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PS/PUS

PS/MR LUCE

~~MR NELSON~~

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TELEGRAM NUMBER 1936 OF 14 JULY

INFO IMMEDIATE PEKING

FUTURE OF HONG KONG : VISIT OF MR LUCE : MEETING WITH UMELCO.

1. MR LUCE'S DISCUSSION WITH UMELCO THIS AFTERNOON LASTED TWO HOURS. HE BRIEFED THEM IN GENERAL TERMS ON THE PROGRESS OF THE NEGOTIATIONS. HE REFERRED TO PUBLIC SPECULATION ON CHINESE PROPOSALS FOR A JOINT GROUP AND REAFFIRMED THE DETERMINATION OF HMG AND THE HONG KONG GOVERNMENT THAT UP TO 1997 THEIR AUTHORITY SHOULD REMAIN CLEAR. HE INFORMED THEM IN CONFIDENCE OF THE SECRETARY OF STATE'S FORTHCOMING VISIT TO HONG KONG AND PEKING.

2. DEBATE CENTRED ON THE JOINT GROUP, THE TEST OF ACCEPTABILITY AND THE CONFIDENTIALITY OF THE NEGOTIATIONS.

JOINT GROUP

3. THERE WAS GENERAL ACCEPTANCE OF THE NEED FOR CONSULTATION BETWEEN THE BRITISH AND CHINESE GOVERNMENTS (COVERING SUCH MATTERS AS GATT AND LAND LEASES IN THE PERIOD UP TO 1997) BUT MEMBERS EXPRESSED DEEP MISTRUST ABOUT THE CONCEPT OF A JOINT GROUP, ESPECIALLY ONE BASED IN HONG KONG. THEY SAID THAT A JOINT GROUP IN HONG KONG WOULD BE SEEN AS A MEANS OF CHINESE INTERFERENCE, THAT PRESSURE WOULD BE PUT ON THE HONG KONG GOVERNMENT THROUGH THE GROUP AND THAT PETITIONERS WOULD TURN TO THE GROUP AS AN ALTERNATIVE SOURCE OF AUTHORITY. THEY QUESTIONED WHETHER THE CHINESE PROPOSAL WAS CONSISTENT WITH CHINESE PROMISES THAT HONG KONG WOULD HAVE A HIGH DEGREE OF AUTONOMY. IT WAS SUGGESTED THAT IF THERE HAD TO BE A JOINT GROUP IT WOULD NEED TO HAVE VERY CLEAR TERMS OF REFERENCE, AND ITS FUNCTION WOULD NEED TO BE CLEARLY EXPLAINED. PERHAPS ITS TERM MIGHT RUN BEYOND 1997.

4. MR LUCE NOTED THE VIEWS EXPRESSED AND REITERATED HMG'S COMMITMENT TO MAINTAINING THE AUTHORITY OF THE HONG KONG GOVERNMENT.

TEST OF ACCEPTABILITY

5. SOME MEMBERS, WHILE RECONGISING THAT THERE COULD BE CERTAIN



TEST OF ACCEPTABILITY

5. SOME MEMBERS, WHILE RECOGNISING THAT THERE COULD BE CERTAIN POLITICAL OR TECHNICAL PROBLEMS, ARGUED THAT A REFERENDUM SHOULD BE CONSIDERED; AT THIS STAGE HMG SHOULD KEEP ITS OPTIONS OPEN. NO SPEAKER ARGUED CLEARLY AGAINST A REFERENDUM, ALTHOUGH MR LUCE AND I BOTH ENCOURAGED THE MEETING TO CONSIDER THE VARIOUS DRAWBACKS. ONE SPEAKER SUGGESTED, WITH SUPPORT FROM SIR S Y CHUNG, THAT THE QUESTION OF THE METHOD OF TESTING ACCEPTABILITY SHOULD ITSELF BE PUT TO THE HONG KONG PEOPLE. THERE WAS GENERAL AGREEMENT ON THE CRITERIA TO BE APPLIED TO ANY PROPOSED TEST: IT SHOULD BE PUBLIC, IMPARTIAL AND REPRESENTATIVE.

6. MR LUCE NOTED THAT IF POSSIBLE THE PROPOSALS RELATING TO THE TEST OF ACCEPTABILITY SHOULD BE COMMUNICATED TO PARLIAMENT BEFORE THE SUMMER RECESS.

CONFIDENTIALITY

7. SOME MEMBERS OF LEGCO EXPRESSED STRONG FRUSTRATION THAT OBSERVANCE OF CONFIDENTIALITY, WHEN THERE WERE EXTENSIVE LEAKS FROM THE CHINESE SIDE MEANT THAT THEY WERE EXCLUDED FROM RECEIVING INFORMATION WHICH, THEY ARGUED, WAS RELEASED IN BACKGROUND BRIEFING TO THE PRESS IN LONDON (MR LUCE CORRECTED THIS IMPRESSION). MR LUCE EXPRESSED SYMPATHY BUT EXPLAINED WHY WE CONTINUED TO FEEL THAT BY OBSERVING CONFIDENTIALITY WE WERE GIVING OURSELVES THE BEST CHANCE OF REACHING A SATISFACTORY AGREEMENT. HE SAID THAT THE SECRETARY OF STATE WOULD BE MEETING UMELCO SOON, AND WOULD ALSO NO DOUBT BE CONSIDERING WHAT FURTHER UNVEILING MIGHT BE DONE.

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10-10-1984