



Foreign and Commonwealth Office

London SW1A 2AH

14 May 1984

Dear John,

MS

Hong Kong: Meeting with UMELCO Delegation

The Prime Minister is seeing this group, led by Sir S Y Chung on 15 May. I enclose a list of the group, together with personality notes, and a brief.

The background to the delegation's visit, and the text of the manifesto they have issued, were set out in my letters of 10 and 11 May. The manifesto has aroused speculation about a split between HMG and their Hong Kong advisers. On 11 May the Foreign Secretary saw Sir S Y Chung alone. I understand that Sir Geoffrey emphasised three points of concern arising from the UMELCO statement:

- (i) the risk of destructive Chinese reactions;
- (ii) the risk of raising unrealistic expectations in Hong Kong;
- (iii) the risk of undermining confidence in advance.

Sir S Y did not accept that the statement would lead to unrealistic expectations. He maintained that if the Chinese did not see the Unofficials speaking up they would not believe that such views were genuinely held in Hong Kong: in all the circumstances the Unofficials could not have done any less. He emphasised that the Statement had been drafted with the intention of making clear that it was not a Statement on behalf of EXCO and LEGCO but simply the Unofficials' impressions of the views of Hong Kong people. Sir S Y made clear that in their view the Unofficials were still our partners, fighting alongside us for a satisfactory agreement.

As you will already have seen from the reporting telegrams, the manifesto provoked a sharp reaction from the Chinese negotiator in the talks. On 12 May the People's Daily carried an NCNA report which described the manifesto as detrimental to Hong Kong's stability and prosperity and a clear attempt to obstruct the conclusion of an agreement by the Chinese and British Governments. The report did not, however, claim that the British or Hong Kong Governments were behind the statement or threaten that it would affect the conduct of the talks.

/I enclose





/ I enclose a summary of the latest state of play in the talks. The visit comes when the negotiations are entering a crucial phase of discussion of the agreement and of the transition period. On both the Chinese will be extremely tough. The Unofficials are clearly sceptical of our chances of getting an acceptable deal and suspicious that HMG might be prepared to settle for a package which would not satisfy Hong Kong. It will be important to reassure them that we do have a bottom line, but we should persuade them to think in terms of seeking the best possible package and then judging it as a whole, rather than setting precise requirements and stating them in advance, particularly in public.

The Unofficials' wish for HMG to acknowledge its moral obligation to Hong Kong in terms of a readiness to accept Hong Kong BDTCs in the UK reflects a growing public demand in Hong Kong. But OD(K) has not yet taken decisions in this very difficult area.

The Unofficials have had many contacts with Parliamentarians and the media over the past five days. Our impression is that as far as Parliamentarians are concerned, they have in general been heard with sympathy but with no indication that MPs see any real alternative to working for the best possible deal with China. We understand that some MPs have expressed doubts about the tactical wisdom of issuing the manifesto. The delegation will remain in London until after the debate on 16 May.

I am copying this letter to Nigel Pantling (Home Office.)

