

45

IMMEDIATE

Prime Minister

FUTURE OF HONG KONG - ADVANCE COPIES

ADVANCE COPY

This is rather worrying. The Foreign Secretary will let us have advice.

PS
PS/PUS
PS/MR LUCE
MR WILSON
HD/HKD
HD/FED

COPIES TO:
MR COLES, NO. 10 DOWNING ST
MR ROBERTS, NEWS DEPT
SIR PERCY CRADOCK

Type 1

A-3C.13/3

SECRET

DESKBY FCO 101230Z

FM PEKING 131100Z MAR 64

TO IMMEDIATE FCO

TELEGRAM NUMBER 4270F 13 MARCH

INFO IMMEDIATE HONG KONG



I am not surprised. I never thought they would give to a proposal document. Their true nature is now being revealed. Li's are right in their suspicion. We must have another meeting when the P.C.S returns.

MY SECOND IPT: FUTURE OF HONG KONG: TIMETABLE

1. I SPOKE ON THE LINES OF PARAGRAPH 3 TO 6 OF YOUR TELNO 209, STRESSING 4 POINTS AND PLACING THEM IN THE CONTEXT OF THE OPPORTUNITY A VISIT BY YOU WOULD PROVIDE TO GIVE IMPETUS TO THE NEXT PHASE:-

- A) OUR PROPOSALS ON THE FUTURE TIMETABLE REPRESENTED A MAJOR EFFORT BY BRITISH MINISTERS TO MEET THE CHINESE TIMETABLE AS THEY UNDERSTOOD IT AND TO LEAD TO CONCLUSION OF A BILATERAL AGREEMENT IN THE SHORTEST POSSIBLE POSSIBLE TIME.
- B) OUR THINKING ON THE TIMETABLE WOULD PERMIT A SEPTEMBER ANNOUNCEMENT, THE PUBLICATION OF A DRAFT AGREEMENT AND SIGNATURE OF THE AGREEMENT BY THE END OF THE YEAR.
- C) OUR PROPOSALS REPRESENTED THE SPEEDIEST POSSIBLE PROGRAMME WE COULD DEVISE TO MEET CHINESE REQUIREMENTS AND YET ENSURE THAT THE AGREEMENT WAS ACCEPTABLE TO THE BRITISH SIDE. WE WERE MAKING EVERY EFFORT TO MEET CHINESE POLITICAL IMPERATIVES, WHICH WE UNDERSTOOD. EQUALLY, WE WANTED THE CHINESE SIDE TO UNDERSTAND THE CONSTRAINTS UNDER WHICH BRITISH MINISTERS WERE WORKING.
- D) THE DIFFERENCE BETWEEN US SEEMED TO BE A MATTER OF TWO TO THREE MONTHS. WE COULD NOT BELIEVE THAT THE CHINESE GOVERNMENT WOULD WISH TO ENDANGER OUR JOINT EFFORTS FOR THE SMALL ACCELERATION WHICH CUTTING OUT THIS EXTRA PERIOD WOULD ENTAIL.

2. I SAID THAT WE AGREED WITH ZHOU NAN'S VIEW THAT THE TWO SIDES SHOULD EXCHANGE IDEAS ON THE DRAFT AGREEMENT SOON. WE BELIEVED THAT YOUR VISIT WOULD BE A GOOD OPPORTUNITY TO PRESS ON WITH THIS PROCESS. WE INTENDED TO ENTER SUBSTANTIVE DISCUSSION OF THIS SUBJECT IN THE NEXT FEW WEEKS.

3. ZHOU SAID THAT HE HAD NOTED THE 4 POINTS. ON 9 MARCH, HE HAD GIVEN US HIS IMMEDIATE IMPRESSION THAT OUR THINKING ON THE TIMETABLE CONFLICTED IN A NUMBER OF RESPECTS WITH CHINESE IDEAS. SOME OF THE POINTS OF DISAGREEMENT INVOLVED QUESTIONS OF PRINCIPLE AND IN THESE AREAS BRITISH IDEAS WERE UNACCEPTABLE. THERE WERE THREE SUCH AREAS:

(A) FROM THE BEGINNING, THE CHINESE SIDE HAD MADE CLEAR THAT AN AGREEMENT SHOULD BE REACHED BY SEPTEMBER. THE CHINESE SIDE DID NOT WISH FOR A SITUATION WHICH WOULD DELAY THE REACHING OF AN AGREEMENT.

