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TO IMMEDIATE HONG KONG
TELEGRAM NUMBER 1777 OF 6 SEPTEMBER
INFO IMMEDIATE PEKING
MIPT : FUTURE OF HONG KONG : MESSAGE FROM SECRETARY OF STATE :
FOLLOWING IS TEXT :

1. I HAVE BEEN FOLLOWING VERY CLOSELY THE PROGRESS OF THE NEGOTIATIONS ON THE FUTURE OF HONG KONG SINCE MY VISIT TO PEKING IN JULY. MUCH WAS ACHIEVED DURING THAT VISIT AND I WAS GRATIFIED AND ENCOURAGED BY THE SPIRIT OF GIVE AND TAKE WHICH CHARACTERISED OUR DISCUSSIONS. THE SAME SPIRIT HAS ENABLED FURTHER PROGRESS TO BE MADE ON A NUMBER OF ISSUES, FOR EXAMPLE ON LEGAL MATTERS WHERE WE APPRECIATE THE EFFORT MADE BY THE CHINESE DELEGATION TO MEET OUR CONCERNS AND ON LAND WHERE BOTH SIDES HAVE DONE THEIR BEST TO MEET EACH OTHERS' CONCERNS. THIS IS A TRIBUTE TO THE ABILITY AND DEDICATION OF THE NEGOTIATORS ON BOTH SIDES.

2. I HAVE TRIED TO LOOK AT THE DRAFT AGREEMENT AS IT IS EMERGING AS A WHOLE AND TO JUDGE HOW IT WILL BE RECEIVED IN HONG KONG AND ALSO BY PARLIAMENT HERE. I AM CONCERNED AS I KNOW YOU ARE THAT IT SHOULD BE SEEN AS AN IMAGINATIVE AND FARSIGHTED SOLUTION TO A PROBLEM WHICH WE HAVE BOTH INHERITED FROM HISTORY.

3. FOR THIS REASON I AM VERY ANXIOUS THAT THE AGREEMENT SHOULD NOT ATTRACT CRITICISM OF A KIND WHICH YOU AND I, WHO ARE SO CLOSE TO THE ISSUES, COULD FORESEE AND WITH A FURTHER JOINT EFFORT AVOID. I HAVE BECOME INCREASINGLY CONCERNED ABOUT DIFFICULTIES WHICH HAVE ARISEN ON TWO OF THE ISSUES LEFT OUTSTANDING AFTER MY VISIT.

4. THE FIRST IS NATIONALITY. I RECOGNISE THE EFFORTS WHICH THE CHINESE SIDE HAVE MADE TO FIND A PRACTICAL SOLUTION, AND WE HAVE SOUGHT TO MATCH THESE ON OUR SIDE. BUT WE HAVE NOT BEEN ABLE TO REACH AGREEMENT ON THE QUESTION OF TRANSMISSIBILITY OF

NATIONALITY AND ON CERTAIN PASSPORT QUESTIONS. ON THE FIRST ISSUE I EXPLAINED TO YOU DURING MY VISIT THE ENORMOUS POLITICAL DIFFICULTIES WHICH WOULD FACE HMG IF THEY WERE ASKED TO DIVEST A LARGE NUMBER OF PEOPLE IN HONG KONG OF RIGHTS THEY ENJOY UNDER BRITISH LAW. WE HAVE ALREADY ACCEPTED THAT NO ONE WILL ACQUIRE ANY FORM OF BRITISH NATIONALITY AFTER 1 JULY 1997 SIMPLY BY VIRTUE OF A CONNECTION WITH HONG KONG. WHAT WE ARE ASKING IS THAT THOSE WHO HAVE THAT NATIONALITY BEFORE 1997 SHOULD RETAIN THE RIGHT THEY NOW HAVE TO TRANSMIT THEIR STATUS TO THEIR CHILDREN FOR ONE GENERATION. THIS RIGHT IS, FOR HISTORICAL REASONS, MUCH VALUED BY A SECTION OF THE COMMUNITY WHO ARE IMPORTANT TO THE FUTURE PROSPERITY OF HONG KONG. IT IS OUR STRONG WISH, AND I BELIEVE YOURS, TO ENCOURAGE THOSE PEOPLE TO STAY IN HONG KONG. BUT IF THIS RIGHT IS REMOVED FROM THEM IT IS OUR JUDGEMENT THAT A LARGE NUMBER OF THEM WILL SEEK TO LEAVE. IT IS FOR THESE REASONS THAT I HOPE YOU WILL LOOK AGAIN AT WHAT WE HAVE PROPOSED ON THIS QUESTION.