*Yours ever*  
*Peter Ricketts*

(P F Ricketts)  
Private Office

A J Coles Esq  
 10 Downing Street



## FUTURE OF HONG KONG

MEETINGS WITH UMELCO DELEGATION: 15 MAY 1984

## POINTS TO MAKE

1. Value role played by Unofficials.
2. Understand their concerns. Importance of hearing Hong Kong people's views. HMG have been careful to consult Hong Kong ~~th~~roughout. Note particularly close involvement of EXCO.
3. HMG's position based on fact that negotiations are continuing. Probably now in most important phase. Wrong to believe they are over bar the shouting. During continuing discussion of agreement can establish whether satisfactory arrangement will be possible on basis of Chinese proposals.
4. In case any misunderstanding we do have a bottom line, in sense that we will not be prepared to recommend inadequate package to Parliament. Not seeking agreement for its own sake. Shall make this clear in debate. But before rejecting agreement would have to weigh consequences of confrontation and bear in mind how remote are chances of resuming talks with Peking and improving deal on offer.
5. But this does not mean setting and stating detailed requirements now. We shall fight hard, but a package will be combination of elements. It must be judged as a whole when negotiation has established what can be obtained.
6. If a workable agreement emerges its success or failure will depend on two factors. One is the degree to which the obligation imposed by an international agreement, and Chinese self interest, will tie Peking to honour the deal. We believe they have every interest in doing this. There are still large gaps between their concept of real autonomy and ours. But the game is not over. To ~~educate~~ educate them and press for a genuinely satisfactory package will be object of negotiations in coming weeks.
7. The other factor is the readiness of Hong Kong people to make an agreement effective. Confidence breeds confidence. Reverse also true. Demonstration that Hong Kong determined to prosper under new system will be strongest possible incentive to Chinese to respect its genuine autonomy. A Hong Kong in decline would be invitation to Peking to try to run the place.



Role which Unofficials can play in leading opinion. Right to represent Hong Kong views and fears. Right too to point out opportunities. But risks of public statements appearing to assume failure (eg manifesto), or raising expectations in Hong Kong that unattainable can be attained. Hope Unofficials will be able to play constructive role, helping opinion to form a realistic understanding of what can be achieved.

[DEFENSIVE]

Nationality and other 'obligations' of HMG

9. Not possible to give blanket assurances. Would not help confidence. Would be seen as anticipation of failure. Would reduce Chinese incentive to observe agreement if they could accuse HMG of undermining it. But understand anxieties.

10. Meanwhile will press Chinese hard in negotiation for a deal which will retain essentials of British nationality.

Precise Assurances in Agreement

11. Have explained the main assurances would be the international agreement itself and Chinese self-interest. Cannot promise others which we know are not attainable, eg residual British role.

Agreement and Basic Law

12. We must get as detailed agreement as possible, tying Chinese down on subsequent drafting of Basic Law. Believe this is more effective than insisting on holding up ratification till after appearance of Basic Law.

Transition Period

13. Agree we must be particularly careful in negotiation to avoid giving Chinese means of interference before 1997. Consultation will be necessary, but must be controlled. HMG are committed to retaining the framework of an effective administration in Hong Kong as long as its responsibilities remain.

HONG KONG DEPARTMENT

14 May 1984





UMELCO DELEGATION

NAME LIST AND PERSONALITY NOTES

SIR SZE-YUEN CHUNG CBE

Senior Unofficial Member of the Executive Council. Born 1917. Educated University of Hong Kong and University of Sheffield. Chairman of Sonca Industries Ltd (Manufacturer of Electronic Equipment). Senior General Manager of Eveready (HK) Co. Member of the Legislative Council from 1968-1974. Member of the Executive Council since 1972 and Senior Unofficial Member since September 1980. Widower, three children.

OSWALD VICTOR CHEUNG CBE QC

Born 1922. Educated in Hong Kong and Oxford. A barrister and Queens Counsel. Member of Legislative Council from 1970-81. Member of Executive Council since 1974. Married to Pauline, one son.

ROGERIO HYNDMAN LOBO CBE

Senior Unofficial Member of the Legislative Council. Born 1923, Macao. Educated in Macao and Hong Kong. A businessman. Member of Legislative Council since 1972 and of Executive Council since 1978. Married to Margaret Mary, ten children.

LO TAK-SHING CBE

Born 1935. Educated in Hong Kong and UK. A solicitor. Partner of Lo and Lo Solicitors. Member of Legislative Council since 1974 and Member of Executive Council since 1980. Chairman, Transport.

MARIA TAM WAI CHU (MISS)

Born 1945. Educated in Hong Kong and at University of London. Barrister-at-law of Grey's Inn. Member of Legislative Council since 1981. Appointed to Executive Council 1981. Appointed to Executive Council 1983. Elected Urban Councillor and District Board Member. Involved in a number of social welfare organisations. Single.





ALLEN LEE PENG FEI OBE

Born 1940. Educated in USA. Managing Director Ampex World Operations SA, Hong Kong. Member of Legislative Council since 1978. Chairman, Hong Kong Industrial Design Council. Married to Maria. 3 children.

