

Secretary of State

HONG KONG

1. I visited Hong Kong from 6-10 December. Sir Percy Cradock was there too. I met a very wide range of people, varying from the Unofficials of UMELCO to students, from elected District Board members to leading bankers. Almost the exclusive topic of interest is the Future.

Confidence

2. There is widespread concern at the force of the Chinese propaganda campaign and its impact on public opinion, particularly less sophisticated opinion. Not everyone is able to see through the Chinese promises (and the superficial attractions) of a free, prosperous, capitalist, self-governing Hong Kong. They fear HMG's lack of response is an indication that a Chinese takeover in one form or another is becoming inevitable. Leaders of opinion of course see through this and accept that the key ingredient missing is the guarantee of non-interference provided by the British link. Many however criticise HMG for letting this propaganda go unanswered, arguing that our silence adds to their conviction that HMG are quietly distancing Britain from the Territory, in anticipation of 1997. They adduce recent other problems (the British Nationality Act and Students) as further evidence of this.

3. Against this loose talk, there is little if any concrete evidence of a flight of capital or absence of business confidence. The (not entirely indicative) stock market index fluctuates up as well as down. Nevertheless some businessmen are, I understand, quietly making contingency plans to remove themselves and their capital.

The Talks

4. Unofficials in UMELCO, to whom I gave a full confidential briefing, formally accept that for the time being it is best that the content of the talks be kept confidential. They understand that it would be wrong for HMG to respond publicly to the PRC campaign, as this would risk a hardening of the Chinese line. I impressed on the Unofficials the need to convey to Peking what it is that retains business confidence in Hong Kong. I also urged them in their contacts in Hong Kong discreetly to question the assumptions of the Chinese campaign. But I advised against orchestrating any official response. UMELCO firmly reiterated their position that sovereignty should be conceded in the last analysis if that is the only way to achieve continued British administration. But I detected more 'dovish' voices within EXCO than the statement reflects.

/5.

5. I think the press tacitly accepted, for the time being at any rate, that "it is the talks that count". But we must keep a weather eye on this propaganda campaign: as Lydia Dunn astutely pointed out, if ever the Chinese think they can count on majority Hong Kong support for their proposals, our negotiating hand will be very considerably weakened, and the proposals might become self-fulfilling. The Governor is alert to this risk.

6. There is strong pressure for increased Hong Kong participation in the negotiating process. This includes calls for:

- a) EXCO to be consulted at each stage of the negotiations (this from EXCO at a private meeting);
- b) the Governor to attend the talks;
- c) the UK team to include Hong Kong Chinese as visible 'advisers'.

7. Assuming substantive negotiations start soon, while a visit by the Governor to Peking could not be guaranteed to remove the pressure entirely, it should at least satisfy Hong Kong for a while.

Representation in the Administration

8. I was struck by a growing sense of frustration among younger Chinese people that they do not have greater participation in decisions, and that Hong Kong is beholden to an expatriate administration at the very top, e.g. there is no Chinese Official member of EXCO, a remarkable state of affairs considering that it is the future of the Hong Kong Chinese which is at stake in the talks. I believe that as soon as possible the Hong Kong government would be wise to ensure appointment of more Hong Kong Chinese to top posts in the Government administration and in the consultative political bodies. Hong Kong Chinese leaders clearly accept why it is that the Territory cannot be fully democratic (or of course independent). But I sense that a rising generation, born in Hong Kong, may begin to question these assumptions.

9. In summary I would like to emphasise:

a) Confidence and the Propaganda Factor

Anxiety lies not far from the surface in Hong Kong and the anxiety is accentuated by the Chinese "united front" propaganda about which HMG is thought by some to be too passive.

b) The Governor

Sir Edward Youde is due to return to London in January to seek a new Attorney General for Hong Kong, which could provide an opportunity to review progress. If real talks have not started by then, I believe we shall need to think urgently about finding formulae to get around the sovereignty issue. If real talks have begun, the Governor's participation would assist him at a very difficult time and would improve confidence.

c) Representation in the Administration

I found the lack of Hong Kong Chinese in more senior positions very worrying. This represents a gap which needs to be filled otherwise it can be exploited all too easily by the Chinese.

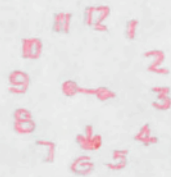
H. Belstead

17 December 1982

(BELSTEAD)

cc: PS/PUS
Mr Giffard
Mr Donald
Mr Clift, HKGD

20 DEC 1982



COVERING SECRET

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Foreign and Commonwealth Office

London SW1A 2AH

20 December 1982

Prime Minister

MT

A.J.C. 20/12

Dear John,

Hong Kong

The Prime Minister may find interesting the attached copy of a report from Lord Belstead to Mr Pym on his recent visit to Hong Kong. The Prime Minister might like to see this before the call by Sir S Y Chung this afternoon.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

COVERING SECRET

HL

21 December 1982

Hong Kong

The Prime Minister was grateful for Lord Belstead's report on his recent visit (enclosed with your letter of 20 December) which she has read with interest.

JOHN COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

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FM HONG KONG 170748Z DECEMBER 82

TO PRIORITY F C O

TELEGRAM NUMBER 1482 OF 17 DECEMBER

INFO PEKING HONG KONG GOVERNMENT OFFICE LONDON

LORD BELSTEAD'S VISIT

THE FOLLOWING IS A SUMMARY OF PRESS REACTION TO LORD BELSTEAD'S VISIT:

LORD BELSTEAD'S PRESS CONFERENCE WAS PROMINENTLY COVERED BY THE MEDIA. INDEPENDENT AND RIGHT-WING PAPERS GAVE A FACTUAL ACCOUNT. MANY LED WITH THE ANALOGY OF THE THREE-LEGGED TABLE. THE EXPRESS AND THE HONG KONG DAILY NEWS PUBLISHED THE FULL TRANSCRIPT. TA KUNG PAO AND WEN WEI PAO PLAYED UP THE MINISTER'S POINT THAT A SOLUTION COULD BE FOUND TO THE SATISFACTION OF BRITAIN, CHINA AND HONG KONG. WEN WEI DID NOT MENTION HIS CALL TO THE PUBLIC NOT TO BE PREJUDICED BY ANYTHING OUTSIDE THE TALKS OR THAT IN HIS VIEW PEOPLE HERE WANTED PEACE, FREEDOM AND CONTINUITY. TA KUNG BURIED THESE TWO POINTS AT THE END OF ITS REPORT. THE ORIENTAL DAILY NEWS WAS ON ITS OWN IN REPORTING THAT THE TALKS HAD BEEN BOGGED DOWN BY TECHNICAL PROBLEMS ABOUT A MONTH PREVIOUSLY. SINCE THEN, THE NEGOTIATIONS WERE STALEMATED. QUOTING UNNAMED SOURCES, THE PAPER SAID THE TWO SIDES WERE TRYING TO RESUME THE TALKS AND THE GOVERNOR, SIR EDWARD YOUDE, WAS EXPECTED TO TAKE PART ONCE THE NEGOTIATIONS RE-OPENED.

LORD BELSTEAD'S VISIT DREW FAVOURABLE PRESS REACTION. ON HIS ARRIVAL, THREE PAPERS, THE EXPRESS, THE HONG KONG DAILY NEWS AND THE HONG KONG TIMES, SAY THE FIVE-DAY VISIT AS A MOVE TO STRENGTHEN RELATIONS AND HOPED THE MINISTER WOULD CANVASS PUBLIC OPINION ON HONG KONG'S FUTURE SO THAT HE COULD ACCURATELY REFLECT THE WISHES OF HONG KONG PEOPLE TO THE BRITISH GOVERNMENT. HIS PRESS CONFERENCE ALSO DREW POSITIVE COMMENTS. THE EXPRESS AND FINANCIAL DAILY DESCRIBED HIS STATEMENT AS OBJECTIVE AND RELEVANT. THE TWO PAPERS, TOGETHER WITH THE HONG KONG TIMES, SAID LORD BELSTEAD HAD HIT THE NAIL ON THE HEAD BY SAYING THAT THE VAST MAJORITY OF PEOPLE HERE WANTED FREEDOM, PEACE AND CONTINUITY. MING PAO SAID HE HAD REITERATED BRITAIN'S STAND TACTFULLY. PEOPLE SHOULD CAREFULLY READ HIS STATEMENT IF THEY WANTED TO UNDERSTAND THE TALKS AND HONG KONG'S PROSPECTS. IT HEADLINED THE REFERENCE TO RESIDENTS' WISH FOR THE BRITISH TO STAY. THESE PAPERS ALSO SPOKE HIGHLY OF HIS ANALOGY OF A TABLE WITH THREE LEGS REFERRING TO A SOLUTION ACCEPTABLE TO BRITAIN, CHINA AND HONG KONG, AND HIS CALL ON THE PUBLIC NOT TO BE PREJUDICED BY ANYTHING THEY HEARD OUTSIDE THE TALKS. THE MING PAO EDITORIAL ON 12 DECEMBER SAID THAT WHILE BEIJING COULD DECIDE UNILATERALLY ON HONG KONG'S FUTURE, /AS

