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FUTURE OF HONG KONG ADVANCE COPIES 10

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PS
PS/FUS
PS/MR LUCE
MR DONALD
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COPY TO:

~~MR COLES~~, No. 10 DOWNING ST

Mr Roberts, News D.

Li P. Gadock

RESIDENT CLERK

SECRET

FM PEKING 221030Z FEB 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 303 OF 22 FEBRUARY

INFO IMMEDIATE HONG KONG AND BRUNEI (FOR PS/MR LUCE)

FUTURE OF HONG KONG: ROUND 9: FIRST DAY

1. I SPOKE FIRST. I REFERRED TO MY FIRST STATEMENT OF 25 JANUARY IN WHICH I HAD SAID THAT WE WERE WORKING HARD ON OUTSTANDING WORKING PAPERS. WE HAD NOT BEEN INACTIVE SINCE. OUR WORKING PAPERS ON CONSTITUTIONAL ARRANGEMENTS AND DEFENCE HAD BEEN TABLED ON 10 AND 13 FEBRUARY.

2. I THEN SPOKE ON AGENDA ITEM 2 ON THE LINES OF PARAGRAPH 4 OF YOUR TELNO 122 AS AMENDED IN PARAGRAPH 1(D) OF YOUR TELNO 135. I SAID THAT AN ILLUSTRATIVE EXAMPLE OF OUR PRAGMATIC APPROACH TO ITEM 2 WAS LAND LEASES. I COMMENTED THAT THE CHINESE SIDE SEEMED TO SHARE OUR VIEW IN PRINCIPLE AND REFERRED TO ZHOU NAN'S INTERVENTION OF 26 JANUARY IN WHICH HE HAD SAID THAT THE CHINESE SIDE ALSO BELIEVED THAT LAND LEASES WERE AN IMPORTANT AND COMPLEX ISSUE WHICH NEEDED TO BE SETTLED DURING THE TALKS, BUT THAT THIS ISSUE FELL UNDER ITEM 2.

3. I THEN FORMALLY INTRODUCED THE PUBLIC SERVICE AND DEFENCE WORKING PAPERS. ON THE FORMER, I SPOKE ALONG THE LINES OF YOUR TELNO 125 AS AMENDED BY HONG KONG TELNO 444. I INCLUDED A REFERENCE (ALONG THE LINES OF HONG KONG TELNO 109) TO THE NEED FOR THE INDEPENDENCE OF BODIES SUCH AS THE AUDIT DEPARTMENT TO CONTINUE TO BE SAFEGUARDED. I CONTINUED BY INTRODUCING PARAGRAPH 16 OF THE WORKING PAPER AS SUGGESTED IN PARAGRAPH 3 OF MY TELNO 104. I SAID THAT THE PROPOSAL CONTAINED IN PARAGRAPH 16 HAD BEEN PLACED UNDER A SEPARATE HEADING TO INDICATE THAT IT WAS A LITTLE DIFFERENT FROM THE IMPLICATIONS OF THE CHINESE PLAN IN THE REST OF THE PAPER. I SAID THAT WE HAD CONSIDERED THE CHINESE PLAN FOR THE APPOINTMENT OF CHIEF OFFICIALS VERY CAREFULLY SINCE WE HAD CONCLUDED THAT IN ORDER TO MAINTAIN CONFIDENCE SUCH APPOINTMENTS SHOULD BE MADE WITHIN HONG KONG BUT THAT THE DETAILS OF THOSE APPOINTED SHOULD BE REPORTED TO THE CDS FOR ITS INFORMATION. I REMARKED THAT OUR PROPOSAL DID NOT CONFLICT WITH THE PRINCIPLE THAT SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION WOULD REVERT TO CHINA.

WOULD REVERT TO CHINA.

4. IN INTRODUCING THE DEFENCE WORKING PAPER, I SPOKE ALONG THE LINES AGREED BY EXCO ON 15 FEBRUARY (PARAGRAPH 2 OF HONG KONG TELNO 419). I ADDED THAT SINCE UNDER THE CHINESE PROPOSALS BOTH HONG KONG AND TAIWAN WERE TO BE SARs THEY SHOULD BE TREATED ALIKE. I EXPRESSED THE HOPE THAT THE CHINESE SIDE WOULD FEEL ABLE TO ACCEPT AND SUPPORT OUR PROPOSAL.

