG and HKG policy.
2. Sir S Y Chung said the Unofficials were grateful for an opportunity for further constructive discussion on Hong Kong. He began with comments on the summary of the Prime Minister's



discussion with the Unofficials:

- (i) the words 'consistent with the assumption by China of sovereignty and the right of administration' should be deleted from our redefined negotiating objective; we should aim simply at the highest possible degree of internal and external autonomy for Hong Kong;
- (ii) the words 'violation and' should be inserted before 'interference' in the penultimate line of the objective.

3. Mr T S Lo agreed with Sir S Y Chung's first point.

Sir P Cradock explained that the words which Sir S Y Chung had quoted were intended to reflect what we might now realistically hope for in the Hong Kong negotiations. Their deletion might convey a false impression. Miss Dunn thought that Sir P Cradock's point was adequately covered by the words 'highest possible degree of autonomy for Hong Kong'; the phraseology to which Sir S Y Chung had drawn attention implied a limitation to this. Sir E Youde reminded the meeting of the Prime Minister's willingness to recommend to Parliament that sovereignty over Hong Kong revert to China if it were possible to make satisfactory arrangements with the Chinese for Hong Kong's future.

4. Mr T S Lo suggested that if the sentence under discussion could not be deleted from the summary of conclusions, it might be replaced by the words 'subject to the assumption by China' etc.

Sir P Cradock said the Unofficials' comments on the summary would be noted. Despite differences of emphasis he had noted no basic contradictions between the Unofficials' proposals and the summary as drafted. Mr Luce undertook to convey the Unofficials' views on the summary to the Prime Minister and to the Secretary of State.

5. There was some further discussion about the definition of our negotiating objective. Miss Dunn saw a difference between asserting 'the principle of minimum change in the Hong Kong systems' and seeking in the negotiations to assert it. It was pointed out that this point was implicit in the existing text as a whole and explicit in the final sentence of the redefined objective.



6. Sir S Y Chung suggested that the words 'to be acceptable to the people of Hong Kong' should replace 'command confidence in Hong Kong' in paragraph 2, line 8 of the summary. Mr T S Lo asked for clarification of the term 'absolute requirements' in the second sentence of that paragraph. Mr Luce explained that no one particular assurance against Chinese interference in Hong Kong should be seen to be a sticking point. The central issue was to devise a bundle of acceptable assurances. Mr T S Lo agreed but pointed out that the officials had no mandate to commit the people of Hong Kong to what would or would not be acceptable to them. Sir P Cradock suggested that the point might have been met by the deletion of the words 'for acceptance of an agreement' from line 5 of paragraph 2 of the summary.

7. Paragraph 3 of the summary ('Conditionality') was discussed. Sir S Y Chung said that this paragraph should include a mention of acceptability to the people of Hong Kong. Miss Dunn agreed. Acceptability to the people of Hong Kong should be included as a precondition for the removal of the conditionality contained in the Prime Minister's messages to the Chinese Government. It was explained that this point was covered fully in the first paragraph of the summary.

8. Miss Tam had some points to make about public presentation of HMG and HKD policy (para 6 of the summary). It was agreed that these be discussed in their own specific context.

9. Sir S Y Chung suggested that the heading of paragraph 7 of the summary be amended to read 'presence of Hong Kong residents in the British negotiating team' with consequential amendments to the text of that paragraph.

10. Sir S Y Chung handed Mr Luce a petition from 81 Hong Kong Trade Unions listing the assurances they sought on Hong Kong's future. Sir S Y then turned to the question of HMG's 'commitment' to the people of Hong Kong. What did this mean? How would HMG react towards individuals in Hong Kong who did not agree with any arrangements reached with China?



11. Mr Luce read out a definition of HMG's commitment to Hong Kong as follows:

'Hong Kong's status as a British dependent territory commits HMG to provide for its good government in the best interests of its people and to make provision for Hong Kong's security and public order. HMG are also committed to seek a solution on the future of Hong Kong after 1997 acceptable to the British Parliament, the Governemnt of China and the people of Hong Kong'.

He explained that this was broadly divisible into:

- (a) the type of commitment which we had towards any British Dependent Territory;
- (b) our commitment in the Hong Kong talks to seek a solution acceptable to Britain, China and the people of Hong Kong. Sir S Y Chung asked how we would define 'acceptability'. Sir P Cradock explained that this was a matter parallel to, but separate from our actual 'commitment'. Mr Luce agreed. He added that we did not yet know how a test of acceptability to Hong Kong would be conducted. Miss Dunn suggested that the question of acceptability was bound up with nationality questions. HMG would have a commitment to assist anyone not wishing to remain in Hong Kong in the light of arrangements made with China. Sir S Y Chung agreed. Mr Luce said Miss Dunn's point would be taken up later. Meanwhile he wished to state that we were not contemplating failure in the talks but were seeking a successful outcome to them.

