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FOLLOWING FROM PRIVATE SECRETARY

FUTURE OF HONG KONG: SECRETARY OF STATE'S DISCUSSION WITH UMELCO

1. THE SECRETARY OF STATE HAD 75 MINUTES DISCUSSION LAST NIGHT WITH THE UNOFFICIAL MEMBERS OF THE EXECUTIVE AND LEGISLATIVE COUNCILS (UMELCO). HE GAVE THEM A BRIEF ASSESSMENT OF HIS TALKS IN PEKING AND SUMMARISED HIS UNVEILING STATEMENT.
2. THERE FOLLOWED AN HOUR OF PERSISTENT QUESTIONING BY UMELCO MEMBERS WHICH REVEALED A DEEP MISTRUST OF CHINESE INTENTIONS, AND A GREAT DEAL OF ANXIETY ON THE NATIONALITY QUESTION.

THE MAIN POINTS WERE AS FOLLOWS:

- (I) SEVERAL MEMBERS ASKED HOW A LINK WOULD BE ESTABLISHED BETWEEN THE AGREEMENT AND THE BASIC LAW. ONE SUGGESTED THAT WE SHOULD AIM FOR A TWO-STAGE AGREEMENT: THE SECOND STAGE PROVIDING FOR THE TRANSFER OF SOVEREIGNTY WOULD THEN BE DELAYED UNTIL THE BASIC LAW HAD BEEN PUBLISHED. THE SECRETARY OF STATE SAID THAT WE WERE AIMING IN THE NEGOTIATIONS TO ACHIEVE A SPECIFIC LINK. IT WOULD NOT BE POSSIBLE TO KNOW THE CONTENTS OF THE BASIC LAW WHEN REACHING A CONCLUSION ON THE DRAFT AGREEMENT. WE WERE THEREFORE SEEKING AN UNDERTAKING THAT THE POINTS INCLUDED IN THE AGREEMENT AND ANNEXES SHOULD BE INCORPORATED IN THE BASIC LAW. THE IDEA OF A TWO-STAGE AGREEMENT POSED REAL DIFFICULTIES. IT WAS MOST UNLIKELY THAT THE CHINESE WOULD ACCEPT THAT COMPLETION OF THE AGREEMENT SHOULD BE DELAYED UNTIL THE BASIC LAW WAS PUBLISHED. THE BEST ASSURANCE WAS AS MUCH DETAIL AS POSSIBLE IN THE AGREEMENT AND ANNEXES: WE WERE WORKING FOR THIS. THERE WAS JUST A POSSIBILITY THAT AT A LATER STAGE WE SHOULD BE ABLE TO ACHIEVE SOME INFLUENCE ON THE DRAFTING OF THE BASIC LAW, BUT THIS WAS NOT (NOT) SOMETHING ABOUT WHICH HE COULD GIVE ANY ASSURANCE.
- (II) GUARANTEES. SEVERAL MEMBERS ASKED WHAT GUARANTEES HONG KONG COULD HAVE THAT CHINA WOULD, AFTER 1997, STICK TO THE AGREEMENT. ONE SUGGESTED A ROLE FOR THE UNITED NATIONS. THE SECRETARY OF STATE REPEATED HIS POINT ABOUT DETAIL IN THE AGREEMENT AND POINTED OUT THAT THE CHINESE ATTACHED IMPORTANCE TO THEIR INTERNATIONAL REPUTATION. WE COULD BUILD ON THAT. THEIR LONGER TERM AMBITIONS TOWARDS TAIWAN MIGHT ALSO INFLUENCE THEM. HE ALSO STRESSED THE IMPORTANCE, AS ONE ELEMENT IN THE OVERALL PACKAGE, OF MUTUALLY BINDING OBLIGATIONS FORMING PART OF AN INTERNATIONAL AGREEMENT. BUT IN THE LAST RESORT THERE WAS NO ABSOLUTE GUARANTEE.