5. ZHOU THEN SPOKE. HE SAID HE APPRECIATED MY REMARK THAT WE SHARED THE CHINESE WISH TO REACH AGREEMENT AS SOON AS POSSIBLE AND WOULD COMMENT ON THIS LATER DURING THE ROUND. HE THANKED US FOR THE WORKING PAPERS PASSED TO THEM ON 10 AND 13 FEBRUARY. HE WOULD COMMENT TODAY ON THE PUBLIC SERVICE AND WOULD ELABORATE FURTHER THE RELEVANT CHINESE POLICIES. HE WOULD LEAVE DEFENCE, SECURITY AND PUBLIC ORDER UNTIL TOMORROW.

6. THE FOURTH OF THE TWELVE CHINESE GUIDELINES STATED THAT THE GOVERNMENT OF THE SAR WOULD BE COMPOSED OF LOCAL INHABITANTS SEMICOLON THE CHIEF EXECUTIVE WOULD BE APPOINTED BY THE CENTRAL PEOPLES GOVERNMENT ON THE BASIS OF CONSULTATIONS OR ELECTIONS HELD LOCALLY. BRITISH AND OTHER FOREIGN NATIONALS COULD BE EMPLOYED TO SERVE AS ADVISERS IN ORGANS AT ALL LEVELS WITHIN THE SAR. THIS HAD FIRST BEEN STATED AT THE 6TH ROUND AND ELABORATED FURTHER AT THE 7TH ROUND. CHINA'S BASIC POSITION WAS:

A) THE GOVERNMENT WOULD BE COMPOSED OF LOCAL INHABITANTS. THE CHIEF EXECUTIVE OF THE GOVERNMENT WOULD BE APPOINTED BY THE CENTRAL PEOPLES GOVERNMENT ON THE BASIS OF LOCAL CONSULTATIONS OR ELECTIONS. THE HEADS OF PRINCIPAL DEPARTMENTS OF THE GOVERNMENT WOULD BE NOMINATED BY THE SAR GOVERNMENT AND APPOINTED BY THE CENTRAL PEOPLES GOVERNMENT. OTHER OFFICIALS WOULD BE APPOINTED BY THE SAR GOVERNMENT. IT WAS NOT NECESSARY FOR OTHER PRINCIPAL OFFICIALS, BY WHICH WAS MEANT SECRETARIES, TO BE CHOSEN THROUGH SLECTION OR CONSULTATION. BUT THESE POSTS SHOULD BE HELD BY CHINESE CITIZENS HOLDING PERMANENT HONG KONG IDENTITY CARDS. ZHOU POINTED OUT THAT THIS DIFFERED FROM PARAGRAPH 15 OF THE WORKING PAPER.

B) PUBLIC SERVANTS BELOW SECRETARY LEVEL AND POLICE OFFICERS APART FROM SENIOR OFFICERS SUCH AS THE COMMISSIONER OF POLICE WHO WERE BRITISH NATIONALS OR NATIONALS OF ANOTHER FOREIGN COUNTRY COULD REMAIN IN EMPLOYMENT ALONGSIDE THEIR CHINESE COLLEAGUES AT THE SAME RATES OF PAY AS BEFORE AND WOULD ON RETIREMENT RECEIVE THEIR PENSIONS AND GRATUITIES ACCORDING TO THE ORIGINAL REGULATIONS.

