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Foreign and Commonwealth Office

London SW1A 2AH

17 September 1984

Prime Minister

You may prefer to  
see this tonight as you  
are out tomorrow.

CDP  
17/9.

Dear Charles,

Future of Hong Kong: Prime Minister's Meeting with EXCO  
Unofficials, 19 September

I attach a brief for the Prime Minister's use at her meeting with EXCO Unofficials on 19 September. The Foreign Secretary returns from Bonn just before the meeting and will not have had a chance to see the Unofficials separately. Mr Luce will however see them immediately before they call on the Prime Minister, and Sir Geoffrey will attend the talks with the Prime Minister and offer them dinner afterwards.

Yours ever,

Peter Ricketts

(P F Ricketts)  
Private Secretary

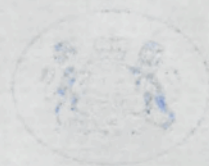
C D Powell Esq  
10 Downing Street

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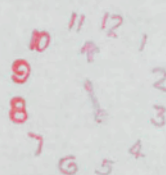


Foreign and Commonwealth Office

London SW1A 7AA



7 SEP 1984





PRIME MINISTER'S MEETING WITH UNOFFICIAL MEMBERS OF THE  
EXECUTIVE COUNCIL OF HONG KONG: 19 SEPTEMBER 1984

POINTS TO MAKE

- I. Introduction
- II. Review of the Negotiations
- III. The Future
- IV. Specific Points Likely to be Raised by Unofficials
  - (a) Can Unofficials Reveal Advice to HMG?
  - (b) Signature of Agreement
  - (c) Nationality
  - (d) Undertakings
  - (e) Joint Liaison Group
  - (f) Defence
  - (g) Constitutional Development
  - (h) Pensions



PRIME MINISTER'S MEETING WITH THE UNOFFICIAL MEMBERS OF THE  
HONG KONG EXECUTIVE COUNCIL OF HONG KONG, 19 SEPTEMBER 1984

I INTRODUCTION

1. Glad to see you here again. Have come a long way together in last two years.

2. Like to pay tribute to your contribution. Your advice invaluable. Recognise your role difficult - unable to tell other people in Hong Kong what was happening, but required to represent them. Consider you have served them faithfully and well.

II REVIEW OF THE NEGOTIATIONS

3. Glad to see that a full text has now been agreed in Peking. Believe it is as good as it was possible to get, and in most respects objectively good too. Recognise in some respects not as good as you had hoped. But believe that what is good in it heavily outweighs what is less good.

4. Give and take is a necessary part of negotiation. This is not the agreement we ourselves would have dictated. It is however a very considerable improvement on what the Chinese were initially offering. In particular:

(a) Agreement and annexes legally binding on the two sides. [We shall register it at the UN.] China has a good record of observing international agreements.

(b) The policies set out in agreement and annexes will be included in the Basic Law, and will be preserved for 50 years from 1997.

(c) Text contains a remarkable degree of detail about Chinese policies after 1997, all of which will go into the Basic Law.

*Help we have had for  
candour - clarity of advice*

*significant  
at  
next*

*difficult with  
no results*

→

*Continued by a second  
session.*

*- legally  
binding -  
strong support  
to Chinese gov't.*



(d) Particularly glad that we were able to get commitment to elected Legislature and accountability of executive to it.

5. Appreciate we have not been able to obtain everything you would have wanted. Loss of transmissibility of nationality status particularly hard for you. But Chinese position very firm. Do not believe we could have pushed them further. Using transmissibility as last minute bargaining card enabled us to obtain significant concessions. Believe points agreed on nationality in annex one and exchange of memoranda represent very significant achievements. Have made satisfactory practical arrangements on use of passports and right of abode despite Chinese not formally recognising dual nationality or separate Hong Kong citizenship.

6. Grateful to have your views on agreement, and your assessment of whether it will be acceptable in Hong Kong.

### III THE FUTURE

7. Now at the end of the negotiations. Believe we have provided a satisfactory framework for the future. But only people of Hong Kong themselves can make agreement work. Need leadership and determination. Hope you will give firm lead, both on publication of agreement and thereafter.

### IV SPECIFIC POINTS LIKELY TO BE RAISED BY UNOFFICIALS

(a) What attitude should Unofficials take in public about their advice during negotiations and about specific points in agreement which are less good?

8. Your advice to Governor confidential. This stipulated by oath of fidelity. Apart from that would be dangerous and divisive for individual Unofficials to say they advised in this way or that on specific points. Hope you will restrict yourselves to general public line that there was close consultation throughout and broad



measure of agreement.

Transmissibility

9. Idle to pretend agreement ideal in every way. Product of negotiation and had to give as well as take. But hope you will say you regard it as best obtainable. On individual points which were not obtained will have to say not obtained because not negotiable.

(b) Will Prime Minister sign agreement?

10. I am giving this consideration. If diary permits will do my best to meet your wishes.

(c) Nationality

[HMG intentions on amending British Nationality Act]

11. Agreement only just concluded. Will now have to work out how to amend British Nationality Act in a way consistent with it. Have not decided what to call new form of nationality: interested to hear your ideas. All BOTCs will have right to new nationality, but because of attitude Chinese have taken they will have to assert that right by obtaining a passport before 30 June 1997.

