

RECORD OF A MEETING BETWEEN THE LORD PRIVY SEAL AND
VICE PREMIER JI PENGFEI AT THE GREAT HALL OF THE
PEOPLE AT 1800 HOURS ON TUESDAY 5 JANUARY 1982.

Present

Lord Privy Seal
Sir Percy Cradock
Mr. Tom Arnold, MP
Mr. R. Westbrook
Mr. M.A. Arthur
Mr. M.W. Atkinson
Mr. A.C. Galsworthy
Mr. R.N. Pierce
Mr. J. Ashton

Vice Premier Ji Pengfei
Vice Foreign Minister
Zhang Canming
Mr. Wang Benzuo
Mr. Zheng Yaowen
Mr. Tang Longbin

1. Vice Premier Ji welcomed the Lord Privy Seal, who replied that he was delighted to be in China.

2. Vice Premier Ji said that relations with the United Kingdom were good and it was always a pleasure to welcome friends. Relations were continuing to improve, and an increasing exchange of visits would assist these developments. The Mayor of Shanghai had recently visited the United Kingdom. The Lord Privy Seal replied that such an exchange of views was sensible, since personal contact was important to increasing understanding. He had himself hosted a dinner in London for the Mayor of Shanghai, and would be seeing him later that week in Shanghai.

3. He had enjoyed his discussions with Vice Minister Zhang Canming that morning, and he hoped that the Chinese side felt the same. Vice Premier Ji said that he was sure they had been very interesting. It was good for friends to exchange views. There had been no disagreement or quarrels. The Lord Privy Seal said that he looked forward to a further discussion the next day, when he trusted that there would also be no quarrels.

Sino-US Relations

4. The Lord Privy Seal went on to express anxiety over Sino-US relations. We and other friends of both countries did not wish to see any deterioration. He had taken note of the remarks of Vice Minister Zhang that morning and was grateful for them. Did the Vice Premier have any views?

5. Vice Premier Ji said that full diplomatic relations had been established with the US in 1979. In the past three years relations had been good and had developed well. But there was a problem over the Taiwan issue, which was a question of China's sovereignty. President Reagan and his administration tended to make accommodations to a minority of people in Taiwan instead of the majority in China, who consisted of one billion people. The administration should abide by the principles of the Joint Communique on the establishment of relations, and should respect the sovereignty and independence of China.

6. The Communique recognised the Government of the People's Republic of China as the sole legal Government of China, and Taiwan itself as part of China, and a Chinese province. On the other hand, the US felt that it had obligations to the security of Taiwan. The US had the Taiwan Relations Act. These two aspects were incompatible.

7. On the issue of Taiwan the US had intervened in China's internal affairs and violated the principles of the Joint Communique. The crux of the matter was US arms sales. After the joint communique had been signed, there was no agreement during the Carter administration on arms sales. The Chinese had shown tolerance and taken into consideration the fact that this matter had been bequeathed

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by history. But three years had now passed. The United States had no reason to continue the sale of advanced military equipment to Taiwan. This was the present situation. But the US wished to continue to sell arms: China was firmly opposed to this, and had told the US that if they continued to sell arms it would be an interference in Chinese internal affairs, and an obstacle to the improvement of relations. The Chinese people would never endure it.

8. The Chinese were therefore waiting to see what the Reagan administration would do. If the US wished to see any further development of relations and to take into consideration the overall strategic relationship, then they must exercise a certain amount of restraint on the Taiwan issue. Huang Hua had exchanged views with Secretary Haig: he had told the US side that this was a problem bequeathed by history, and that both sides should conduct talks, but that during the course of the talks the US should not sell arms to Taiwan.

9. If the US did not take the natural feelings of the Chinese people into account, it would certainly affect bilateral relations. China had been very patient, but there was a limit to her patience. This state of affairs should not be allowed to last indefinitely. If the US clung to its present position, then either bilateral relations would stagnate, or they would go backwards. There were some in the US who thought wrongly that China always proceeded from consideration of the overall strategic situation, and that if something was beneficial to the united front against hegemonism then the Chinese would swallow any bitter pill. But on this important

/matter ...

matter of principle China would not make concessions, and would not barter away her principles.

