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Prime Minister

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MR POWELL

3 September 1984

HONG KONG: OD(K) 4 SEPTEMBER

Question of Legislation

1. In reviewing the state of the negotiations, the Foreign Secretary will wish to point out the need for legislation very soon after signature of the agreement so as to permit early ratification. We shall need to insert in the agreement itself a date by which ratification is to be completed. The end of June 1985 is the latest date we think it possible to negotiate with the Chinese and even that will be difficult. This will mean special arrangements to expedite UK legislation, which is likely to involve an Enabling Act permitting transfer of sovereignty at a later date by means of an Order in Council without further reference to Parliament. But if we are to get this Enabling Act through before 1 July 1985 we shall need to keep it simple and distinct from other consequential legislation, ie on nationality. To try to deal with all in one go, as the Home Secretary may prefer, would make it impossible to meet this timetable. Nationality will require separate treatment in slower time.

Undertakings

2. As a result of further discussion between the Foreign Secretary and the Home Secretary, we have something approaching an agreed Foreign Office/Home Office paper. It involves assurances to some 6,400 people in Hong Kong with

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allowance for a very small number, perhaps 25 a year to cover individuals outside this group who might become vulnerable. In all, plus dependants, it would mean about 25,000 people between now and 2029, although a significant number will be likely to go elsewhere, eg the United States or Australia.

3. Paragraph 4 of the Foreign Secretary's minute draws attention to vestigial differences between him and the Home Secretary. On the first (ceilings on the number of undertakings to be given), I think we have solved the problem by simply noting that if, as seems likely, we are unable to negotiate an Internal Security Force with the Chinese, some 3,000 more policemen might have to be recruited. How many of these would fall into the category covered by undertakings would need further examination at the time. On the second, (ceiling on the number of annual admissions), we have left it that it may become necessary to consider a ceiling if the flow of Chinese into the UK proves unacceptable to the Home Secretary. This is just acceptable but will need careful watching, since a quota could force Chinese to remain in Hong Kong after they had become vulnerable and any reports of a possible ceiling could easily generate a state of alarm. On the third problem, (dependants), this is acceptable provided we are agreed that in compassionate cases exceptional treatment may be granted. What we are dealing with is not the normal Home Office problem of reuniting divided families.

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4. At an earlier discussion in OD(K) the Prime Minister spoke of the need to be generous on undertakings. Subject to the provisos in paragraph 3 above I think we should be satisfied with the proposals and our consciences should be at ease.


PERCY CRADOCK

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