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B.06934

PRIME MINISTER

c Sir Robert Armstrong

OD(K): Future of Hong Kong:
Constitutional and Governmental Development

BACKGROUND

At the last meeting of the Sub-Committee, it was suggested that there was no prospect of reaching an agreement with the Chinese over the future of Hong Kong which could be commended to Parliament. There were still some 13 years before the expiry of the lease on the New Territories, and in the meantime steps could be taken to give Hong Kong a greater measure of self-government. The Chinese Government would then be faced with the need to negotiate with a locally-elected Government in Hong Kong which would in principle be able to continue to administer the Special Administrative Region (SAR) after 1997. Summing up the discussion, you said that urgent consideration should be given to the possibilities for giving the people of Hong Kong a greater measure of internal self-government.

flag A

2. The Foreign and Commonwealth Secretary's minute to you of 9 January reports on the work that has been done to date, and attaches a paper which the Governor of Hong Kong discussed with EXCO on 5 January. This paper identifies two possible approaches to the introduction of increased self-government: a progressive approach building on existing institutions such as the Legislative Council, and a more radical approach involving a direct move to a fully elective system based on adult suffrage, and including direct election of the Governor. Members of EXCO unanimously believed that the progressive approach was to be preferred. They also agreed that, while



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the process should not be rushed, it would be important to have a self-sustaining system in place by 1997. The Foreign and Commonwealth Secretary endorses this approach, and suggests that colleagues should agree quickly on the main principles involved as a basis on which a working paper could be produced for discussion with the Chinese. The Foreign and Commonwealth Secretary comments that it will be important to carry the Chinese with us in the development of the constitution of Hong Kong, but that we shall need in discussion to be careful not to imply that they have any veto over our actions.

3. The Foreign and Commonwealth Secretary, who is in the Middle East, the Chancellor of the Exchequer, who is chairing an NEDC meeting, and the Secretary of State for Trade and Industry, who is in India, will be unable to attend. The Minister of State, Foreign and Commonwealth Office (Mr Luce), the Economic Secretary to the Treasury, the Minister of State, Department of Trade and Industry (Mr Channon), Sir Antony Acland, Sir Percy Cradock and Sir Richard Evans, Foreign and Commonwealth Office have been invited to be present.

HANDLING

4. You should invite the Minister of State, Foreign and Commonwealth Office (Mr Luce) to introduce the subject. The main point to establish in subsequent discussion is whether the Sub-Committee agrees that some form of representative government is appropriate for Hong Kong, and that the approach to it should be gradualist.

CONCLUSION

5. Subject to the points made in discussion, you could guide the Sub-Committee to ^{endorse} the approach advocated by the Foreign and Commonwealth Secretary, to invite him to consider further the detailed steps which might be taken to introduce progressively greater self-government in Hong Kong, and to report.

David Goodall

10 January 1984

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A D S GOODALL



10 DOWNING STREET

Prime Minister.

Hong Kong.

Mr. Tebbitt cannot attend
OD (K) on Wednesday: he will
be in India.

Do you wish Mr. Channon
to come instead?

Yes A. & C. $\frac{9}{1}$

I have told the Cabinet
Office that he may.

A. & C. $\frac{10}{1}$

AJC

Parl.



Yes - but
pl. reqd. through
the Cabinet

10 DOWNING STREET

Office.

OD(K)

Sodere A.J.C. (10)
will
10/11.

Sorry to come back on this
again.

Sir Antony Acland has
asked if he can attend
and has suggested to
Lindsay that consideration
should be given to inviting
Sir Percy Craddock and
Sir Richard Evans.

Agree that all 3 can
attend?

Mal
10/11/84.



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B.06935

PRIME MINISTER

c Sir Robert Armstrong

OD(K): Hong Kong: Review of the way ahead
in negotiation with the Chinese Government

BACKGROUND

The Sub-Committee last considered progress in the negotiations with the Chinese at their meeting on 13 December 1983. The Foreign and Commonwealth Secretary was invited to prepare:

(i) a paper reviewing the current position and the way ahead in the negotiations with the Chinese Government;

(ii) a paper addressing the same issues to be shown to the Unofficials and used as a basis for discussion with them; and

(iii) a paper on the possibilities for increasing the scope of internal self-government in Hong Kong and ways of putting over the Government's case to the people of Hong Kong.

2. The Foreign and Commonwealth Secretary's minute, PM/84/7, of 9 January covers the first two of these papers. His minute, PM/84/9, of the same date covers the third paper, and is the subject of a separate brief. The paper for the Unofficials was discussed with them by the Governor on 5 January and their reactions are described in the Foreign and Commonwealth Secretary's covering minute.

