



Prime Minister.

Foreign and Commonwealth Office

See last paragraph in  
particular.

London SW1A 2AH

A.J.C.  $\frac{23}{1}$

23 January 1984

Dear John,

MB

Summary of Conclusions at Prime Minister's Meeting  
with Hong Kong Unofficials on 16 January

Your letter of 17 January suggested amendments to the text enclosed with my letter of 16 January. I enclose a copy of the revised text with amendments to paragraphs 1 and 3.

The text was shown to EXCO Unofficials and discussed at Mr Luce's meeting with them on 17 January. They had a number of comments. They did not press for the note of conclusions itself to be amended, but asked that their views should be passed to you for the Prime Minister's information. I am therefore doing so for the record.

On the redefined objective in paragraph 1, it was suggested that the words "consistent with the assumption by China of sovereignty and the right of administration" should be omitted. Some of the Unofficials argued that this phrase was unnecessary because we were already speaking of seeking "the highest possible degree of autonomy" and that in itself implied that absolute autonomy would not be attainable. Mr Luce and Sir P Cradock argued that it was helpful to include the phrase in order to clarify our negotiating aim as precisely as possible.

Still on the objective, Miss Lydia Dunn suggested that in the second sentence the words "we should also seek in the negotiation to assert the principle of minimum change in the Hong Kong systems" should read "we should also seek to negotiate for the minimum change in the Hong Kong systems". It was pointed out that this objective was implicit in the existing text and explicit in the last sentence of the redefined objective.

In paragraph 2 on "Assurances" Mr T S Lo suggested that the phrase "no particular assurance or group of assurances could be seen as absolute requirements for acceptance of an agreement" was not fully satisfactory because it implied that it might be possible to form a judgement in advance on any of the elements which would be seen by the Hong Kong

A J Coles Esq  
10 Downing Street



people as necessary for acceptance. He agreed with Sir P Cradock's view that the omission of the phrase "for acceptance of agreements" might meet the point.

In the same sentence of paragraph 2, Miss Lydia Dunn suggested that the phrase "to command confidence in Hong Kong" might better read "to be acceptable to the people of Hong Kong".

On paragraph 3 on Conditionality, Miss Lydia Dunn suggested that mention should also be made of evidence that the Hong Kong people accepted an overall package when mentioning the prerequisites for removing the principle of conditionality. She accepted however that this point was covered adequately in other parts of the summary, notably in the mention of the Prime Minister's messages of the first sentence of paragraph 1.

On paragraph 7, Sir S Y Chung suggested that the title might more appropriately read: "Presence of Hong Kong Residents in the British Negotiating Team" and that the first sentence should begin: "Unofficials explained their concern that the absence of Unofficials who were Hong Kong residents on the British negotiating team ...".

It was Mr Luce's impression that this detailed discussion of the text was more disturbing than constructive in its effect and he concluded that it was a process that need not and should not if possible be repeated. Sir Geoffrey is inclined to accept this view. Better to revert to previous practice.

*Yes but it really does reveal their justifiable fears.*

*Yours ever,*

*Peter Ricketts*

(P F Ricketts)  
Private Secretary



SUMMARY OF CONCLUSIONS REACHED AT THE MEETING BETWEEN THE  
PRIME MINISTER AND THE UNOFFICIALS ON 16 JANUARY: FUTURE  
OF HONG KONG

Objective of the Negotiations

1. There was general agreement that it was unrealistic to continue to insist on British administration and that within the conditionality contained in the Prime Minister's messages to the Chinese Government of 10 March and 14 October, the British negotiating objective should now be defined as follows:-

"Negotiation for the highest possible degree of autonomy for Hong Kong, both internal and external, consistent with the assumption by China of sovereignty and the right of administration. We should also seek in the negotiation to assert the principle of minimum change in the Hong Kong systems. Any agreement should contain the maximum possible safeguards against Chinese interference including of course a Chinese undertaking of no change for at least 50 years after 1997."

This was an internal definition. The reference to "interference" could be covered in the negotiations by use of a formula relating to continuity.