MRS SELINA CHOW LIANG SHUK-YEE

Born 1945. Rducated in Hong Kong. Chairman Brainchild Productions Ltd and Record Films Ltd. Member of Legislative Council since 1981. Appointed member of Urban Council. Married to Joseph, two children.

STEPHEN CHEONG KAM-CHUEN

Born 1941. Educated in Hong Kong and UK. Managing Director, Cheong's Textile Co Ltd and Lee Wah weaving factory Ltd. Member of Legislative Council since 1980. Married to Joan, 4 children.

BENTON CHEUNG YAN-LUNG OBE

Born 1923. Educated in Hong Kong and China. A merchant and businessman from New Territories. Member of the Legislative Council since 1981. Married to Angela, thirteen children.

CHAN YING-LUN

Born 1950. Educated in Hong Kong. Public relations manager, Sam Miguel Brewery. Elected District Board member. Appointed to Legislative Council 1983. Married with one child.

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THE SINO-BRITISH TALKS ON THE FUTURE OF HONG KONG AFTER THE  
FOURTEENTH ROUND

1. The fourteenth round of talks took place on 9/10 May. The fifteenth round will take place on 30/31 May.
2. Little progress was made at the fourteenth round and much time was spent going over familiar ground. The Chinese side formally tabled their drafts of the documents comprising an agreement: they take the form of a joint declaration together with an associated draft protocol and exchange of notes. We responded by formally tabling our agreement and annexes. The Chinese side continued to describe our draft as unacceptable.
3. This was our first sight of the Chinese draft protocol to the agreement (covering the transitional period to 1997) and exchange of notes (setting out an elaboration of the plan for Hong Kong after 1997). The protocol sets out arrangements for the establishment of a joint group to continue consultations during the transitional period. It would be based in Hong Kong, but the Chinese envisage that it would also meet in London and Peking. The protocol also contains further unwelcome details of Chinese plans for the period, including their wish to be privy to the confidential details of the working of the exchange fund. It envisages that in 1997 HMG would hand over Hong Kong's reserves, Government property, archives etc in its possession to the Government of the People's Republic of China in the first instance, who would then pass it on to the Government of the SAR. This contradicts our conception of the Government of the SAR as a direct successor of the Hong Kong Government.
4. The Chinese exchange of notes, based on the Chinese reactions in discussion of our working papers, while fuller than we might have feared, is still too thin on detail and adopts the Chinese position on the points under dispute in the talks. The reference in the paragraph dealing with defence to the stationing of PLA troops in Hong Kong is particularly objectionable. The Chinese have confirmed that the exchange of notes would be equally valid and binding as the joint declaration. The draft Chinese note contains the undertaking that the details of Chinese plans for after 1997 would be reflected in the Basic Law.
5. In discussion of the transitional period Sir Richard Evans made a factual statement demonstrating the high degree of autonomy that

/Hong Kong



Hong Kong already possesses. He promised to give a response by the next round to the Chinese proposal for a joint group. The Chinese side reiterated their arguments for the creation of a joint group. Sir Richard Evans put forward our proposals for the handling of land leases in the territory both before and after 1997, and Zhou Nan undertook to respond at the next round.

5. On the second day of talks Zhou Nan made a statement criticising the statement issued in conjunction with the visit of the UMELCO delegation to Britain. He said that it was useless to pretend that the initiative was not that of the British Government because of the similarities between the British negotiating position and the demands in the manifesto. As we briefed EXCO on the talks, and EXCO Unofficials had put their name to the statement, it was clearly part of a British campaign to put public pressure on the Chinese, as in the case of other earlier incidents. The Chinese side would be forced to respond. Sir Richard Evans refuted these criticisms.

6. The fourteenth round did not take us much further forward. We need to recover the momentum generated by Sir Geoffrey Howe's visit to Peking. We have to decide on:

- (a) What line to adopt on the transitional period and the Chinese proposal for a peripatetic joint group.
- (b) How to get more detail into the annexes and when to table a revised agreement moving towards the form of a Chinese agreement while maintaining our essentials of substance;

At the same time we are under sustained pressure from the Unofficial members of UMELCO, both in public and in private, hold to a rigid negotiating position. The publication of their manifesto has complicated the tasks of our negotiating team and may provoke further Chinese public statements.

