



MS

Prime Minister.

This is not, as things have turned out this week, immediately relevant. but you may like to see the state of contingency planning.

A-2 C. 24/10

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MR COLES

Hong Kong: Possible Contingencies

In your minute to Miss Wilkinson of 17 October you referred to the Prime Minister's wish for a review of contingency plans to be carried out against the possibility that the Chinese reject the latest formula put to them by Sir Percy Cradock and that this results in an early breakdown in the negotiations.

--- 2. I now attach for the Prime Minister's information a note by the Foreign and Commonwealth Office prepared in consultation with the Cabinet Office which summarises the present state of contingency planning on Hong Kong. Details of the various aspects of civil contingency planning, for which primary responsibility lies with the Hong Kong Government, are summarised in the Top Secret annex to the note.

3. I am sending a copy of this minute and the attachments to Sir Antony Acland.

RA

ROBERT ARMSTRONG

20 October 1983



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HONG KONG NEGOTIATIONS: POSSIBLE CONTINGENCIES

Note by the Foreign and Commonwealth Office

1. Sir P Cradock has passed to the Chinese negotiator the message agreed with the Hong Kong EXCO Unofficials. The hope is that at the next round of talks on 19/20 October the Chinese side will accept our formula as a basis for more detailed discussion and, just as important, preserve confidentiality on our position.

2. We must however prepare for two contingencies:

- (a) That the Chinese will agree to more detailed discussions but by some means misrepresent our position publicly;
- (b) That they will say that our move is insufficient and that nothing less than an unqualified acceptance of their precondition on sovereignty and the right of administration will allow any further discussion.

Chinese Misrepresentation

3. If the Chinese claim publicly that we have accepted their premise without conditions, our counter action must depend upon the nature of their statement and its content. We must be ready if necessary to publish the telegram of instructions to Sir P Cradock. This would demonstrate that we were taking a reasonable position but that we had made no unqualified concession and that we still preferred continued British administration. But that in turn would presumably lead to a formal Chinese Government statement of their position and early deadlock. We should then be at the stage of high level public confrontation. The talks could well break down and would be very difficult to restart.

4. Publication of the instructions should therefore only be used if the Chinese make a formal statement. If they confined themselves to misleading press briefing we should take the line that no concessions had been made by either side, that we stuck to our aim of an agreement acceptable to both governments and to the people of

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Hong Kong and that what counted was the final package of arrangements. We should accompany this by a strong diplomatic approach to the Chinese in order to impress on them the danger of an exchange of public statements. If this did not succeed we might well have to publish the full instructions.

Chinese Rejection of our Approach

5. This could well result in a breakdown. Sir P. Cradock will argue strongly in any case that a new date for talks should be fixed but he may not succeed. In that case confrontation with the Chinese would become more intense and obvious to the public. We could expect the following consequences:

- (a) Stepping up of propaganda by the Chinese, probably with increased pressure and possibly agitation by communists in Hong Kong;
- (b) A further sharp fall in confidence in Hong Kong;
- (c) Pressure on HMG to declare their position, and to defend it publicly.

Increased Chinese Pressure

6. There is no likelihood at this stage of any Chinese military move against Hong Kong or of outright subversion by Chinese communist groups in the Territory. We can however expect a very considerable stepping up of propaganda, both within Hong Kong and internationally. This could be accompanied by agitation in the form of communist-inspired demonstrations. The Chinese could be expected to continue the "united front" tactics, trying to demonstrate that they were simply part of a popular movement. They might try to combine pressure related to the future with the exploitation of unrest over social and economic difficulties, particularly rising prices.

7. The Governor, with the advice of the Commander, British Forces, has the responsibility for the maintenance of law and order. There are contingency plans to deal with increased security problems of this nature as well as provision for reinforcement from Brunei if necessary. Details of contingency planning to deal with

other forms of Chinese pressure on Hong Kong. are summarised in an Annex to this note.

8. The immediate decision for HMG would be our response to Chinese propaganda. Again we should need to consider this very carefully in the light of Chinese statements and the degree of animosity associated with the breakdown. If there was still a prospect of restarting the talks, there would be advantage in holding the position by statements that our position remained reasonable and we wanted to restart the talks. But if the Chinese persisted we should need to make a fuller statement, probably including the publication of the instructions to the Ambassador.