Assurances

2. It was agreed that we should try to insert at appropriate stages of the negotiation as many assurances against Chinese interference as we could for inclusion in any final agreement. No particular assurance or group of assurances could be seen as absolute requirements for acceptance of an agreement, nor

/could



could there be any absolute guarantee against Chinese violation, but the objective should be to seek sufficient assurances to enable the agreement to command confidence in Hong Kong. The package would need to be examined as a whole. It would be important that observance of the agreement, once signed, should be carefully watched. This task would naturally fall to Britain as the other party to the bilateral agreement.

#### Conditionality

3. It was agreed that the British side had to retain the principle of conditionality. This would have to remain until such time as the Chinese side had passed the Basic Law on the Special Administrative Region and the British Parliament had approved the overall package.

#### Interim Statement

4. It was agreed that in the light of the Chinese deadline of September 1984, it would be highly desirable for both sides to aim for at least a joint interim statement at some point in the summer or early autumn. Among other things this would have the advantage of preparing public opinion particularly in Hong Kong, on the nature of the likely settlement and to give an opportunity of assessing its reactions.

#### Constitutional Development up to 1997

5. The meeting endorsed in general terms the idea of progressive change towards a more representative system of government in Hong Kong. The precise pattern and rate of constitutional development would require further discussion.

#### Public Presentation

6. It was agreed that a paper would be prepared for discussion with EXCO as a matter of urgency on how to prepare opinion in Hong Kong and in the UK for the possibility of a solution not

/involving



involving continued British administration. It would in no way prejudice the principle of conditionality.

Representation by a Hong-Kong Resident in the British  
Negotiating Team

7. Unofficials explained their concern that the absence of an Unofficial Hong Kong representative on the British negotiating team could fuel suspicion about British motives in the negotiations. The Prime Minister noted this view and said that it would be considered, but thought at this time it would not be the best way of furthering the negotiations.

H-K future Pt 11



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10 DOWNING STREET

*From the Private Secretary*

24 January 1984

*Dear Peter,*

HONG KONG UNOFFICIALS: SUMMARY CONCLUSIONS  
OF MEETING ON 16 JANUARY

---

The Prime Minister has seen your letter of 23 January. She has noted the view of the Foreign and Commonwealth Secretary and the Minister of State that we should not seek to repeat the procedure of agreeing conclusions with the Unofficials. Mrs. Thatcher has, however, observed that the comments made by the Unofficials do reveal fears which are not without justification.

Peter Ricketts Esq  
Foreign and Commonwealth Office

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TO IMMEDIATE HONG KONG

TELEGRAM NUMBER 83 OF 19 JANUARY

YOUR TELNO 156: FUTURE OF HONG KONG: MR LUCE'S MEETING WITH EXCO UNOFFICIALS

1. RECORD OF MEETING INCLUDES MR LUCE'S DEFINITION OF QUOTE COMMITMENT UNQUOTE. THIS READS AS FOLLOWS:

BEGINS HONG KONG'S STATUS AS A BRITISH DEPENDENT TERRITORY COMMITS HMG TO PROVIDE FOR ITS GOOD GOVERNMENT IN THE BEST INTERESTS OF ITS PEOPLE AND TO MAKE PROVISION FOR HONG KONG'S SECURITY AND PUBLIC ORDER. HMG ARE ALSO COMMITTED TO SEEK A SOLUTION ON THE FUTURE OF HONG KONG AFTER 1997 ACCEPTABLE TO THE BRITISH PARLIAMENT, THE GOVERNMENT OF CHINA AND THE PEOPLE OF HONG KONG. ENDS

2. DEFINITIVE RECORD WILL FOLLOW SOONEST BY BAG.

HOWE

FUTURE OF HONG KONG  
LIMITED  
HD/HKD  
HD/FED  
HD/PLANNING STAFF  
HD/PUSD  
D/HD/PUSD (MR FLOWER)  
RES.B. (MR WALKER)  
LEGAL ADVISER (SIR IAN SINCLAIR)  
PS  
PS/LADY YOUNG  
PS/MR LUCE  
PS/PUS  
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PS/ATTORNEY GENERAL  
SIR P CRADOCK RM K195

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## 10 DOWNING STREET

*From the Private Secretary*

17 January, 1984

FUTURE OF HONG KONG

Thank you for your letter of 16 January enclosing a note summarising the main conclusions reached at the Prime Minister's meeting with the Governor of Hong Kong and his Unofficials yesterday.