5. THE SECOND PROBLEM IS YOUR PROPOSAL THAT ALL NEW PASSPORTS SHOULD BE ISSUED BEFORE 1997. THIS PROPOSAL RAISES SUBSTANTIAL ISSUES OF PRINCIPLE FOR US. MOREOVER, THE IMPOSITION OF SUCH A DEADLINE WOULD ALMOST CERTAINLY STIMULATE A VERY LARGE NUMBER OF APPLICATIONS FROM PEOPLE WHO MIGHT OTHERWISE NEVER APPLY AT ALL, AND THE SCALE OF THE APPLICATIONS WOULD BE SUCH THAT EVEN IF SPECIAL MACHINERY WERE TO BE SET UP, IT WOULD IMPOSE AN INTOLERABLE BUROCRATIC BURDEN. I AM SURE YOU WOULD AGREE THAT IT WOULD BE BETTER TO AVOID A PROCEDURE WHICH WOULD BE SO SERIOUSLY UNSETTLING IN HONG KONG.

6. THERE IS ALSO ANOTHER IMPORTANT ASPECT CONCERNING PASSPORTS. I THINK WE ARE AGREED THAT THE BRITISH TRAVEL DOCUMENTS WHICH FORMER BDTC'S WILL HAVE AFTER 1997 WILL IN FACT BE PASSPORTS. BUT THIS WILL NOT BE CLEAR TO THE PEOPLE MOST AFFECTED AND WHO ATTACH IMPORTANCE TO IT UNLESS WE FIND SOME WAY OF MAKING IT SO. WHAT WE ARE PROPOSING THEREFORE IS THAT THERE SHOULD BE A REFERENCE IN THE UNITED KINGDOM MEMORANDUM THAT THOSE CONCERNED SHOULD HAVE THE RIGHT TO TRAVEL ON BRITISH PASSPORTS. WE UNDERSTAND WHY YOU CANNOT REFER TO PASSPORTS IN YOUR MEMORANDUM.

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BUT I HOPE THAT YOU WILL ACCEPT THAT WE SHOULD DO SO IN OURS. THERE COULD BE NO POSSIBLE IMPLICATION THAT THE CHINESE SIDE WAS THEREBY RECOGNISING DUAL NATIONALITY.

7. THESE THREE ISSUES ARE ALL OF GREAT IMPORTANCE.

NEVERTHELESS, IF THE OTHER ISSUES ADDRESSED IN THIS LETTER WERE SATISFACTORILY RESOLVED, I SHOULD BE PREPARED TO RECOMMEND TO MY COLLEAGUES THAT THEY SHOULD LOOK AT THIS AGAIN. I HOPE THAT THIS WILL NOT BE NECESSARY, BECAUSE I BELIEVE THAT THIS MIGHT WELL LEAD TO A VERY CONSIDERABLE NUMBER OF PEOPLE IN HONG KONG REJECTING THE AGREEMENT AS UNACCEPTABLE, WHICH IS SOMETHING I WISH AT ALL COSTS TO AVOID.