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AS THE TERRITORY'S PROSPERITY AND STABILITY RESTED ON THREE LEGS, THE TABLE WOULD BE CHANGED BEYOND RECOGNITION IF ALL THE ITEMS ON IT HAD BEEN SMASHED. THE EXPRESS CALLED ON LOCAL RESIDENTS NOT TO UNDERRATE THEMSELVES, SINCE HONG KONG WAS THE THIRD LEG OF THE TABLE IN THE EYES OF BOTH LONDON AND BEIJING. LORD BELSTEAD WAS A REPRESENTATIVE OF THE BRITISH GOVERNMENT WHO CAME TO HONG KONG TO CONVEY A PARTICULAR MESSAGE WHICH WAS NOT JUST AN ORDINARY STATEMENT. ECHOING LORD BELSTEAD'S STATEMENT, KUNG SHEUNG EVENING NEWS SAID RESIDENTS MUST HOLD FAST TO THEIR PRINCIPLE OF MAINTAINING THE STATUS QUO AND PROSPERITY IN THE SINO-BRITISH TALKS AND NOT BE OBSCURED BY THE SMOKE SCREEN ISSUED BY CHINA RECENTLY. THE PAPER SAID HONG KONG PEOPLE WERE ALL AWARE WHETHER STATEMENTS OF BRITISH OR CHINESE OFFICIALS WERE MORE RELIABLE. MING PAO SAID THE SINO-BRITISH TALKS COULD NEVER ACHIEVE ANYTHING SUCCESSFULLY WITHOUT TAKING INTO ACCOUNT THE WISHES OF THE THIRD LEG (HONG KONG), HOWEVER, WAH KIU MAN PO SAID HIS STATEMENT CONTAINED NOTHING NEW AND THE ASSURANCE WAS TOO VAGUE. THERE WAS NO EDITORIAL COMMENT IN THE LEFT-WING PRESS.

THE SCMP HEADLINE ON THE PRESS CONFERENCE WAS: 'UK WANTS GOVERNOR IN ON TALKS'. THE STAR: 'A SOLUTION TO PLEASE 5 MILLION'. THE STANDARD: 'IT'S TALKS THAT COUNT'. THE SCMP QUOTED LORD BELSTEAD SAYING IT WOULD BE HIGHLY DESIRABLE AT SOME STAGE FOR THE GOVERNOR TO BE INVOLVED IN THE NEGOTIATIONS, BUT HE DID NOT INDICATE WHEN. THIS SHOWED ACCORDING TO OBSERVERS THAT THE TALKS WERE AT A PRELIMINARY STAGE. THE POST COMMENTED, ADDING THAT WHEN THE GOVERNOR VISITED BEIJING THEY EXPECTED HIM TO PUT FORWARD HONG KONG VIEWS SO LOCAL OPINION WOULD BE AVAILABLE TO THE CHINESE AUTHORITIES. THE POST ALSO SAID LORD BELSTEAD REITERATED THE BRITISH GOVERNMENT'S COMMITMENT TO HONG KONG. THE PAPER HAD PREVIOUSLY REPORTED THE ARRIVAL OF LORD BELSTEAD, GIVING DETAILS OF HIS PROGRAMME WITHOUT COMMENT. THEY DID MENTION THAT A PETITION FROM CHOW HING-CHUEN WAS PRESENTED AT GOVERNMENT HOUSE, WHICH SAID HONG KONG PEOPLE SHOULD HAVE A SAY IN THEIR FUTURE AND THEY WANTED TO CONTINUE ENJOYING THE PRESENT LIFESTYLE.

YOUDE

[THIS TELEGRAM WAS NOT ADVANCED]

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PS/LORD BELSTEAD
PS/MR RIFKIND
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FM HONG KONG 110345Z DECEMBER 82
TO IMMEDIATE F C O
TELEGRAM NUMBER 1457 OF 11 DECEMBER
INFO IMMEDIATE BANGKOK (FOR PS TO LORD BELSTEAD) PRIORITY PEKING

LORD BELSTEAD'S PRESS CONFERENCE: PRESS COVERAGE.

THE PRESS CONFERENCE WAS GIVEN PROMINENT AND EXTENSIVE COVERAGE IN BOTH THE ENGLISH LANGUAGE AND THE CHINESE LANGUAGE PRESS. THE ENGLISH LANGUAGE PRESS, THE INDEPENDENT AND RIGHT WING CHINESE PRESS PAID PARTICULAR ATTENTION TO THE FOLLOWING POINTS:-

- A. THE NEED TO REMAIN CALM AND NOT ALLOW REMARKS MADE OUTSIDE THE NEGOTIATIONS TO PREJUDICE PEOPLE'S VIEW OF THEM.
- B. THE NEED FOR A SOLUTION TO BE ACCEPTABLE TO THE CHINESE LEADERSHIP, THE BRITISH PARLIAMENT AND THE PEOPLE OF HONG KONG.
- C. CONFIDENCE THAT A SOLUTION ACCEPTABLE TO ALL CONCERNED WOULD BE FOUND.
- D. THE POSSIBILITY MY TAKING PART IN THE TALKS.

2. THE COMMUNIST PRESS ALSO GAVE PROMINENT BUT SELECTIVE COVERAGE TO THE CONFERENCE, CONCENTRATING ON LORD BELSTEAD'S ASSERTION THAT GOOD RELATIONS BETWEEN BRITAIN AND CHINA WOULD FACILITATE THE SEARCH FOR A SOLUTION.

3. THE ONLY EDITORIAL COMMENT SO FAR HAS COME FROM THE INDEPENDENT FINANCIAL DAILY AND 2 RIGHT WING PAPERS, KUNG SHEUNG DAILY AND EXPRESS. THE FINANCIAL DAILY URGED ALL SIDES TO REFRAIN FROM EXCESSIVE PUBLIC DISCUSSION OF THE ISSUES: THE KUNG SHEUNG APPEALED TO HONG KONG PEOPLE TO REMAIN CALM. THE EXPRESS ENDORSED LORD BELSTEAD'S REMARKS ABOUT THE IMPORTANCE OF CONTINUITY, SAYING THAT THE CONTINUATION OF THE PRESENT SYSTEM WAS A PREREQUISITE FOR THE MAINTENANCE OF HONG KONG'S STABILITY AND PROSPERITY.

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太古大廈十三樓



Office of Unofficial Members of
Executive and Legislative Councils
Swire House, 12th floor,
9-25 Chater Road,
Hong Kong

*HKGD for advice v draft
reply*

電話：

Tel:

來函檔號 Your Ref:

Date: 10 December 1982

本函檔號 Our Ref:

*cc PS
PS/Ld Belstead
IS/POS
Mr Griffiths
Mr Osmond
FED, News Dept.
MR*

Dear Lord Belstead,

THE FUTURE OF HONG KONG

On behalf of the Unofficial Members of the Executive Council I would like to express our appreciation of the opportunity accorded to us at Tuesday's meeting of the Executive Council (7.12.82) to discuss with you and the British Ambassador to China the question of Hong Kong's future.

We noted carefully your advice on the following points:

- (i) that you were talking to the Executive Council as your first engagement in Hong Kong in recognition of its importance in the decision making process about the future of Hong Kong;
- (ii) you told us of your meeting with the Prime Minister prior to your departure for Hong Kong and of your intention to report to her within two days of your return to London, on or about 17 December;

/ 2

The Lord Belstead
Minister of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
London
Through:
H.E. Sir E. Youde KCMG MBE
Governor of Hong Kong

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Page 2

- (iii) in concert with Sir Percy Cradock you explained the position reached in the run-up to the negotiations and some of the factors bearing on China's approach to the talks;
- (iv) you told us that HMG's negotiating brief remained within the terms of UMELCO's advice delivered by the group of Members who visited London with the Governor in September last; and,
- (v) that any change in HMG's negotiating brief would be discussed beforehand with the Executive Council in Hong Kong.

You disclosed to us for the first time in some detail the position taken by China at meetings with the Prime Minister in September: that China intimated to HMG that it intended to regain sovereignty and jurisdiction (administration) over the whole of Hong Kong in 1997 or earlier, and to make (Hong Kong an autonomous special administrative zone to be run by the people of Hong Kong. That such was the position could have been gathered from several statements made by Chinese officials since September last, but we were not aware that that had been the official Chinese position communicated from the beginning to HMG. You also disclosed details of the Chinese position which had not been embodied in statements made by Chinese officials, namely that the Chinese leadership was not agreeable to having another Government actually running Hong Kong.

We expressed to you our grave concern about the limited and passive role of the Hong Kong Executive Council in the conduct of the talks so far: the future of Hong Kong is plainly a matter of life or death to all Hong Kong's British subjects, and in our view there is a vital

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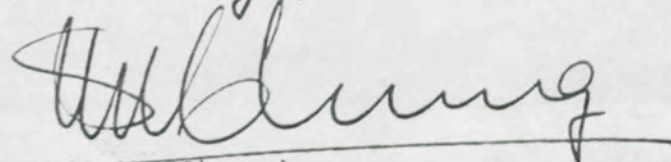
requirement for the total involvement of the Executive Council in the formulation of HMG's position and the conduct of the negotiations. In this context we believe it is for consideration that unofficial members of Executive Council should be present in Peking during negotiations. That is not to suggest that we should take part in the negotiations but that our presence, and therefore our concern, should be clearly seen.

We also said we are glad that the Governor should represent Hong Kong at the negotiating table. However, we consider it vitally important that we are promptly and fully informed in detail of developments. We would like the opportunity to discuss progress of the talks and to contribute to the development of options within HMG's negotiating brief. A post-factum role at this critical time is wholly unacceptable to us.

We understand that you will relay our views to the Prime Minister immediately upon your return and that you will convey to us as soon as possible the Prime Minister's decision in this respect.

