



Prime Minister.

Sir Perry Cradock has seen this.

Foreign and Commonwealth Office

Agree that Sir Richard Evans should speak, at the next round, as at X and Y below?

London SW1A 2AH

Yes MJ

19 January 1984

Dear John, A.J.C. 19.

Future of Hong Kong: Opening Statement at Eighth Round of Talks: 25-26 January

The next round of talks opens on 25 January. We have been giving thought to the opening statement which Sir R Evans will make on that occasion. We consider that in the course of this statement he should refer to the remarks addressed to the Prime Minister by the Chinese Premier, Zhao Ziyang, in the course of the latter's farewell discussion with Sir P Cradock last month (recorded in Peking telegram no 1387 - copy enclosed).

We propose that Sir R Evans should speak on this point on the basis of the following outline:

X "Close consultation with Prime Minister and Secretary of State in London before my departure. Reference to message which Premier Zhao asked Sir P Cradock to convey to Prime Minister when he paid his farewell call on Zhao on 20 December. Authorised to convey her appreciation. The Prime Minister wishes me to confirm that the British side does indeed view the talks in the context of friendly Sino-British relations. She takes encouragement from the fact that both sides share a conviction that agreement is entirely possible. This would be beneficial to confidence in Hong Kong and to the stability and prosperity there which is the common aim of the two sides."

Y I would be grateful to know whether the Prime Minister is content that we should proceed on this basis. The statement will also, of course, make the point that there is total continuity in the British position which is based, as before, on the understanding set out in the Prime Minister's messages of 10 March and 14 October 1983.

(P F Ricketts)
Private Secretary

Yang too,
Peter Ricketts

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THE UNIVERSITY OF CHICAGO
LONDON, ENGLAND

20 JAN 1992
CHICAGO, ILL. U.S.A.

OF PRINCIPLE. WHAT REMAINED WERE MATTERS NOT ABSOLUTELY CRUCIAL TO THOSE PRINCIPLES BUT NEVERTHELESS VERY IMPORTANT FOR THE ECONOMIC SUCCESS OR OTHERWISE OF THE SAR. WE THEREFORE HOPED THAT THE CHINESE SIDE WOULD LISTEN TO OUR PROPOSALS AND TAKE ACCOUNT OF THEM IN DRAWING UP THE BASIC LAW. I NOTED THAT AGREEMENT HAD ALREADY BEEN REACHED ON A NUMBER OF POINTS AND SAID THAT I ASSUMED THAT THESE WOULD BE INCORPORATED IN THE BASIC LAW.

6. I THEN REFERRED TO THE IMPORTANCE OF CONTINUITY. CHANGES SHOULD NOT BE MADE EXCEPT WHERE THEY WERE ABSOLUTELY NECESSARY TO MEET CHINESE PRINCIPLES. THERE SHOULD BE NO CHANGE FOR THE SAKE OF CHANGE. WE SHOULD BE AS PRECISE AS POSSIBLE IN STATEMENTS OF WHAT WAS TO BE ESTABLISHED. I DREW ATTENTION TO MY COMMENTS IN OTHER DISCUSSIONS ON THE NEED FOR CONTINUITY IN THE CIVIL SERVICE. WE HOPED THAT ALL CIVIL SERVANTS, WHETHER OF LOCAL OR OVERSEAS ORIGIN, WOULD BE ABLE TO STAY ON AND COMPLETE THEIR CAREERS IN THE NORMAL WAY. THEIR LOYALTIES WOULD NATURALLY BE TO THE SAR NOT TO ANYBODY ELSE. I SAID I HAD BEEN ENCOURAGED TO HEAR FROM JI PENGFEI THAT THOSE WHO HELD HONG KONG IDENTITY CARDS AS WELL AS UK PASSPORTS WOULD BE PERMITTED TO STAY ON AND RISE UP TO AND INTO THE MOST SENIOR CIVIL SERVICE POSTS.

I URGED HONGKONG SIDE TO BEAR IN MIND THE IMPORTANCE OF CONTINUITY, SUBJECT OF COURSE TO MEETING THEIR FUNDAMENTAL PRINCIPLES. I SAID THAT IT LAY IN THE TWO SIDES' HANDS TO MAKE THE FUTURE HONG KONG A GREAT SUCCESS. THIS WOULD ALSO BE AN INTERNATIONAL SUCCESS. IT WOULD COST THE CHINESE NOTHING BUT WOULD MEAN EVERYTHING TO HONG KONG. IT WAS A BIG OPPORTUNITY.

