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PRIME MINISTER

c Sir Robert Armstrong

OD(K): Future of Hong Kong: Arrangements for
Testing the Acceptability in Hong Kong of an
Agreement with the Chinese

BACKGROUND

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At their Meeting on 23 May (OD(K)(84)6th Meeting, Item 2), the Sub-Committee agreed the Foreign and Commonwealth Secretary's recommendation that the testing of the acceptability in Hong Kong of an agreement with the Chinese should be accomplished by a mixture of passive and active means. The Foreign and Commonwealth Secretary was invited to bring forward detailed proposals as to how the process should be handled.

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2. Mr Appleyard's letter of 21 June to Mr Powell covers a paper setting out these detailed proposals, based on a draft by the Governor of Hong Kong. As agreed by the Sub-Committee, the proposals envisage a period of public debate in representative and semi-representative bodies in Hong Kong and more widely by means of an invitation to the public to express their views on a draft agreement. The paper underlines the importance of close consultation with members of the Executive Council (EXCO) on the content of the agreement as it develops, since if the Unofficial members of EXCO declined to endorse a draft agreement the chances of securing a generally favourable reception would be much reduced. The ideal would be to persuade the Unofficials to work actively for the acceptance of an agreement; this process of persuasion might need to involve further meetings of the Unofficials with Ministers in London.



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3. Paragraph 3 of the paper sets out the measures proposed to prepare public opinion for the test of acceptability, including the publication of a Green Paper on plans for the extension of representative government over the next decade. Senior officers of the Hong Kong Government will speak in public about the need for a realistic approach; but there is no reference to a second "unveiling" Ministerial statement being made during the period before publication of an agreement, as a means of putting our position and its constraints more clearly on record.

4. The objectives of the test of acceptability will be two-fold: to put forward a draft agreement with an explanation of its implications and a clear commendation, seeking confirmation that it is acceptable; and to provide Ministers and Parliament with an accurate analysis of opinion in Hong Kong, on the basis of which decisions can be taken on whether the agreement should be signed. The proposed method of presentation of an agreement is set out in paragraphs 5 and 6 of the paper. This involves publication of a White Paper in London and Hong Kong, giving the background to the draft agreement, an explanation of its provisions, a commendation of the package, and an unambiguous statement that the alternative to the negotiated agreement would be reversion of Hong Kong to China with no agreed arrangements as to its future administration. Statements by Ministers and the Governor at the time of publication of the White Paper would cover the same points, and stress that the British Government will remain constitutionally responsible for Hong Kong, and that the Hong Kong Government will continue to administer the territory effectively, until 1997. Within Hong Kong, the White Paper and text of the Governor's statement would be distributed with an invitation to comment to the Urban Council and District Boards and representative and semi-representative bodies selected to ensure widespread and credible coverage of the community. The documents would be debated in the



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Legislative Council (LEGCO), given wide publicity in the mass media, and promulgated and commended by the Hong Kong Government machine.

5. The invitation to comment could be couched in general or specific terms. But the paper argues that to invite answers to a specific question would have severe disadvantages, in that it would lend itself to the statistical analysis of "yes" votes as against "no" votes, and would also probably give rise to Chinese protests that the process amounted to a referendum, to which they are explicitly opposed. An invitation to comment in general terms could give rise to false hopes that an alternative agreement might be negotiable, and it would therefore be necessary to make it absolutely clear that the package must be judged as a whole, with no alternative available. With this proviso, the paper recommends that the invitation to comment be couched in general terms.