I myself will be in London during the period of 17 to 28 December and I shall hold myself available to assist in any way I can.

Yours sincerely,



(S.Y. Chung)

Senior Unofficial Member of
Executive Council

for and on behalf of

The Unofficial Members of the Executive Council
Hong Kong

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FM HONG KONG 100900Z DEC 82
TO IMMEDIATE F C O
TELEGRAM NUMBER 1451 OF 10 DECEMBER
INFO PRIORITY PEKING, BANGKOK

FOR NEWS DEPT FROM ROBERTS

P.N. has

see overleaf

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FOLLOWING IS TEXT OF LORD BELSTEAD'S OPENING STATEMENT AT HIS
PRESS CONFERENCE THIS AFTERNOON :

I AM VERY GLAD TO BE HERE AND AM GRATEFUL TO YOU ALL FOR JOINING ME THIS AFTERNOON. I AM LEAVING HONG KONG IN A COUPLE OF HOURS AFTER A 5-DAY VISIT, WHICH HAS HARDLY DONE JUSTICE TO SUCH AN IMPORTANT COMMUNITY. BUT I HAVE AT LEAST BEEN ABLE TO SPEND A WORKING WEEK HERE.

THIS IS, AS YOU MAY KNOW, THE FIRST TIME I HAVE VISITED HONG KONG SINCE I TOOK OVER THE RESPONSIBILITY FOR HONG KONG AFFAIRS IN THE FOREIGN AND COMMONWEALTH OFFICE LAST APRIL. I WISH IT COULD HAVE BEEN EARLIER: I WISH IT COULD HAVE BEEN LONGER. NEVERTHELESS IT HAS GIVEN ME THE CHANCE TO MEET A GREAT NUMBER OF PEOPLE.

I HAVE HAD VALUABLE MEETINGS WITH THE GOVERNOR: OUR AMBASSADOR TO PEKING, SIR PERCY CRADOCK: WITH MEMBERS OF THE EXECUTIVE COUNCIL AND WITH UMELCO. I HAVE ALSO MET AS WIDE A RANGE OF REPRESENTATIVES AND OFFICIALS AS POSSIBLE AND HAVE NOTED CAREFULLY THE MANY EXPRESSIONS OF VIEWS I HAVE HEARD.

MY WEEK HAS NOT HOWEVER BEEN LIMITED TO TALKS AND MEETINGS: I HAVE SEEN AND HEARD SOMETHING OF HONG KONG'S BUSINESS ACTIVITY: I VISITED FLATS DEVELOPED FOR THE HOME OWNERSHIP SCHEME: I TRAVELLED ON THE KOWLOON AND CANTON RAILWAY - IN I AM DELIGHTED TO SAY, BRITISH ROLLING STOCK - AND ENDED YESTERDAY WITH STUDENTS AT THE POLYTECHNIC. I HAVE VISITED REFUGEE CAMPS AND HAVE BEEN STRUCK BY THE VERY HIGH STANDARDS HONG KONG MAINTAINS AND BY THE OUTSTANDING WORK PERFORMED BY THE AUTHORITIES AND THE VOLUNTARY AGENCIES. TODAY I VISITED THE ARMED SERVICES AND THE POLICE THUS ABLE TO ESPECIALLY APPRECIATE ALL THAT THEY DO.

LIKE EVERYONE WHO COMES TO HONG KONG FOR THE FIRST TIME, I HAVE BEEN PARTICULARLY STRUCK BY THE ENERGY AND PRODUCTIVITY OF ITS PEOPLE. DON'T LET US FORGET THAT AT THIS TIME OF RECESSION, THE PACE AND EXTENT OF ECONOMIC ACTIVITY HERE IS STILL REMARKABLE.

/ONE THING

ONE THING THAT HAS BEEN OBVIOUS TO ME THIS WEEK IS THE CONCERN IN EVERYONE'S MINDS ABOUT THE FUTURE. IT IS IMMENSELY HELPFUL TO ME TO BE ABLE TO HEAR THE VIEWS OF SO MANY PEOPLE ON THIS VITAL QUESTION. FOR MY PART I SHOULD LIKE TO REITERATE HER MAJESTY'S GOVERNMENT'S COMMITMENT TO HONG KONG. WHEN THE PRIME MINISTER VISITED PEKING IN SEPTEMBER, SHE AND THE CHINESE LEADERS AGREED TO ENTER TALKS WITH THE COMMON AIM OF MAINTAINING THE STABILITY AND PROSPERITY OF HONG KONG. YOU MAY HAVE HEARD THIS PHRASE RATHER A LOT RECENTLY, BUT DON'T UNDERESTIMATE ITS IMPORTANCE.

WE INTEND TO MAKE A SUCCESS OF THE TALKS. THERE IS NO SET TIME TADLE FOR THEM AND AS THE PRIME MINISTER INDICATED IN SEPTEMBER THEIR CONTENTS MUST REMAIN CONFIDENTIAL.

FINALLY TWO THINGS, FIRST, IT IS THE TALKS THAT COUNT AND WE MUST NOT BE PREJUDICED BY ANYTHING SAID OUTSIDE THEM. SECOND, WE MUST SEEK A SOLUTION ACCEPTABLE TO THE PEOPLE OF HONG KONG, TO CHINA AND TO BRITAIN. WE ARE SUPPORTED IN THE KNOWLEDGE THAT OUR RELATIONS WITH THE PEOPLE'S REPUBLIC ARE EXCELLENT. THEY HAVE NEVER BEEN BETTER. I CANNOT BELIEVE THAT WITH SO MUCH AT STAKE FOR ALL THREE SIDES WE SHALL FAIL TO FIND AN OUTCOME ACCEPTABLE TO ALL.

YOUDE

FUTURE OF HONG KONG

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HD/HK & GD

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PS/LORD BELSTEAD

PS/PUS

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MR ROBERTS NEWS D

MR COLES - NO 10 DOWNING STREET

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GRS 5500

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FM HONG KONG 101345Z DECEMBER 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 1456 OF 10 DECEMBER

INFO IMMEDIATE PEKING PRIORITY BANGKOK HONG KONG GOVERNMENT OFFICE
LONDON

MY TELNO 1451

FOR NEWS DEPARTMENT

FROM ROBERTS

FOLLOWING IS TEXT OF QUESTION AND ANSWER SESSION IN
LORD BELSTEAD'S PRESS CONFERENCE.

LORD BELSTEAD: LADIES AND GENTLEMEN, THAT'S THE OPENING STATEMENT THAT I FELT I WOULD LIKE TO MAKE COVERING I HOPE, THE MAIN ASPECTS OF MY VISIT AND NOW I WILL DO MY BEST TO ANSWER ANY OF YOUR OBSERVATIONS OR QUESTIONS.

ROBERT COTTRELL: FINANCIAL TIMES:

SIR, WE LEARNED FROM THE GOVERNOR, SIR EDWARD YOUDE, AT THE BEGINNING OF OCTOBER THAT TALKS HAD BEGUN. WHAT HAS BEEN ACHIEVED IN THOSE TALKS SINCE THEN ?.

LORD BELSTEAD: THE TALKS, AS I MADE CLEAR IN MY OPENING STATEMENT, ARE BEING CARRIED ON THROUGH THE DIPLOMATIC CHANNELS AND THEY THEREFORE ARE CONFIDENTIAL. I'M SORRY TO BE UNHELPFUL, BUT I'M AFRAID THAT'S THE ANSWER THAT I HAVE TO GIVE.

ROBERT COTTRELL: WELL SIR, YOU SAID THEIR CONTENTS HAD TO BE CONFIDENTIAL, CAN YOU TELL US ABOUT THEIR FORM ?.

LORD BELSTEAD: NO, I CAN'T

HONG KONG ECONOMIC JOURNAL:

WE ARE TOLD A NUMBER OF TIMES BY BOTH THE HONG KONG GOVERNMENT AND ALSO THE BRITISH GOVERNMENT THAT THE WILL AND INTERESTS OF THE PEOPLE OF HONG KONG ARE GOING TO BE REPRESENTED IN PEKING, AND IN THE PROCESS OF NEGOTIATION OVER THE FUTURE OF US, BUT I WOULD SUGGEST THAT THE BEST WAY OF ASSURING THAT THE BRITISH DELEGATES DO THE JOB PROPERLY IN PEKING IS NOT BY JUST RESTATING WISHFULLY THEIR PROMISE, BUT BY, I SUGGEST, GETTING UP AND TALKING ABOUT WHAT HAS BEEN, AND WHAT IS AND WHAT WILL BE HAPPENING AT THE NEGOTIATION TABLE SO THAT WE CAN JUDGE IT FOR OURSELVES, WHETHER THE BRITISH DELEGATES DO THE JOB PROPERLY. SO WITH THESE REMARKS IN MIND, I WOULD LIKE TO KNOW WHAT ACTUALLY IS THE PROPOSAL THAT HAS BEEN PUT FORWARD BY BRITISH OFFICIALS IN PEKING ?.

/ LORD

Prime Minute

Lord Belstead stone-walled
throughout.