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(III) WHAT WOULD HMG DO IF HONG KONG DID NOT ACCEPT THE DRAFT AGREEMENT? THE SECRETARY OF STATE REPLIED THAT WE WERE WORKING TO PRODUCE AN AGREEMENT WHICH WE COULD HONOURABLY COMMEND TO PARLIAMENT. BUT HE PUT DOWN A CLEAR MARKER THAT ONCE A DRAFT AGREEMENT HAD BEEN PUBLISHED, IT WOULD NOT, IN PRACTICE, BE POSSIBLE TO GO BACK TO THE CHINESE TO SEEK FURTHER IMPROVEMENTS. IN RESPONSE TO FURTHER QUESTIONS, HE ADDED THAT IF HONG KONG FOUND THE AGREEMENT UNACCEPTABLE, THAT THIS WOULD CREATE A VERY SERIOUS SITUATION. THIS UNDERLINED THE NEED TO HAVE THE WIDEST POSSIBLE CONSULTATIONS WITH THE PEOPLE OF HONG KONG BEFORE THE AGREEMENT WAS PUBLISHED.

(IV) NATIONALITY. THE SECRETARY OF STATE WAS PRESSED HARD ON HOW HMG INTENDED TO DISCHARGE ITS RESPONSIBILITY TO BDTCS IN HONG KONG AFTER 1997: WHETHER THEY WOULD CONTINUE TO HOLD BRITISH PASSPORTS: AND WHETHER THOSE WHO DID NOT WISH TO LIVE UNDER COMMUNISM WOULD HAVE A RIGHT OF SETTLEMENT IN UK. SOME MEMBERS SAID THAT THE RIGHT OF SETTLEMENT (WHICH MIGHT IN PRACTICE NOT BE TAKEN UP BY VERY MANY) WOULD MAKE IT MUCH EASIER TO SECURE ACCEPTANCE IN HONG KONG OF A DRAFT AGREEMENT. IT WAS SUGGESTED THAT HMG HAD A PARTICULAR RESPONSIBILITY TO THOSE WHO LIVED OR HAD BOUGHT PROPERTY IN THE 8 PERCENT OF HONG KONG WHICH WE WOULD BE CEDING VOLUNTARILY IN 1997. THE SECRETARY OF STATE EXPLAINED THAT WE WERE NEGOTIATING FOR AN AGREEMENT WHICH WOULD MEET ALL OUR OBJECTIVES AND WHICH WOULD BE ACCEPTABLE TO ALL THE PEOPLE OF HONG KONG. AS ONE ELEMENT OF THAT WE WERE SEEKING SEPARATE STATUS FOR HONG KONG PEOPLE WITH A RIGHT OF ABODE IN HONG KONG: FREEDOM OF ENTRY TO AND EXIT FROM HONG KONG: AND THE CONTINUATION OF THE RIGHTS OF BDTCS TO CONSULAR PROTECTION IN THIRD COUNTRIES. IT WOULD NOT BE REALISTIC TO SEEK CONSULAR PROTECTION FOR FORMER BDTCS IN HONG KONG AFTER 1997: FUNDAMENTAL FREEDOMS IN HONG KONG WOULD NEED TO BE ESTABLISHED BY THE BASIC LAW. CHINA'S REFUSAL TO ACCEPT DUAL NATIONALITY MADE MATTERS EVEN MORE DIFFICULT. NEGOTIATIONS WERE CONTINUING: THE ISSUE REQUIRED VERY CAREFUL CONSIDERATION. THE EXTENSION TO SOME OR ALL BDTCS OF A RIGHT TO SETTLEMENT IN THE UK WOULD REPRESENT A FUNDAMENTAL CHANGE FROM THE PRESENT SITUATION. THE SECRETARY OF STATE MADE CLEAR THAT HE COULD NOT GO ANY FURTHER. THIS WAS ACCEPTED WITH SOME RELUCTANCE.

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