


SECRETMOST CONFIDENTIAL RECORD
TO

CC(82) 42nd Conclusions, Minute 2

Thursday 30 September 1982 at 10.00 am

CHINA

THE PRIME MINISTER, reporting on her recent visit to China, said that the second of her two days of talks with the Chinese Premier Zhao Ziyang had been on the future of Hong Kong. She had also had a talk on the same subject with the Vice-Chairman of the Central Committee of the Chinese Communist Party, Deng Xiaoping. When allowance was made for translation, the time spent on substantive discussion came down to less than two hours. It was impossible in so short a time to move far towards agreement: and essentially both sides had outlined their opening position. The Chinese Government's position was that they wanted to assume control over the whole Colony when the lease of the New Territories expired in 1997. She had explained that the British position was that the three treaties governing the status of Hong Kong remained valid and could not be unilaterally abrogated. But if the Chinese would accept the continuation of British administration over the whole of Hong Kong it might be possible for the British Government to consider recommending to Parliament that sovereignty should be ceded to China. Having no understanding of how a free society worked, the Chinese leadership failed to grasp that public assurances that life in Hong Kong under the control of a Communist Government could go on as before would be insufficient to maintain commercial confidence; and that this was dependent on the continuation of a British administration. Given this difference of view, the central feature of the communique had been the statement that both sides wanted to assure the stability and prosperity of Hong Kong and were prepared to enter into talks on how to achieve this common aim. The talks, which would now begin through diplomatic channels, would be difficult: the problem would be to persuade the Chinese that the commercial prosperity of Hong Kong, which it was an important Chinese interest to maintain, could not continue without British administration. On balance, she thought that an accommodation should be achievable. Her own talks with the Chinese leadership, although tough, had not been acrimonious; and the statement in the communique that they had been conducted in a friendly atmosphere had been inserted on Chinese initiative. It was inevitable that her visit to China had aroused hopes in Hong Kong for an early resolution of the problem which could not be satisfied, but she was hopeful that the terms of the communique would be sufficient to sustain confidence for the moment. A critical point would be reached in 1985, since all Hong Kong mortgages were for a term of 12 years. Agreement with China consequently needed to be reached within the next two to three years. The universal concern for the future felt in Hong Kong was

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understandable: 5½ million people there had escaped from communism in China, and Britain had absolute responsibility for them. In this connection account should be taken of the anxieties felt in the Colony on the nationality question. This was one of the subjects which would have to be covered in the discussions with the Chinese Government. Meanwhile the fact that under the 1981 Nationality Act citizens of Hong Kong would no longer be described as British subjects was a cause of particular concern in the Colony and should be re-examined. In carrying out this re-examination the risk of appearing to confer on Hong Kong citizens some residual, moral right of access to the United Kingdom would have to be carefully weighed against Britain's obligation to the people of Hong Kong and the need to maintain their confidence.

The Cabinet -

Took Note.

Cabinet Office

1 October 1982

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