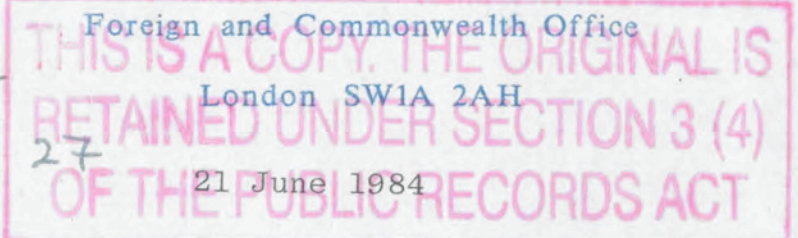




Prime Minister

For OD(k) on 27
June.

C D P
24/6



Dear Charles.

Future of Hong Kong: The Stationing of PLA
Troops in Hong Kong

Prior to the meeting of OD(K) on 27 June, Sir Geoffrey Howe thought that colleagues might find it useful to have an up-to-date assessment of the Chinese position on the stationing of PLA troops in Hong Kong and possible ways in which we might deal with Deng Xiaoping's statement on the subject.

The Chinese Position

On 25 May Deng Xiaoping, speaking in front of Hong Kong newsmen, said that statements by other Chinese leaders to the effect that China would not station PLA units in Hong Kong after 1997 were to be disregarded. During Sir Geoffrey Howe's visit to Peking, the latter had explicitly recognised China's right to station PLA troops in Hong Kong after 1997, but had asked the Chinese to exercise restraint in doing so. Deng said that only he, Zhao Ziyang, Wu Xueqian, Ji Pengfei and the MFA spokesmen could speak with authority on Hong Kong. Deng's statement followed suggestions by GengBiao, former Defence Minister, and Huang Hua, former Foreign Minister, to the effect that PLA troops would not be stationed in Hong Kong. Further press reports said that Deng told delegates later that China would station about 3,000 to 5,000 troops in Hong Kong to maintain law and order and prevent disturbances. The troops would not interfere in internal administration.

Deng's statement had a damaging effect in Hong Kong, and the Hang Seng index immediately fell by 30 points.

Our Ambassador in Peking, Sir Richard Evans, called on Zhou Nan on instructions to protest about Deng's remarks, and in particular about his reference to confidential discussions with Sir Geoffrey Howe and his suggestion that the purpose of the PLA troops would be to maintain law and order in Hong Kong. He indicated that we did not

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dispute the Chinese right to station troops in Hong Kong, but advised against it in normal circumstances, for the sake of confidence. Sir Richard Evans referred again to this issue at the fifteenth round of talks, restating the British position. Zhou Nan said that we should not refer to the question of the stationing of PLA troops again, but he confirmed that the maintenance of internal security was a matter for the future SAR.

The Change in the Chinese Position

We believe that Deng's statement was preceded by a long debate within the Chinese leadership on the stationing of PLA troops.

We do not know for certain what provoked Chairman Deng to make the statement. reports suggest that he had always been personally committed to the stationing of troops in Hong Kong, and this is supported by the attitude he took in discussing the issue with Sir Geoffrey Howe and in comments by Zhou Nan to Sir Richard Evans.

The Hong Kong and Macau Office circulated another document with a firm recommendation not to send troops. No decision was taken, and when Geng Biao and Huang Hua made statements suggesting that the PLA would not be sent to Hong Kong, Deng was furious and issued his own statement.

They believe that it is better to make the position on the PLA clear now so that the people of Hong Kong can become accustomed to it.

This account tallies with Sir Richard Evans' interpretation of events. He suggests that Deng may have been acting from:

- (a) a desire to correct the misrepresentation of Chinese positions in the foreign press;
- (b) a desire to impose order and discipline on some of his senior colleagues; and
- (c) a wish to maintain his own credibility.

/Sir



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Sir Richard Evans believes that there could well have been pressure on Deng from the PLA. Zhou Nan has several times hinted that the PLA consider Chinese policies towards Hong Kong to be altogether too generous, and at the May meeting of the NPC, several older generals were critical of the Government's liberalising policies. We do not know of any particular group within the PLA who might be to the fore on this issue, but suggests that there has been a hardening of the view in Peking that the Chinese are giving too much away to the British. But in any case, such pressures would not appear to run counter to Deng's own inclinations.

Action by HMG

We do not believe that we should engage in a public debate with the Chinese on the issue. To do so would only fix them more firmly in their own stance. Given that Deng has committed himself publicly on the question, we cannot expect him to modify his position in the near future. We must therefore consider ways of making progress without causing Deng to lose face.

Now that we have made our position clear in the talks there is little to be gained from raising the question in the immediate future.

Despite this, Sir Geoffrey Howe considers that we should revert to the proposal for an internal security force in the talks at an appropriate point. The Chinese are likely to insist that this can only be dealt with in the transitional period, but we should nonetheless press for a mention of it in the agreement, as it will strengthen the argument that there is no need for the Chinese to station troops in Hong Kong in normal circumstances. It would also curb the disposition of certain Chinese leaders, despite private reassurances in the talks on this point, to suggest publicly that the PLA garrison would have a role to play in maintaining internal order. The internal security force is a question that Sir Geoffrey Howe will probably need to raise during any further visit to Peking. We may ultimately have to leave the matter to be resolved after the signature of an agreement, but this will be a very unsatisfactory second best.

We should encourage visitors from Hong Kong to raise this matter with the Chinese leadership, emphasising the severe effects on confidence in Hong Kong of Deng's statement. This may strengthen the element in the Chinese leadership

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which is already aware of the difficulty inherent in stationing PLA troops in Hong Kong. We cannot be too hopeful about this, but there are some signs that the Chinese leaders may still be prepared to be more moderate on this issue. Zhang Aiping, Chinese Defence Minister, said on his recent departure for the US, that troops would be stationed in Hong Kong 'when they were needed and as many will be sent as are needed'. This suggests that China would not automatically exercise its sovereign right.

However, it will almost certainly be impossible to persuade the Chinese to make a statement indicating that they will not exercise their right of stationing troops in Hong Kong. (In the Ambassador's view, this may well not be possible until Deng is dead, if then). But at a late stage in the negotiations (probably in the course of a further Ministerial visit to Peking), we should certainly make a last attempt to argue for a unilateral Chinese statement to reassure Hong Kong that troops would be moved in only in exceptional circumstances. If this last effort fails, we should have no alternative to leaving this question to one side until the transitional period.

I am copying this minute to the Private Secretaries of OD(K) colleagues and of Sir Robert Armstrong.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

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