Consider  
Pros & Cons

[Position of non-Chinese BOTCs]

12. Understand Chinese have said that non-Chinese ex-BOTCs in Hong Kong will be able to apply for Chinese citizenship. If their children are born outside Hong Kong they will be able to enter SAR to acquire right of abode through residence. Recognise that we shall have to deal in relevant legislation with problems of anyone who is likely to become stateless. Likely to do this by means of provisions analogous to those in Schedule II of British Nationality Act.

[HMG should continue transmissibility unilaterally]

15. Regret not possible. Foreign Secretary's message to Wu agreed to drop transmissibility if we could reach agreement on other nationality points. Going back on this would provoke hostile Chinese response and encourage them to disregard unilaterally other



parts of Agreement. We must not give them this opening.

(d) UNDERTAKINGS

14. Pleased we were able to agree to your proposals on undertakings to those who may be at risk. Convinced this was necessary to recognised loyal service of public servants and Unofficials. Hope arrangements will help to reassure those worried about future.

15. Expect news of undertakings will become publicly known. Important that undertakings should not give impression that we have no confidence in Agreement. Hope most of those concerned will wish, and will be able, to continue living and working in Hong Kong. Public statements on undertakings must be kept to minimum and carefully considered.

16. [If EXCO ask about definition of dependants] No limit on number of dependants who are eligible under Immigration Rules. This will be made clear in assurance given. Home Secretary will give flexible interpretation to "compassionate" cases who otherwise fall outside criteria but would be in real danger of retribution. Such cases will be considered on individual basis.

17. [If EXCO ask whether undertakings could take form of grant of citizenship rather than settlement] Do not think this appropriate. Many would not fit criteria for eligibility under BNA; this would be divisive. Idea of undertakings is to assure people they can come here in case of need. Once here will be able to obtain citizenship following period of residence.

(e) JOINT LIAISON GROUP

18. Neither we nor you wanted a joint group in Hong Kong. Believe however we have agreed satisfactory terms that will prevent interference. Agreement makes it absolutely clear that we will continue to be responsible for administration until 1997.

19. Joint Liaison Group could have a useful role in educating Chinese officials about workings of Hong Kong. Could give us a role



in drafting of the Basic Law.

(f) DEFENCE

20. After Deng Xiaoping's outburst clear that we could not rule out basing of Chinese troops in Hong Kong. At least agreement does not imply that they will automatically be based there. Hope to convince Chinese during next 13 years that a stronger police force will be able to deal with public order, and that there is no need to station troops in the SAR.

g) CONSTITUTIONAL DEVELOPMENT

21. (If Unofficials ask whether development towards representational government can be pursued without endorsement by Chinese.) There would be great risks in pursuing a course which the Chinese were determined to oppose. But Chinese have accepted concept of elective Legislature, and will be difficult for them to oppose gradual constitutional advance in the direction we have mapped out. Think we can go ahead gradually, but Chinese may take time to overcome suspicion of what we are about.

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(h) PENSIONS

22. Realise you are disappointed HMG not willing to accept contingent liability for pensions after 1997. But no precedent for this. Do not believe it would be right to commit future government. Moreover, danger that this would encourage SAR Government to default. But accept we should do nothing that prevents future government taking whatever decision is considered appropriate in light of circumstances at time.

23. Believe arrangements in agreement provide maximum possible security for members of public service. No reason to believe SAR Government will not meet obligations.



PRIME MINISTER'S MEETING WITH UNOFFICIAL MEMBERS OF THE EXECUTIVE  
COUNCIL OF HONG KONG: 19 SEPTEMBER 1984

BACKGROUND

1. Introduction
2. State of Negotiations
3. EXCO's public position on the Agreement
4. Signature
5. Nationality
6. Undertakings
7. Constitutional Development

APPENDED DOCUMENTS

- A. Full text of Agreement
- B. Biographical Notes on EXCO
- C. Programme of EXCO's visit



PRIME MINISTER'S MEETING WITH UNOFFICIAL MEMBERS OF THE EXECUTIVE  
COUNCIL OF HONG KONG

19 SEPTEMBER 1984

BACKGROUND

1. EXCO Unofficials have visited London for consultation with Ministers four times since July 1983. Their last visit was in April of this year. Sir Geoffrey Howe also consulted the Unofficials both before and after his visit to Peking in late July.

STATE OF NEGOTIATIONS

2. Following the Foreign Secretary's visit in July the negotiations returned to trench warfare, with the Chinese dug in on the remaining points at issue. In order to break this stalemate Sir Geoffrey Howe sent a message to the Chinese Foreign Minister on September offering compromise solutions on:

- a) nationality
- b) constitutional arrangements
- c) civil aviation
- d) ratification

3. On September the Chinese Foreign Minister replied in a generally positive tone. On the outstanding points he accepted:

- a) that travel documents issued to ex BDTC's should be called passports
- b) that the Hong Kong Special Administrative Region (SAR) should have an elected legislature, and that the executive should be accountable to the legislature.
- c) that a reasonable compromise should be reached on civil aviation.



d) That the agreement should be ratified by July 1985, rather than 3 months after signature.

4. The Chinese refused however one element of the compromised proposed by Sir Geoffrey Howe, namely that we should be able to issue new passports to ex BDTC's after 1 July 1997. Sir Geoffrey Howe therefore sent a further message to the Chinese Foreign Minister offering a further compromise. The Chinese also rejected this, but agreement was reached on the text of an exchange of memorandum on nationality.