C) THE SAR COULD EMPLOY BRITISH AND OTHER FOREIGN NATIONALS WHO HELD PERMANENT/HONG KONG IDENTITY CARDS IN CERTAIN PUBLIC POSTS. THEY COULD SERVE EITHER AS ADVISERS TO GOVERNMENT DEPARTMENTS OR AS OFFICIALS UP TO THE LEVEL OF DEPUTY SECRETARY IN CERTAIN DEPARTMENTS. BUT THEY COULD BE EMPLOYED ONLY IN AN INDIVIDUAL CAPACITY, AND NOT AS NOMINEES OF THE GOVERNMENTS OF THEIR OWN COUNTRIES. THEY WOULD HAVE TO BE RESPONSIBLE EXCLUSIVELY TO THE SAR GOVERNMENT AND NOT TO THE GOVERNMENTS OF THEIR OWN COUNTRIES.

THESE WERE THE IMPLICATIONS AND CONTENT IN FULL OF CHINESE POLICIES ON THE PUBLIC SERVICE. THEY SHOWED THAT THE POLICIES GAVE EXPRESSION TO THE HIGH DEGREE OF AUTONOMY TO BE ENJOYED BY THE SAR. THEY TOOK ACCOUNT OF THE MATTER OF CONTINUITY IN THE PUBLIC

IN THE PUBLIC SERVICE. THEY SHOWED THAT THE POLICIES GAVE EXPRESSION TO THE HIGH DEGREE OF AUTONOMY TO BE ENJOYED BY THE SAR, TOOK ACCOUNT OF THE MATTER OF CONTINUITY IN THE PUBLIC SERVICE AND, TO THE GREATEST EXTENT, MET BRITISH WISHES.

7. THERE WERE SIMILARITIES BETWEEN THE BRITISH WORKING PAPER AND CHINESE POLICIES BUT THERE WERE ALSO DISCREPANCIES ON SOME IMPORTANT POINTS. FIRST, THE PAPER STATED THE CHINESE PLAN AS SAYING THAT THOSE OVERSEAS OFFICERS HOLDING A HONG KONG IDENTITY CARD COULD SERVE AS OFFICERS UP TO THE HIGHEST LEVELS OF THE PUBLIC SERVICE. THIS WAS INCORRECT AND OBVIOUSLY INAPPROPRIATE. THE CHINESE SIDE HAD NOT PUT FORWARD SUCH A PLAN AT PREVIOUS ROUNDS. SECONDLY, IN INFORMAL EXCHANGES THE BRITISH SIDE HAD REPEATEDLY TAKEN THE LINE THAT OVERSEAS OFFICERS CURRENTLY SERVING COULD CONTINUE TO BE EMPLOYED AND HAVE OPPORTUNITIES FOR PROMOTION ON THE BASIS OF MERIT AFTER 1997. IT WAS EVIDENT FROM THE WORKING PAPER THAT WE HAD THE IMPRESSION THAT AFTER 1997 THOSE WHO HELD BOTH A FOREIGN PASSPORT AND A HONG KONG IDENTITY CARD COULD BE PROMOTED BY NORMAL PROCEDURES UP TO THE HIGHEST LEVELS OF THE PUBLIC SERVICE PROVIDED THEY MET THE REQUIREMENTS OF MERIT AND SO FORTH. ZHOU SAID THAT HIS UNDERSTANDING WAS THAT THERE HAD BEEN REFERENCE IN INFORMAL EXCHANGES TO THE PROMOTION OF OVERSEAS OFFICERS UP TO THE LEVEL OF SECRETARY, BUT EXPLAINED THAT THIS HAD MEANT TERMINATION AT THE LEVEL OF DEPUTY SECRETARY AND NOT (NOT) SECRETARY. NOR IN INFORMAL EXCHANGES HAD THERE BEEN ANY REFERENCE TO OVERSEAS OFFICERS CURRENTLY SERVING AT SECRETARY LEVEL IN ADMINISTRATIVE DEPARTMENTS REMAINING AT THEIR POSTS. THE LINE WE WERE TAKING WAS THEREFORE AT BEST A MISUNDERSTANDING.