Hong Kong Department  
14 May 1984



f.a.  
Hong Kong.  
AOL 15/5.

QUESTIONNAIRE ANALYSIS

|                     |    |       |
|---------------------|----|-------|
| Total Received:     | 90 |       |
| Invalid             | 2  |       |
|                     | —  |       |
| Total Valid Samples | 90 |       |
| Local               | 66 | 73.3% |
| Expatriate          | 24 | 26.7% |

| <u>LOCAL</u>                 | <u>No.</u> | <u>Percentage</u> |                           |
|------------------------------|------------|-------------------|---------------------------|
|                              | 66         | 100%              |                           |
| Plan to emigrate             | 31         | 47%               |                           |
| Not applying                 | 35         | 53%               |                           |
| a) <u>Plan to emigrate</u>   | <u>31</u>  | <u>100%</u>       |                           |
| Plan to send spouse/children | 24         | 77.4%             |                           |
| Already sent                 | 1          | 3.2%              |                           |
| No spouse/children           | 6          | 19.4%             |                           |
| <u>Countries:</u>            |            |                   |                           |
| U.K.                         | 15         | 62.5%)            |                           |
| Canada                       | 3          | 12.5%)            |                           |
| Australia                    | 1          | 4.2%)             | those listed<br>countires |
| India                        | 2          | 8.3%)             |                           |
| Pakistan                     | 2          | 8.3%)             |                           |
| Sri Lanka                    | 1          | 4.2%)             |                           |
| Unknown                      | 10         |                   |                           |
|                              | —          |                   |                           |
| Total                        | 34         |                   |                           |
|                              | ==         |                   |                           |



|                              |           |             |
|------------------------------|-----------|-------------|
| b) <u>Not applying</u>       | <u>35</u> | <u>100%</u> |
| Plan to send spouse/children | 4         | 11.4%       |
| Have already sent            | 0         | 0%          |

| Reasons                   | Planned but not yet apply | Not applying | Total | Percentage Total (90) |
|---------------------------|---------------------------|--------------|-------|-----------------------|
| Lack of financial means   | 9                         | 11           | 20    | 22.2%                 |
| Ineligibility             | 8                         | 8            | 16    | 17.8%                 |
| Others (e.g. roots in HK) | 6                         | 24           | 30    | 33.3%                 |

|                              |            |                   |
|------------------------------|------------|-------------------|
| <u>EXPATRIATE</u>            | <u>No.</u> | <u>Percentage</u> |
|                              | 28         | 100%              |
| Plan to emigrate             | 13         | 39.3%             |
| Not applying                 | 11         | 14.3%             |
| Undecided                    | 4          | 14.3%             |
| a) <u>Plan to emigrate</u>   | <u>13</u>  | <u>100%</u>       |
| Plan to send spouse/children | 6          | 46.1%             |
| Already sent                 | 2          | 15.4%             |
| No spouse/children           | 5          | 38.5%             |



|                                  |   |      |
|----------------------------------|---|------|
| b) Not yet plan to emigrate      |   |      |
| but plan to send spouse/children | 1 | 9.1% |
| Have already sent                | 0 | 0.0% |

| COUNTRIES OF PERMANENT RESIDENCE |      |          |           |       |      |
|----------------------------------|------|----------|-----------|-------|------|
|                                  | Plan | Not Plan | Undecided | Total | %    |
| U.K.                             | 11   | 9        | 3         | 23    | 79.3 |
| U.S.A.                           | 1    | 0        | 0         | 1     | 3.4  |
| Canada                           | 0    | 1        | 0         | 1     | 3.4  |
| Australia                        | 1    | 0        | 0         | 1     | 3.4  |
| Trinidad                         | 1    | 1        | 0         | 2     | 6.6  |
| New Zealand                      | 1    | 0        | 0         | 1     | 3.4  |

