



Foreign and Commonwealth Office

London SW1A 2AH

2 May 1984

Dear John,

Future of Hong Kong: 13th Round of Talks

To supplement the assessment already sent by the Foreign Secretary on his visit to Hong Kong and China, this letter provides a resume of the 13th round of Sino-British talks on the future of Hong Kong, (27/28 April), as background for the meeting of OD(K) on 3 May.

The greater part of the round was taken up in consolidating positions established during Sir Geoffrey Howe's visit. Predictably enough the Chinese side endeavoured to put the most advantageous slant on everything that had been said. There was little advance on substance.

Timetable

Zhou Nan, the Chinese negotiator, tried to put the most favourable possible gloss on Sir Geoffrey's agreement with Deng Xiaoping on the timetable for the talks, presenting it as:

- (a) an initialled agreement to be published by September 1984;
- (b) immediate consideration by Parliament after resumption in October;
- (c) signature well before the end of the year.

Sir R Evens restated our position and is taking further action to impress on Zhou Nan that it will certainly not be practicable for Parliament to discuss Hong Kong before November.

Agreement

Zhou Nan undertook to let us have the Chinese draft protocol and annex around the time of the 14th round (9/10 May). These will complete the set of texts making up the Chinese draft agreement. He confirmed that the annex could deal with points agreed between the two sides in the talks as an elaboration of the Chinese twelve points, and the annex should be equally valid and binding. He said that excessive detail should be avoided, and reaffirmed the Chinese position that Chinese policies after 1997 were an internal matter, not subject to formal agreement with the British side. He did not challenge the proposition that both agreements should remain on the table for further

/negotiation



negotiation. Sir Richard Evans restated our position on the agreements, and said that we remained ready to discuss the wording of our draft.

#### Transition Period

There was lengthy discussion of the transitional period up to 1997. Zhou Nan repeated Chinese arguments for the establishment of a joint group as a forum for cooperation and contact during period up to 1997. He said that the group would be a liaison body, and not an organ of power. He claimed that Deng Xiaoping had said to Sir Geoffrey Howe that the Agreement should state that the group should be established in Hong Kong, and only a verbal agreement reached that it should meet by rotation in Hong Kong, London and Peking. This may be partly an attempt by Zhou Nan to establish the most favourable interpretation of the understanding. But it seems clear that while Deng appeared to imply that the location of the joint group would not be specified, the Chinese will argue that the protocol to the agreement should place it formally in Hong Kong. Zhou also referred to the need for the two sides in the joint group to cooperate, beginning now in selecting competent people to assume the administration of the territory in 1997. The only criterion for the selection of these people would be that they should support China's resumption of sovereignty over Hong Kong. The joint group should also discuss the issue of bank notes, land leases and the implementation of those sections of the Basic Law that covered government structure. This elaboration of the Chinese view of the role of the joint group reinforces the need to examine the proposal and terms of reference for a joint group very carefully.

#### Outstanding Issues

Zhou Nan rejected our restatement of our case on the various outstanding issues from agenda Item 1 including nationality, government structure, the public service and civil aviation. On public service he corrected what had appeared to be a concession by Deng Xiaoping when the latter had implied that expatriate officials could serve at all levels in the Hong Kong administration after 1997, whatever passports they held. Zhou restated the position that expatriates could only serve up to a certain level.

#### Conclusion

There was disappointingly little progress in this round. The Chinese were evidently attempting to stake out once again maximalist positions following the discussions held during the Foreign Secretary's visit. Sir Geoffrey has suggested in

/his minute

S E C R E T



his minute to the Prime Minister how we can maintain the momentum created during that visit.

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

*Yes Sir,  
P F Ricketts*

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

S E C R E T