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PRIME MINISTER

c Sir Robert Armstrong

OD(K): Future of Hong Kong: Strategy and
Timetable

BACKGROUND

The Sub-Committee last reviewed the way ahead in negotiations with the Chinese Government at their meeting on 11 January. It was agreed then that, as regards tactics with the Chinese, it would be desirable for the moment to continue the step-by-step process of building on working papers within the framework of conditionality, leading to the tabling of a paper on post-1997 constitutional arrangements later in the year. The Foreign and Commonwealth Secretary suggested that the United Kingdom might in March or April present the Chinese with the 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 terms as proved negotiable.

FLAGA

2. In his minute PM/84/32 of 24 February, the Foreign and Commonwealth Secretary indicates that he has been giving further consideration with the Governor of Hong Kong and the Ambassador in Peking as to how best to proceed in negotiations, given the Chinese intention to issue a statement in September together with us or unilaterally. He also proposes to circulate as background to the Sub-Committee's discussion an assessment of the ninth round of talks which have recently been completed. His general view of the position is that negotiations are going fairly well although there have been difficulties over particular issues including the stationing of Chinese troops in Hong Kong and the employment of overseas nationals in the public service after 1997, but that there is a prospect that


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discussions on Agenda Item 1 (arrangements after 1997) will be completed by early April.

3. While there is agreement between the Foreign and Commonwealth Secretary, the Governor and the Ambassador that the two main objectives are to negotiate with the Chinese the best available agreement, and to get that agreement accepted by the people of Hong Kong, there is a difference of view on the type of understanding at which the United Kingdom should aim this year -

(a) The Governor believes that in order to gain the acquiescence of the people of Hong Kong to what is proposed, more time is needed to present the details of the arrangements to them. He therefore proposes that the United Kingdom should seek to persuade the Chinese that the statement to be made in September should be of an interim character allowing time for further negotiations of substance thereafter.

(b) The Foreign and Commonwealth Secretary, with the support of the Ambassador in Peking, believes that the Chinese deadline must be taken very seriously. The United Kingdom should therefore continue to work for an agreement by September, so maintaining a degree of leverage with the Chinese, rather than pursue the course advocated by the Governor with the risk that the Chinese would lose confidence in our good faith and the chances of securing the assurances which are needed would be prejudiced. The Foreign and Commonwealth Secretary does not rule out the possibility that it may be necessary to fall back on something less than a final agreement if it becomes clear that the negotiations cannot be completed nearer the time.


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4. The Foreign and Commonwealth Secretary fully recognises the need to carry Hong Kong opinion in favour of the proposed arrangements before the September statement. He proposes that this might be done by issuing a statement in the late Spring or early Summer. This would seek to avoid any breach of conditionality but would have to describe the assurances that might be attainable from the Chinese. He indicates that the timing of the statement might be linked with his proposed visit to Hong Kong in April. A draft telegram to the Governor describing the Foreign and Commonwealth Secretary's proposals is attached to his minute for agreement.

5. The Minister of State, Foreign and Commonwealth Office (Mr Luce) will be unable to attend because of his visit to Hong Kong this weekend. Sir Antony Acland has been invited to be present.

HANDLING

6. You should invite the Foreign and Commonwealth Secretary to introduce the paper. Points to establish in subsequent discussion of the negotiating strategy and its timetable are -

(a) Has the step-by-step process of building on working papers over recent rounds of discussion confirmed the view that this is the best way of proceeding towards an agreement?

(b) Given the Governor's fears about the impact of too generalised a White Paper or statement in the Spring upon the people of Hong Kong and the Hong Kong public service in particular, is there a reasonable prospect of being able to make a sufficiently substantial statement at that time about the assurances we hope to obtain from the Chinese?



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(c) How would we seek Chinese acquiescence in the statement without damage to conditionality and risk of a major upset in negotiations?

(d) Given the continuing publicity being given to the talks by the Chinese, can the Government's public position be allowed to continue to develop gradually until the proposed late Spring/early Summer statement?

CONCLUSION

7. Subject to the points made in discussion you could guide the Sub-Committee to endorse the approach advocated by the Foreign and Commonwealth Secretary.

David Goodall

A D S Goodall

24 February 1984