

46



Foreign and Commonwealth Office

London SW1A 2AH

31 January 1984

*Rather worrying, but I do not want to make any decision on this moment.*

Prime Minister.

A.S.C. 2/1

Dear John,

Future of Hong Kong: 8th Round of Talks

25/26 January 1984

Sir R Evans has reported on this round which was again described in the joint communiqué as useful and constructive. The next round is fixed for 22/23 February.

In some ways this was a helpful round. The first day and part of the second was spent in detailed discussion of papers already submitted by us. The Chinese clarified their position on a number of points. It is evident that on the monetary system, lifestyle, freedoms and rights of the individuals, the economy, and the legal system, their ideas are broadly in line with ours. In general they accept the principle of a high degree of autonomy for the SAR, although they stress that this must be within the confines of the 'basic law'. Whether they will be prepared to specify this autonomy in a binding bilateral agreement in sufficient detail to retain confidence in Hong Kong remains to be seen. Nevertheless, there is a good basis on which we can build.

*I wonder!  
A.S.C. 2/1*

The discussions ran into difficulties when Zhou Nan brought up the question of the pace of the talks and particularly the presentation of our working papers. Indeed the Chinese have only reluctantly accepted 22/23 February as the date for the next round and in informal discussion have said that if we do not get at least one working paper on a central issue to them by 10 February they may have to ask for a postponement and blame it on us. The Chinese are also pressing for the overall timetable for the negotiations to be speeded up. They envisage completion of work on agenda item 1 (arrangements after 1997) by the end of March and as rapid discussion as possible of items 2 and 3 (arrangements up to 1997 and the transfer of sovereignty). They have again referred to their interest in discussion on the form of a possible agreement.

/The Chinese





The Chinese are accusing us of impeding progress by raising points which they regard as inconsistent with their premise, citing our objections to the stationing of Chinese troops in Hong Kong as an example. They have also urged that our working papers should be as general as possible and should avoid points likely to cause offence to Chinese susceptibilities.

#### Immediate Tactics

We have to decide how to react to Chinese pressure both in the short and the long term. Although some EXCO officials have expressed misgivings about being rushed, Ministers have already agreed that our own interests require us to get our working papers in as quickly as possible. We shall of course need to watch carefully that our papers, without being provocative, do not simply endorse Chinese ideas, and this means that a sufficient amount of detail must be included. Nevertheless the Chinese can be expected to press us continuously to move quickly and our own interests require us to get our ideas over in order to influence their thinking.

The working paper on nationality will cause most difficulty and although the Chinese would like this soon, we shall need considerably longer for Ministers to consider the problem and for EXCO to absorb all the implications. But we should be able to put in papers on Defence and the Public Service and possibly on Constitutional Structures much sooner. One of the problems is the fact that EXCO would not normally have a meeting between 31 January and 15 February, because of the Chinese New Year. Sir Geoffrey has asked the Governor to see whether a special meeting can be held in that period. He has pointed out a number of objections and we have asked him to reconsider the position.

#### Longer Term Strategy

The implications of Chinese pressure for rapid negotiation and conclusion of an agreement this summer need to be very carefully examined. The Chinese want a quick agreement on the main principles; we want to include as much detail as possible to show that autonomy will be assured, and we have to ensure that conditionality is safeguarded. The Chinese are still arguing that many points will have to be left for promulgation in the 'basic law' or for decision by a future SAR Government. The Chinese probably already have firm views on how the agreement will look. We must ensure that we have as much influence on it as possible. There are therefore strong arguments for ourselves presenting our ideas on the form of an agreement quite soon.

/The question



S E C R E T



The question of a timetable for our handling of the talks, in particular whether we aim at a definitive or interim agreement this year, involves a complex series of factors including the timing and method both of testing acceptability in Hong Kong and of seeking Parliamentary approval. Sir Geoffrey will let the Prime Minister have advice on this subject as soon as possible.

I am sending copies of this letter to the Private Secretaries of members of OD(K) and of Sir R Armstrong.

*Yours ever,*

*Peter Ricketts*

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Private Secretary

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