5. The final stages of negotiation were complicated by the presentation by the Chinese side of a completely revised text of Annex one (setting out Chinese policies towards Hong Kong after 1997). As well as changes of language there were changes of substance in texts laboriously agreed in the working group over three months of negotiations. We made it very clear to the Chinese that we could not accept this unilateral revision of texts. They subsequently showed themselves willing to compromise.

6. Agreement should be reached today at delegation level on the English and Chinese texts of the documents that make up the agreement, namely:

- (a) the Joint Declaration
- (b) Annex 1 : Chinese policies towards Hong Kong after 1997.
- (c) Annex 2 : Terms of reference of the Joint Liaison Group.
- (d) Annex 3: Land Leases
- (e) An associated exchange of memoranda on Nationality.

Copies of the latest texts are appended. It is understood that they are still subject to further consideration by higher authority on each side.



## EXCO'S PUBLIC POSITION ON THE AGREEMENT

7. The Governor has warned that EXCO will wish to raise with Ministers the extent to which they can reveal the advice which they gave during the course of the negotiations and the extent of their freedom to comment on the content of the agreement after publication. They may well be accused of not standing out sufficiently strongly for the interests of Hong Kong, and they will want to be able to defend themselves. The Governor advises that their advice to the Governor and to Ministers is covered by the Oath of Fidelity and should remain confidential. If individual members divulged the advice they gave on one or another aspect of the agreement, they would be tempted to outbid each other in their role as defenders of Hong Kong's interests. The press would moreover be able to exploit any differences between members, and between members and HMG.

8. Their freedom to comment on the published agreement is not covered by the Oath of Fidelity. There are some parts of the agreement with which the Unofficials clearly disagree; for instance the failure to secure transmissibility of nationality status. We wish to avoid any public show of differences of opinion over the agreement, which could be exploited by commentators and could adversely affect the test of acceptability in Hong Kong. The Governor therefore proposes (and we agree) that we and the Unofficials could best take the following public line:

(a) Unofficials faithfully reflected the views of the people of Hong Kong during the negotiations.

(b) There were of course differences of opinion. But the overriding aim of the Government, as of all members of EXCO, was to achieve an agreement which would satisfy the requirements of the people of Hong Kong.

(c) While not every aspect of the agreement is perfect, it is the best we could obtain. It contains the best possible guarantees that



the systems of Hong Kong will be preserved.

#### SIGNATURE

9. Unofficials will want to press the Prime Minister to sign the agreement in December. They feel that the agreement will be strengthened if both sides have displayed political commitment to it at the highest level.

#### NATIONALITY

10. Questions of nationality are very sensitive in Hong Kong. There is considerable public interest in the preservation of British national status, the use of British passports, freedom of travel, rights of abode of those of non-Chinese race. These points have all been covered in one annex and in the exchange of memoranda.

11. EXCO attached great importance to the retention of all rights enjoyed by BDTs, including transmissibility. They finally accepted that this could not be obtained, but were nevertheless disappointed by Secretary of State's decision not to pursue it in his message to Wu Xueqian. Some argued for retention of transmissibility for children born outside Hong Kong after 1997 or for all those of non-Chinese race; other for unilateral action by HMG to retain transmissibility for all Hong Kong BDTs. Sir S Y Chung in particular may revert to these suggestions.

12. EXCO were initially also greatly concerned by the Chinese insistence that no new British passports could be issued to former Hong Kong BDTs after 1 July 1997. But once Wu had rejected the Secretary of State's proposal, they decided not to advise for a further attempt, if practical arrangements could be made to alleviate the major administrative difficulties caused by this deadline. This has been done.

13. EXCO may raise the question of nationality position of BDTs not of Chinese race. The Chinese have agreed that such people could apply for Chinese nationality. There is no reason therefore why they or their children should become stateless. But amending



legislation will contain a provision to resolve any problem of statelessness on the lines of schedule 2 of the British Nationality Act 1981.

14. We will have to pass amending nationality legislation before 1987 to allow time for replacement of BDTC passports and issue of new-style ones before 1997. It is intended that legislation should preserve all rights enjoyed by BDTCs except for transmissibility. No decision has yet been taken on the title of new British national status for former Hong Kong BDTCs which will be a very sensitive question both in Hong Kong and Peking. It will be necessary for this to be agreed by EXCO and acceptable to the Chinese. There is no prospect of agreeing this before the initialling of the agreement.

#### UNDERTAKINGS ON ENTRY TO UK

15. EXCO was consulted on 28 August on the proposals considered by OD(K) on 4 September. They were strongly in favour of undertakings being given and of no limit being placed on the number of dependants. They proposed the inclusion of magistrates as well as judges in group two and made other minor suggestions that we were able to accept. The point on dependants will be covered as far as possible by flexible interpretation to be given to "compassionate" cases under the Immigration Rules.

16. EXCO may ask if in individual cases assurances could take the form of grant of British citizenship rather than entry to the UK. The Home Office are opposed to this. Applications for British citizenship take much longer to process and are governed by strict criteria. Not all those concerned will fall within these. But those admitted to the UK will be eligible for British citizenship after a period of residence in UK.

#### CONSTITUTIONAL DEVELOPMENT

17. The Green Paper published in Hong Kong on 18 July proposed a system of indirect election for LEGCO to be introduced in 1985 and extended in 1988. Some Members would be elected by an electoral



college comprising Regional Councils and District Boards; others by functional constituencies, (industry, banking, education etc). Most Unofficial members of EXCO would be elected by Unofficial members of LEGCO. Direct elections are not considered appropriate now. The position would be reviewed in 1989.