7. ZHAO SAID THAT AS ONE WHO HAD SERVED LONG IN CHINA I WOULD BE WELL AWARE OF CHINESE POLICIES. CHINA FOLLOWED PRINCIPLE BUT WAS ALSO VERY REASONABLE AND PRACTICAL. SO LONG AS FUNDAMENTAL CHINESE PRINCIPLES WERE NOT IMPAIRED, THE CHINESE SIDE WAS READY TO LISTEN TO WHATEVER SUGGESTIONS WE MIGHT HAVE CONCERNING THE MAINTENANCE OF STABILITY AND PROSPERITY IN HONG KONG AND WOULD TAKE THEM INTO ACCOUNT. WE SHOULD SEE THAT CHINA WAS VERY FLEXIBLE AND OPEN-MINDED. CHINA AIMED TO RECOVER SOVEREIGNTY INCLUDING THE RIGHT OF ADMINISTRATION WHILST MAINTAINING STABILITY AND PROSPERITY. ZHAO POINTED OUT HOWEVER THAT THE RECOVERY OF SOVEREIGNTY WAS THE PREMISE. ON THAT BASIS CHINA WOULD DO WHATEVER WAS POSSIBLE TO MAINTAIN STABILITY AND PROSPERITY. UNNECESSARY CHANGES WOULD NOT BE MADE SO LONG AS THE ARRANGEMENTS FOR HONG KONG WERE CONSISTENT WITH THE CHINESE PREMISE AND CONDUCIVE TO THE MAINTENANCE OF STABILITY AND PROSPERITY. IT WAS POSSIBLE THAT OUR VIEWS WOULD DIFFER ON SPECIFIC QUESTIONS. THESE COULD BE DISCUSSED THROUGH NEGOTIATION. AS LONG AS BOTH SIDES ABIDED BY THE FUNDAMENTAL PRINCIPLES AND CHERISHED THE AIM OF MAINTAINING STABILITY AND PROSPERITY, AN AGREEMENT WOULD EVENTUALLY BE REACHED. ZHAO SAID THAT THE ISSUES OF GREATEST CONCERN TO THE CHINESE SIDE, NAMELY SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION, WERE KNOWN TO US. HE HOPED THAT WE WOULD IDENTIFY OUR POINTS OF MAJOR CONCERN SOON IN A STRAIGHTFORWARD AND FRANK WAY.

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THIS WOULD BENEFIT THE TALKS . SO LONG AS OUR SUGGESTIONS DID NOT IMPAIR CHINESE PRINCIPLES IT MIGHT BE POSSIBLE TO AGREE ALL OR PART OF SUCH SUGGESTIONS. THERE MIGHT OF COURSE ALSO BE AREAS WHERE WE DID NOT AGREE. MUTUAL UNDERSTANDING AND TRUST WOULD BE INCREASED. THE RATE OF TALKS WOULD BE ACCELERATED. ZHAO REFERRED TO OUR RECENT COMMENTS ON THE CIVIL SERVICE AND THE ELECTION OF JUDGES: THE CHINESE SIDE WAS CONSIDERING THEM.

8. I REPLIED THAT WE WOULD TRY TO PUT THESE ISSUES AS SOON AS POSSIBLE TO THE CHINESE SIDE. I WAS ENCOURAGED BY ZHAO'S COMMENTS. IN THEIR SPIRIT THERE WAS ONE POINT WHICH, ALTHOUGH RAISED IN EARLIER DISCUSSIONS, I WISHED TO REPEAT. I REFERRED TO THE POSSIBILITY THAT THE CHINESE INTENDED TO STATION TROOPS IN HONG KONG. I SAID THAT WE DID NOT DISPUTE THE CHINESE RIGHT TO STATION TROOPS IN ANY PART OF CHINESE TERRITORY. THIS WAS NOT AT ISSUE. HOWEVER I ASKED ZHAO TO REFLECT VERY CAREFULLY ON THE EFFECT UPON THE INHABITANTS OF HONG KONG AND THE OUTSIDE WORLD OF A DECISION TO STATION THEM IN HONG KONG. IT WOULD DAMAGE THE SAR'S CREDIBILITY AS AN AUTONOMOUS REGION AND LEAD TO THE CONCLUSION THAT THE HONG KONG ISSUE HAD BEEN SOLVED NOT THROUGH FRIENDLY RELATIONS BUT BY MILITARY MEANS. THIS WOULD BE VERY DAMAGING.

9. ZHAO SAID THAT ONE ASPECT OF CHINA'S SOVEREIGNTY OVER HONG KONG WOULD BE CHINA'S RIGHT TO STATION TROOPS THERE. IT WAS A CHINESE PRINCIPLE THAT HONG KONG'S FOREIGN AFFAIRS AND DEFENCE WOULD BE THE CENTRAL GOVERNMENT'S RESPONSIBILITY. HOWEVER, CONCRETE DISCUSSIONS ON THIS ISSUE COULD BE CONDUCTED. IT WAS NOT NECESSARILY THE CASE THAT CHINESE TROOPS WOULD BE SENT TO HONG KONG ON THE DAY OF RESUMPTION OF SOVEREIGNTY. IT HAD BEEN MADE CLEAR THAT DEFENCE WAS THE CENTRAL GOVERNMENT'S RESPONSIBILITY, PUBLIC ORDER THAT OF THE SAR POLICE. TROOPS STATIONED IN HONG KONG FOR NATIONAL DEFENCE WOULD NOT INTERFERE IN THE SAR'S INTERNAL AFFAIRS. THEIR FUNCTION WOULD NOT BE THE SAME AS THE PLA ON THE MAINLAND.

