

ADVANCE COPIES

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FUTURE OF HONG KONG: WORKING GROUP

IMMEDIATE

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FROM WILSON

FUTURE OF HONG KONG: ASSESSMENT OF PROGRESS IN THE WORKING AND
AD HOC GROUPS

1. IT HAS BEEN A WEEK OF SLOGGING THROUGH THE FOOTHILLS. WE HAVE
MADE SOME PROGRESS BUT REACHED NO SUMMITS.

2. IN THE WORKING GROUP, APART FROM TWO DAYS ON THE TEXT ABOUT
CONSTITUTIONAL ARRANGEMENTS, WE HAVE BEEN DEALING EXCLUSIVELY
WITH THE PUBLIC SERVICE. DURING THE WEEK WE HAVE REACHED VIRTUAL
AGREEMENT ON A KEY PARAGRAPH ABOUT MEMBERS OF THE PUBLIC SERVICE
BEING ABLE TO CONTINUE THEIR SERVICE WITH THE SAR GOVERNMENT AND
ABOUT PAY, CONDITIONS OF SERVICE AND PENSIONS. WE ALSO HAVE THE
MAKINGS OF AN IMPROVED PARAGRAPH ABOUT EMPLOYMENT OF FOREIGN
NATIONALS, ALTHOUGH SOME HIDEOUS PROBLEMS REMAIN ABOUT RECONCILING
THE DESCRIPTION OF CERTAIN OFFICERS IN HONG KONG (WHERE SOME TITLES
IN CHINESE DATE FROM THE CHING DYNASTY) WITH WHAT IS COMPREHENSIBLE
ON THE MAINLAND AND VICE VERSA. ON THE IMPORTANT QUESTION OF
CONTINUITY OF THE GENERAL PUBLIC SERVICE SYSTEM, WE HAVE MADE SOME
HEADWAY, BUT WE ARE CLOSE TO AN IMPASSE ON FINDING WORDING WHICH
WILL PROVIDE THE MINIMUM OF WHAT HONG KONG SEES AS NECESSARY FOR
REASSURING THE PUBLIC SERVICE AND YET IS ACCEPTABLE TO THE CHINESE WH
O
ARE DIGGING IN THEIR TOES ABOUT PINNING THE SAR DOWN TO PERPETUATION
OF THE DETAIL OF THE EXISTING SYSTEM.

3. A SINGLE DAY'S DISCUSSION ON THE CONSTITUTIONAL TEXT SHOWED THAT MAJOR DIFFICULTIES LIE AHEAD OVER OUR ATTEMPTS TO LAY DOWN ARRANGEMENTS FOR THE SAR IN WHICH THE CHIEF EXECUTIVE AND LEGISLATURE WILL BOTH BE ELECTED AND THE EXECUTIVE SUBJECT TO APPROVAL BY THE LEGISLATURE. THE CHINESE ARE STICKING FIRMLY TO THEIR POSITION THAT IT IS TOO EARLY TO TAKE A POSITION ON ANY OF THESE POINTS.

4. THE NEW AD HOC GROUP HAS NOW COMPLETED ITS FIRST FULL WEEK OF OPERATION. ON NATIONALITY AND TRAVEL WE HAVE MADE AN IMPORTANT MOVE TOWARDS THE CHINESE BY AGREEING TO ADOPT THEIR PREFERRED METHOD OF DEALING WITH NATIONALITY IN AN EXCHANGE OF MEMORANDA. THE CHINESE HAVE MAINTAINED THEIR REFUSAL TO CONTEMPLATE TRANSMISSIBILITY FOR ONE GENERATION, AND WE MUST NOW ACCEPT THAT IT IS NOT NEGOTIABLE. THEY ARE ALSO BEING VERY DIFFICULT ABOUT THE ISSUE OF BRITISH PASSPORTS TO FORMER BDTCS AFTER 1997. AFTER SOME USEFUL SKIRMISHING ON THE TEXT FOR THE ANNEX WHICH DEALS WITH THE RIGHT OF ABODE AND TRAVEL ISSUES WE HAVE AT LAST GOT DOWN TO DETAILED NEGOTIATION.

5. ON LAND, THE CHINESE HAVE INDICATED THAT THEY WOULD BE PREPARED TO RECOGNISE EXISTING RIGHTS, AND TO ALLOW EXTENSIONS OF LEASES AND THE GRANT OF NEW LEASES UP TO 2047. BUT THEY HAVE MADE IT CLEAR THAT OUR AGREEMENT TO A SHARING OF THE INCOME DERIVED FROM THE GRANT OR EXTENSION OF LEASES BEYOND 1997 BETWEEN THE HONG KONG GOVERNMENT AND THE FUTURE SAR; TO A LIMIT ON THE AMOUNT OF NEW LAND WHICH CAN BE SOLD BY THE HKG BEFORE 1997; AND TO SOME JOINT BODY TO SUPERVISE ALL THIS ARE ALL ESSENTIAL PRE-CONDITIONS. WE HAVE NOW PROPOSED TERMS OF REFERENCE FOR A SINGLE LAND COMMISSION (INSTEAD OF THE TWO THE CHINESE PROPOSED) WHICH SHOULD SATISFY CHINESE REQUIREMENTS IN THESE RESPECTS, AND OPEN THE WAY TO AGREEMENT ON THE OTHER IMPORTANT ASPECTS. BUT THERE IS STILL MUCH HARD WORK TO BE DONE, BOTH ON LAND AND NATIONALITY.

6. ALTHOUGH TIME IS BEGINNING TO RUN SHORT, PARTICULARLY FOR THE CHINESE IF THEY STILL WISH TO STICK TO THEIR OBJECTIVE OF COMPLETING BY 10 SEPTEMBER, THERE ARE NO SIGNS THAT THIS TIME PRESSURE IS INDUCING THE CHINESE TO BE MORE FLEXIBLE ON ANY OF THE MAJOR POINTS AT ISSUE. IF ANYTHING THE GOING IS GETTING HARDER BUT, SO FAR AS THE WORKING GROUP IS CONCERNED, THIS IS MORE A FUNCTION OF THE SUBJECTS UNDER DISCUSSION THAN THE EFFECT OF TIME PRESSURES EITHER WAY.

7. DURING THE WEEK AHEAD WE ARE GOING TO FACE THE NEED FOR DIFFICULT DECISIONS ON NATIONALITY, LAND, CONSTITUTIONAL ARRANGEMENTS AND POSSIBLY THE PUBLIC SERVICE. WE HAVE STILL TO TACKLE CIVIL AVIATION AND DEFENCE. WHEN THEIR TURN COMES THEY TOO WILL FACE US WITH DIFFICULT DECISIONS.

EVANS