A.T.C. 13.
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LORD BELSTEAD: WELL, THERE ARE TWO THINGS I OUGHT TO SAY: THE FIRST IS, I'M SORRY I MUST REPEAT THAT THE TALKS ARE CONFIDENTIAL, NOT BECAUSE OF SOME REASON PUT FORWARD BY ANY PARTICULAR PARTY, BUT BECAUSE THE LEADERS OF THE PEOPLE'S REPUBLIC AND THE PRIME MINISTER AGREED THAT THE TALKS SHOULD BE CARRIED ON THROUGH THE DIPLOMATIC CHANNELS, AND THAT MEANS CONFIDENTIAL TALKS, BUT IT IS WHOLLY REASONABLE YOU SHOULD ASK THE SORT OF QUESTION YOU HAVE AND IT IS BECAUSE I AM IN FACT SENSITIVE TO WHAT YOU SAY, THAT I'M PARTICULARLY GLAD TO BE IN HONG KONG HERE AT THE PRESENT TIME. THE REASON I'M HERE IS THAT I HAVE THE GENERAL RESPONSIBILITY FOR THE RELATIONS BETWEEN LONDON AND HONG KONG UNDER THE FOREIGN SECRETARY IN LONDON: BUT I'M PARTICULARLY GLAD I HAVE BEEN HERE AT THE MOMENT BECAUSE ITS MEANT THAT I AND SIR PERCY CRADOCK, OUR AMBASSADOR, HAVE HAD THE OPPORTUNITY MEET LEGCO, UMEICO AND A GREAT MANY OTHER PEOPLE BESIDES.

PATRICK MA, RADIO HONG KONG:

HOW SOON DO YOU EXPECT THE HONG KONG PEOPLE OR THE LEGISLATIVE COUNCIL TO BE HEARD ABOUT THE FORM OF THE CHINA-BRITISH TALKS OF THE HONG KONG FUTURE, HOW SOON DO WE EXPECT - ?.

LORD BELSTEAD: WELL AS I SAY, I HAVE BEEN ABLE DURING THE LAST FIVE DAYS, TO HEAR EXPRESSIONS OF VIEW FROM A WHOLE VARIETY OF PEOPLE HERE IN HONG KONG. THIS I THINK HAS BEEN VERY VALUABLE SO FAR AS NEGOTIATIONS ARE CONCERNED.

(?)(MALE VOICE)

WHO IS NEGOTIATING ON BRITAIN'S BEHALF ?.

LORD BELSTEAD: SIR PERCY CRADOCK.

(?) ON HIS OWN ?.

LORD BELSTEAD: WELL, SIR PERCY CRADOCK IS RESPONSIBLE FOR THE TALKS BEING CARRIED ON THROUGH THE DIPLOMATIC CHANNELS

(?) WILL HE BE SUPPLEMENTED BY OTHER PEOPLE AS THE TALKS DEVELOP ?.

LORD BELSTEAD: WHAT PARTICULARLY DO YOU HAVE IN MIND ?.

(?) WELL PRESUMABLY, THE GOVERNOR IS GOING TO BE DRAWN IN AT SOME STAGE ?.

LORD BELSTEAD: THAT I THINK, WILL BE HIGHLY DESIRABLE

MR ROBERTS: THANK YOU, YOU HAVE HAD FOUR QUESTIONS.

(?) (MALE VOICE)

THE PRIME MINISTER AND THE HONG KONG GOVERNMENT HAVE REPEATEDLY DECLARED THAT THE SINO-BRITISH TALKS ON THE FUTURE OF HONG KONG SHOULD BE KEPT UNRESTRICTED AND THE CONDITIONS THAT THE CHINESE OFFICIALS HAVE STATED ON THIS SUBJECT, SO IN SO DOING DOES THAT AFFECT THE TALKS, AND ALSO DO YOU CONTEMPLATE THAT THE JOINT STATEMENT WHICH ISSUED AFTER MRS THATCHER'S VISIT TO PEKING ?.

MR. ROBERTS: COULD YOU IDENTIFY YOURSELF, PLEASE?

HONG KONG DAILY NEWS.

LORD BELSTEAD: I'M SORRY, I DON'T THINK THAT ANYTHING HEARD SINCE THE PRIME MINISTER'S VISIT HAS IN ANY WAY CONTRADICTED THE JOING STATEMENT WHICH WAS MADE AT THE END OF HER VISIT TO PEKING

HONG KONG DAILY NEWS:

BUT MY QUESTION IS THIS: SINCE BOTH THE GOVERNMENTS HAVE DECLARED THAT THE TALKS SHOULD BE KEPT CONFIDENTIAL, AND RECENTLY THE CHINESE OFFICIALS HAVE SAID FREQUENTLY ON THIS SUBJECT, AND SO IF SUCH THINGS IN SO DOING WILL THAT AFFECT THE TALKS?

LORD BELSTEAD: I TAKE YOUR POINT. DON'T, I REPEAT, WHICH I SAID AT THE BEGINNING IN THE STATEMENT I MADE, I DO HOPE THE PEOPLE WON'T BE PREJUDICED BY WHAT THEY HEAR SAID OUTSIDE THE ACTUAL NEGOTIATIONS.

M.L. NG, RTHK:

SIR, IN GENERAL DO YOU FEEL THERE IS A NEED TO OPEN UP MORE CHANNELS TO REFLECT PUBLIC OPINION ON THE FUTURE OF HONG KONG?

LORD BELSTEAD: NO, AS I SAY, I NOW REALISE AT THE END OF FIVE DAYS, THE NETWORK OF LINES OF COMMUNICATION HERE IN HONG KONG. I HAVE ENDEAVOURED TO MAKE USE OF THAT NETWORK AS A REPRESENTATIVE OF HER MAJESTY'S GOVERNMENT AND OF COURSE, SIR PERCY CRADOCK HAS BEEN HERE AT THE SAME TIME: I WOULD HAVE THOUGHT THAT WE WERE HEARING LOUD AND CLEAR WHAT IT IS THE PEOPLE OF HONG KONG WISH TO SAY.

KATHLEEN WONG, RTHK:

WE HAVE HEARD REPORTS SUGGESTING THAT HONG KONG WILL BECOME A 'SPECIAL ADMINISTRATIVE ZONE' TO BE ADMINISTERED BY ITS OWN PEOPLE: DO YOU REGARD THIS PROPOSAL ACCEPTABLE TO HER MAJESTY'S GOVERNMENT AND THE PEOPLE OF HONG KONG?

LORD BELSTEAD: WELL, FORGIVE ME SAYING SO, IT'S A GOOD QUESTION, BECAUSE OF COURSE, IT'S WHAT PEOPLE ARE THINKING ABOUT AND WONDERING ABOUT, BUT IT FALLS PRECISELY INTO THE SLOT OF ME ASKING PEOPLE NOT TO BE PREJUDICED BY WHAT IS SAID OUTSIDE THE TALKS. THAT IS NOT SOMETHING THAT HAS COME FROM OUT OF THE TALKS.

KATHLEEN WONG:

WILL THAT BE CONSIDERED?

LORD BELSTEAD: WELL, THAT IS A MATTER FOR THE NEGOTIATORS.

DANIEL DODD - (?)

IT HAS BEEN SUGGESTED THAT THE TALKS MAY BE COMPLETED WITHIN ABOUT A YEAR, WHICH WOULD COINCIDE WITH WHEN MRS. THATCHER HAS TO GO TO THE COUNTRY AGAIN. IS THAT A REASONABLE SUGGESTION?

LORD BELSTEAD: I MUST SAY, IF A MINISTER IN THE GOVERNMENT IS TO SUGGEST ON BEHALF OF HIS PRIME MINISTER WHEN A GENERAL ELECTION IS GOING TO TAKE PLACE, I SHOULD THINK THAT MINISTER'S HEAD WOULD PROBABLY BE CHOPPED OFF, MINE CERTAINLY WOULD BE. I'VE NO IDEA WHEN A GENERAL ELECTION IS GOING TO TAKE PLACE IN BRITAIN, AND I DON'T THINK IF I MAY SAY SO, THE PREMISE OF YOUR QUESTION IS VERY SOUND.

IAN WHITELY, ATV:

GOING BACK TO THE POINT ABOUT STATEMENTS FROM CHINA, PEOPLE HERE OF COURSE ARE ON EDGE YOU MAY HEAR, AS AN INDICATION OF WHAT'S GOING ON: ARE YOU SAYING THAT STATEMENTS COMING OUT OF CHINA ARE NOT IMPORTANT, ARE NOT TRUE, HOW SHOULD PEOPLE REACT TO THESE STATEMENTS?

LORD BELSTEAD: I HAVE NOT SAID EITHER OF THOSE THINGS: I HAVE SIMPLY SAID THAT STATEMENTS MADE OUTSIDE THE NEGOTIATIONS REALLY SHOULD NOT PREJUDICE PEOPLE IN THEIR ANTICIPATION OF WHAT THE NEGOTIATIONS WILL ACHIEVE.

IAN WHITELY:

FOR EXAMPLE, THE LENGTHY STATEMENT GIVEN BY THE FINANCIAL TIMES AFFECTED PEOPLE'S VIEWS COMPLETELY HERE, AS THE MARKET EXPECTED - .

LORD BELSTEAD: THAT'S PRECISELY WHY I SAID IT IS THE NEGOTIATIONS WHICH COUNT, AND PEOPLE SHOULD KEEP THEIR EYE ON THE BALL, REMAIN STEADY AND WAIT FOR NEWS FROM THE NEGOTIATIONS, IT'S NOT EASY I KNOW.

PHILIP DOWRING, FAR EASTERN ECONOMIC REVIEW:

HAVE THERE ACTUALLY BEEN FACE-TO-FACE TALKS BETWEEN SIR PERCY CRADOCK AND SENIOR CHINESE OFFICIALS AND IF SO, HAVE THESE TALKS BEEN ABOUT THE SUBSTANTIVE ISSUES OR MERELY ABOUT THE FORM IN WHICH THE NEGOTIATIONS SHOULD TAKE PLACE?