~~SECRET~~

(A) FROM THE BEGINNING, THE CHINESE SIDE HAD MADE CLEAR THAT AN AGREEMENT SHOULD BE REACHED BY SEPTEMBER. THE CHINESE SIDE DID NOT HOPE FOR A SITUATION IN WHICH IT WAS FORCED TO MAKE A UNILATERAL ANNOUNCEMENT ABOUT ITS DETERMINATION TO RESUME THE EXERCISE OF SOVEREIGNTY AND THE POLICIES TO BE PURSUED IN HONG KONG AFTER 1997. THE CHINESE POSITION WAS EXPLICIT AND HAD NEVER WAVED. IT WAS EMBODIED IN STATEMENTS BY SENIOR LEADERS, WHO MEANT WHAT THEY SAID.

(B) (1) THE TALKS HAD BEEN PROGRESSING SMOOTHLY. HOWEVER, MY REMARKS ON 9 MARCH ABOUT THE TIMETABLE HAD GIVEN THE IMPRESSION THAT THE BRITISH SIDE WAS DELIBERATELY SEEKING TO DRAG OUT THE TALKS AND PROLONG THE PROCESS OF REACHING AGREEMENT. AS AN EXCUSE, WE HAD REFERRED TO THE NECESSITY FOR AN INTERVAL OF TWO TO THREE MONTHS BETWEEN AGREEMENT AT DELEGATION LEVEL AND A DEBATE IN PARLIAMENT. FROM THE BEGINNING, THE CHINESE SIDE HAD MADE CLEAR THAT THE TALKS WERE TAKING PLACE BETWEEN THE TWO GOVERNMENTS. PARLIAMENTARY DEBATE WAS AN INTERNAL BRITISH AFFAIR. THIS DID NOT MEAN THAT THE CHINESE SIDE DID NOT UNDERSTAND THE PARLIAMENTARY FACTOR. BUT THE BRITISH SIDE HAD NO RIGHT TO USE THIS AS AN EXCUSE TO PROLONG THE PROCESS.

(II) HE HAD BEEN EVEN MORE SURPRISED BY OUR REMARKS ON 9 MARCH TO THE EFFECT THAT THE DRAFT AGREEMENT MIGHT NOT INCLUDE A PHRASE EXPLICITLY REFERRING TO THE TRANSFER OF SOVEREIGNTY. THE TALKS HAD BEEN TAKING PLACE ON THE PREMISE THAT SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION WOULD REVERT TO CHINA. HE REFERRED TO SIR PERCY CRADOCK'S COMMENT THAT THE CHINESE PREMISE WAS FULLY UNDERSTOOD. THE AGREEMENT SHOULD REFER IN EXPLICIT TERMS TO THE TRANSFER OF SOVEREIGNTY. OTHERWISE, WE SHOULD HAVE BEEN TALKING FOR MORE THAN TWO YEARS BY SEPTEMBER AND STILL BE EVADING THIS ESSENTIAL QUESTION. WHAT POINT WOULD THERE BE IN CONTINUING THE TALKS? (ON THIS POINT SEE MY TELEGRAM NO 429).

(III) ON 9 MARCH, I HAD REFERRED TO YOUR WISH TO GIVE A BRIEF INDICATION OF THE CONTENT OF A DRAFT AGREEMENT DURING THE SPRING. THE CHINESE SIDE DID NOT KNOW WHAT SORT OF INDICATION YOU HAD IN MIND. IT CONSIDERED THAT NOTHING SHOULD BE MADE PUBLIC BEFORE AGREEMENT HAD BEEN REACHED, UNLESS THE BRITISH SIDE WISHED TO EXPRESS ITS DETERMINATION TO RETURN SOVEREIGNTY TO CHINA. IT WAS NOT THE BRITISH SIDE'S RESPONSIBILITY TO MAKE PUBLIC CHINESE POLICIES TOWARDS HONG KONG. ON THIS, THE CHINESE ATTITUDE WAS VERY CLEAR.