8. ZHOU SAID HE WOULD LIKE TO ELABORATE THE POINT THAT THE SAR GOVERNMENT WOULD BE COMPOSED OF LOCAL INHABITANTS. ANOTHER WAY OF PUTTING THIS WAS HONG KONG PEOPLE TO ADMINISTER HONG KONG (GANG REN ZHI GANG). WHEN THE TIME CAME NO OFFICIAL WOULD BE SENT FROM THE MAINLAND TO ADMINISTER HONG KONG. INSTEAD, HONG KONG CITIZENS OF CHINESE NATIONALITY HOLDING PERMANENT HONG KONG IDENTITY CARDS WOULD SERVE AS THE HEADS OF ADMINISTRATIVE DEPARTMENTS. THE SAR COULD ALSO EMPLOY BRITISH AND OTHER FOREIGN NATIONALS TO HOLD CERTAIN PUBLIC POSTS, FOR EXAMPLE THE DEPUTY HEAD OR ADVISER TO SOME DEPARTMENTS. THESE PEOPLE MIGHT VERY WELL HAVE A ROLE OF ASSISTANCE. IF BRITISH AND OTHER FOREIGNERS CONTINUED TO SERVE AS HEADS OF DEPARTMENT WHILE NO OFFICIAL WAS SENT FROM THE MAINLAND AND NO CITIZENS OF CHINESE NATIONALITY WERE ALLOWED TO HOLD THESE POSTS HOW COULD THE SPIRIT OF HONG KONG PEOPLE ADMINISTERING HONG KONG BE REFLECTED? WHAT KIND OF POLITICAL IMPACT WOULD THIS HAVE ON HONG KONG AND THE OUTSIDE WORLD? PEOPLE WOULD BE CRITICAL AND SAY THAT CHINA HAD RESUMED THE EXERCISE OF SOVEREIGNTY IN NAME ONLY, WHILE THE BRITISH STILL GAVE DIRECT COMMANDS AND ORDERS IN HONG KONG AND BRITISH ADMINISTRATION STILL PREVAILED. IN SUCH CIRCUMSTANCES THE BRITISH WOULD ACTUALLY BE PLAYING AN ADMINISTRATIVE ROLE AND NOT A ROLE OF ASSISTANCE AS WE HAD STATED WOULD BE THE CASE. IT WOULD NOT BE IN ACCORDANCE WITH THE PRINCIPLE OF CHINESE SOVEREIGNTY, NOR, FROM THE LONG TERM POINT OF VIEW, WOULD IT BE CONTRIBUTIVE TO THE MAINTENANCE OF STABILITY AND PROSPERITY IN HONG KONG WHICH BOTH SIDES DESIRED, NOR WOULD IT BE GOOD FOR BRITAIN ITSELF. IF WE THOUGHT THIS OVER CAREFULLY WE WOULD UNDERSTAND THE POINT.

IF WE THOUGHT THIS OVER CAREFULLY WE WOULD UNDERSTAND THE POINT.

9. ZHOU REPEATED THAT CHINESE POLICY WAS TO ALLOW ORDINARY CIVIL SERVANTS WHO WERE BRITISH OR OTHER FOREIGN NATIONALS TO REMAIN IN THE EMPLOYMENT OF THE SAR AND SOME OF THESE COULD BE DEPUTY DEPARTMENT HEADS OR ADVISERS. THIS WAS THE MAXIMUM THE CHINESE SIDE COULD ALLOW AND THEY COULD NOT AND MUST NOT GO BEYOND THIS. THIS WOULD TAKE CARE OF THE QUESTION OF CONTINUITY AND THOSE OFFICERS WHO REMAINED OUGHT TO BE ABLE TO PLAY A VALUABLE ROLE OF ASSISTANCE AND BRING THEIR TALENTS INTO FULL PLAY IN BUILDING THE SAR AND FURTHER PROMOTING ITS STABILITY AND PROSPERITY. ZHOU RECALLED THAT IN INFORMAL CONTACTS DURING DECEMBER 1993 WE HAD REPEATEDLY SAID THAT WE WERE CONCERNED ABOUT OVERSEAS CIVIL SERVANTS REMAINING AFTER 1997 AND NOT ABOUT SPECIFIC POSTS REMAINING BEYOND THAT TIME, AND THAT WE WERE NOT THEREFORE SEEKING TO RESERVE CERTAIN POSTS FOR CERTAIN INDIVIDUALS. IF THAT WAS THE CASE THEN THE TWO SIDES WERE THINKING ALONG THE SAME LINES AND NO MORE DIFFICULTIES SHOULD ARISE ON THIS ISSUE.