LORD BELSTEAD: AGAIN FORGIVE ME, I'M SORRY, I'M GOING OVER THE SAME GROUND AGAIN. I CAN'T START SAYING WHETHER SUBSTANTIVE ISSUES OR NON-SUBSTANTIVE ISSUES ARE BEING DISCUSSED, BECAUSE WE'RE TALKING ABOUT NEGOTIATIONS THROUGH DIPLOMATIC CHANNELS. THEY'RE TAKING PLACE - THEY'RE CONTINUING.

PHILIP

PHILIP BOWRING:

HAVE THERE BEEN ACTUAL TALKS OR HAVE THERE MERELY BEEN EXCHANGES OF(INAUDIBLE)?

LORD BELSTEAD: I REPEAT, THEY ARE TAKING PLACE AND THEY ARE CONTINUING.

STEPHEN YU, ORIENTAL DAILY:

MAY I ASK, WHO WILL REPRESENT CHINA IN THE NEGOTIATIONS.

LORD BELSTEAD: THIS IS A MATTER OF COURSE, FOR THE CHINESE GOVERNMENT.

STEPHEN YU:

DO YOU KNOW?

LORD BELSTEAD: NO.

MARY LEE, FAR EASTERN ECONOMIC REVIEW:

SIR, COULD YOU TELL US WHAT YOUR IMPRESSION OF WHAT THE PEOPLE OF HONG KONG WANT?

LORD BELSTEAD: I THINK, FROM WHAT I HAVE BEEN TOLD, THAT THE PEOPLE OF HONG KONG WANT TO BE ABLE TO CONTINUE TO LIVE THEIR LIVES IN THE WAY THAT THEY CHOOSE, IN FREEDOM, AND IN PEACE.

KATHLEEN WONG:

WILL YOU BE TAKING PART IN THE NEGOTIATIONS IN THE FUTURE?

LORD BELSTEAD: WELL, THIS IS A MATTER, OF COURSE, AS TO WHO TAKES PART IN THE NEGOTIATIONS FOR CONSIDERATION, BUT AT THE MOMENT WE'RE QUITE OPEN ABOUT IT - THROUGH THE DIPLOMATIC CHANNELS, AND SIR PERCY CRADOCK IS CONDUCTING THEM AND THE BRITISH GOVERNMENT HAVE THE FULLEST CONFIDENCE IN SIR PERCY.

ALICE CHAU, EXPRESS DAILY:

I WOULD LIKE TO KNOW WHETHER ANY HONG KONG REPRESENTATIVES WILL BE INCLUDED IN FUTURE NEGOTIATIONS?

LORD BELSTEAD: WELL, HERE AGAIN AS I SAY, THIS IS A MATTER FOR CONSIDERATION AND OBVIOUSLY WHAT THE FUTURE HOLDS WHEN YOU'RE CONDUCTING THE TALKS THROUGH THE DIPLOMATIC CHANNELS IS SOMETHING WHICH I WOULD WISH TO EXPAND ON: WHAT I HAVE DONE FOR MY PART AS A REPRESENTATIVE OF THE BRITISH GOVERNMENT, IS TO LEAVE NO STONE UNTURNED TO CONSULT WITH EXCO AND UMELCO, AND I'M VERY GLAD THAT I HAVE HAD THE OPPORTUNITY TO DO SO.

DERMOT BRYANT, RTHK:

ON A SLIGHTLY DIFFERENT SUBJECT, MAY WE EXPECT ANY ANNOUNCEMENT SOON FROM EITHER THE UK GOVERNMENT OR THE HONG KONG GOVERNMENT, ABOUT THE LEVEL OF TUITION FEES CHARGED TO OUR STUDENTS IN BRITISH UNIVERSITIES AND HIGHER INSTITUTES?

LORD BELSTEAD: I KNOW THAT THIS IS A MATTER IN THE FOREFRONT OF THE MINDS OF PEOPLE IN HONG KONG: WE HAVE IT UNDER ACTIVE CONSIDERATION IN THE UK.

DERMOT BRYANT:

DOES THAT MEAN WE'LL GET AN ANNOUNCEMENT SOON?

LORD BELSTEAD: I WOULD HOPE THAT IT COULD BE IN THE REASONABLY FORESEEABLE FUTURE.

IAN WHITELY: AS THE MINISTER RESPONSIBLE FOR HONG KONG, WHY COULDN'T YOU FIND TIME TO COME OVER FOR ... BEFORE? I MEAN, BEFORE NOW.

LORD BELSTEAD: WELL, IT WASN'T A QUESTION OF FINDING TIME: I STARTED WORK AT THE FOREIGN OFFICE IN APRIL, WE WERE PRETTY HEAVILY INVOLVED WITH THE SOUTH ATLANTIC UNTIL THE END OF JUNE: WE WERE THEN BEGINNING TO COME TOWARDS THE RUN-UP TO THE PRIME MINISTER'S VISIT WHICH OF COURSE TOOK PLACE IN SEPTEMBER, AND I FELT - AND OTHERS ALSO FELT, THAT IT WOULD BE APPROPRIATE IF I CAME AFTER THE PRIME MINISTER AND NOT BEFORE. I THINK IT WAS APPROPRIATE.

JOHN MCLEAN, SOUTH CHINA MORNING POST:

SIR, THE PRIME MINISTER WENT ON PUBLIC RECORD DURING HER VISIT HERE, AS SAYING THE BRITISH CASE WOULD BE ARGUED ON THE BASIS OF THE THREE TREATIES OF THE 19TH CENTURE: CAN YOU CATEGORICALLY STATE THAT THERE HAS BEEN NO CHANGE IN THAT APPROACH ON THE PART OF THE BRITISH GOVERNMENT?

LORD BELSTEAD: WELL, I HAVE NOTHING FURTHER TO SAY ABOUT THAT PARTICULAR QUESTION, OTHER THAN WHAT HAS BEEN SAID BEFORE, THIS GROUND WAS GONE OVER IN SOME DETAIL, BUT I WOULD JUST LIKE TO EMPHASISE IN THIS CONNECTION, WHAT WE'RE DOING IN THE NEGOTIATIONS IS LOOKING TO THE FUTURE OF HONG KONG.

K.Y. CHUNG, MING PAO:

DO YOU MIND TELLING ME, DO YOU THINK THE PERSONS IN HONG KONG, THE FREEDOM THEY ENJOY THE PEACE AND THE PRESENT LIFESTYLE AT THE MOMENT, IS THE MAIN FACTOR TO MAINTAIN THE PROSPERITY AND STABILITY OF HONG KONG?

LORD BELSTEAD: I'M SORRY, I DIDN'T QUITE GET IT. WOULD YOU MIND REPEATING IT?

K Y CHUNG:

DO YOU THINK THE PRESENT SOCIAL SYSTEM, THE LEGISLATION THE PRESENT....., IS THE MAIN FACTOR TO MAINTAIN THE PROSPERITY AND STABILITY OF HONG KONG ?.

LORD BELSTEAD: I THINK FROM WHAT I HAVE OBSERVED AND FROM WHAT I HAVE BEEN TOLD, AND FROM WHAT I'VE CONCLUDED, ALL THAT HAS BEEN ACHIEVED BY THE PEOPLE OF HONG KONG DEPENDS UPON THE FACT THAT THE PEOPLE OF HONG KONG ARE FREE TO GO ABOUT THEIR LIVES AS THEY WISH, IN PEACE.

K Y CHUNG:

ONCE THE GOVERNMENT CHANGES.....THE GOVERNOR HAS CHANGED TO HONG KONG CHINESE, DO YOU THINK THE PROSPERITY AND STABILITY WILL STILL CONTINUE ?.

LORD BELSTEAD: I'M SO SORRY - ONCE MORE ?.

K Y CHUNG:

JUST IN CASE, IF THE HONG KONG FLAG..... IF HONG KONG CHANGES INTO ANOTHER KIND OF GOVERNMENT, AND A HONG KONG GOVERNOR APPOINTED BY SOMEWHERE NOT FROM U K, DO YOU THINK THE PROSPERITY AND STABILITY CAN STILL BE MAINTAINED ?.

LORD BELSTEAD: I'M SORRY, HAVING ASKED YOU TO REPEAT THE QUESTION, DON'T THINK ME DISCOURTEOUS WHEN I SAY THAT THAT REALLY (NEXT WORD UNDERLINED) IS A HYPOTHETICAL QUESTION.

REUTER:

MOST PEOPLE SAY THEY WANT TO CONTINUE THEIR LIVES IN FREEDOM AND PEACE, BUT HAS ANYONE SAID THAT THEY WANT THE BRITISH TO STAY ?. HAVE ANY OF THESE PEOPLE SAID THEY WANT THE BRITISH TO STAY HERE IN HONG KONG ?.

LORD BELSTEAD: THE ANSWER IS 'YES'

DEREK TO, HONG KONG ECONOMIC JOURNAL:

ONE MORE QUESTION, YOU REMIND US NOT TO BE PREJUDICED BY ANYTHING OUTSIDE THE NEGOTIATIONS: DO YOU MEAN REALLY THAT WHAT HAS BEEN SAID BY THE CHINESE OFFICIALS IN THE MEDIA OR TO HONG KONG MERCHANTS, HAS NOT BEEN PUT FORWARD BY THE CHINESE OFFICIALS IN THE NEGOTIATIONS IN PEKING ?.

