

PRIME MINISTER

HONG KONG

MW

Dr. David Owen told me yesterday in Moscow that he felt he should pass on one or two points about his recent visit to China where he discussed the future of Hong Kong.

He believed that it would be tactically wrong to try to arrive at a detailed agreement with the Chinese by September. It would be better to let the Chinese have their sense of triumph by arriving at 'Heads of Agreement' by that time. Once that hurdle was passed, we would find it much easier to secure the agreement on detailed points which we wanted.

He did not believe that there would be any difficulty in securing the approval of the House of Commons for any agreement that was reached. Twenty or thirty people who did not understand the problem might make a fuss but nearly everyone in the House was well aware of the realities.

The Chinese had made a big point with him of what they termed 'insinuating Sovereignty'. They apparently meant by this that, although we were prepared to concede the principle of Sovereignty, we were seeking to retain it by various back-door methods. In particular, our insistence that British officials currently serving in Hong Kong should continue to do so after 1997 was unacceptable. This matter is likely to surface in the negotiations soon.

A.S.C.

15 February 1984



file

bc Sir P. Cradock

BMP

10 DOWNING STREET

From the Private Secretary

16 February 1984

Hong Kong

Dr. David Owen told me in Moscow on 14 February that he felt he should pass on one or two points about his recent visit to China where he discussed the future of Hong Kong.

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I have brought these points to the attention of the Prime Minister.

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

FUTURE OF HONG KONG ADVANCE COPIES 10

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TO IMMEDIATE FCO
TELEGRAM NUMBER 182 OF 1 FEBRUARY
INFO IMMEDIATE HONG KONG

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Prime Minister
interesting, and on the
whole helpful, especially
x overleaf.
A.S.C. 1/2.

FUTURE OF HONG KONG: DR OWEN'S PRESS CONFERENCE

1. FOLLOWING HIS MEETING WITH WU XUEQIAN ON 1 FEBRUARY, DR DAVID OWEN SPOKE TO THE RESIDENT BRITISH PRESS CORPS. HE SPOKE EXTENSIVELY AND FAIRLY FRANKLY ON THE FUTURE OF HONG KONG, THOUGH EMPHASISING THAT HE WAS NOT PRIVY TO THE BRITISH NEGOTIATING POSITION.
2. DR OWEN SAID THAT THE QUESTION OF SOVEREIGNTY AND ADMINISTRATION WERE NO LONGER AT ISSUE: THIS WAS APPARENT FROM PRESS LEAKS. AN ATTEMPT TO SEPARATE SOVEREIGNTY AND ADMINISTRATION EARLIER IN THE TALKS HAD NEVER BEEN REALISTIC AND HMG WAS RIGHT NOT TO PURSUE IT. THE CHINESE WERE SERIOUS ABOUT THE SEPTEMBER DEADLINE AND THE BRITISH SIDE WOULD COME UNDER INCREASING PRESSURE TO REACH AN AGREEMENT BY THEN, POSSIBLY IN MORE DETAIL THAN THE BRITISH SIDE WOULD WISH (SNC).
3. DR OWEN SAID THAT HE HAD EMPHASISED TO WU THE OVERRIDING IMPORTANCE OF CONFIDENCE AND OF THE NEED FOR A DETAILED AGREEMENT TO SECURE THIS. HONG KONG WAS SUI GENERIS AND NEEDED TO BE DEALT WITH FLEXIBLY.
4. THE CHINESE HAD ASKED ABOUT THE PROSPECT OF PARLIAMENTARY APPROVAL FOR AN AGREEMENT. DR OWEN HAD REFERRED FIRST TO THE PARLIAMENTARY MOTION TABLED BY MICHAEL BROWN, SAYING THAT HIS WAS NO CAUSE FOR CONCERN. PARLIAMENT COULD REASONABLY BE RELIED UPON TO ENDORSE AN AGREEMENT WHICH RETAINED CONFIDENCE IN HONG KONG.
5. DR OWEN SAID IN ANSWER TO A QUESTION THAT IT WAS ENTIRELY UNDERSTANDABLE FOR THE CHINESE TO INSIST THAT THE HONG KONG ISSUE SHOULD BE DISCUSSED SOLELY BETWEEN THE CHINESE AND BRITISH GOVERNMENTS. IT WAS, HOWEVER, EQUALLY UNDERSTANDABLE THAT BRITAIN, AS THE DE FACTO GOVERNING POWER, SHOULD REPRESENT THE VIEWS OF HONG KONG.
6. IN ANSWER TO A FURTHER QUESTION, DR OWEN SAID THAT IT WAS ENTIRELY RIGHT FOR HMG TO BE DISCUSSING HONG KONG'S FUTURE WELL IN ADVANCE OF 1997. HE HAD BEEN PREPARED TO RAISE IT AS

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X. WELL IN ADVANCE OF 1997. HE HAD BEEN PREPARED TO RAISE IT AS FOREIGN SECRETARY IN 1979. HE FORESAW THAT DETAILS CONNECTED WITH HONG KONG'S FUTURE WOULD HAVE TO BE DISCUSSED RIGHT UP TO 1997.

7. DR OWEN DID NOT DISTINGUISH CLEARLY BETWEEN WHAT HAD PASSED BETWEEN HIM AND THE CHINESE (SEE MY TELNO 181) AND HIS OWN VIEWS ON THE ISSUE. IT IS, HOWEVER, LIKELY THAT THE PRESS WILL REPORT THE WHOLE OF WHAT HE SAID AS THE FORMER.
8. PLEASE ADVANCE TO NEWS DEPARTMENT.