10. The Lord Privy Seal thanked Vice Premier Ji for explaining how strongly China felt on this subject. The UK believed that the development of Sino-US relations as well as Sino-UK relations was very important when considering the restriction of the expansionist ideas of the Soviet Union. Any damage to Sino-US relations would be very regrettable. He was glad to hear that the matter was still under discussion, which was the best way to find agreement. Vice Premier Ji observed that one could not always find agreement by talking. The Lord Privy Seal replied that on the other hand if one did not talk there was no means of finding agreement. Vice Premier Ji reiterated that the US should not make unilateral decisions during the ~~course~~ ~~of the~~ course of the talks: this was a big problem.

Hong Kong

11. The Lord Privy Seal said that Lord Carrington had brought up the subject of the future of Hong Kong in his visit in 1981. He had said that the fact was that in a comparatively few years time all the laws and powers which at present existed in Hong Kong would come to an end. If nothing was done this would indeed be the case. This question was already the subject of much discussion in Hong Kong. He believed that it was the wish of both sides that confidence in Hong Kong should be maintained. This was a subject to which we gave much thought and he believed that he should also draw the attention of Premier Zhao Ziyang to it during his talk the following day.

12. Vice Premier Ji said that there were still 16 more years. The Lord Privy Seal pointed out that there were now only fifteen. Vice Premier Ji agreed that 1982 had now begun. This was an important question and the Chinese were now thinking of studying the matter. It was true that there were fifteen years more, but he did not mean that a decision on Hong Kong should wait until then. He could assure the UK side that in the future China would preserve the interests of existing industrialists and business circles. How they would go about it was a matter which was soon to be put under study.

13. The Lord Privy Seal said that it was indeed a question which needed studying. Obviously decisions could not be reached today or tomorrow, but we needed to start thinking about how to proceed. He was glad to hear that this question was in the Chinese mind. Vice Premier Ji said that domestically China had advocated an open door policy. They had established Special Economic Zones in Shenzhen and elsewhere. Relations between Hong Kong and the mainland were developing well. Investors should not worry. They would still be able to make money in Hong Kong. China would not take measures such as those taken in the early years of the Revolution, when they had confiscated property. They would not confiscate capitalists' assets in Hong Kong. In the future the two sides could conduct talks on this matter and exchange views.

14. The Lord Privy Seal said that developments in Guangdong Province were indeed interesting and very encouraging. He concluded by saying that he was looking forward to a further round of talks with Vice Minister Zhang Canming the following morning.

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September 1982

PRIME MINISTER'S VISIT TO THE FAR EAST

16-29 SEPTEMBER 1982

Brief by Foreign and Commonwealth Office

THE FUTURE OF HONG KONG

[The Background part only of this Brief is attached.

The Points to Make will follow separately.]

14 SEP 1982

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BACKGROUND

1. This is contained in the following Annexes:

Annex A: Text of the Treaty of Nanking by which Hong Kong Island was ceded by China in perpetuity in 1842.

Annex B: Text of the First Convention of Peking by which the Kowloon Peninsula and Stonecutters Island were similarly ceded in 1860.

Annex C: Text of the Second Convention of Peking by which China leased the New Territories to Britain for 99 years in 1898.

Annex D: A note on the extent of interdependence of the ceded areas and the New Territories.

Annex E: The 'Nine Principles' for the reunification of Taiwan and China outlined by Ye Jianying, Chairman of the Standing Committee of the National People's Congress, in September 1981.

Annex F: The record of a meeting between Mr Humphrey Atkins (then Lord Privy Seal) and Ji Pengfei in Peking on 5 January 1982 (paragraphs 11 - 13).

/ Annex G:

Annex G: The record of a meeting between Mr Humphrey Atkins and Zhao Ziyang in Peking on 6 January 1982.

Annex H: The record of a meeting between Mr Edward Heath and Deng Xiaoping in Peking on 6 April 1982.

Annex I: A paper by Hong Kong's Chief Secretary, endorsed by the Governor on 'Why the Continuation of British Administration is necessary for the maintenance of prosperity and stability in Hong Kong'.

Annex J: A chronology of major events and Chinese statements concerning Hong Kong.

Annex K: Statements by HMG and the last Labour Government on the commitment to Hong Kong.