10. ZHAO RECALLED THAT A FURTHER ISSUE OF CONCERN TO THE UK WAS WHETHER OUR AGREEMENT WOULD BE REFLECTED IN THE BASIC LAW. HE CONFIRMED THAT IT WOULD BE. ON THE METHOD OF DISCUSSIONS HE SAID THAT WE HELD DIFFERENT VIEWS. CHINA CONSIDERED THAT WE SHOULD JUST DISCUSS IMPORTANT QUESTIONS LEAVING ASIDE EXCESSIVE DETAIL. TO DO OTHERWISE WOULD TAKE TOO MUCH TIME AND WOULD IMPINGE UPON THE SAR'S AUTONOMY. IF THE BASIC LAW CONTAINED MORE DETAIL, LIMITATIONS ON THE SCOPE AND FUNCTION OF THE FUTURE SAR WOULD BE SET. ON CONTINUITY, HE UNDERSTOOD THAT THIS WAS A QUESTION OF GREAT CONCERN. IN VIEW OF THE PROGRESS MADE, HE SUGGESTED THAT IT MIGHT BE BENEFICIAL IF WHILE DISCUSSING POST-1997 ARRANGEMENTS QUESTIONS AFFECTING THE TRANSITIONAL PERIOD WERE ALSO DISCUSSED. COMBINING THESE TWO AREAS WOULD CREATE BETTER UNDERSTANDING OF CONTINUITY AND WOULD ALSO ENABLE DISCUSSION OF HOW THE TWO SIDES COULD BEST COOPERATE IN THE TRANSITIONAL PERIOD TO MAINTAIN STABILITY AND PROSPERITY. HE HOPED THAT BOTH SIDES WOULD MAKE EFFORTS AND COOPERATE TO

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MAINTAIN STABILITY AND PROSPERITY IN THIS PERIOD AND ALSO THAT THE UK WOULD CONTINUE TO PLAY A POSITIVE ROLE IN HELPING HONG KONG'S ECONOMIC DEVELOPMENT.

11. I SAID THERE WAS ONLY TIME LEFT FOR ME TO MAKE BRIEF COMMENTS, AS FOLLOWS:

(A) TROOPS: WE DID NOT DISPUTE CHINA'S RIGHT TO STATION TROOPS IN HONG KONG. IT WAS A QUESTION OF HOW THAT RIGHT MIGHT BE EXERCISED AND THE EFFECT OF EXERCISING IT. WE UNDERSTOOD THAT PUBLIC ORDER WOULD BE THE RESPONSIBILITY OF THE SAR POLICE.

I NOTED THAT CHINESE TROOPS IN HONG KONG WOULD NOT HAVE THE SAME FUNCTION AS THE PLA. NEVERTHELESS I URGED THE CHINESE SIDE TO THINK VERY CAREFULLY ABOUT THE EFFECT OF STATIONING TROOPS:

(B) BASIC LAW: I WAS GRATEFUL FOR ZHAO CONFIRMATION THAT OUR AGREEMENT WOULD BE REFLECTED IN THE BASIC LAW:

(C) METHOD OF TALKS: I SAID THAT OUR WORKING PAPERS WERE CONCERNED ONLY WITH THE MOST IMPORTANT PRINCIPLES IN EACH AREA. A CERTAIN DEGREE OF PRECISION WAS NECESSARY IF CONFIDENCE, AND THEREFORE PROSPERITY, WERE TO BE RETAINED. WE DID NOT DISPUTE THAT THE SAR SHOULD HAVE A HIGH DEGREE OF AUTONOMY AND SHOULD BE ABLE TO TAKE ITS OWN DECISIONS OVER LARGE AREAS. BUT WE MUST BE SURE OF THE STARTING POINT OR CONFIDENCE WOULD NOT CONTINUE. THIS WOULD NOT PREVENT THE SAR MAKING CHANGES LATER:

(D) AGENDA ORDER: I ACCEPTED THAT A NUMBER OF ISSUES SEEMED TO OVERLAP. HOWEVER UNTIL WE KNEW WHAT HONG KONG WAS TRANSITING TO, WE COULD NOT DECIDE UPON TRANSITIONAL ARRANGEMENTS:

(E) UK INTERESTS: WE CONSIDERED IT MOST IMPORTANT THAT HONG KONG SHOULD FLOURISH. THERE WAS NO POINT IN HAVING INTERESTS IN A DEAD CITY. CONFIDENCE WAS ALL IMPORTANT.

12. SEE MIFT FOR COMMENT.

W58

CRADOCK

FUTURE OF HONG KONG

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Hong Kong: future of Pt II

20 January 1984

Future of Hong Kong: Opening Statement
at Eighth Round of Talks

The Prime Minister agrees that Sir Richard Evans should, in his opening statement at the next round of talks, comment on Premier Zhao's oral message to Sir Percy Cradock on 20 December in the terms suggested in your letter. Mrs. Thatcher has also noted that Sir Richard Evans will make it plain that the British position continues to be based on the understanding set out in the Prime Minister's messages of 10 March and 14 October.

AJC

Peter Ricketts Esq
Foreign and Commonwealth Office.