8. THE SECOND SUBJECT IS CONSTITUTIONAL ISSUES. WE ARE AGREED THAT WE CANNOT EXPECT TO SPECIFY 13 YEARS IN ADVANCE EVERY DETAIL OF THE FUTURE STRUCTURE OF GOVERNMENT IN HONG KONG. WE ALSO KNOW OF YOUR INTENTION TO SET OUT THESE MATTERS IN MORE DETAIL IN THE BASIC LAW. BUT IT WILL STILL BE SOME YEARS BEFORE THAT LAW APPEARS AND IN THE MEANTIME IT IS VERY IMPORTANT TO ASSURE PEOPLE IN HONG KONG ABOUT CERTAIN ESSENTIAL PRINCIPLES OF FUTURE GOVERNMENT STRUCTURE. WE SHOULD HAVE PREFERRED TO SPECIFY THAT THE FUTURE CHIEF EXECUTIVE SHOULD BE ELECTED. THE CHINESE SIDE WISH TO STATE THAT HE WILL BE ELECTED OR SELECTED BY CONSULTATION. IF YOU FEEL THAT YOU CANNOT AT THIS STAGE BE CLEARER THAN THIS THEN I WILL ACCEPT IT BUT I THINK THAT IT IS OF VERY GREAT IMPORTANCE THAT THE ANNEX SHOULD STATE THAT THE FUTURE LEGISLATURE WILL BE SELECTED BY AN ELECTIVE PROCESS, AND THAT THE FUTURE HONG KONG EXECUTIVE SHOULD BE ACCOUNTABLE TO THE LEGISLATURE. ELECTED LEGISLATURES TO WHICH THE EXECUTIVE IS ACCOUNTABLE EXIST IN BOTH CHINA AND BRITAIN BOTH AT CENTRAL AND LOCAL LEVELS. IT IS SOMETHING WHICH OUR TWO COUNTRIES HAVE IN COMMON. I WISH TO UNDERLINE THAT WE ARE NOT ASKING THAT THE AGREEMENT SHOULD SPECIFY THAT THE LEGISLATURE SHOULD BE IN ANY PARTICULAR FORM, OR THAT ELECTIONS TO IT SHOULD BE IN ANY PARTICULAR FORM, JUST THAT IT SHOULD BE AN ELECTED BODY. I FEAR THAT IF WE DO NOT SPECIFY THIS MINIMUM REQUIREMENT IN THE AGREEMENT THERE WILL BE VERY WIDESPREAD CRITICISM OF IT AND EVEN SUGGESTIONS THAT WE ARE NOT WILLING TO TRUST THE PEOPLE OF HONG

KONG WITH ELECTING THEIR OWN FUTURE LEADERS. I SHOULD FIND THIS VERY DIFFICULT TO DEFEND IN PARLIAMENT.

9. THERE IS ONE OTHER SUBJECT WHICH I KNOW IS STILL UNDER DISCUSSION, BUT ON WHICH IT IS POSSIBLE THAT DIFFICULTIES MAY ARISE. THAT IS CIVIL AVIATION. AS I EXPLAINED DURING MY LAST VISIT TO PEKING, MY CONCERN IN THIS IS TO PRESERVE CONDITIONS WHICH ENABLE HONG KONG TO CONTINUE TO HAVE ITS OWN AIRLINE. CATHAY PACIFIC IS WIDELY SEEN AS HONG KONG'S AIRLINE. BUT IF THEY ARE TO CONTINUE THE ENORMOUS LONG-TERM INVESTMENT WHICH IS NECESSARY TO MAINTAIN THEM AS A MODERN COMPETITIVE AIRLINE THEY MUST HAVE THE ASSURANCE THAT THE SAR WILL CONTINUE TO HAVE ADEQUATE CONTROL OF THE AIR SERVICES NETWORK ON WHICH CATHAY DEPEND. THIS IS WHAT WE ARE SEEKING. CATHAY HAVE NO BASE OUTSIDE HONG KONG, AND IF THEY WERE NOT SATISFIED THAT THEIR FUTURE PROSPERITY WAS ASSURED THEY WOULD HAVE TO SET ABOUT CREATING ONE VERY QUICKLY. THIS WOULD HAVE A VERY SERIOUS EFFECT ON MORALE IN HONG KONG, AS WELL AS A DIRECT EFFECT ON HONG KONG'S PROSPERITY. I AM DETERMINED TO DO EVERYTHING I CAN TO PREVENT IT, BUT I NEED YOUR HELP.