As I told you on the telephone earlier today, the Prime Minister is content with the summary. She has made one or two suggestions for changes but only because she thinks that the Unofficials may not be quite satisfied with the text. You therefore have discretion as to how far you wish to pursue these changes. They are:-

- (a) in paragraph 1 replace "seek" with "insist on".
- (b) add to paragraph 2 the sentence: "The monitoring could be carried out through the British presence in Hong Kong".
- (c) in paragraph 3 after the words "the Basic Law" add "on the special administrative region".

P.F. Ricketts, Esq.,  
Foreign and Commonwealth Office



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister.

Agree this note of conclusions? (I have of course made a much more detailed record - attached)

16 January 1984

A.J.C. 17/1

Dear John,

I agree - (have put some suggestions only where I think the Unofficials may not be quite satisfied)

Future of Hong Kong

Following today's meeting between the Prime Minister and the Governor of Hong Kong and his Unofficials, I enclose a note summarising the main conclusions reached. This has been seen by Mr Luce, but not by the Foreign Secretary, who left for Stockholm immediately after the meeting.

Subject to the Prime Minister's approval, this note will be shown to the Unofficials at Mr Luce's meeting tomorrow.

Yours ever,

Peter Ricketts

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street



SUMMARY OF CONCLUSIONS REACHED AT THE MEETING BETWEEN THE  
PRIME MINISTER AND THE UNOFFICIALS ON 13 JANUARY: FUTURE  
OF HONG KONG

Objective of the Negotiations

*Insistence?* 1. There was general agreement that it was unrealistic to continue to seek British administration and that within the conditionality contained in the Prime Minister's messages to the Chinese Government of 10 March and 14 October, the British negotiating objective should now be defined as follows:-

"Negotiation for the highest possible degree of autonomy for Hong Kong, both internal and external, consistent with the assumption by China of sovereignty and the right of administration. We should also seek in the negotiation to assert the principle of minimum change in the Hong Kong systems. Any agreement should contain the maximum possible safeguards against Chinese interference including of course a Chinese undertaking of no change for at least 50 years after 1997."

This was an internal definition. The reference to "interference" could be covered in the negotiations by use of a formula relating to continuity.

*Agreed*

Assurances

2. It was agreed that we should try to insert at appropriate stages of the negotiation as many assurances against Chinese interference as we could for inclusion in any final agreement. No particular assurance or group of assurances could be seen as absolute requirements for acceptance of an agreement, nor

/could



could there be any absolute guarantee against Chinese violation, but the objective should be to seek sufficient assurances to enable the agreement to command confidence in Hong Kong. The package would need to be examined as a whole. It would be important that observance of the agreement, once signed, should be carefully watched. This task would naturally fall to Britain as the other party to the bilateral agreement.

*[The monitoring could be carried out through the British presence in Hong Kong?]*

#### Conditionality

3. It was agreed that the British side had to retain the principle of conditionality. This would have to remain until such time as the Chinese side had passed the Basic Law <sup>on special order</sup> and the British Parliament had approved the overall package. *Reyn*

#### Interim Statement

4. It was agreed that in the light of the Chinese deadline of September 1984, it would be highly desirable for both sides to aim for at least a joint interim statement at some point in the summer or early autumn. Among other things this would have the advantage of preparing public opinion particularly in Hong Kong, on the nature of the likely settlement and to give an opportunity of assessing its reactions.

#### Constitutional Development up to 1997

5. The meeting endorsed in general terms the idea of progressive change towards a more representative system of government in Hong Kong. The precise pattern and rate of constitutional development would require further discussion.

