



Foreign and Commonwealth Office

London SW1A 2AH

30 July 1984

NSPM who
has already read
the telegram
July. CDP 3077.

Dear Charles,

Visit of the Foreign Secretary to Peking

You may find it helpful to have a brief summary of the position we have now reached. The one outstanding meeting on the Foreign Secretary's programme is the call on Chairman Deng Xiaoping on the morning of 31 July.

Joint Liaison Group

After receiving the Prime Minister's instructions (FCO telno 907 to Peking) the Foreign Secretary had a further discussion with Foreign Minister Wu Xueqian and subsequently with Premier Zhao Ziyang. After arguing hard for 1989 as the date on which the joint group would become based in Hong Kong he put forward 1 July 1988 as a possible compromise. After discussion Premier Zhao was disposed to accept this. It was also agreed that the period of activity of the group would be extended after 1997 to the year 2000. In the working group set up to consider the other terms of reference of the joint liaison group, agreement has now almost been reached, on the basis of a paper (Peking telno 1655) submitted by the British side on its composition and functions.

Main Agreement

A parallel working group has been discussing the text of the main agreement. There is now agreed language on a number of key features, namely that the agreement is legally binding, that the annexes should be of equal force with the main agreement, and that the policies set out in the main agreement and annexes should be stipulated in the Basic Law. Work in the group is continuing.

Other Outstanding Issues

At the second session of talks with Foreign Minister Wu Xueqian on 29 July, Sir Geoffrey listed the other issues outstanding between the two sides - namely the texts of the

/annexes



annexes on the legal system and individual rights; nationality; land; civil aviation; the Hong Kong public service; and constitutional arrangements and government structure. He emphasised the importance we attached to resolution of all these issues in ways which would take fully into account Hong Kong's interests. Wu said that in his view there was no difference in principle between the two sides on these issues. If both sides adopted a cooperative attitude it should be possible to find a satisfactory solution: in future discussions the Chinese delegation would take account of the points made by the Foreign Secretary.

There was no further discussion of substance on these issues. However, in the margins of the talks a member of the Chinese team offered clarification of the Chinese position on two aspects of the nationality problem. He reaffirmed Chinese opposition to any transmissibility of British nationality after 1997. But he also implied that holders of British passports would be able to use those passports to leave the SAR after 1997 and would only have to show their SAR identity cards on return. (In other words residents of Hong Kong after 1997 who had British nationality would not need a Chinese passport in order to leave and enter the territory. If this position is formally confirmed in the talks, it will meet one of the major concerns of Hong Kong residents.)

So far as we are aware, there has been no discussion of the other sensitive outstanding issues, namely defence and internal security. You will recall that the Chinese have not responded to our proposal that a local force should be set up before 1997 to deal with problems of internal security. Deng Xiaoping has placed very firmly on the public record the intention of the Chinese side that a garrison of the PLA should be based in Hong Kong after 1997.

Yours ever,

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