10. RATIFICATION IS A FURTHER IMPORTANT ISSUE. I AM SURPRISED AND WORRIED BY THE DIFFICULTIES WHICH HAVE ARISEN OVER THIS IN THE COURSE OF THE TWENTY-SECOND ROUND OF TALKS. I FULLY RECOGNISE THAT THE CHINESE SIDE WISH TO HAVE AN ASSURANCE TO THE FULLEST EXTENT WHICH IT IS POSSIBLE FOR US TO GIVE THAT THE AGREEMENT BETWEEN US WILL COME INTO FORCE BY A DEFINITE DATE. THIS IS AN UNUSUAL AND DIFFICULT REQUIREMENT FOR US BECAUSE IT TOUCHES ON THE SOVEREIGNTY OF PARLIAMENT. CONSTITUTIONALLY WE CANNOT RATIFY UNTIL PARLIAMENT HAS PASSED THE NECESSARY LEGISLATION. NEVERTHELESS IN VIEW OF THE WISHES OF THE CHINESE SIDE, AND AFTER CONSULTING MY COLLEAGUES I AUTHORISED OUR AMBASSADOR TO PUT FORWARD PROPOSALS ON 5 SEPTEMBER INCLUDING A DATE FOR RATIFICATION. I WISH TO REPEAT THAT WE HAVE NO WISH TO DELAY RATIFICATION, AND HAVE UNDERTAKEN AS A GOVERNMENT TO DO OUR UTMOST TO GET LEGISLATION THROUGH PARLIAMENT BY THAT DATE.

11. I UNDERSTAND THAT THE CHINESE SIDE WAS PARTICULARLY CONCERNED BY OUR PROPOSAL TO INSERT THE WORDS 'SUBJECT TO

COMPLETION OF THE NECESSARY PROCEDURES IN NATIONAL LEGISLATURES'. I THOUGHT IT STRONGLY ADVISABLE TO PUT THESE WORDS IN IN ORDER TO PREVENT PARLIAMENT CRITICISING THE CLAUSE AS IGNORING THEIR SOVEREIGN RIGHT. HOWEVER IF THIS IS A POINT OF FUNDAMENTAL DIFFICULTY FOR YOU I WOULD BE PREPARED TO LEAVE THESE WORDS OUT, AND EXPLAIN THE SITUATION TO PARLIAMENT AS BEST I CAN. THE CHINESE DELEGATION ALSO SUGGESTED THAT SIX MONTHS FOR RATIFICATION WAS TOO LONG. I HOPE YOU WILL ACCEPT MY ADVICE ON THIS. SIX MONTHS IS THE MINIMUM TIME WHICH I AND MY COLLEAGUES THINK, WORKING AS FAST AS WE CAN, WE CAN BE SURE OF GETTING THE LEGISLATION THROUGH PARLIAMENT. I FEAR THAT PARLIAMENT WILL CRITICISE IT AS MUCH TOO SHORT A TIME.

12. I AM SENDING YOU THIS MESSAGE BECAUSE TIME IS GETTING SHORT AND IT IS MY BELIEF THAT IF WE COULD AGREE ON THESE QUESTIONS DISCUSSION BETWEEN OUR DELEGATIONS COULD QUICKLY RESOLVE THE REST.

13. WE ARE VERY CLOSE NOW TO AN AGREEMENT WHICH I BELIEVE WILL BE SEEN IN THE WORLD AS HISTORIC. AS I SAID IN HONG KONG THE CONCEPT OF 'ONE COUNTRY TWO SYSTEMS' IS A FAR-SIGHTED ONE. I AM VERY CONCERNED THAT WE SHOULD NOT IMPERIL THE AGREEMENT OR SPOIL ITS RECEPTION IN THE WORLD BY FAILING TO MAKE ADEQUATE PROVISIONS IN THE IMPORTANT AREAS I HAVE INDICATED.

14. I AND MY COLLEAGUES ATTACH GREAT IMPORTANCE TO THE SUCCESS OF THIS ENTERPRISE. IF IT WOULD HELP I AM WILLING TO COME TO PEKING AGAIN AS SOON AS ARRANGEMENTS CAN BE MADE IN ORDER TO RESOLVE THE OUTSTANDING PROBLEMS BETWEEN US. PERHAPS YOU COULD LET ME KNOW IF YOU THINK THAT THIS WOULD BE USEFUL.

HOWE

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