#### Public Presentation

6. It was agreed that a paper would be prepared for discussion with EXCO as a matter of urgency on how to prepare opinion in Hong Kong and in the UK for the possibility of a solution not

/involving



involving continued British administration. It would in no way prejudice the principle of conditionality.

Representation by a Hong Kong Resident in the British  
Negotiating Team

7. Unofficials explained their concern that the absence of an Unofficial Hong Kong representative on the British negotiating team could fuel suspicion about British motives in the negotiations. The Prime Minister noted this view and said that it would be considered, but thought at this time it would not be the best way of furthering the negotiations.

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Foreign and Commonwealth Office

London SW1A 2AH

PO/84/22

Dear John,

Future of Hong Kong: Visit by Unofficial Members of EXCO

In his telegram No 31 from UKMis New York the Governor of Hong Kong listed three points which the Unofficial members of EXCO accompanying him had put to him in advance of their meeting with Ministers in London at the end of this week. I enclose a copy of the telegram for ease of reference.

We would be grateful if the Prime Minister could give separate consideration to the second point, namely the idea that there might be a text of conclusions of EXCO's discussion with the Prime Minister. The Governor considers that this would be helpful. We agree. The paper would not in any sense constitute a record of their meeting with the Prime Minister, but would provide an agreed starting point for the next phase of negotiations with the Chinese. The paper would of course need to be drafted in the light of the Prime Minister's meeting, but the subjects covered might include:

- (i) the newly-defined objective for the talks on the future, perhaps on the lines of the formulation in paragraph 4 of the paper prepared for EXCO, amended to take into account the importance attached by the Unofficials to assurances to reinforce any agreement with the Chinese;
- (ii) possible assurances, their respective importance and likely practicability;
- (iii) the tactics to be pursued in the coming round of negotiations, including:
  - (a) continuing the process of seeking to build on the Chinese proposals, within the conditions explained in the Prime Minister's message to Zhao Ziyang;
  - (b) ways of working for effective assurances.

/It would



It would be most helpful if you could let me know whether the Prime Minister would be content with this procedure. The notes of conclusions would of course be cleared with you before being submitted to the Unofficials.

*Yours ever,  
Peter Ricketts*

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

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DESKBY FCO 100900Z  
DESKBY HONG KONG AND PEKING 100200Z  
FM UKMIS NEW YORK 091650Z JAN 84  
TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE  
TELEGRAM NUMBER 31 OF 9 JANUARY  
INFO IMMEDIATE HONG KONG, PEKING.

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RECEIVED IN REGISTRY	
10 JAN 1984	
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FOLLOWING FROM GOVERNOR HONG KONG  
FUTURE OF HONG KONG.

IN DISCUSSIONS HERE, THE GROUP OF UNOFFICIALS ACCOMPANYING ME IN NEW YORK HAVE STRESSED THREE POINTS:-

- A) THEIR WISH TO ESTABLISH CLEARLY AND EXPLICITLY WHILE THEY ARE IN LONDON, WHAT PACKAGE OF ASSURANCES HMG WILL BE SEEKING TO REPLACE THE ASSURANCE WHICH QUOTE CONTINUED BRITISH ADMINISTRATION UNQUOTE WOULD HAVE PROVIDED. THEY ARE PARTICULARLY CONCERNED ABOUT QUOTE GUARANTEES OF CHINESE PERFORMANCE UNQUOTE, OF AN AGREEMENT: ABOUT THE FORM AND ENFORCEABILITY OF AN AGREEMENT: AND ABOUT THE STATUS OF HMG IN RELATION TO THAT AGREEMENT DURING THE FIFTY YEARS QUOTE NO CHANGE UNQUOTE PERIOD.
- B) THAT THEY SHOULD BE GIVEN A FULL OPPORTUNITY TO THINK ABOUT ANY PROPOSITIONS AND PARTICULARLY ANY TEXT OF CONCLUSIONS, BEFORE THEY ARE ASKED TO GIVE A FINAL VIEW ON THEM. (I HAVE EXPLAINED THAT THE PATTERN OF DISCUSSIONS WITH MINISTERS SHOULD PROVIDE FOR THIS: BUT THEY ARE OBVIOUSLY WORRIED THAT THEY MAY BE PRESENTED WITH SOME DOCUMENT AT THE MEETING WITH THE PRIME MINISTER ON THE PATTERN OF THE LAST MEETING).
- C) THEY ARE ATTACHING SOME IMPORTANCE TO THE IDEA OF THE CONSULTATIVE COMMISSION. IT WAS APPARENTLY SUGGESTED BY WANG GUANG-YIN AND XU JIA-TUN TOLD ALAN LEE THAT QUOTE IT COULD BE CONSIDERED UNQUOTE. (IS THERE ANY CONFUSION HERE WITH THE IDEA IN PARA 2 OF HONG KONG TELNO 61 WHICH SUGGESTS A CONSULTATIVE COUNCIL AS THE GOVERNMENT OF HONG KONG?).