Total: 29



QUESTIONNAIRE ANALYSIS

|                                  |        |        |
|----------------------------------|--------|--------|
| A) Total questionnaire received: | 747    |        |
| 1) Invalid                       | 4      |        |
| 2) Valid                         | 743    |        |
| B) Type                          | Total: | 743    |
| 1) Local                         | 478    | 64.33% |
| 2) Expatriate                    | 265    | 35.67% |

|                                    |            |                   |
|------------------------------------|------------|-------------------|
| I) <u>EXPATRIATE</u>               | <u>No.</u> | <u>Percentage</u> |
| Total:                             | 265        | 100.00%           |
| a) <u>Passport</u>                 |            |                   |
| Hold 1 passport                    | 254        | 95.85%            |
| Hold 2 passports                   | 11         | 4.15%             |
| Hold no passport                   | 0          | 0.00%             |
| Total: 276 passports               |            |                   |
| b) <u>Country of the passports</u> |            |                   |
| British (U.K.)                     | 218        | 78.99%            |
| British (H.K.)                     | 17         | 6.16%             |
| Australia                          | 11         | 3.98%             |
| New Zealand                        | 10         | 3.62%             |
| H.K. Cert. of Identity             | 7          | 2.54%             |
| U.S.A.                             | 7          | 2.54%             |
| Canada                             | 3          | 1.09%             |
| Switzerland                        | 1          | 0.36%             |
| Nepal                              | 1          | 0.36%             |
| Denmark                            | 1          | 0.36%             |
| c) <u>Applying for passport</u>    |            |                   |
| Yes                                | 0          | 0.00%             |
| No                                 | 265        | 100.00%           |



d) Permanent residence outside H.K.

|                          |     |        |
|--------------------------|-----|--------|
| Total                    | 266 | 97.74% |
| Britain                  | 223 | 83.83% |
| Australia                | 14  | 5.26%  |
| New Zealand              | 9   | 3.38%  |
| U.S.A.                   | 8   | 3.01%  |
| Canada                   | 4   | 1.50%  |
| EEC countries            | 2   | 0.75%  |
| Denmark                  | 1   | 0.38%  |
| Switzerland              | 1   | 0.38%  |
| Nepal                    | 1   | 0.38%  |
| Not stated which country | 3   | 1.13%  |
| *No permanent residence  | 6   | 2.26%  |

Note: Someone has permanent residence in more than one country

e) Applying for permanent residence

|  |     |        |
|--|-----|--------|
| No   | 262 | 98.87% |
| Yes  | 3   | 1.13%  |
| (1 for Australia, 1 for U.K. & 1 for U.S.A.) |     |        |

f) Intend to apply for permanent resident before 1997

|           |     |        |
|-----------|-----|--------|
| Yes       | 3   | 1.13%  |
| No        | 44  | 16.60% |
| No answer | 218 | 82.26% |

Total: 265

- g) 1. plan to emigrate personally  
 2. plan to send spouse/children  
 3. already sent

|    |     |    |     |    |    |
|----|-----|----|-----|----|----|
| Y  | Y   | Y  | NNN | N  | ?  |
| Y  | Y   | N  | YYN | N  | ?  |
| Y  | N   | N  | NYN | N  | ?  |
| 20 | 100 | 45 | 12  | 47 | 41 |

|                             |     |        |
|-----------------------------|-----|--------|
| ∴ will emigrate personally  | 165 | 62.26% |
| ∴ will send spouse/children | 132 | 40.81% |

h) Reasons for not planning to emigrate

|                            |   |       |
|----------------------------|---|-------|
| 1. lack of financial means | 4 | 6.35% |
| 2. ineligibility           | 0 | 0.00% |



|                     |      |        |
|---------------------|------|--------|
| 3. others           |      |        |
| (i) not stated      | 28 ) |        |
| (ii) confident      | 4 )  |        |
| (iii) love H.K.     | 3 )  |        |
| (iv) wait           | 2 )  | 93.65% |
| (v) no intention    | 7 )  |        |
| (vi) go home/retire | 15 ) |        |