LORD BELSTEAD: I THINK PERHAPS WE OUGHT TO CLEAR THE GROUND NOW AND SO THAT I DON'T APPEAR RUDE TO QUESTIONERS, THERE REALLY IS NOTHING THAT I CAN SAY ABOUT THE DETAILS OF THE NEGOTIATIONS, BECAUSE THE AGREEMENT BETWEEN THE LEADERS OF BOTH THE PEOPLE'S REPUBLIC AND BRITAIN - IN OTHER WORDS THE PRIME MINISTER, AGREED THAT THE VEHICLE FOR THE TALKS SHOULD BE THROUGH WHAT'S CALLED 'THE DIPLOMATIC CHANNEL', AND THAT MEANS THAT THE TALKS HAVE GOT TO BE IN CONFIDENCE - NOT ENTIRELY EASY WHEN EVERYONE IS VERY INTERESTED, BUT THAT'S THE WAY IT IS AND THEREFORE, I REALLY CAN'T ANSWER QUESTIONS ABOUT THE CONTENT OF THE TALKS.

R T H K:

WOULD YOU FORESEE THE POSSIBILITY OF HAVING ELECTED MEMBERS IN THE LEGISLATIVE COUNCIL ? IN PARTICULAR, WOULD YOU LIKE TO COMMENT ON THE SUGGESTION THAT SOME DISTRICT BOARD MEMBERS MIGHT BECOME LEGISLATIVE COUNCIL MEMBERS ?.

LORD BELSTEAD: THIS IS A MATTER I THINK, FOR THE GOVERNMENT OF HONG KONG

AUSTRALIAN BROADCASTING COMMISSION:

LORD BELSTEAD, HAVE YOU BEEN TOLD BY ANYONE IN HONG KONG THEY WOULD LIKE THE BRITISH TO STAY AFTER 1997, AND HAVE THEY INDICATED FOR HOW LONG ?.

LORD BELSTEAD: NO, PEOPLE WHO HAVE TALKED TO ME HAVEN'T STARTED TO EMBARK UPON THAT SORT OF DETAIL

AUSTRALIAN BROADCASTING COMMISSION:

THEY HAVE (NEXT WORD UNDERLINED) NOT EMBARKED ON THAT SORT OF DETAIL ?.

LORD BELSTEAD: WELL, I HAVEN'T INVITED THEM TO DO SO, I'VE TALKED IN MORE GENERAL TERMS

AUSTRALIAN BROADCASTING COMMISSION:

THEY HAVEN'T VOLUNTEERED ANY INFORMATION ON THE SUBJECT ?.

LORD BELSTEAD: WELL, WHAT I MEAN IS THIS: A GREAT NUMBER OF PEOPLE HAVE TALKED OBVIOUSLY TO ME IN GENERAL TERMS ABOUT THIS SUBJECT, AND ALL OF THEM WITHOUT EXCEPTION HAVE USED A PARTICULAR WORD TO ME, AND ITS THE WORD "CONTINUITY" - THAT'S WHAT PEOPLE WANT, ITS PRETTY NATURAL WHEN YOU'RE THINKING ABOUT YOUR FAMILIES AND YOUR FUTURE.

MR ROBERTS: WE'VE GOT TIME FOR JUST THREE MORE QUESTIONS

HARVEY STOCKWIN, TIMES OF INDIA:

YOU STARTED OFF BY REFERRING TO A BRITISH SIGNALLING SYSTEM WHICH WORKED: CAN I DRAW YOUR ATTENTION TO A BRITISH SIGNALLING SYSTEM WHICH JUDGED BY THIS PRESS CONFERENCE ISN'T WORKING ?.

BRITAIN AND CHINA, IN THE ABSENCE OF ANY ACT OF SELF-DETERMINATION, BRITAIN AND CHINA ARE DETERMINING THE FUTURE OF FIVE MILLION PEOPLE IN HONG KONG: FROM THE POINT OF VIEW OF THOSE FIVE MILLION PEOPLE, IT'S QUITE CLEAR THAT THE CHINESE LEADERS ARE SIGNALLING - WHETHER THEY'RE TALKING ABOUT THE NEGOTIATIONS OR NOT IS IRRELEVANT - THEY ARE SIGNALLING WHAT THEY THINK SHOULD BE THE FUTURE OF HONG KONG, AND IN REPLY TO THIS THE BRITISH GOVERNMENT, WHO IS ALSO DETERMINING THE FUTURE OF HONG KONG THROUGH THESE NEGOTIATIONS IS NOT SIGNALLING: DON'T YOU THINK YOU COULD GIVE US A FEW MORE SIGNALS ?.

LORD BELSTEAD: IT'S A COMPLICATED QUESTION I'LL GIVE YOU A VERY SIMPLE ANSWER IN RETURN: WHAT WE WANT IS SOMETHING VERY MUCH LIKE A TABLE WHICH HAS GOT THREE LEGS, ONE LEG IS THE FUTURE TO BE ACCEPTABLE TO THE LEADERSHIP IN PEKING; THE SECOND LEG IS THAT THE FUTURE SHOULD BE ACCEPTABLE TO THE BRITISH PARLIAMENT, AND THE THIRD LEG OF THE TABLE IS THAT THE FUTURE SHOULD BE WELCOMED AND ACCEPTABLE TO THE PEOPLE OF HONG KONG. ALL THREE LEGS ARE IMPORTANT, BECAUSE IF ONE OF THOSE LEGS GIVES WAY THE TABLE WILL GIVE WAY AS WELL

DENNY CHEUNG, CENTRAL NEWS AGENCY:

ONCE THE TALKS BETWEEN BRITAIN AND RED CHINA FAIL, DO YOU THINK THE PROBLEM WILL LEAD TO ANOTHER CRISIS AND SIMILAR TO THAT OF THE FALKLAND ISLANDS ?

LORD BELSTEAD: THAT (NEXT WORD UNDERLINED) IS A HYPOTHETICAL QUESTION AND WITH THE GREATEST OF COURTESY TO YOU SIR, ITS A QUESTION THEREFORE WHICH I'M AFRAID I WILL NOT ANSWER

PHILIP BOWRING:

CAN WE GO BACK TO THE TABLE WITH THREE LEGS ? WE KNOW FROM WHAT HAS BEEN COMING OUT OF PEKING OF WHAT PEKING WANTS OR SAYS IT WANTS: WE KNOW WHAT THE PEOPLE OF HONG KONG SAY WHAT THEY HAVE TOLD YOU ABOUT CONTINUITY, WHAT THE PEOPLE OF HONG KONG WANT AND WHAT IS ACCEPTABLE TO THEM. CAN YOU NOW TELL US WHAT IS ACCEPTABLE TO THE PARLIAMENT OF THE ENGLISH PEOPLE ?

LORD BELSTEAD: NO, I CAN'T, BECAUSE TALKS ARE GOING ON THROUGH THE DIPLOMATIC CHANNEL AND THE NEGOTIATIONS.....

PHILIP BOWRING:

(INTERJECTING) WHAT IS THOUGHT SUFFICIENT TO WHAT IS ACCEPTABLE, WHAT SORT OF SOLUTION WOULD BE ACCEPTABLE TO THE UNITED KINGDOM PARLIAMENT ?

LORD BELSTEAD: AND PARLIAMENT WILL DECIDE WHEN A REPORT HAS BEEN MADE TO PARLIAMENT

PHILIP BOWRING:

SO WE HAVE TO WAIT UNTIL A PARLIAMENT HAS DECIDED AFTER THE EVENT WHETHER OR NOT ONE OF THOSE LEGS EXISTS AT ALL ?

LORD BELSTEAD: I THINK THAT YOU'RE PUTTING THE WRONG CART BEHIND THE WRONG HORSE THERE'S NO DIFFICULTY ABOUT THIS AT ALL, THERE ARE THREE LEGS TO THE TABLE, BUT IN ONE PARTICULAR CASE IT IS TRUE THE LEG DEPENDS UPON ACCEPTABILITY TO A PARLIAMENT IN A DEMOCRATIC COUNTRY, AND I'M PROUD THAT I BELONG TO A COUNTRY WHERE THE FINAL DECISION (NEXT WORD UNDERLINED) IS TAKEN BY

PEOPLE WHO ARE FREELY ELECTED IN PARLIAMENT, AND THAT IS THE PARLIAMENT IN BRITAIN, AND IT WILL CAUSE, I WOULD HAVE THOUGHT, NO TROUBLE AT ALL TO TRY TO SEE THAT WE SOLVE THIS DIFFICULT PROBLEM BY FINDING A SOLUTION WHICH IS ACCEPTABLE, I REPEAT, TO THE CHINESE LEADERSHIP, TO THE BRITISH PARLIAMENT AND TO THE PEOPLE OF HONG KONG.

MR ROBERTS: THAN YOU VERY MUCH, LADIES AND GENTLEMEN.

YOUDE

FUTURE OF HONG KONG

LIMITED

HD/HK & GD

HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/LORD BELSTEAD

→ PS/PUS

PSIMRHURD

MR GIFFARD

MR DONALD

SIR J BULLARD

COPIES TO

SIR I SINCLAIR LEGAL ADVISER

MR ROBERTS NEWS D

MR COLES NO 10 DOWNING STREET

MR MARTIN ASSESSMENTS STAFF
CABINET OFFICE

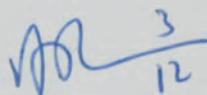


Foreign and Commonwealth Office

London SW1A 2AH

2 December 1982

Dear John,


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 J.E.