Confidence in Hong Kong

9. A drop in confidence would appear in a fall in the markets and the Hong Kong dollar; increased efforts by those who could afford it to leave Hong Kong; and probably by a fall in Civil Service morale and efficiency. The Hong Kong Government, with advice from HMG, have taken measures to link the Hong Kong dollar indirectly to the US dollar at a rate of about HK\$7.80 to US\$1. This should provide a considerable measure of stability but would not necessarily hold the position if political concern was too great. For the moment, however the only practical financial measures have been taken and efforts to restore confidence would need to be largely political.

10. In the public service there could be demands for reassurance from HMG, particularly from groups in sensitive work who would be likely to seek guarantees of their safety in the event of a collapse in Hong Kong, most probably by registration as British citizens under Clause 4.5 of the Nationality Act. The Home Secretary has been alerted to the general problem. Careful consideration of the claims of individual groups would be needed, taking account of the risk that any move toward extraordinary measures by HMG would be seen as a signal that we had lost confidence in the outcome of the negotiations with China.

HMG's Public Position

11. Quite apart from the need to respond to Chinese propaganda, a



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breakdown in the talks would certainly require a high level statement by HMG to deal with parliamentary concern and to try to boost confidence in Hong Kong by reaffirming our commitment.

12. A statement will in any case almost certainly be necessary in Parliament shortly after the resumption, even if the talks are going well.

17 October 1983

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Hong Kong : Civil Contingency Planning

1. Civil contingency planning by the Hong Kong Government exists to deal with a wide range of possible developments. The work is supervised by a Steering Group chaired by the Governor. The principal members are the Chief Secretary, The Secretary (General Duties) and the Political Adviser. Other senior officials are brought in to the Steering Group as appropriate. Military contingency planning is carried out by the Commander, British Forces Hong Kong in close consultation with the Governor.

2. The Hong Kong Government has overall responsibility for civil contingency planning. They have a Joint Internal Security Scheme which deals with the scope and nature of the internal threat to Hong Kong and the civil plans to overcome any internal security situation arising from such threat (including such matters as emergency operation of the port). Such a situation could well arise from pressure in the context of the negotiations. Some of the areas where problems could arise can be dealt with by the Hong Kong Government alone, but there are other areas where assistance is needed from London. The range of planning in Hong Kong and London is as follows:-

- (a) To reinforce the British Garrison, either to cope with a breakdown in law and order, or to maintain essential services, or both. Reinforcement would be undertaken in response to a request from the Hong Kong Government.
- (b) To requisition or charter ships or aircraft to carry essential supplies in the event of the interruption of supplies from China by blockade or other means.
- (c) To deal with the interruption of essential supplies from China, such as water, food and fuel. There are plans in Hong Kong to bring the desalter into operation and supplement existing supplies in reservoirs and catchment areas. Rationing schemes would ensure adequate though

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limited supplies. In addition water could at a cost be freighted from elsewhere by sea. There are detailed plans to stockpile and control supplies of food and fuel and to arrange alternative sources of supply mainly in the Far East region. There are plans for the control of the issue of rice and for the use of fuel.

- (d) To deal with any sudden upsurge in requests for immigration from Hong Kong to the United Kingdom. Hong Kong would filter applications. In London there would be close liaison with the Home Office, who have been alerted to the potential problem. Discussions would be needed not merely on requests for entry to the UK but also on applications by Hong Kong Crown Servants for registration as British Citizens under Section 4.5 of the British Nationality Act.

- (e) To deal with an increased level of immigration from China to Hong Kong. (At present the Chinese authorities cooperate in limiting this). The Hong Kong Government might need assistance from HMG eg in reinforcing the garrison to intercept illegal immigrants and in setting up holding centres.

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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Hong Kong : Possible Contingencies

The Prime Minister was grateful for your minute of 20 October and the annexed paper summarising our contingency plans in the event of a breakdown in the negotiations with the Chinese.

I am copying this minute to Sir Antony Acland.

A. J. COLES,

24 October 1983

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