18. The Chinese are known to be opposed to direct elections and generally wary of the development of representative institutions. But they have agreed that the Agreement should provide for an elected legislature after 1997. It will be impracticable to introduce direct elections without at least the tacit acquiescence of the Chinese.

19. The position of the Governor is to be considered separately from the Green Paper. There has been some pressure for introducing a system of local election (e.g. by LEGCO). The Prime Minister has instructed that nothing should be done to rule out this possibility. The Agreement states that in 1997 Chief Executive will be appointed "on the basis of elections of consultations" held locally.

#### PENSIONS

20. This was considered by OD(K) on 12 September. EXCO are not aware of the detailed discussion given to the question of contingent liability for Hong Kong pensions, but they know that HMG have not accepted this. They have frequently expressed concern about the need to reassure civil servants about their security of pensions and continuity of service.





SECRETARY OF STATE'S MEETING WITH EXCO UNOFFICIALS:

19 SEPTEMBER 1984

SUPPLEMENTARY NOTE ON CIVIL AVIATION (DEFENSIVE)

POINTS TO MAKE

CIVIL AVIATION ANNEX

1. We have secured as much in the section in Annex 1 dealing with civil aviation as we could reasonably have hoped for. All the more satisfying since in the early stages of the negotiations we were confronted by the greed of CAAC.
  
2. Agreed text satisfactory. Meets our essential requirement of giving the SAR sufficient control over routes originating in Hong Kong. Provides for the SAR to have responsibility for services originating and terminating in Hong Kong but not touching points on the mainland. As for air services between and beyond the SAR and other parts of China, the CPG will consult the SAR Government, taking the SAR's special interests into account. Agreed text also makes (a) the crucial provision for standing authority for the SAR to implement Air Service Agreements and (b) the authority to implement provisional arrangements and (c) the right to designate under them, airlines having their principal place of business in Hong Kong and to issue its own licences and operating permits.

MEMORANDUM OF UNDERSTANDING

3. There has been criticism of the Memorandum of Understanding, which supplements the UK-Hong Kong Agreement, initialled on 18 August, governing services between London and Hong Kong. Part of a package designed to give Hong Kong increased autonomy in civil aviation matters, in preparation for the negotiations of the civil aviation section in the Agreement with the Chinese.





- 2 -

EXCO considered that the Memorandum of Understanding still provided unacceptably preferential treatment for BA at the expense of CPA. CPA agreed. Ministers considered EXCO's views and those of the airlines concerned very carefully. We believe that we ultimately struck a reasonable and fair balance. The Memorandum of Understanding has been severely attacked by BA for surrendering too many of their privileges regarding Hong Kong.





SECRETARY OF STATE'S MEETING WITH EXCO UNOFFICIALS,  
19 SEPTEMBER 1984

BACKGROUND SUPPLEMENTARY NOTE ON CIVIL AVIATION

CIVIL AVIATION: MEMORANDUM OF UNDERSTANDING

1. Initially a major handicap in the negotiations on civil aviation was that we were asking the Chinese to give Hong Kong greater autonomy in civil aviation than we had hitherto been prepared to grant it ourselves. For this reason; for reasons relating to the forthcoming privatisation of British Airways; and because BA enjoyed a privileged position vis-a-vis other airlines operating scheduled services to and from Hong Kong, the Department of Transport drew up proposals for an agreement between the UK and Hong Kong Government granting increased autonomy in the field of air traffic licensing, together with a supplementary memorandum of understanding providing for more or less the equivalent of existing traffic rights between the UK and Hong Kong for UK and Hong Kong based airlines (BA, BCAL AND CPA). Although EXCO welcomed the new licensing arrangements, they objected to the prospect of BA continuing to have traffic rights beyond Hong Kong, and thought CPA should have a bigger share of London/Hong Kong traffic rights. There was little we could do to help Hong Kong, mainly because of the constraints imposed by the government's concern that BA's traffic rights should not be reduced in advance of privatisation. After further discussion with the Governor, EXCO reluctantly accepted the proposals and the Memorandum of Understanding was initialled in Hong Kong on 18 August.



JOINT DECLARATION OF THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT  
BRITAIN AND NORTHERN IRELAND  
AND  
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA ON THE QUESTION OF  
HONG KONG

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China have reviewed with satisfaction the friendly relations existing between the two Governments and peoples in recent years and agreed that a proper negotiated settlement of the question of Hong Kong, which is left over from the past, is conducive to the maintenance of the prosperity and stability of Hong Kong and to the further strengthening and development of the relations between the two countries on a new basis. To this end, they have, after talks between the delegations of the two Governments, agreed to declare as follows:

1. The Government of the People's Republic of China declares that to recover the Hong Kong area (including Hong Kong Island, Kowloon and the New Territories, hereinafter referred to as Hong Kong) is the common aspiration of the entire Chinese people, and that it has been decided to resume the exercise of sovereignty over Hong Kong with effect from 1 July 1997.
2. The Government of the United Kingdom declares that it will restore Hong Kong to the People's Republic of China with effect from 1 July 1997.
3. The Government of the People's Republic of China declares that the basic policies of the People's Republic of China regarding Hong Kong are as follows:
  - (1) Upholding national unity and territorial integrity and taking account of the history of Hong Kong and its realities, the People's Republic of China has decided to establish, in accordance with the provisions of Article 31 of the Constitution of the People's Republic of China, a Hong Kong Special Administrative Region upon resuming the exercise of sovereignty over Hong Kong.