10. ZHOU THEN TURNED TO SPECIFIC PARAGRAPHS OF OUR WORKING PAPER. HE HAD ALREADY MADE CLEAR THAT PARAGRAPH 16 WAS NOT CONSISTENT WITH CHINESE POLICIES. ON PARAGRAPH 4, HE WAS UNCLEAR ABOUT THE IMPLICATIONS OF THE PHRASE "THE CONCEPT OF A SINGLE UNIFIED SERVICE PERFORMING BOTH CENTRAL AND LOCAL GOVERNMENT FUNCTIONS". HE HOPED WE WOULD EXPLAIN THIS POINT FURTHER. PARAGRAPHS 3, 5, 10, 14 AND 15 WERE BASICALLY IN ACCORD WITH CHINESE POLICIES. HE HAD ALREADY EXPLAINED CHINESE POLICY WITH REGARD TO PARAGRAPH 11 (PENSIONS). THESE WOULD BE GIVEN ACCORDING TO THE ORIGINAL REGULATIONS TO THOSE PUBLIC SERVANTS WHO HAD RETIRED OR COME TO THE END OF THEIR CONTRACTS. THIS OF COURSE INCLUDED THOSE WHO HAD RETIRED BEFORE 1997.

11. THE DETAILS IN THE PAPER COVERING EMPLOYMENT, THE FILLING OF VACANCIES AND SO ON FELL WITHIN THE COMPETENCE OF THE FUTURE SAR GOVERNMENT, WHICH COULD MAKE ITS OWN DECISIONS ON THESE MATTERS IN ACCORDANCE WITH THE PRINCIPALS OF THE BASIC LAW. SIMILARLY, IT WAS FOR THE FUTURE SAR GOVERNMENT TO DECIDE WHETHER THE THREE PUBLIC BODIES MENTIONED IN PARAGRAPH 12 OF THE WORKING WOULD BE RETAINED AND WHAT THEIR COMPOSITION AND FUNCTIONS WOULD BE.

12. PARAGRAPH 13 OF THE WORKING PAPER SAID THAT THE POST OF CHIEF SECRETARY WOULD BE RETAINED. IN THE CHINESE VIEW, CERTAIN ADJUSTMENTS AND CHANGES COULD BE EXPECTED TO OCCUR IN THE STRUCTURE OF THE SAR GOVERNMENT, INCLUDING SPECIFIC DEPARTMENTS AND THEIR NAMES. FOR EXAMPLE THE CHIEF EXECUTIVE OF THE GOVERNMENT WAS PRESENTLY CALLED THE GOVERNOR. THIS TITLE CLEARLY COULD NOT BE RETAINED AFTER 1997, BUT MIGHT BE CHANGED TO CHAIRMAN OF THE SAR GOVERNMENT OR SOME OTHER TITLE. IT WAS NEITHER NECESSARY NOR POSSIBLE TO DECIDE NOW WHETHER TO CHANGE THE TITLES OF THE CHIEF SECRETARY OR OTHERS.

13. ZHOU SAID THAT HE FINALLY WISHED TO STRESS THAT CHINESE POLICIES ON THE PUBLIC SERVICE WERE CLOSELY CONNECTED TO THE RELEVANT ARRANGEMENTS DURING THE TRANSITION PERIOD. IN ORDER TO FACILITATE THE SMOOTH IMPLEMENTATION OF THESE POLICIES IT SEEMED NECESSARY FOR THERE TO BE SOME SPECIFIC CHANGES IN SOME AREAS IN THE PERIOD UP TO 1997. HE CITED AS AN EXAMPLE THE CASE OF OFFICERS CURRENTLY SERVING AND THOSE RECRUITED IN THE FUTURE WHO CONTINUED TO WORK FOR THE SAR. THE BRITISH HAD A SECONDARY