12. Sir S Y Chung said that a basic problem stemmed from our newly defined negotiating objective. Our former objective of continuing British administration was proven to be acceptable to Hong Kong people. This could not be said of the new objective. Mr Sandberg suggested that even if acceptability of any arrangements reached were tested by referendum, HMG would still retain a commitment to those who had voted against its terms.

13. Mr O V Cheung believed HMG had a commitment additional to those listed by Mr Luce: to do its best for Hong Kong. Mr Luce said that this point was implicit in the overall concept of commitment. Mr T S Lo said that it followed from the second commitment mentioned



SECRET

by Mr Luce that the final outcome of the Hong Kong talks could include only arrangements which were acceptable to Hong Kong. Sir S Y Chung said this again touched upon the important question of HMG's reaction towards those who did not find the outcome acceptable. Mr Luce noted the Unofficials concern about this point. He reiterated HMG's commitments to Hong Kong and undertook to let the Unofficials have a written definition of these. Miss Tam asked what was meant by HMG's 'moral' commitment to the people of Hong Kong. Sir P Cradock said that use of this phraseology showed that HMG's overall concern was Hong Kong itself and not any specific benefit which HMG might stand to gain from it.

14. Mr Donald and Sir E Youde further discussed the acceptability question. Sir E Youde emphasised that a suitable test of acceptability would have to be devised whilst HMG was still in overall control of Hong Kong. This was a complicated matter requiring much thought. He could however say now that it would be insufficient merely to solicit EXCO's views.

WORKING PAPERS ON CENTRAL ISSUES

15. Mr Luce said that these working papers would cover 4 very important areas. They had not yet been prepared by HMG, and would be sent to EXCO in the normal way, but it would be helpful for drafting purposes to have EXCO's initial comments on areas that should be covered.

DEFENCE

16. Mr Luce said that this working paper might cover the following points:

(a) The maintenance of social order, perhaps by a strengthened police force.

(b) The distinction between internal and external security, and the possible need for a locally raised military force under the control of the SAR Government.



(c) The question of transitional arrangements and whether any changes would be required before 1997.

(d) The stationing of outside forces in particular the PLA.

17. Sir Percy Cradock said that he had already made clear to Chinese leaders that while HMG did not contest their right to send troops to the SAR we thought that this would have an extremely damaging effect on confidence in Hong Kong. Zhao Ziyang had said that troops might not be sent immediately. It might not however be possible to dissuade the Chinese from the idea entirely and it would therefore be necessary to consider possible fall-back positions.

18. Sir S Y Chung suggested that HMG should point out to the Chinese that they had already said that Taiwan could continue to have its own army and that they would not send troops there if it became a SAR. Hong Kong should be treated in the same way. Miss Dunn said that we should resist the idea of any Chinese force in Hong Kong as this would undermine the role of the police. Mr Sandberg was concerned that if the Chinese did not send troops 'immediately' this might imply that they would do so during the 50 year period. This would have the dangerous implication that other changes might also take place.

19. Sir S Y Chung suggested that the present volunteer Hong Kong Regiment could be extended into a professional local force. Sir E Youde agreed and added that the British forces in Hong Kong already contained a 25% local element. There was also an auxilliary air force with some full-time officers. He said it was important to have an internal security force to which we could refer when arguing that the PLA was not required in Hong Kong. What this force should comprise would need further discussion. Mr Cheung asked if there was any chance of retaining the Gurkhas after 1997. Sir P Cradock said that he thought it extremely unlikely that the Chinese would accept this.

20. Miss Tam said that comparison with Taiwan should be emphasised. She also thought that the ICAC should be included in the paper.



PUBLIC SERVICE

21. Mr Luce said that this paper might cover:

(a) The need for continuity and for security of career prospects, pensions etc for members of the Public Service.

(b) The retention of existing procedures for appointments, promotions and discipline.

(c) The appointment locally of the Chief Secretary, Financial Secretary and Attorney-General.

(d) The retention of the Public Service Commission and the two Standing Commissions, possibly on a statutory basis.

(e) Some minor changes such as the replacement of Colonial Regulations and the removal of such words as 'royal' from titles.

22. Sir E Youde said that everyone would agree with the main principle of continuity. We should do our best to make sure that all who wanted to were able to remain in the Public Service for a full career. Changes to the status of the PSC and other advisory bodies could be made before 1997 to guard against political interference. Mr Clift agreed that it would be important to have an executive PSC in place before 1997. Miss Tam said that the security of pensions and other retirement benefits was psychologically important.

CONSTITUTIONAL ARRANGEMENTS AND GOVERNMENT STRUCTURE

23. Mr Luce said that we would not want to go into too much detail on democratic evolution in this paper but that it was important to stress the basic principles in order to buttress autonomy. The paper might cover:

(a) The position and election of the Governor/Chief Executive.



- (b) The separation of the Executive, Legislature and Judiciary.
- (c) The retention of full internal powers for the SAR Government.
- (d) The retention of EXCO, LEGCO, Regional Councils and District Boards; allowing for democratic evolution.