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12.



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2. ON (B), SIR S Y CHUNG IS MUCH TAKEN WITH THE IDEA OF A SECOND MEETING WITH THE SECRETARY OF STATE AFTER THE MEETING WITH THE PRIME MINISTER. I HAVE TOLD HIM THAT I SEE NO LIKELIHOOD THAT THIS WILL BE POSSIBLE.

THOMSON

FUTURE OF HONG KONG  
LIMITED  
HD/HKD  
HD/FED  
HD/PLANNING STAFF  
HD/PUSD  
D/HD/PUSD (MR FLOWER)  
RES.D. (MR WALKER)  
LEGAL ADVISER (SIR IAN SINCLAIR)  
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PS/ATTORNEY GENERAL  
SIR A CRADOCK  
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13 JAN 1984

PRIME MINISTER

HONG KONG: VISIT BY UNOFFICIAL MEMBERS OF EXCO

There is a lot of paper here but you have seen most of it before.

The main new document is a suggested line to take with EXCO. We have a one hour preparatory meeting on Monday morning when you will be able to go through this with the Foreign Secretary and others.

I am still concerned about the point in paragraph 11 of the line to take which was discussed at OD(K). If we now undertake non attributable briefing designed to educate opinion to the fact that we have changed our objective, the conclusion will be drawn that we have abandoned all thought of British administration after 1997 (I do not believe that the subtleties about conditionality will get through to public opinion). We shall then face the possibility of a premature row in Parliament. My own feeling is that it is far too early to start briefing of this kind. ✓

There is then an FCO letter suggesting that, following your meeting with EXCO, a set of conclusions is drafted and agreed with them. The letter does not set out the arguments for this new departure. I understand that the Governor would find it helpful so that EXCO are in no doubt afterwards what has been agreed. The disadvantage is that we shall then be committed to a piece of paper - and it may leak. You may wish to consider this also at the preparatory meeting on Monday.

We shall have to agree a press release with EXCO. A draft is annexed to this minute.

A. J. C.

13 January, 1984

Annex

PROPOSED TEXT OF PRESS RELEASE TO BE ISSUED AFTER THE  
PRIME MINISTER'S MEETING ON 16 JANUARY WITH THE  
GOVERNOR OF HONG KONG AND EXCO UNOFFICIALS

"The Prime Minister met the Governor of Hong Kong and the Unofficial members of the Executive Council on 16 January. Sir Geoffrey Howe and Mr Luce were also present, as were Sir Richard Evans, who will shortly be taking up his appointment as HM Ambassador in Peking, and Sir Percy Cradock. The programme for the Governor and the Unofficials also includes separate calls on Sir Geoffrey Howe and Mr Luce.

This was the third visit by the Governor and the Unofficials since July 1983. Ministers reaffirmed HMG's continuing commitment to Hong Kong and to the search for a settlement acceptable to Parliament, to China and to the people of Hong Kong.

As on previous occasions there was a comprehensive review of developments in the talks. It produced a close identity of views on the matters involved.

Ministers reiterated the importance which they continue to attach to the advice of the Executive Council. The Governor and the Unofficials expressed their appreciation for this further opportunity to meet the Prime Minister and her colleagues, and for their continuing support and encouragement."