OFFICERS CURRENTLY SERVING AND THOSE RECRUITED IN THE FUTURE WHO CONTINUED TO WORK FOR THE SAR. THE BRITISH HAD A RESPONSIBILITY TO PROVIDE THE RECORDS OF THE CONDUCT AND PERFORMANCE OF SUCH OFFICERS. IT STATED IN PARAGRAPHPA6940M9,79 9.40ING PAPER THAT THESE OFFICERS WOULD " BE ABLE TO COMPLETE A FULL CAREER IN HONG KONG". THIS SHOULD NOT CONTRAVENE THE SPIRIT OF HONG KONG PEOPLE ADMINISTERING HONG KONG. ANOTHER EXAMPLE OF OUR RESPONSIBILITIES IN THE PERIOD UP TO 1997 CONCERNED PENSIONS. WE WOULD HAVE TO PROVIDE INFORMATION ABOUT THE NUMBERS OF PUBLIC SERVANTS AND THE SIZE OF APPROPRIATIONS INVOLVED. FURTHER MATTERS COULD BE DISCUSSED UNDER ITEM TWO OF THE AGENDA. THESE WERE ALL THE CHINESE VIEWS ON THE PUBLIC SERVICE WORKING PAPER. ZHOU HOPED WE WOULD BE ABLE TO MAKE A POSITIVE RESPONSE TO THEM.

14. I THANKED ZHOU FOR HIS STATEMENT AND SAID WE WOULD STUDY IT CAREFULLY. I HOPED THE CHINESE SIDE WOULD ALSO STUDY CAREFULLY MY OPENING STATEMENT. WE PLANNED TOMORROW TO TABLE AND INTRODUCE OUR WORKING PAPER ON CONSTITUTIONAL ARRANGEMENTS AND CENTRAL GOVERNMENT STRUCTURES. IT WAS ALSO POSSIBLE THAT WE WOULD TABLE AND INTRODUCE THE WORKING PAPER ON SHIPPING.

15. AS REGARDS THE PUBLIC SERVICE, I FELT THERE WERE SOME SERIOUS DISCREPANCIES BETWEEN THE TWO SIDES. I ANSWERED ZHOU'S QUERY ABOUT PARAGRAPH 4 OF THE WORKING PAPER, EXPLAINING THAT THERE WAS A DISTINCTION BETWEEN THE FUNCTIONS OF THE CENTRAL GOVERNMENT IN HONG KONG, SUCH AS POLICY FORMULATION, TAXATION, EDUCATION ETC, AND THE FUNCTIONS PERFORMED AT A LOCAL GOVERNMENT LEVEL, BUT THAT THERE WAS NO DISTINCTION BETWEEN THE MEMBERS OF THE PUBLIC SERVICE WHO PERFORMED THESE FUNCTIONS. THEY ALL BELONGED TO A SINGLE UNIFIED SERVICE. I SAID WE WOULD BE HAPPY TO ELUCIDATE FURTHER.

16. I IMMEDIATELY TOOK UP ZHOU ON A NUMBER OF POINTS IN HIS STATEMENT.

(A) DID THE CHINESE SIDE IN EFFECT WISH TO RESERVE ALL SECRETARY LEVEL POSTS FOR CHINESE CITIZENS?

(B) DID ZHOU'S STATEMENT MEAN THAT THE ULTIMATE CHOICE OF SENIOR PERSONNEL IN THE SAR GOVERNMENT LAY WITH THE CENTRAL PEOPLE'S GOVERNMENT AND NOT THE SAR ITSELF? IF SO, HOW DID THIS SQUARE WITH A HIGH DEGREE OF AUTONOMY FOR THE SAR?

(C) WHAT WAS THE SIGNIFICANCE OF THE HONG KONG IDENTITY CARD? THE CHINESE DID NOT APPEAR TO BE THINKING OF THE SAME DOCUMENT AS THE CURRENT IDENTITY CARD IN HONG KONG, WHICH WAS SOMETHING THAT EVERYONE HAD TO APPLY FOR IF HE INTENDED TO STAY IN HONG KONG MORE THAN SIX MONTHS.