(2) The Hong Kong Special Administrative Region will be directly under the authority of the Central People's Government of the People's Republic of China. The Hong Kong Special Administrative Region will enjoy a high degree of autonomy, except in foreign and defence affairs which are the responsibilities of the Central People's Government.

(3) The Hong Kong Special Administrative Region will be vested with executive, legislative, and independent judicial power, including that of final adjudication. The laws currently in force in Hong Kong will remain basically unchanged.

(4) The Government of the Hong Kong Special Administrative Region will be constituted by local inhabitants. The Chief Executive will be appointed by the Central People's Government on the basis of the results of elections or consultations to be held locally. Principal officials will be nominated by the Chief Executive of the Hong Kong Special Administrative Region for appointment by the Central People's Government. Chinese and foreign nationals previously working in the public and police services in the Government departments of Hong Kong may remain in employment. British and other foreign nationals may also be employed to serve as advisers or hold certain public posts in Government departments of the Hong Kong Special Administrative Region.

(5) The current social and economic systems in Hong Kong will remain unchanged, and so will the lifestyle. Rights and freedoms including those of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, of strike of choice of occupation, of academic research and of religious belief will be ensured by law in the Hong Kong Special Administrative Region. Private property, ownership of enterprises, legitimate right of inheritance and foreign investment will be protected by law.

(6) The Hong Kong Special Administrative Region will retain the status of a free port and a separate customs territory.





(7) The Hong Kong Special Administrative Region will retain the status of an international financial centre, and its markets for foreign exchange, gold, securities and futures will continue. There will be free flow of capital. The Hong Kong Dollar will continue to circulate and remain freely convertible.

(8) The Hong Kong Special Administrative Region will have independent finances. The Central People's Government will not levy taxes on the Hong Kong Special Administrative Region.

(9) The Hong Kong Special Administrative Region may establish mutually beneficial economic relations with the United Kingdom and other countries, whose economic interests in Hong Kong will be given due regard.

(10) Using the name of "Hong Kong, China", the Hong Kong Special Administrative Region may on its own maintain the develop economic and cultural relations and conclude relevant agreements with states, regions and relevant international organisations. The Government of the Hong Kong Special Administrative Region may on its own issue travel documents for entry into and exit from Hong Kong.

(11) The maintenance of public order in the Hong Kong Special Administrative Region will be the responsibility of the Government of the Hong Kong Special Administrative Region.

(12) The above-stated basic policies of the People's Republic of China regarding Hong Kong and the elaboration of them in Annex I to this Joint Declaration will be stipulated, in a Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, by the National People's Congress of the People's Republic of China, and they will remain unchanged for fifty years.

4. The Government of the United Kingdom and the Government of the People's Republic of China declare that, during the transitional period between the date of entry into force of this Joint Declaration and 30 June 1997, the Government of the United Kingdom will be responsible for the administration of Hong Kong with the object of maintaining and preserving its economic prosperity and



social stability; and that the Government of the People's Republic of China will give its cooperation in this connection.

5. The Government of the United Kingdom and the Government of the People's Republic of China declare that, in order to ensure a smooth transfer of Government in 1997, and with a view to the effective implementation of this Joint Declaration, a Sino-British Joint Liaison Group will be set up when this Joint Declaration enters into force; and that it will be established and will function in accordance with the provisions of Annex II to this Joint Declaration.

6. The Government of the United Kingdom and the Government of the People's Republic of China declare that land leases in Hong Kong and other related matters will be dealt with in accordance with the provisions of Annex III to this Joint Declaration.

7. The Government of the United Kingdom and the Government of the People's Republic of China agree to implement the preceding declarations and the Annexes to this Joint Declaration.

8. This Joint Declaration is subject to ratification and shall enter into force on the date of the Exchange of Instruments of Ratification, which shall take place in Beijing before 30 June 1985. This Joint Declaration and its Annexes shall be equally binding.

Done in duplicate at Beijing on ..... 1984 in the English and Chinese languages, both texts being equally authentic.

(Signed)

For the Government of  
the United Kingdom of Great  
Britain and Northern Ireland

(Signed)

For the Government of  
The People's Republic of  
China

17 September 1984  
Hong Kong Department  
Foreign and Commonwealth Office



## ANNEX 1 : ELABORATION BY THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA OF ITS BASIC POLICIES REGARDING HONG KONG

The Government of the People's Republic of China elaborates the basic policies of the People's Republic of China regarding Hong Kong as set out in paragraph 3 of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong as follows:

I

The Constitution of the People's Republic of China stipulates in Article 31 that 'the State may establish Special Administrative Regions when necessary. The systems to be instituted in Special Administrative Regions shall be prescribed by laws enacted by the National People's Congress in the light of the specific conditions'. In accordance with this Article, the People's Republic of China shall, upon the resumption of the exercise of sovereignty over Hong Kong on 1 July 1997, establish the Hong Kong Special Administrative Region of the People's Republic of China. The National People's Congress of the People's Republic of China shall enact and promulgate a Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter referred to as the Basic Law) in accordance with the Constitution of the People's Republic of China, stipulating that after the establishment of the Hong Kong Special Administrative Region the socialist system and socialist policies shall not be practiced in the Hong Kong Special Administrative Region and that Hong Kong's previous capitalist system and lifestyle shall remain unchanged for 50 years.