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

12 January 1984

*John [unclear]*

Future of Hong Kong: Visit by Governor and Unofficials to  
London

/ I attach a copy of Hong Kong telno 70 in which it is proposed that a press release be issued after the Governor of Hong Kong and the Unofficial members of the Executive Council meet the Prime Minister on 16 January. Such a press release has been issued by No 10 on similar occasions in the past and we believe it would be helpful to Hong Kong if there could be one on this occasion too.

/ The text proposed by Hong Kong seems too long to us. We have made a few changes which do not alter significantly its content. A revision is attached. I should be grateful if you could let us know when the text and the timing of its release is agreed so that we can warn Hong Kong in advance.

Sir Geoffrey Howe has not seen this text. I shall be showing him a copy tomorrow.

*[Handwritten signature]*  
(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

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CONFIDENTIAL

WHT 127

CONFIDENTIAL

FUTURE EGRET

FM HONG KONG 110340Z JAN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 70 OF 11 JANUARY

INFO IMMEDIATE UKMIS NEW YORK (FOR SIR E. YOUDE)

INFO ROUTINE PEKING

PERSONAL FOR CLIFT, HKD

FUTURE EGRET: VISIT BY GOVERNOR AND UNOFFICIALS TO LONDON.

1. AS ON PAST OCCASIONS, IT WOULD BE HELPFUL HERE IF A PRESS RELEASE COULD BE ISSUED AFTER THE MEETING WITH THE PRIME MINISTER ON 16 JANUARY. YOU MAY WISH TO CONSIDER RECOMMENDING SOMETHING ON THE FOLLOWING LINES:

"THE PRIME MINISTER MET THE GOVERNOR OF HONG KONG AND THE UNOFFICIAL MEMBERS OF THE EXECUTIVE COUNCIL ON 16 JANUARY. THEY HAD PREVIOUSLY CALLED ON THE FOREIGN AND COMMONWEALTH SECRETARY AND THE MINISTER RESPONSIBLE FOR HONG KONG IN THE FOREIGN AND COMMONWEALTH OFFICE, MR RICHARD LUCE. SIR RICHARD EVANS WHO WILL SHORTLY BE TAKING UP HIS APPOINTMENT AS H.M. AMBASSADOR IN PEKING, AND SIR PERCY CRADOCK ALSO ATTENDED THE MEETING.

THIS WAS THE THIRD VISIT BY THE GOVERNOR AND THE UNOFFICIALS SINCE THE SECOND PHASE OF THE TALKS BEGAN IN JULY 1983. MINISTERS REAFFIRMED HMG'S CONTINUING COMMITMENT TO HONG KONG AND TO THE SEARCH FOR A SETTLEMENT ACCEPTABLE TO PARLIAMENT, TO CHINA AND TO THE PEOPLE OF HONG KONG.

AS ON PREVIOUS OCCASIONS THERE WAS A COMPREHENSIVE REVIEW OF DEVELOPMENTS IN THE TALKS. IT PRODUCED A CLOSE IDENTITY OF VIEWS ON THE ISSUES INVOLVED, IN PARTICULAR ON THE ELEMENTS REQUIRED TO PRESERVE HONG KONG'S STABILITY AND PROSPERITY INTO THE NEXT CENTURY.

MINISTERS REITERATED THE IMPORTANCE WHICH THEY ATTACHED TO THE ADVICE OF THE EXECUTIVE COUNCIL, WHICH THEY WOULD CONTINUE TO SEEK THROUGHOUT THE COURSE OF THE TALKS. THE GOVERNOR AND THE UNOFFICIALS EXPRESSED THEIR APPRECIATION FOR THIS FURTHER OPPORTUNITY TO MEET THE PRIME MINISTER AND HER COLLEAGUES, AND FOR THEIR CONTINUING SUPPORT AND ENCOURAGEMENT."

HADDON-CAVE  
LIMITED  
HDI HKD  
MR GIFFARD  
MR DONALD

CONFIDENTIAL