(C) ON 9 MARCH, I HAD ALSO SAID THAT INSTRUMENTS OF RATIFICATION WOULD NOT BE EXCHANGED IMMEDIATELY AFTER SIGNATURE OF AN AGREEMENT. UNDER THE BRITISH PLAN, PARLIAMENT WOULD STILL HAVE TO DISCUSS AND APPROVE LEGISLATION RELATED TO THE TRANSFER OF SOVEREIGNTY. THIS WAS ABSURD. AGREEMENT WOULD HAVE BEEN REACHED, BUT THE QUESTION OF THE TRANSFER OF SOVEREIGNTY WOULD REMAIN UNRESOLVED. WHEN WOULD THE TIME COME FOR THIS LATER DEBATE AND APPROVAL OF RELEVANT LEGISLATION? WE WERE TRYING HARD TO LINK RATIFICATION TO THE DRAWING UP OF THE BASIC LAW. CHINA'S POSITION WAS VERY CLEAR. THE BASIC LAW WAS CHINA'S INTERNAL AFFAIR. RATIFICATION WOULD CONCERN THE BILATERAL AGREEMENT, NOT THE BASIC LAW. CHINA COULD NOT ACCEPT BRITISH ATTEMPTS TO LINK THE TWO. THE CHINESE SIDE HAD SAID THAT THE AGREEMENT WOULD BE REFLECTED IN THE BASIC LAW AND THAT THE BASIC LAW WOULD NOT CONTRAVENE THE AGREEMENT. ATTEMPTS TO LINK THE AGREEMENT TO THE BASIC LAW WERE

~~HE SAID THAT THE AGREEMENT WOULD BE REFLECTED IN THE BASIC LAW~~
~~AND THAT THE BASIC LAW WOULD NOT CONTRAVENE THE AGREEMENT.~~
ATTEMPTS TO "PEC" THE AGREEMENT TO THE BASIC LAW WERE
IMPERMISSIBLE. THE CHINESE SIDE HAD ALREADY SAID THAT THE PROCESS
OF WORKING OUT THE BASIC LAW WOULD BE LENGTHY. UNDER THE BRITISH
PROPOSALS, THE BILATERAL AGREEMENT WOULD BE LEFT IN SUSPENSE
FOR A LONG TIME. THIS WOULD MAKE THE AGREEMENT THE LAUGHING
STOCK OF THE INTERNATIONAL COMMUNITY. THE BRITISH SIDE WAS
DELIBERATELY PLACING OBSTACLES IN THE WAY OF THE SMOOTH COURSE
OF THE TALKS AND OF SIGNING A BILATERAL AGREEMENT IN SEPTEMBER.
IF IT STUCK TO THIS LINE, THERE WAS NO REASON TO BE OPTIMISTIC
ABOUT THE PROSPECTS FOR THE TALKS.

4. I SAID THAT I HAD LISTENED WITH CARE AND SOME SORROW TO WHAT
HE HAD SAID. WE WERE NOT DRAGGING OUR FEET. WE COULD HAVE NO
MOTIVE FOR DOING THIS. INDEED WE WERE DOING OUR VERY BEST TO MEET
CHINA'S POLITICAL IMPERATIVES. IT WAS A FACT THAT THE PARLIAMENTARY
RECESS TOOK PLACE BETWEEN LATE JULY AND LATE OCTOBER. PARLIAMENT
MUST HAVE AN OPPORTUNITY TO CONSIDER THE AGREEMENT REACHED AT
DELEGATION LEVEL. OUR SUGGESTED TIMETABLE WAS THE BEST SUITED TO
MEET BOTH SIDE'S REQUIREMENTS.

5. I SAID THAT WE WERE NOW WORKING HARD ON THE TEXT FOR A
POSSIBLE AGREEMENT. I HAD CAREFULLY NOTED ZHOU'S COMMENTS ON
THIS. BUT IT WAS NOT OUR INTENTION TO EVADE THE ISSUE OF
SOVEREIGNTY. OUR POSITION REMAINED AS DESCRIBED IN THE PRIME
MINISTER'S MARCH LETTER TO ZHAO ZIYANG.