(D) ZHOU HAD SAID THAT IT WAS FOR THE FUTURE SAR GOVERNMENT TO DECIDE ON THE RETENTION, COMPOSITION AND FUNCTIONS OF THE THREE PUBLIC BODIES IN PARAGRAPH 12 OF THE WORKING PAPER. WHAT WAS THE DIFFERENCE BETWEEN THIS AND OUR PROPOSAL THAT CHANGES IN THEM WOULD ONLY BE EFFECTED BY THE LEGISLATURE OF THE SAR? WERE THE CHINESE SIDE MAKING A DISTINCTION BETWEEN THE SAR GOVERNMENT AND THE SAR LEGISLATURE?

I SAID THAT WE MIGHT HAVE FURTHER QUESTIONS AFTER WE HAD STUDIED ZHOU'S STATEMENT MORE CLOSELY.

17. I THEN ASKED ABOUT THE DISMISSAL OF JUDGES, EXPLAINING THE

ZHOU'S STATEMENT MORE CLOSELY.

17. I THEN SPOKE ABOUT THE DISMISSAL OF JUDGES, EXPLAINING THE CURRENT PRACTICE AS OUTLINE IN HONG KONG TELNO 400. I REMINDED ZHOU THAT IN PARAGRAPH 4 OF OUR WORKING PAPER ON THE LEGAL SYSTEM OUR PROPOSAL WAS THAT THIS PRACTICE SHOULD CONTINUE APART FROM THE STAGES INVOLVING THE PRIVY COUNCIL AND THE QUEEN. ON THE DISMISSAL OF JUDGES THE CHINESE SIDE HAD SO FAR ONLY SAID THAT PROCEDURES FOR THE APPOINTMENT OF JUDGES WOULD BE USED 'FOR REFERENCE'. I HOPED THAT THE CHINESE SIDE WOULD BE ABLE TO AGREE TO OUR PROPOSAL.

18. I SPOKE FINALLY ON THE INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS AND THE INTERNATIONAL COVENANT ON ECONOMIC, CULTURAL AND SOCIAL RIGHTS. IT WAS OUR VIEW THAT LIMITED ACCESSION BY CHINA WITH APPLICABILITY RESTRICTED TO THE HONG KONG SAR WAS POSSIBLE. ALTERNATIVELY, THE CHINESE GOVERNMENT COULD FORMALLY COMMUNICATE TO THE UN SECRETARY GENERAL THAT THE TWO COVENANTS WOULD BE REGARDED BY THE CHINESE GOVERNMENT AS CONTINUING TO APPLY TO THE HONG KONG SAR. EITHER OF THESE TWO COURSES WOULD REINFORCE CONFIDENCE IN HONG KONG THAT CURRENT RIGHTS AND FREEDOMS WOULD REMAIN UNCHANGED, THOUGH IN OUR VIEW THE FIRST WOULD BE MORE EFFECTIVE IN THIS RESPECT THAN THE SECOND.

19. ZHOU SAID THAT HE NOW UNDERSTOOD THAT THE TERM 'CENTRAL GOVERNMENT' IN PARAGRAPH 4 OF THE WORKING PAPER REFERRED TO THE CURRENT HONG KONG GOVERNMENT. THIS HAD NOT BEEN CLEAR. HE WOULD WELCOME THE FURTHER CLARIFICATION WE HAD OFFERED. HE ALSO WELCOMED THE PROSPECT OF THE WORKING PAPER ON THE CONSTITUTIONAL ARRANGEMENTS AND CENTRAL GOVERNMENT STRUCTURES BEING TABLED TOMORROW AND HOPED THAT THE ONE ON SHIPPING MIGHT ALSO BE TABLED. AS REGARDS MY REMARKS ON THE DISMISSAL OF JUDGES AND INTERNATIONAL COVENANTS HE THOUGHT THAT THE CHINESE POSITION HAD ALREADY BEEN MADE CLEAR. BUT AS WE HAD SOUGHT FURTHER CLARIFICATION THEY WOULD STUDY THESE POINTS AGAIN AND REPLY AT AN APPROPRIATE TIME.