The Hong Kong Special Administrative Region shall be directly under the authority of the Central People's Government of the People's Republic of China and shall enjoy a high degree of autonomy. Except for foreign and defence affairs which are the responsibilities of the Central People's Government, the Hong Kong Special Administrative Region shall be vested with executive, legislative and independent judicial power, including that of final adjudication. The Central People's Government shall authorise the Hong Kong Special Administrative Region to conduct on its own those



external affairs specified in section XI of this annex.

The Government and Legislature of the Hong Kong Special Administrative Region shall be composed of local inhabitants. The Chief Executive of the Hong Kong Special Administrative Region shall be selected by election or through consultations held locally and be appointed by the Central People's Government. Principal officials (equivalent to secretaries) shall be nominated by the Chief Executive of the Hong Kong Special Administrative Region and appointed by the Central People's Government. The legislature of the Hong Kong Special Administrative Region shall be constituted by elections. The Executive authorities shall abide by the law and shall be accountable to the legislature.

In addition to Chinese, English may also be used in organs of government and in the courts in the Hong Kong Special Administrative Region.

Apart from displaying the national flag and national emblem of the People's Republic of China, the Hong Kong Special Administrative Region may use a regional flag and emblem of its own.

## II

After the establishment of the Hong Kong Special Administrative Region, the laws previously in force in Hong Kong (i.e. the common law, rules of equity, ordinances, subordinate legislation and customary law) shall be maintained save for any that contravene the Basic Law and subject to any amendment by the Hong Kong Special Administrative Region legislature.

The legislative power of the Hong Kong Special Administrative Region shall be vested in the legislature of the Hong Kong Special Administrative Region. The legislature may on its own authority enact laws in accordance with the provisions of the Basic Law and legal procedures, and report them to the Standing Committee of the National People's Congress for the record. Laws enacted by the legislature which are in accordance with the Basic Law and legal procedures shall be regarded as valid.



The laws of the Hong Kong Special Administrative Region shall be the Basic Law, and the laws previously in force in Hong Kong and laws enacted by the Hong Kong Special Administrative Region legislature as above.

### III

After the establishment of the Hong Kong Special Administrative Region, the Judicial system previously practised in Hong Kong shall be maintained except for those changes consequent upon the vesting in the Courts of the Hong Kong Special Administrative Region of the power of final adjudication.

Judicial power in the Hong Kong Special Administrative Region shall be vested in the courts of the Hong Kong Special Administrative Region. The courts shall exercise judicial power independently and free from any interference. Members of the judiciary shall be immune from legal action in respect of their judicial functions. The courts shall decide cases in accordance with the laws of the Hong Kong Special Administrative Region and may refer to precedents in other common law jurisdictions.

Judges of the Hong Kong Special Administrative Region Courts shall be appointed by the Chief Executive of the Hong Kong Special Administrative Region acting in accordance with the recommendation of an independent commission composed of local judges, persons from the legal profession and other eminent persons. Judges shall be chosen by reference to their judicial qualities and may be recruited from other common law jurisdictions. A judge may only be removed for inability to discharge the functions of his office, or for misbehaviour, by the Chief Executive of the Hong Kong Special Administrative Region acting in accordance with the recommendation of a tribunal appointed by the Chief Judge of the Court of Final Appeal, consisting of not fewer than three local judges. Additionally, the appointment or removal of principal judges (i.e. those of the highest rank) shall be made by the Chief Executive with the endorsement of the Hong Kong Special Administrative Region legislature and reported to the Standing Committee of the National People's Congress for the record. The system of appointment and removal of judicial officers other than judges shall be maintained.



The power of final judgment of the Hong Kong Special Administrative Region shall be vested in the Court of Final Appeal in the Hong Kong Special Administrative Region, which may as required invite judges from other common law jurisdictions to sit on the Court of Final Appeal.

A prosecuting authority of the Hong Kong Special Administrative Region shall control criminal prosecutions free from any interference.

On the basis of the system previously operating in Hong Kong the Hong Kong Special Administrative Region Government shall on its own make provision for local lawyers and lawyers from outside the Hong Kong Special Administrative Region to work and practice in the Hong Kong Special Administrative Region.

The Central People's Government shall assist or authorise the Government of the Hong Kong Special Administrative Region to make appropriate arrangements for reciprocal juridical assistance with foreign states.

#### IV

After the establishment of the Hong Kong Special Administrative Region, public servants previously serving in Hong Kong in all Government Departments, including the Police Department, and members of the judiciary may all remain in employment and continue their service with pay, allowances, benefits and conditions of service no less favourable than before. The Hong Kong Special Administrative Region Government shall pay to such persons who retire or complete their contracts, as well as to those who have retired before 1 July 1997, or to their dependants, all pensions, gratuities, allowances and benefits due to them on terms no less favourable than before, and irrespective of their nationality or place of residence.

The Hong Kong Special Administrative Region Government may employ British and other foreign nationals previously serving in the public service in Hong Kong, and may recruit British and other foreign nationals holding permanent identity cards of the Hong Kong Special Administrative Region to serve as public servants at all levels,



except as heads of major Government Departments (corresponding to Branches or Departments at Secretary level) including the Police Department, and as deputy heads of some of those departments. The Hong Kong Special Administrative Region Government may also employ British and other foreign nationals as advisers to Government Departments and, when there is a need, may recruit qualified candidates from outside the Hong Kong Special Administrative Region to professional and technical posts in Government Departments. The above shall be employed only in their individual capacities and, like other public servants, shall be responsible to the Hong Kong Special Administrative Region Government.