24. Sir E Youde said that the working paper was for presentation to the Chinese and should therefore provide a picture of what we wanted to see after 1997. This must not prejudice our freedom to do what we wanted to do before 1997. We should therefore refer to the elective process without specifying what we meant by this. There were various ways in which the present administrative system could be recreated through the elections. The people of Hong Kong would have to decide the details of how the system should develop.

#### NATIONALITY AND CITIZENSHIP

25. Mr Luce said that he was fully aware of the sensitivity of this issue in Hong Kong. The Home Office, who had not yet been consulted would also hold strong views on it. He suggested that the paper might cover:

- (a) The nationality status after 1997 of BDTC's and eligibility for Hong Kong (China) citizenship.
- (b) Issue of travel documents, freedom of travel and consular protection.
- (c) The right of abode, freedom of entry and exit and immigration controls.

26. Sir S Y Chung said that it was essential to preserve each person's freedom of choice as to whether they continued as a BDTC or accepted the new form of citizenship. Most Hong Kong people were refugees from China or the descendants of refugees and they felt that the retention of British nationality was their only chance of escaping from Hong Kong if things went wrong. If we were proposing to return the ceded areas to China we must make proper arrangements



for securing the rights of BDTC's. Miss Dunn agreed that it was important to retain existing rights. If this were not done, people might consider the whole agreement on the future of Hong Kong to be unacceptable.

27. Sir E Youde said that the Unofficials wished to retain the rights of BDTCs both as British nationals and as citizens of a dependent territory. He could see that it might be a point for discussion whether the title of BDTC should be retained once Hong Kong was no longer a dependent territory, but preservation of the present arrangements would be the preferred option. He said that this would be one of the most important subjects in the agreement with China and the people of Hong Kong would watch it like hawks as a key part in the retention of a link with the UK. Everyone was aware that the category of British overseas citizen carried fewer rights than BDTC, so if the term BDTC was not acceptable it would be necessary to invent another name. However, it would be difficult to explain to people that a different title would give the same rights as BDTC, even if it were true.

28. Mr Luce said he realised that this was a very important issue. Individual rights had not been affected by the changes of terminology introduced in the BNA but these had nevertheless created great ill-feeling. Sir Percy Cradock said that he thought it would be difficult to persuade the Chinese to accept the retention of the term BDTC once Hong Kong was no longer a dependent territory. Miss Dunn said that people would consider re-titling to be down-grading. While she saw the difficulty with the Chinese, we could not strip people of their nationality or citizenship. Miss Tam said that it was important that the SAR Government should control who had the right of abode in the SAR. She also said that there was a general belief in the police force that the nature of their duties gave them the right to come to the UK under Section 4(5) of the BNA. HMG would have to consider carefully the implications of this.

29. Mr Q W Lee said that the question of travel documents was a very important one. Mr Sandberg reiterated that HMG would come under pressure from those who could not accept the agreement, who



would argue that HMG had an obligation for the UK to find somewhere else for them to live. BDTG proposals did not provide for this.

#### MR LUCE'S VISIT TO HONG KONG

30. Mr Luce said that he was hoping to visit Hong Kong in February and would like this to be seen as a routine visit as part of his efforts to keep in close touch with Hong Kong and in particular the Executive Council. Sir S Y Chung welcomed this proposal. He warned, however, that if by then it was public knowledge that HMG's position in the talks had changed Mr Luce would come under considerable pressure to give details of HMG's attitude to such questions as nationality.

#### PUBLIC PRESENTATION

31. Mr Luce said that this subject had already been discussed at length. HMG had agreed to prepare a paper. Within the constraints of confidentiality, it had been proposed that we should try for an interim agreement with the Chinese. In the shorter term we should either publicly float possible ideas on a speculative basis or carry out unattributable press briefings.

32. Sir E Youde said that information could be conveyed on various levels. Not everyone had to say the same amount but they should clearly be consistent. The people of Hong Kong would then have a clearer idea of what was going on. It would be useful to have all the possible levels set out in the paper.

33. Sir Percy Cradock said that he saw advantage in unattributable briefing about the possible outcome of the talks. He was however worried about possible confrontation with the Chinese, leading to public statements and counter statements by important officials. Sir S Y Chung said that he doubted if the danger existed now that we had dropped the idea of British administration. Sir E Youde said that it was interesting that Miss Dunn's recent speech, outlining what was important to Hong Kong people, had not been criticised by the Chinese; nor had his television interview in Summer 1983, when he had referred to the people of Hong Kong seeking assurances of



continuity.

34. Sir S Y Chung agreed that the presentation aspect was very important. There was an increasing belief in Hong Kong that the Government would relax confidentiality and this placed a greater constraint on Unofficials. Mr Luce said that he was conscious of the burdens that EXCO carried. HMG would give priority to the preparation of this paper.

35. Sir S Y Chung thanked Mr Luce for his time and his patience in hearing the views of the Unofficials.

HONG KONG DEPARTMENT

26 JANUARY 1984

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27 JAN 1984