Future of Hong Kong: Lord Belstead's Visit

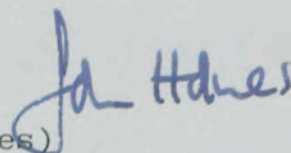
In my letter of 26 November I mentioned Mr Pym's view that Lord Belstead should give the Unofficials in Hong Kong, in particular EXCO, a full run-down on the position in the talks as well as our assessment of the Chinese position as reflected in their current propaganda campaign. The Prime Minister may wish to see, before her meeting, the points which we suggest Lord Belstead might make.

Both in his meetings with EXCO and UMELCO and at his Press Conference at the end of his visit, Lord Belstead can expect detailed and persistent questioning on the subject of the treaties, in the light of the Chinese reaction to the Prime Minister's public remarks in September.

The Prime Minister has already agreed the general line to be taken, should the subject arise, by Sir Percy Cradock in his meetings at the Chinese Foreign Ministry. (My letter of 4 November and Tim Flesher's of 5 November.) For use by Lord Belstead in Hong Kong we suggest the following shortened version:

'During her Press Conference in Hong Kong, the Prime Minister simply stated the factual position on the treaties. She also said that they could be varied, but in case there is any misunderstanding, her point was that change must be by agreement not unilaterally. In our view this should be done not by revising the 19th Century treaties but by replacing them, by agreement, with new forward-looking arrangements more in keeping with the times.'

The Prime Minister may wish to discuss these points at her meeting. It would in any case be helpful to know her views before Lord Belstead's departure on Sunday.

Yours ever


(J E Holmes)
Private Secretary

A J Coles Esq
 10 Downing Street

SECRET

LORD BELSTEAD'S VISIT TO HONG KONG: 6 TO 10 DECEMBER 1982

BRIEF NO.2 : THE FUTURE OF HONG KONG
POINTS TO MAKE (PROVISIONAL)
FOR USE WITH EXCO AND UMELCO

FUTURE OF HONG KONG

1. The most important question is Hong Kong's future. The Prime Minister explained the position in September and Governor has kept you in the picture since. Helpful now to give assessment of present position in the light of Prime Minister's visit, subsequent meetings with the Chinese MFA and other events.
2. Prime Minister's talks with Chinese leaders were primarily a discussion on principles leading to the agreement to talks. The Chinese gave a broad indication of their ideas on Hong Kong but did not go into detail. Primary point was the resumption of sovereignty by 1997. On administration they spoke of an autonomous Hong Kong within the Chinese State and suggested that it would be run by Hong Kong people themselves. They saw a role for British civil servants but said they would not agree to another government running Hong Kong on their behalf.
3. The Prime Minister's line was firm. She gave nothing away. She stressed that what mattered was finding a satisfactory administrative arrangement for Hong Kong. Sovereignty was a difficult issue for her too. She made it clear that she was not ruling out a change but that could only be considered when satisfactory arrangements on administration were agreed. She made clear the importance of the present system as a guarantee of confidence.

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4. Since the Prime Minister's visit Ambassador has held two meetings in Peking with the Chinese MFA. They have discussed the basis on which substantive talks should begin. The Chinese have taken the line that these talks should be on the basis of acceptance of the "premise" that sovereignty should be transferred to them. We have countered this strongly, arguing that talks should be on the basis of the agreed aim of achieving stability and prosperity.

5. There has been a pause in the talks caused probably mainly by reshuffle in Chinese MFA. [Sir P Cradock has pressed for an early resumption.]

6. Since the Prime Minister's visit Chinese have carried out propaganda campaign by press leaks and statements by senior figures etc. Aim appears to be to soften up opinion in Hong Kong and to discourage Hong Kong people from speaking up in their own interest by giving impression that the outcome is inevitable. There is particular stress that Hong Kong will be allowed to run itself under overall Chinese control but with continuation of existing economic and social system.

7. Interested in your views on how to counter. In my opinion, weak point in Chinese tactics is lack of any guarantee that their assurances of Hong Kong autonomy and non-interference by Peking will be upheld. That guarantee at present is provided by British administration. If HMG counters Chinese arguments by pointing this out, this will be unconvincing and is likely to lead to stronger Chinese assertion of their position. We are reiterating that it is the talks and not propaganda campaign that matter and that the outcome is not prejudiced by what the Chinese say outside the talks. But it is what the Hong Kong /people

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people say that matters. Can more be done to get it over to Peking that continuity of administration is required to guarantee the Territory against interference?

8. Next stage in talks. We see the Governor being involved. Aim to explain to Chinese the basis of the Hong Kong system of administration and how it is necessary for confidence.

9. In our view, despite their propaganda, the Chinese have a strong interest in a satisfactory settlement agreed with HMG. We believe that they are leaving themselves considerable flexibility and that we can achieve a settlement acceptable to Hong Kong. But Hong Kong people must make clear what they want.

SECRET

PRIME MINISTER

MEETING ON HONG KONG

I attach two papers which you have seen before and a new telegram reporting on the further meeting of EXCO in Hong Kong.

We have just heard that Zhang Wenjin has accepted an invitation to lunch with Sir Percy Cradock this Saturday. We may then learn more about the Chinese attitude to talks.

Lord Belstead, accompanied by Alan Donald, will arrive in Hong Kong on Monday.

Against that background the main questions to be considered at your meeting are probably the following.

Should we take the Chinese on in public and launch a major media campaign?

The FCO's view is that this would be a mistake. The Chinese would retaliate with even harder and more official statements of position, from which they will find it difficult to retreat when talks begin. I am inclined to agree with this.

The FCO are, however, trying to influence the press by briefing selected editors in Hong Kong and inspiring articles in the Wall Street journals, 'Time' and the 'Economist'.

What other action can we take?

The Chinese must have the impression that they have the initiative and that we do not know how to respond. It may be worth floating the following thoughts at your meeting (but I do not think we should pursue them unless the experts on China see some merit in them). The Chinese are now talking about the need for a solution within a year. That timetable may not suit us. We do

/not

not want to have a Hong Kong crisis on our hands in the months before an election, whenever that may be. While it may be tempting to delay the crunch until after the election, the signs are that the Chinese are not prepared to spin things out that long. Perhaps, therefore, we should take the initiative and tell the Chinese that the timescale of one year is too long. We do not believe it is consistent with maintaining the stability and prosperity of Hong Kong. We therefore consider that a solution must be reached in six months, say by the end of June 1983 (when, incidentally, we shall pass the point when the expiry of the lease will be only 14 years away). We are prepared to try to reach an agreement in that time on the basis of the Peking Communiqué. If we cannot do so, then the Chinese will have to take the onus of the inevitable decline of confidence in Hong Kong and there will be no basis for you to approach the British Parliament. We could envisage a solution based on a Treaty of Friendship and Co-operation with China which would provide, so far as Hong Kong was concerned, for the cessation of sovereignty to China in 1997 and transitional arrangements for a period of 25 years (i.e. until 2007) which would ensure that the essential elements of current Hong Kong law and practice would continue beyond 1995. The two sides would review the position again in 2007.

If there is any merit in these ideas, the FCO could be asked to work them up into a paper and we could consider an approach to the Chinese in a few weeks time.

What should Sir Percy Cradock say on Saturday?

How should Lord Belstead conduct his visit to Hong Kong next week - and in particular what should he say to EXCO and the press?

AR 1/12.

1 December, 1982

GRS 400

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FM PEKING 290900Z NOV 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 301 OF 29/11/82
REPEATED FOR INFO TO IMMEDIATE HONG KONG

A. J. C. 30
h.a.

HONG KONG TELNO 1395: LORD BELSTEAD'S VISIT

1. I AGREE THAT IT IS USEFUL TO CONSIDER THESE QUESTIONS EARLY AND LOOK FORWARD TO SEEING THE GOVERNOR'S IDEAS ON HOW THEY MIGHT BE HANDLED. MY OWN FIRST THOUGHTS ARE AS FOLLOWS:

- (I) LORD BELSTEAD WOULD WISH TO MAKE A CLEAR DISTINCTION BETWEEN THE "CHINESE PLAN" AS IT HAS EMERGED IN THE HONG KONG PRESS (IN THE FORM OF THE STATEMENT BY LIAO CHENGZHI TO THE FACTORY OWNERS' DELEGATION AND OTHER CHINESE LEAKS) AND THE DIPLOMATIC TALKS. HE COULD SAY THAT THE PRIME MINISTER WAS GIVEN AN OUTLINE OF CHINA'S POSITION BY THE CHINESE LEADERS WHEN SHE WAS IN PEKING AND SUBSEQUENT MEETINGS HAVE FOLLOWED THIS UP. THE TALKS IN PEKING ARE CONFIDENTIAL. LORD BELSTEAD WOULD NOT WISH TO COMMENT ON NEWSPAPER STORIES.
- (II) HMG WISH TO AGREE WITH THE CHINESE ARRANGEMENTS FOR THE FUTURE WHICH WILL MAINTAIN THE STABILITY AND PROSPERITY OF HONG KONG AND WHICH WILL BE IN ACCORDANCE WITH THE WISHES OF THE PEOPLE OF HONG KONG.
- (III) I DOUBT IF WE SHOULD GET INTO THE POSITION OF CONFIRMING OR DENYING EVERY HOLD-UP IN THE TALKS. LORD BELSTEAD COULD, HOWEVER, HINT AT THE NATURE OF THE PROBLEM BY SAYING THAT, AS THE GOVERNOR ANNOUNCED IN HIS LEGCO SPEECH, MEETINGS IN PEKING HAVE BEGUN. THESE WILL CONTINUE FOLLOWING THE RECENT PESHUFFLE IN THE CHINESE MFA.

