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From the Private Secretary

7 September 1984

Dear Len,

Future of Hong Kong : Message to the Chinese Foreign Minister

The Prime Minister discussed Sir Geoffrey Howe's minute of 6 September with him today.

On the date of ratification, the Prime Minister notes the strong Chinese reaction to our proposal to qualify the date of 30 June 1985 with the words "subject to the completion of the necessary procedures in national legislatures". The Prime Minister considers that the Chinese have now been clearly warned that the date of 30 June 1985 could slip for reasons beyond the Government's control and therefore agrees that we should now withdraw the qualifying phrase. If in the event by June next year it appears that the date may slip to the end of the Parliamentary Session, the Chinese will have to be informed at the time with an appropriate explanation and reference to the warning which has been given.

The Prime Minister is content with the other points which Sir Geoffrey intends to include in his message. She attaches particular importance to the question of constitutional arrangements, notably to a statement that the legislature should be elected and the executive answerable to it and hopes that these points will be very forcefully represented in the message.

I am sending copies of this letter to Private Secretaries to the Lord President, the Lord Privy Seal, the Secretary of State for Defence, the Minister of Trade and the Economic Secretary, and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Charles Powell

L.V. Appleyard, Esq.,  
Foreign and Commonwealth Office.

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PRIME MINISTER

Future of Hong Kong: Message to the Chinese Foreign Minister

1. When we discussed Hong Kong in OD(K) earlier this week I said I envisaged the possibility of a message to the Chinese Foreign Minister when the key points still at issue in the negotiations had been sufficiently identified. I think we have reached this point, and I should like to discuss the terms of a message with you when we meet tomorrow. The main issues it will need to cover are as follows.
2. The first is ratification. Following our last discussion we proposed to the Chinese that the date of ratification should be not later than 30 June 1985 "subject to the completion of the necessary procedures in national legislatures". This last phrase was added to cover the possibility that despite our best endeavours we might find we could not pass the necessary legislation by the end of June.
3. I am afraid the Chinese have reacted very strongly, both to the proposed date and even more to the conditional clause. After reference to their leaders they have formally rejected our proposal and accused us of raising a new obstacle to the talks at the last minute. They have stated they cannot initial an agreement which leaves open the date of its coming into force. They clearly suspect that we are seeking to re-establish the link we sought to make earlier in the year between entry into force and publication of the Basic Law, which will not take place until about 1990. Their reaction has set the negotiations back and if we persist could even frustrate their successful conclusion. In the light of this response and of the Lord President's statement on Tuesday that

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30 June was a manageable date, I recommend that we should offer to withdraw the conditional clause while standing firm on the date of 30 June. That will be difficult but probably not impossible to negotiate and I believe we can use this move as a useful lever with the Chinese on a number of difficult substantive issues outstanding in the talks.

4. On nationality, which we expected would prove particularly difficult, there are three main issues: transmissibility of their status by BDTCS to their children for one generation; our opposition to the Chinese proposal that all new passports, replacing BDTC passports, should be issued by 1997; and the need to describe in our memorandum on nationality the passports former BDTCS will have after 1997 as passports and not just as travel documents. Hong Kong feels strongly on all these three. The first, however, transmissibility, is one which it is clear we are not going to achieve. The second two are more realisable. I therefore propose indicating that despite its great importance we shall not in the last resort insist on transmissibility provided we can obtain our requirements on the other two nationality questions.

5. Next is the question of constitutional arrangements. The Chinese are refusing to commit themselves on the structure of government after 1997 beyond saying that the Chief Executive of the Hong Kong SAR should be chosen "by election or consultation". They have refused to specify that the legislature will be elected or that the executive authority should be answerable to the legislature. We see an elected legislature as fundamental to the autonomy of the future Hong Kong SAR and must press for it strongly. Here I propose saying that we should be prepared to accept the Chinese line that the Chief Executive could be chosen by election or /consultation

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consultation in return for a statement that the legislature should be elected and that the executive should be answerable to it.

6. There remains the question of civil aviation. Since the working party have not yet addressed this question in detail I shall have to confine myself to a passage indicating the importance we attach to preserving conditions which would enable Hong Kong to continue to have its own airline.

7. These are the main outstanding problems. My object in sending a message would be to bring them directly to the attention of the Chinese Foreign Minister, to underline the great importance we attach to them, but at the same time to indicate the kind of bargain that might eventually be struck. I shall also, as envisaged, have to offer another visit to Peking, though I doubt whether the Chinese will want to see me again so soon.

8. I am of course ensuring that my lines are clear with the Governor and Exco.

GEOFFREY HOWE

Foreign and Commonwealth Office

6 September 1984

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