6. ON RATIFICATION, I REPEATED MY REMARKS FROM 9 MARCH. I UNDER-
STOOD IT TO BE INTERNATIONAL PRACTICE THAT AGREEMENTS WERE NOT
RATIFIED UNTIL THE NECESSARY LEGISLATIVE PROCESSES HAD BEEN
COMPLETED IN ALL SIGNATORY STATES. AGAIN, THERE WAS NO QUESTION
OF FOOT DRAGGING.

7. ZHOU SAID THAT HE HAD NOTED WHAT I HAD SAID ABOUT OUR
APPROACH NOT BEING ONE OF FOOT-DRAGGING. HOWEVER, THE CHINESE
SIDE ATTACHED IMPORTANCE TO FACTS NOT WORDS. UNDER OUR PLAN,
THE "OBJECTIVE PROCESS" WOULD BE ONE OF DRAGGING OUT THE PERIOD
OF OUR TALKS. THE CHINESE SIDE WAS NOT AFRAID OF FOOT-DRAGGING.
ONCE IT WAS CLEAR ABOUT BRITISH INTENTIONS, IT COULD CONSIDER
MATTERS ALONG ANOTHER LINE.

8. ZHOU NOTED THAT OUR COMMENTS ON AN AGREEMENT HAD BEEN MADE ON
A PERSONAL BASIS. HE HOPED THAT THEY WOULD NOT BE REFLECTED
IN IN THE FINAL BRITISH POSITION. IF SO, THIS WOULD BE A VERY
SERIOUS OBSTACLE. IT WOULD MEAN UPSETTING THE FOUNDATION OF THE
TALKS.

9. ZHOU ASKED ME WHETHER WE WERE SEEKING TO LINK RATIFICATION
TO THE DRAWING UP OF THE BASIC LAW. I REPEATED WHAT I HAD SAID
ON 9 MARCH. ZHOU RETORTED THAT THE PROCESS OF DRAWING UP THE
BASIC LAW HAD NOTHING TO DO WITH RATIFICATION. THE FORMER WAS
PURELY CHINA'S INTERNAL AFFAIR. THE AGREEMENT WOULD BE SUBMITTED
TO THE NPC FOR APPROVAL. THEY WOULD CONSIDER THE TERMS.
THIS WOULD NOT TAKE LONG. THE CHINESE SIDE COULD NOT UNDERSTAND
WHY WE WERE SEEKING TO DIVIDE OUR PARLIAMENTARY PROCESS INTO
TWO PHASES: FIRST, DISCUSSION OF THE AGREEMENT SEMICOLON
SECONDLY, PASSING THE RELEVANT LEGISLATION. THE CHINESE SIDE
ENVISAGED THE RATIFICATION PROCESS TAKING A MATTER OF WEEKS
OR DAYS, NOT YEARS. IT WOULD BE UNIMAGINABLE FOR THE QUESTION
OF SOVEREIGNTY TO REMAIN UNSOLVED WITH AN AGREEMENT IN SUSPENSE

OR DAYS, NOT YEARS. IT WOULD BE UNIMAGINABLE FOR THE QUESTION
OF SOVERIEGNTY TO REMAIN UNSOLVED WITH AN AGREEMENT IN SUSPENSE
FBE XHQBSEBCTDFOME#GSG WHAT WOUH
KONG? CHINA WOULD NEVER AGREE TO DRAWING OUT THE PROCESS OF
RATIFICATION FOR YEARS OR TO LINKING RATIFICATION TO THE DRAWING
UP OF THE BASIC LAW. ZHOU HOPED WE WOULD CONSIDER HIS REMARKS
SERIOUSLY.

EVANS

GRS 1750

NNNN

file
da



bc pc

46

10 DOWNING STREET

From the Private Secretary

14 March 1984

Future of Hong Kong : Timetable

The Prime Minister saw overnight Peking telegram number 427 of 13 March and had some discussion of it with the Foreign and Commonwealth Secretary when they met earlier today.

The Prime Minister expressed considerable concern about the Chinese attitude to the proposals we had put to them with regard to the timetable and has minuted to the effect that this attitude goes some way to justify the suspicions of EXCO as to Chinese intentions.

The Prime Minister may wish to hold a meeting of OD(K) next week to consider the situation but would, I think, first appreciate further advice from the Foreign and Commonwealth Secretary.

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

CSF