20. ZHOU THEN GAVE THE FOLLOWING PRELIMINARY RESPONSES TO MY FOUR QUESTIONS ABOUT HIS OPENING STATEMENT, BUT CONCLUDED BY SAYING THAT HE HAD THE GENERAL IMPRESSION THAT IF WE STUDIED THAT STATEMENT NURTER ALL OUR QUESTIONS WOULD BE ANSWERED.

A) THE POSTS OF SECRETARIES WOULD BE FILLED BY CITIZENS OF CHINESE NATIONALITY WHO HELD PERMANENT HONG KONG IDENTITY CARDS. HE ADDED THAT THE INHABITANTS OF HONG KONG, INCLUDING THOSE WHO HAD BEEN THERE OVER SEVEN YEARS AND HELD BDTG PASSPORTS, WERE CONSIDERED TO BE CHINESE CITIZENS. IT WOULD NOT BE APPROPRIATE FOR THESE PEOPLE TO CONTINUE TO HOLD BDTG PASSPORTS AFTER 1997 BECAUSE THE CONCEPT OF A DEPENDENT TERRITORY WAS NOT CONSISTENT WITH CHINESE SOVEREIGNTY. IT WOULD BE EASIER TO SOLVE THIS MATTER WHEN WE DISCUSSED NATIONALITY. THAT AS WHY THE CHINESE HAD REPEATEDLY URGED US TO TABLE OUR WORKING PAPER ON NATIONALITY AND CITIZENSHIP AS SOON AS POSSIBLE.

B) ONLY THE CHIEF EXECUTIVE WOULD BE APPOINTED BY THE CENTRAL PEOPLES GOVERNMENT ON THE BASIS OF ELECTIONS OR CONSULTATIONS HELD LOCALLY. THE PROCEDURE FOR OTHER PRINCIPAL OFFICIALS WOULD BE MUCH SIMPLER. THERE WOULD BE NO NEED FOR ELECTIONS OR CONSULTATIONS. THEY WOULD BE NOMINATED BY THE SAR GOVERNMENT AND APPOINTED BY THE CENTRAL PEOPLES GOVERNMENT. THIS MEANT THAT THE SAR GOVERNMENT MADE THE CHOICE AND NOT THE CENTRAL

AND APPOINTED BY THE CENTRAL PEOPLES GOVERNMENT. THIS MEANT THAT THE SAR GOVERNMENT MADE THE CHOICE AND NOT THE CENTRAL GOVERNMENT. THERE WAS THEREFORE NO CONTRADICTION BETWEEN CHINESE POLICY AND A HIGH DEGREE OF AUTONOMY FOR THE SAR.

C) ACCORDING TO THE CHINESE SIDE'S UNDERSTANDING A PERMANENT HONG KONG IDENTITY CARD WAS ISSUED TO PEOPLE WHO HAD BEEN IN HONG KONG MORE THAN 7 YEARS. OTHERS RECEIVED A TEMPORARY IDENTITY CARD.

D) THE IDEA CONTAINED IN PARAGRAPH 12 OF THE WORKING PAPER WAS THAT THE THREE PUBLIC BODIES LISTED SHOULD CONTINUE TO EXIST AFTER 1997. THIS WAS FOR THE FUTURE SAR GOVERNMENT TO DECIDE. BUT THIS DID NOT EXCLUDE THE POSSIBILITY THAT THE TWO SIDES WOULD DISCUSS THE THREE BODIES DURING THE TRANSITION PERIOD. THERE WAS NO CONTRADICTION BETWEEN CHINESE POLICY TOWARDS THESE THREE BODIES AND CHINESE POLICY THAT THE EXECUTIVE, THE LEGISLATIVE AND THE JUDICIARY OF THE SAR WOULD BE INDEPENDENT OF EACH OTHER.

EVANS

CCN PARA 14 LINE 1 ... HIS STATEMENT ETC

PARA 20 (B) LINE 2 ON THE BASIS ETC

GRS 3560

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