The appointment and promotion of public servants shall be on the basis of qualifications, experience and ability. Hong Kong's previous system of recruitment, employment, assessment, discipline, training and management for the public service (including special bodies for appointment, pay and conditions of service) shall, save for any provisions providing privileged treatment for foreign nationals, be maintained.

V

The Hong Kong Special Administrative Region shall deal on its own with financial matters, including disposing of its financial resources and drawing up its budgets and its final accounts. The Hong Kong Special Administrative Region shall report its budgets and final accounts to the Central People's Government for the record.

The Central People's Government shall not levy taxes on the Hong Kong Special Administrative Region. The Hong Kong Special Administrative Region shall use its financial revenues exclusively for its own purposes and they shall not be handed over to the Central People's Government. The systems by which taxation and public expenditure must be approved by the legislature, and by which there is accountability to the legislature for all public expenditure, and the system for auditing public accounts shall be maintained.



VI

The Hong Kong Special Administrative Region shall maintain the capitalist economic and trade systems previously practiced in Hong Kong. The Hong Kong Special Administrative Region Government shall decide its economic and trade policies on its own. Rights concerning the ownership of property, including those relating to acquisition, use, disposal, inheritance and compensation for lawful deprivation (corresponding to the real value of the property concerned, freely convertible and paid without undue delay) shall continue to be protected by law.

The Hong Kong Special Administrative Region shall retain the status of a free port and continue a free trade policy, including the free movement of goods and capital. The Hong Kong Special Administrative Region may on its own maintain and develop economic and trade relations with all countries and regions.

The Hong Kong Special Administrative Region shall be a separate customs territory. It may participate in relevant international organisations and international trade agreements (including preferential trade arrangements), such as the General Agreement on Tariffs and Trade and arrangements regarding international trade in textiles. Export quotas, tariff preferences and other similar arrangements obtained by the Hong Kong Special Administrative Region shall be enjoyed exclusively by the Hong Kong Special Administrative Region. The Hong Kong Special Administrative Region shall have authority to issue its own certificates of origin for products manufactured locally, in accordance with the prevailing rules of origin.

The Hong Kong Special Administrative Region may, as necessary, establish official and semi-official economic and trade missions in foreign countries, reporting the establishment of such missions to the Central People's Government for the record.



  
VII

The Hong Kong Special Administrative Region shall retain the status of an international financial centre. The monetary and financial systems previously practiced in Hong Kong, including the systems of regulation and supervision of deposit taking institutions and financial markets, shall be maintained.

The Hong Kong Special Administrative Region Government may decide its monetary and financial policies on its own. It shall safeguard the free operation of financial business and the free flow of capital within, into and out of the Hong Kong Special Administrative Region. No exchange control policy shall be applied in the Hong Kong Special Administrative Region. Markets for foreign exchange, gold, securities and futures shall continue.

The Hong Kong dollar, as the local legal tender, shall continue to circulate and remain freely convertible. The authority to issue Hong Kong currency shall be vested in the Government of the Hong Kong Special Administrative Region. The Hong Kong Special Administrative Region Government may authorise designated banks to issue or to continue to issue Hong Kong currency under statutory authority, after satisfying itself that any issue of currency will be soundly based and that the arrangements for such issue are consistent with the object of maintaining the stability of the currency. Hong Kong currency bearing references inappropriate to the status of Hong Kong as a Special Administrative Region of the People's Republic of China shall be progressively replaced and withdrawn from circulation.

The Exchange Fund shall be managed and controlled by the Government of the Hong Kong Special Administrative Region, primarily for regulating the exchange value of the Hong Kong dollar.

VIII

The Hong Kong Special Administrative Region shall maintain Hong Kong's previous systems of shipping management and shipping regulation, including the system for regulating conditions of seamen. The specific functions and responsibilities of the Hong Kong Special Administrative Region Government in the field of



shipping shall be defined by the Hong Kong Special Administrative Region Government on its own. Private shipping businesses and shipping-related businesses and private container terminals in Hong Kong may continue to operate freely.

The Hong Kong Special Administrative Region shall be authorised by the Central People's Government to continue to maintain a shipping register and issue related certificates under its own legislation in the name of Hong Kong (China).

With the exception of foreign warships, access for which requires the permission of the Central People's Government ships shall enjoy access to the ports of the Hong Kong Special Administrative Region in accordance with the laws of the Hong Kong Special Administrative Region.

#### IX

The Hong Kong Special Administrative Region shall maintain the status of Hong Kong as a centre of international and regional aviation. Airlines incorporated and having their principal place of business in Hong Kong and civil aviation related businesses may continue to operate. The Hong Kong Special Administrative Region shall continue the previous system of civil aviation management in Hong Kong, and keep its own aircraft register in accordance with provisions laid down by the Central People's Government concerning nationality marks and registration marks of aircraft. The Hong Kong Special Administrative Region shall be responsible on its own for matters of routine business and technical management of civil aviation, including the management of airports, the provision of air traffic services within the flight information region of the Hong Kong Special Administrative Region, and the discharge of other responsibilities allocated under the regional air navigation procedures of the International Civil Aviation Organisation.