3. The Foreign and Commonwealth Secretary suggests that the meeting might concentrate on the following main topics:

(a) the line to be taken in discussing the negotiating strategy with EXCO members, who now seem ready to

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acknowledge that it is no longer realistic to aim for continued British administration after 1997, but who believe we must seek to pin down the Chinese on the nature of the assurances they might give as to their respect for Hong Kong's autonomy after 1997. They have in mind either the Chinese being prepared to agree to a self-denying ordinance on any interference with Hong Kong's autonomy during the 50 years from 1997 or to the establishment of some body such as an international commission which would have to approve proposals for changes to Hong Kong's "basic law". The Foreign and Commonwealth Secretary believes the latter is a non-starter, but that we should in negotiation eventually aim to get the Chinese to make firm statements as to their future respect for Hong Kong's autonomy. But he considers that this should not be done now: the present pace and tactics in negotiation should be maintained for the next two or three rounds. (The latest reports suggest, however, that although the Unofficials may be open to persuasion on timing, they are likely to press for a clear indication of the sort of assurances which HMG will seek from the Chinese when the right moment comes.)

(b) the tactics to be adopted with the Chinese. As already noted, the Foreign and Commonwealth Secretary believes the present process of building on the working papers should continue despite the reservations of some members of EXCO. At the same time, we have to keep an eye on the Chinese insistence that they will make public their detailed plans for Hong Kong in September 1984. He suggests that we might in March or April present the Chinese with a possible text of an agreed statement to be made by both sides in September. The aim would be to enshrine Chinese assurances about Hong Kong's autonomy in such a statement in as binding



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terms as proved negotiable; but it is not clear at what point the Foreign and Commonwealth Secretary thinks that these assurances should be negotiated.

(c) The Government's public position. An authoritative Ministerial statement at this stage would be difficult to formulate without giving the impression either that we had already conceded too much to the Chinese or that we were still seeking continued British administration. The former impression could be damaging to confidence in Hong Kong and the latter would be confrontational vis-à-vis the Chinese. The Foreign and Commonwealth Secretary therefore believes that it will be better to allow developments in the British position to emerge gradually by means of judicious briefing, rather than by making any formal statements at this point.

(d) Acceptability of an Agreement. This is covered in paragraphs 20-24 of the first paper (marked A). The Foreign and Commonwealth Secretary agrees with the Governor that the arguments against holding a referendum to test the acceptability of any agreement are convincing. Other means will have to be found, perhaps involving a wide range of associations, councils and district boards.

4. The Foreign and Commonwealth Secretary, who is in the Middle East, the Chancellor of the Exchequer, who is chairing an NEDC meeting, and the Secretary of State for Trade and Industry, who is in India, will be unable to attend. The Economic Secretary to the Treasury, the Minister of State, Department of Trade and Industry (Mr Channon), Sir Antony Acland, Sir Percy Cradock and Sir Richard Evans, Foreign and Commonwealth Office have been invited to be present.

HANDLING

5. You should invite the Minister of State, Foreign and Commonwealth Office (Mr Luce) to introduce the paper. Points


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to establish in subsequent discussion are whether the Sub-Committee are broadly content with the approach suggested to the forthcoming discussions with EXCO and the tactics to be adopted in the next round of discussions with the Chinese. In particular:

(a) is it agreed that it would be counter-productive to try to seek firmer assurances at this stage from the Chinese about the future autonomy of Hong Kong, despite EXCO's feelings? What assurances (e.g. as to Chinese respect for any agreement reached, the enforceability of the agreement and the British Government's role in relation to Hong Kong after 1997) should we eventually seek from the Chinese? What will be the right moment for this? Is the suggestion that a draft joint statement should be put to the Chinese in March or April agreed? Is the Sub-Committee content for the negotiations to proceed at least for the next round or two on the basis of our presenting further working papers for discussion?

(b) Is it agreed that the Government's public position should be allowed to develop gradually? Is there any requirement for a Ministerial statement at this stage?

(c) Is it agreed that other forms of local consultation are to be preferred to a referendum as a means of testing the public acceptability of any eventual agreement?

CONCLUSION

6. Subject to the points made in discussion you could guide the Sub-Committee to:

(i) endorse the strategy and tactics recommended by the Foreign and Commonwealth Secretary in his minute of 9 January.

(ii) invite the Foreign and Commonwealth Secretary to prepare, in the light of the discussion, a speaking



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note covering the points to be made to the Unofficials on 16 January.

(iii) invite the Foreign and Commonwealth Secretary to report further after completion of the next round of talks with the Chinese on 25 and 26 January.

David Goodall

A D S GOODALL

10 January 1984

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