



Foreign and Commonwealth Office

London SW1A 2AH

21 March 1984

Dear John,

Future of Hong Kong: The Tenth Round

In my letter to you of 16 March I commented on our recent contacts with the Chinese on the timetable for conclusion of an agreement on Hong Kong. I also enclosed a possible draft of a message from the Prime Minister to Premier Zhao Ziyang, and suggested that the need for this would need to be considered further in the light of discussion at the 10th round of talks on 16 - 17 March.

In the event, the Chinese did not refer to our proposed timetable at the formal sessions of talks. These were in the main devoted to discussion of the working paper tabled by the British side on government structure and constitutional arrangements, and on shipping. On the first paper the Chinese argued that the governmental structure of post-1997 Hong Kong would be defined under the Basic Law to be drafted by the Chinese Government and that, as this was not yet enacted, no decisions on governmental structure could be taken. They suggested that the Hong Kong Special Administrative Region (SAR) should be able to make changes to the governmental structure after 1997. Changes before 1997 should not conflict with the Basic Law, and should be discussed in advance with the Chinese Government. In the light of this unforthcoming reaction, it is not clear how much further discussion on the issue can be taken at this stage. The Chinese however themselves indicated that they will wish to revert to the question under Agenda Item 2 (arrangements in the period before 1997). The relationship between the evolution of governmental structures in Hong Kong before 1997 and the future provisions of the Basic Law may possibly give some scope for involving ourselves in the drafting of the Basic Law. This will not be easy and how we might achieve it will need careful examination.

Discussion of the working paper on Shipping was straightforward and the Chinese did not take issue with any of its proposals. There were also exchanges on a number of points outstanding from earlier working papers, including a helpful clarification from the Chinese side that, under the Chinese plan, former Hong Kong public servants entitled to pensions and gratuities would receive them according to the original regulations regardless of

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their nationality and place of residence. The Chinese side referred again to the need, in the "transitional period" to 1997, for discussion between China and Britain not only of administrative structures in Hong Kong but also of other matters.

The future timetable came up only at the usual dinner for delegations held after the talks. The chief Chinese negotiator described, on a personal basis, alternative scenarios which would lead to signature of an agreement before the end of September. Still on a personal basis, he floated the idea of an agreement on the lines of the "Shanghai communique" (the 1972 declaration which eventually led to the establishment of diplomatic relations between China and the United States. This document was drafted in political rather than legal language and did not require signature or ratification: the bulk of it consisted of unilateral statements by the two sides.) He agreed however that the whole subject of the timetable should be left open for discussion in Peking between the Foreign and Commonwealth Secretary and Chinese leaders. He also said that the Chinese side could accept ratification of an agreement after, but not too long after, signature by the end of September. We have subsequently been told that the Chinese have agreed to our proposal that Sir Geoffrey Howe should visit Peking in mid-April. We are still discussing exact dates with them.

In short, there has been no meeting of minds on the timetable, but we have secured our immediate objective of leaving matters open until they can be discussed by Sir Geoffrey Howe in his talks with Chinese leaders. In these circumstances Sir Geoffrey does not believe that a message from the Prime Minister to Premier Zhao Ziyang is necessary.

We therefore suggest that the meeting of OD(K) on 26 March should consider (a) the objectives for Sir Geoffrey's visit to Peking and Hong Kong in relation to the outstanding points of the timetable, the timing of ratification and "lifting the veil"; (b) the future constitutional arrangements up to 1997 (on which Sir Geoffrey has sent a minute to the Prime Minister); and (c) the form of the draft agreement that might be put to the Chinese in advance of Sir Geoffrey's Peking visit (I have written to you separately about this).

Yours ever,
P F Ricketts

(P F Ricketts)
Private Secretary

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From the Private Secretary

21 March 1984

Future of Hong Kong: The Tenth Round

Thank you for your letter of 21 March.

I note that the Foreign and Commonwealth Secretary does not believe that a message from the Prime Minister to the Chinese Premier is now necessary.

The proposed agenda for OD(K) on 26 March seems appropriate. I take it that you will be suggesting these items to the Cabinet Office.

I have not shown your letter to the Prime Minister. I imagine that most of the points in it will be covered at the OD(K) meeting.

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

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