EVANS

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Prime Minister (k)

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TO IMMEDIATE FCO

TELEGRAM NUMBER 181 OF 1 FEBRUARY

INFO IMMEDIATE HONG KONG

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1.2.]

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VISIT OF DR OWEN TO CHINA

1. WU XUEQIAN SAW DR OWEN THIS AFTERNOON. THE MEETING LASTED FOR NEARLY ONE AND A HALF HOURS. HE WAS PRESENT.
2. ABOUT TWO-THIRDS OF THE CONVERSATION WAS ABOUT RELATIONS BETWEEN THE UNITED STATES AND THE SOVIET UNION, CHIEFLY IN RELATION TO DISARMAMENT AND ARMS CONTROL. HE WILL TELEGRAPH IF HE RECEIVES ANYTHING NEW IN WHAT WAS SAID AFTER STUDYING MY NOTES. OTHERWISE HE SHALL REPORT BY BAG.
3. THE OTHER ONE-THIRD CONCERNED HONG KONG. THE MAIN POINTS MADE BY DR OWEN WERE THAT THE TRANSFER OF SOVEREIGNTY WAS NOT AN ISSUE IN THE UNITED KINGDOM SINCE COLON THAT CHINA HAD AN INTEREST IN PRESERVING CONFIDENCE IN HONG KONG SINCE COLON AND THAT HONG KONG WOULD NEED HELP FROM BRITISH ADMINISTRATORS DURING THE TRANSITIONAL PERIOD (BY WHICH HE SEEMED TO MEAN THE FIRST FEW YEARS AFTER 1997).
4. WU SAID THAT TWO POINTS WERE FUNDAMENTAL FOR CHINA: CHINA INTENDED TO RESUME SOVEREIGNTY (HE DID NOT SAY THE EXERCISE OF SOVEREIGNTY) IN 1997 AND INTENDED ALSO TO ESTABLISH A SPECIAL ADMINISTRATIVE REGION IN HONG KONG IN THAT YEAR. COMMENTING ON THE FIRST POINT, HE SAID THE CHINESE GOVERNMENT WAS GLAD THAT THE BRITISH GOVERNMENT HAD NO OBJECTION. ON THE SECOND, HE SAID THAT A SERIES OF POLICIES WOULD BE PUT INTO EFFECT UNDER A LAW ADOPTED BY THE NATIONAL PEOPLE'S CONGRESS. THESE POLICIES WOULD BE BASED ON "SERIOUS AND CAREFUL CONSIDERATION". HE HOPED AND BELIEVED THAT THE BRITISH GOVERNMENT WOULD ADOPT AN ATTITUDE OF COOPERATION ON THIS. THE CHINESE GOVERNMENT WANTED TO HEAR USEFUL SUGGESTIONS, BUT NOT EXCESSIVE DEMANDS, FROM THE BRITISH GOVERNMENT.
5. IN ANSWER TO COMMENTS BY DR OWEN, WU EXPLAINED THE AGENDA FOR THE TALKS AND SAID THAT CHINA WOULD WANT TO COOPERATE WITH THE UNITED KINGDOM DURING THE TRANSITIONAL PERIOD (WHICH HE WAS CAREFUL TO DEFINE AS THE PERIOD UP TO 1997). HE SAID THAT THOSE WHO HELD BOTH FOREIGN PASSPORTS AND HONG KONG CERTIFICATES OF IDENTITY COULD BE REGARDED AS INHABITANTS OF HONG KONG AFTER 1997, BUT THAT HOLDERS OF UNITED KINGDOM PASSPORTS WOULD BE "DIFFERENT".
6. DESCRIBING THE COURSE OF THE TALKS, WU SAID THAT THESE HAD NOT GONE SMOOTHLY TO BEGIN WITH, HAD THEN GONE MORE SMOOTHLY, BUT HAD CEASED TO GO AS SMOOTHLY AT THE MOST RECENT ROUND. HE EVADED DR OWEN'S QUESTION AS TO WHY THE MOST RECENT ROUND HAD NOT BEEN SO SMOOTH, SAYING SIMPLY THAT HE HAD

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HEARD THIS FROM COLLEAGUES. HE SAID AT A LATER STAGE THAT THE RECENT PUBLIC STATEMENTS OF CHINESE LEADERS ABOUT THE TALKS HAD BEEN BASED ON THEIR ASSESSMENT OF HOW THEY WERE GOING UP TO, BUT NOT INCLUDING, THE MOST RECENT ROUND.

7. DR OWEN SUBSEQUENTLY TOLD ME THAT HE HAD HEARD THE SAME ASSESSMENT OF THE MOST RECENT ROUND FROM FOREIGN MINISTRY OFFICIALS THIS MORNING. THEY HAD SAID THAT THE CHINESE WERE WORRIED ABOUT THE SLOW TEMPO WITH WHICH THE BRITISH SIDE HAD COME FORWARD WITH WORKING PAPERS AND ABOUT THE FACT THAT SOME PROPOSITIONS IN THESE PAPERS WERE NOT CONSISTENT WITH THE CHINESE PREMISE ON SOVEREIGNTY AND ADMINISTRATION.

8. WE HAVE NOT SO FAR HAD A CHANCE TO DEBRIEF DR OWEN FULLY. BUT WE WILL SEE HIM TETE-A-TETE TOMORROW AND WILL TELEGRAPH AGAIN IF ANYTHING NEW EMERGES.

EVANS

FUTURE OF HONG KONG

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