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(IV) NOT APPLICABLE IF ANSWER (III) IS USED.

(V) LORD BELSTEAD MIGHT SAY THAT HE ALREADY HAS A TIGHT PROGRAMME OF OTHER BUSINESS. THE PRIME MINISTER ONLY RECENTLY EXPLAINED OUR POSITION CLEARLY AND FULLY TO THE CHINESE. IT IS TOO SOON TO DO SO AGAIN AT MINISTERIAL LEVEL: WHAT IS NEEDED NOW IS A PERIOD OF DETAILED FOLLOW-UP WORK BY OFFICIALS. HE MAY ALSO WISH TO ADD THAT HE IS STILL NEW TO THE HONG KONG JOB AND THAT HIS VISIT IS ALSO AN INTRODUCTORY ONE.

CRABOCK

FUTURE OF HONG KONG

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FM HONG KONG 251055Z NOVEMBER 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 1373 OF 25 NOVEMBER

INFO IMMEDIATE PEKING

*We must have soon
a meeting very soon
on the whole
question of
rights in
view of the
Chinese stance*

FUTURE OF HONG KONG

LORD BELSTEAD MAY FIND IT HELPFUL TO HAVE AN UP-TO-DATE ASSESSMENT OF THE POLITICAL SITUATION HERE IN PREPARATION FOR HIS VISIT.

2. THOUGH THE ATMOSPHERE IS OUTWARDLY CALM CONCERN ABOUT THE FUTURE IS BECOMING INCREASINGLY APPARENT IN ALL SECTIONS OF THE COMMUNITY, PARTICULARLY IN HONG KONG CHINESE BUSINESS AND PROFESSIONAL CIRCLES. THE PRINCIPAL CAUSE IS THE CHINESE CAMPAIGN TO SPREAD KNOWLEDGE OF THEIR PLAN TO RECOVER HONG KONG AND TO MAINTAIN ITS STABILITY AND PROSPERITY BY MAKING IT A CAPITALIST ENCLAVE WITHIN CHINA RUN BY HONG KONG PEOPLE. THIS CAMPAIGN HAS BEEN MARKED IN THE PAST FEW WEEKS BY A SERIES OF INCREASINGLY DETAILED AND AUTHORITATIVE STATEMENTS FROM THE CHINESE: BY SUPPORTING ARTICLES IN THE COMMUNIST PRESS APPEALING TO THE PATRIOTISM OF LOCAL PEOPLE; AND BY WIDESPREAD 'BRIEFING' ACTIVITY IN PEKING AND BY LOCAL COMMUNIST OFFICIALS. THE CHINESE STRATEGY APPEARS TO BE TO CONCENTRATE FOR THE TIME BEING ON THE INTENSIVE CULTIVATION OF THEIR LINES INTO HONG KONG, AND TO BUILD UP THE IMPRESSION THAT THE DIPLOMATIC TALKS IN PEKING ARE INTENDED ONLY TO FILL IN THE DETAILS OF A PLAN WHOSE MAIN ELEMENTS HAVE BEEN DETERMINED BY THE CHINESE LEADERSHIP. THE WEN WEI PO MADE THIS LATTER POINT EXPLICITLY IN AN EDITORIAL ON 22 NOVEMBER.

3. THE CHINESE CAMPAIGN HAS NOT YET HAD A MAJOR IMPACT ON CONFIDENCE HERE. BUT IT IS HAVING AN INSIDIOUS EFFECT. THE GREAT MAJORITY OF THOSE WITH SOMETHING TO LOSE DO NOT TRUST THE COMMUNISTS AND DO NOT BELIEVE THAT THE CHINESE PLAN WOULD WORK. BUT SOME ARE BEGINNING TO COME ROUND TO THE VIEW THAT CHINESE ASSURANCES THAT THEY WOULD ACCORD HONG KONG AUTONOMY AND NOT INTERFERE WILL HAVE TO BE TAKEN AT FACE VALUE. OTHERS MAY NOW FEAR THAT THE CHINESE HAVE MADE UP THEIR MINDS AND WILL IMPOSE THEIR SOLUTION IF THE BRITISH DO NOT AGREE TO IT. THEY ARE BEGINNING TO MAKE THEIR DISPOSITIONS ACCORDINGLY. THOUGH MOST PEOPLE ARE STILL PREPARED TO WAIT AND SEE WHAT HAPPENS, THERE HAS BEEN AN INCREASE OF INTEREST IN EMIGRATION AND INVESTMENT OVERSEAS.

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/ 4. WE ARE

4. WE ARE OF COURSE DOING WHAT WE CAN TO STEADY OPINION HERE THROUGH CONTACTS WITH UNOFFICIALS AND WITH THE COMMUNITY MORE GENERALLY, IN THIS CONTEXT I SHOULD BE GRATEFUL FOR CONFIRMATION THAT YOU HAVE NO OBJECTION TO OUR SPEAKING PRIVATELY TO SELECTED RESIDENT EDITORS AND JOURNALISTS ON THE LINES RECOMMENDED IN MY TELNO 1341. (I DOUBT IF ARTICLES IN THE U S AND JAPAN ALONE WOULD BE SUFFICIENT - PEKING TELNO 776). ACTION OF THIS KIND WITH HIGH POWERED VISITING JOURNALISTS IS ALREADY UNAVOIDABLE.

5. AS I HAVE REPORTED, UNOFFICIALS AND OTHERS ARE UNEASY AT OUR APPARENT QUIESCENCE IN THE FACE OF ALL THIS CHINESE ACTIVITY. MY SPEAKING TO EXCO HAS HELPED. (YOUR TELNO 970). BUT REPETITION OF THE AGREED COMMON AIM FOR THE TALKS, THE NEED TO MAINTAIN CONFIDENTIALITY, AND REFERENCE TO THE PRIME MINISTER'S EXPRESSED BELIEF THAT AN AGREEMENT CAN BE REACHED WHICH WILL BE WELCOMED BY THE PEOPLE OF HONG KONG IS NO LONGER REGARDED AS SUFFICIENT PUBLIC RESPONSE TO WHAT THE CHINESE ARE DOING. THERE IS A NEED FOR AT LEAST AN INTERIM STATEMENT TO MAKE IT CLEAR THAT IN HMG'S VIEW IT TAKES TWO TO MAKE AN AGREEMENT. IT WOULD BE HELPFUL HERE IF ARRANGEMENTS COULD BE MADE FOR A SENIOR MINISTER TO ANSWER AN INSPIRED QUESTION IN THE COMMONS SOON ABOUT RECENT STATEMENTS BY CHINESE LEADERS. THE REPLY COULD RECALL THE TERMS OF THE AGREED STATEMENT, AND EMPHASIZE THAT THE FUTURE OF HONG KONG WILL REQUIRE THE AGREEMENT OF (NEXT WORD UNDERLINED) BOTH GOVERNMENTS CONCERNED, HAVING FULL REGARD FOR THE INTERESTS AND WISHES OF THE PEOPLE OF HONG KONG. IF A STATEMENT OF THIS KIND COULD BE MADE BEFORE LORD BELSTEAD ARRIVES HERE, IT WOULD HELP HIM WITH UMELCO AND WITH HIS PRESS CONFERENCE.

6. SEE MIFT.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 1335 OF 18 NOVEMBER

INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)

MIPT

FUTURE OF HONG KONG: LORD BELSTEAD'S VISIT.

1. THE THIRD ELEMENT RAISED BY SIR S Y CHUNG IS THE PREPARATIONS BEING MADE IN LONDON. HE SAID THAT EXCO UNOFFICIALS WOULD HOPE TO HAVE A FULL AND AUTHORITATIVE ACCOUNT FROM LORD BELSTEAD OF HMG'S POSITION AND HOW THEY SAW THE TALKS PROCEEDING. THEY WOULD WELCOME INFORMATION ON WHAT MEASURES HMG WERE TAKING TO PREPARE FOR ISSUES WHICH COULD BE RAISED IN THE TALKS AND GENERALLY TO SAFEGUARD THE HONG KONG INTEREST. THEY WOULD LIKE TO BE ASSURED THAT HMG'S APPROACH IS NOT A 'PASSIVE ONE'.

2. LOOKING AT LORD BELSTEAD'S PROGRAMME IN THE LIGHT OF MIPT, I THINK IT WOULD BE VALUABLE IF LORD BELSTEAD COULD ATTEND THE FIRST PART OF THE EXCO MEETING ON TUESDAY DECEMBER 7. THIS WOULD GIVE HIM AN OPPORTUNITY TO RESPOND TO THE ANXIETIES EXPRESSED BY THE UNOFFICIAL MEMBERS. WE HAVE MADE TIME FOR THIS IN THE REVISED DRAFT PROGRAMME IN MIPT. HE COULD OF COURSE SPEAK MORE FRANKLY TO EXCO THAN TO THE WIDER MEETING WITH UMELCO, THOUGH IT IS NOTEWORTHY THAT THERE HAS BEEN NO LEAK FROM UMELCO ABOUT THE BRIEFINGS GIVEN TO THEM BY THE P.M. OR BY ME.

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