



Foreign and Commonwealth Office

London SW1A 2AH

24 February 1984

Dear John,

Meeting of OD(K), 27 February 1984: Future of Hong Kong:
Assessment of Ninth Round of Talks

to

The Foreign Secretary has minuted /the Prime Minister today about the strategy and timetable for our talks with the Chinese, in preparation for discussion in OD(K) on 27 February. Ministers might also find it helpful to have a short commentary on the ninth round of talks, which took place in Peking on 22 and 23 February.

The talks made limited progress. The two days were almost entirely spent in detailed discussion of our working papers on the public service and on defence. The British side also tabled papers on constitutional arrangements and government structure and on shipping, on which the Chinese will comment during the next round.

On the public service there was some common ground. The Chinese appeared to be saying that the terms of service and pension rights of serving and retired public officers would be maintained after 1997. This is satisfactory. However they are adopting a more restrictive position on the employment of overseas nationals than we had thought might be the case. They are saying that the most senior officials in the government of the Hong Kong Special Administrative Region (SAR) must be "Chinese citizens": overseas nationals would be unable to serve at that level except as advisers.

On defence the Chinese sharply rejected our suggestion that "in normal circumstances" no Chinese troops should be stationed in Hong Kong after 1997. They stated that they could accept no restriction on their sovereign right in this regard. The only softening of this position, which they described as non-negotiable, was a qualification that this right would be exercised prudently. They declined to comment substantively on our proposal that a local internal security force should be established in advance of 1997.

/The Chinese



The Chinese proposed that discussion of agenda item 1 (arrangements after 1997) should be completed by the end of March and that agenda item 2 (arrangements before 1997) should be tackled in April. They said that at an appropriate time thereafter discussions could be held on the form and content of a bilateral agreement.

The communique again described the talks as constructive and useful. The tenth round will take place on 16 and 17 March.

In coming rounds it will be necessary to revert to a number of points of divergence left over from discussion of working papers already tabled, including those described above. Papers on constitutional arrangements and government structure and shipping will be discussed. There are two working papers still to be submitted: one on nationality, which will of course be a key subject; and one on civil aviation. Both are in an advanced stage of preparation by officials. Work is also in hand on the issues that will need to be addressed under agenda item 2 including practical matters on which consultation and co-operation between the British and Chinese Governments may be desirable and the form which such consultation might take.

I am copying this letter to Private Secretaries to members of OD(K) and to Richard Hatfield (Cabinet Office).

*Yours ever,
Peter Ricketts*

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street



24 JAN 1984