4. ? 202

II. LOCAL

Total: 478 100.00%

a) passport

|                   |     |        |
|-------------------|-----|--------|
| (i) no passport   | 15  | 3.14%  |
| (ii) 1 passport   | 443 | 92.68% |
| (iii) 2 passports | 18  | 3.76%  |
| (iv) 3 passports  | 2   | 0.42%  |

Total 485

b) Country of passport

|                        |     |        |
|------------------------|-----|--------|
| British (H.K.)         | 314 | 64.74% |
| H.K. Cert. of Identity | 102 | 21.03% |
| British (U.K.)         | 45  | 9.28%  |
| Canada                 | 13  | 2.68%  |
| Australia              | 5   | 1.03%  |
| U.S.A.                 | 2   | 0.41%  |
| Singapore              | 1   | 0.21%  |
| Taiwan                 | 1   | 0.21%  |
| India                  | 1   | 0.21%  |

Total 485

c) Applying for passport

|     |     |        |
|-----|-----|--------|
| Yes | 11  | 2.30%  |
| No  | 467 | 97.70% |



d) Permanent residence outside H.K.

|                         |     |        |
|-------------------------|-----|--------|
| Britain                 | 50  | 55.56% |
| Canada                  | 21  | 23.33% |
| Australia               | 8   | 8.89%  |
| U.S.A.                  | 5   | 5.56%  |
| China                   | 3   | 3.33%  |
| Singapore               | 1   | 1.11%  |
| Dominican Republic      | 1   | 1.11%  |
| India                   | 1   | 1.11%  |
| —                       | 90  | 18.62% |
| *No permanent residence | 389 | 81.38% |

e) Applying for permanent residence

|            |    |        |
|------------|----|--------|
| Canada     | 22 | 32.84% |
| U.S.A.     | 21 | 31.34% |
| Australia  | 12 | 17.91% |
| U.K.       | 8  | 11.94% |
| Singapore  | 2  | 2.98%  |
| Costa Rica | 1  | 1.49%  |
| Portugal   | 1  | 1.49%  |
| —          | 67 |        |
| Total      | 67 |        |

f) Intend to apply for permanent residence

|           |     |        |
|-----------|-----|--------|
| Yes       | 178 | 37.24% |
| No        | 132 | 27.61% |
| No answer | 168 | 35.15% |

- g) 1. plan to emigrate personally  
 2. plan to send spouse/children  
 3. already sent

|    |     |   |    |    |     |    |
|----|-----|---|----|----|-----|----|
| Y  | Y   | Y | Y  | N  | N   | ?  |
| Y  | Y   | N | N  | Y  | N   | ?  |
| Y  | N   | Y | N  | N  | N   | ?  |
| 19 | 220 | 5 | 27 | 42 | 152 | 13 |

|                             |     |        |
|-----------------------------|-----|--------|
| ∴ will emigrate personally  | 271 | 56.70% |
| ∴ will send spouse/children | 281 | 58.79% |

h) Reasons for not planning

|                            |    |        |
|----------------------------|----|--------|
| 1. lack of financial means | 62 | 28.18% |
| s. ineligibility           | 23 | 10.45% |



|                                     |      |        |
|-------------------------------------|------|--------|
| 3. others                           |      |        |
| (i) not stated                      | 74 ) |        |
| (ii) confident                      | 8 )  |        |
| (iii) no intention                  | 12 ) |        |
| (iv) rooted                         | 14 ) | 52.73% |
| (v) no suitable place               | 2 )  |        |
| (vi) wait                           | 2 )  |        |
| 2 & 3 with a) no suitable place     | 1 )  |        |
| b) wait                             | 1 )  | 1.82%  |
| c) no stated                        | 2 )  |        |
| 1 & 3 with a) no intention          | 1 )  |        |
| b) rooted                           | 1 )  | 5.00%  |
| c) not specified                    | 9 )  |        |
| 1 & 2 & 3 with a) no suitable place | 1 )  |        |
| b) no intention                     | 1 )  | 3.64%  |
| c) not specified                    | 6 )  |        |
| 4. ?                                | 258  |        |