6. The process of assessing reactions to the draft agreement will have to be undertaken by the Hong Kong Government. But in order to ensure credibility, it is recommended that a special assessment office should be established, distanced from the ordinary Hong Kong Government machine, and reporting directly to the Governor through a senior official. The final report of the assessment office (which would be published) should include factual summaries, by broad sectoral groupings, of all the views expressed, and an assessment of the acceptance of the draft agreement. In order further to strengthen the credibility of the assessment process, it is recommended that the British Government or the Governor should appoint a small team of independent monitors to oversee its operations. They would not collect or assess opinion themselves, but witness and have access to the results of the consultation process. They would report their findings which would be published and presented to Parliament. The selection of the monitors



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will require careful consideration; the Governor's recommendation is that it might be appropriate to appoint two judges, perhaps one from the United Kingdom and the other a Hong Kong Chinese. The Foreign and Commonwealth Secretary's view is that two less prominent figures, more akin to the British Government observers at the recent El Salvador elections would be a safer system, given that two judges might be inclined to make independent comments of their own on the substance of the assessment exercise. The paper notes that LEGCO might decide to debate the reports; it might be necessary to indicate that the assessment itself and not LEGCO's views on it represent the authoritative view of the Hong Kong community. A debate in LEGCO might irritate the Chinese, but it cannot be prevented.

7. As to timing, it would be desirable to present the assessment to Parliament in mid-November, following publication of the White Paper shortly after the initialling of the agreement at the end of September. The Chinese have been told that this is the sort of timetable we have in mind. But the Governor has argued strongly that a period of two months after the publication of the agreement is the absolute minimum which should be allowed for consultation and assessment, not only because of the large administrative task involved, but also because if the assessment were seen to be rushed, the credibility of the entire process could be prejudiced.

8. At the same time, to follow the Governor's proposed timescale would mean that Parliamentary consideration of the agreement could not take place before early December. This would provoke an adverse reaction from the Chinese. If Parliamentary problems arose which called into question the commitment to sign the agreement before the end of the year, the entire negotiation could be prejudiced. The paper



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therefore recommends (paragraph 19) that the Governor should be invited to accept a timetable involving seven weeks for the consultation process leading to debates in Parliament in the week beginning 26 November.

9. If the Sub-Committee is content with the proposals for handling the consultation process, it is recommended that the general approach should be announced in Parliament and Hong Kong at an early opportunity. It is also recommended that in order to minimise Chinese hostility towards the process, they should be informed of what is proposed by HM Ambassador at Peking shortly before the announcement.

10. All members of the Sub-Committee will be present at the meeting.

HANDLING

11. You should invite the Foreign and Commonwealth Secretary to introduce the discussion. Points to be established include:

(a) Does the Sub-Committee endorse the recommended presentation of the agreement by means of a White Paper explaining its provisions, commending it to the people of Hong Kong and making clear the alternative to acceptance? Are Ministers content with the proposed widespread distribution of the White Paper?

(b) Does the Sub-Committee agree that the invitation to comment should be couched in general, rather than specific terms? Is Parliament likely to be satisfied by a testing of Hong Kong opinion on these lines?

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(c) Does the Sub-Committee agree that the measures proposed in paragraph 3 to prepare public opinion in Hong Kong for the White Paper are adequate to minimise the risks of rejection? Would a second "unveiling" Ministerial statement be desirable?

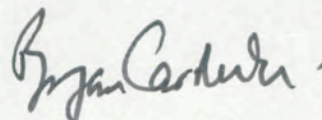
(d) Are the proposed arrangements for the establishment of an assessment team distanced from the Hong Kong Government satisfactory? Should monitors be appointed and, if so, would it be safer, as recommended by the Foreign and Commonwealth Secretary, to appoint less prominent people than the judges proposed by the Governor? Or would the appointment of less eminent figures expose the Government unnecessarily to Parliamentary criticism? Should they be appointed by the British Government or the Governor?

(e) Does the Sub-Committee agree that the potential problems with the Chinese which might arise if the Governor's proposed timetable for the assessment process were adopted are sufficiently serious to justify asking him to agree the seven weeks timetable proposed?

(f) Does the Sub-Committee agree that an early announcement should be made of the Government's plans for the process of consultation? Should the Chinese be given advance warning of the announcement?

CONCLUSION

12. Subject to the points made in discussion, you could guide the Sub-Committee to endorse the proposals for testing the acceptability in Hong Kong of an agreement with the Chinese set out in the attachment to Mr Appleyard's letter of 21 June to Mr Powell.



B G Cartledge

26 June 1984