The Central People's Government shall, in consultation with the Hong Kong Special Administrative Region Government, make arrangements providing for air services between the Hong Kong Special Administrative Region and other parts of the People's Republic of China for airlines incorporated and having their



principal place of business in the Hong Kong Special Administrative Region and other airlines of the People's Republic of China. All air service agreements providing for air services between other parts of the People's Republic of China and other states and regions with stops at the Hong Kong Special Administrative Region and other states and regions with stops at other parts of the People's Republic of China shall be concluded by the Central People's Government. For this purpose, the Central People's Government shall take account of the special conditions and economic interests of the Hong Kong Special Administrative Region and consult the Hong Kong Special Administrative Region Government. Representatives of the Hong Kong Special Administrative Region Government may participate as members of delegations of the Government of the People's Republic of China in air service consultations with foreign governments concerning arrangements for such services.

Acting under specific authorisations from the Central People's Government, the Hong Kong Special Administrative Region Government may:

- Renew or amend air service agreements and arrangements previously in force; in principle, all such agreements and arrangements may be renewed or amended with the rights contained in such previous agreements and arrangements being as far as possible maintained;
- Negotiate and conclude new air service agreements providing routes for airlines incorporated and having their principal place of business in the Hong Kong Special Administrative Region and rights for overflights and technical stops;
- Negotiate and conclude provisional arrangements where no air service agreement with a foreign state or other region is in force.

All scheduled air services to, from or through the Hong Kong Special Administrative Region which do not operate to, from or through the mainland of China shall be regulated by air service agreements or provisional arrangements referred to in this paragraph.

The Central People's Government shall give the Hong Special



Administrative Region Government the authority to:

- Negotiate and conclude with other authorities all arrangements concerning the implementation of the above air service agreements and provisional arrangements;
- Issue licences to airlines incorporated and having their principal place of business in the Hong Kong Special Administrative Region;
- Designate such airlines under the above air service agreements and provisional arrangements; and
- Issue permits to foreign airlines for services other than those to, from or through the mainland of China.

X

The Hong Kong Special Administrative Region shall maintain the educational system previously practised in Hong Kong. The Hong Kong Special Administrative Region Government shall on its own decide policies in the fields of culture, education, science and technology, including policies regarding the educational system and its administration, the language of instruction, the allocation of funds, the examination system, the system of academic awards and the recognition of educational and technological qualifications. Institutions of all kinds, including those run by religious and community organisations, may retain their autonomy. They may continue to recruit staff and use teaching materials from outside the Hong Kong Special Administrative Region. Students shall enjoy freedom of choice of education and freedom to pursue their education outside the Hong Kong Special Administrative Region.

XI

Subject to the principle that foreign affairs are the responsibility of the Central People's Government, representatives of the Hong Kong Special Administrative Region Government may take part, as members of delegations of the Government of the People's Republic of China, in negotiations at the diplomatic level directly affecting the Hong Kong Special Administrative Region conducted by the Central People's



Government. The Hong Kong Special Administrative Region may on its own, using the name 'Hong Kong (China)', maintain and develop relations and conclude and implement agreements with states, regions and relevant international organisations in the appropriate fields, including the economic, trade, financial and monetary, shipping, communications, touristic, cultural and sporting fields. Representatives of the Hong Kong Special Administrative Region Government may participate, as members of delegations of the Government of The People's Republic of China, in international organisations or conferences in appropriate fields limited to states and affecting the Hong Kong Special Administrative Region, or may attend in such other capacity as may be permitted by the Central People's Government and the organisation or conference concerned and may express their views in the name of 'Hong Kong (China)'. The Hong Kong Special Administrative Region may, using the name 'Hong Kong (China)', participate in international organisations and conferences not limited to states.

The application to the Hong Kong Special Administrative Region of international agreements to which the People's Republic of China is or becomes a party shall be decided by the Central People's Government, in accordance with the circumstances and needs of the Hong Kong Special Administrative Region, and after seeking the views of the Government of the Hong Kong Special Administrative Region. International agreements to which the People's Republic of China is not a party but which are implemented in Hong Kong may remain implemented in the Hong Kong Special Administrative Region. The Central People's Government shall, as necessary, authorise and assist the Hong Kong Special Administrative Region Government to make appropriate arrangements for the application to the Hong Kong Special Administrative Region of other relevant international agreements. The Central People's Government shall take the necessary steps to ensure that the Hong Kong Special Administrative Region shall continue to retain its status in an appropriate capacity in those international organisations of which the People's Republic of China is a member and in which Hong Kong participates in one capacity or another. The Central People's Government shall, where necessary, facilitate the Hong Kong Special Administrative Region's continued participation in an appropriate capacity in those



international organisations in which Hong Kong is a participant in one capacity or another, but of which the People's Republic of China is not a member.

Foreign consular and other official or semi-official missions may be established in the Hong Kong Special Administrative Region with the approval of the Central People's Government. Consular and other official missions established in Hong Kong by status which have established formal diplomatic relations with the People's Republic of China may be maintained. According to the circumstances of each case, consular and other official missions of states having no formal diplomatic relations with the People's Republic of China may either be maintained or changed to semi-official missions. States not recognised by the People's Republic of China can only establish non-governmental institutions.

The United Kingdom may establish a Consulate-General in the Special Administrative Region.

#### XII

The maintenance of public order in the Hong Kong Special Administrative Region shall be the responsibility of the Hong Kong Special Administrative Region Government. Military forces sent by the Central People's Government to be stationed in the Hong Kong Special Administrative Region for the purpose of defence shall not interfere in the internal affairs of the Hong Kong Special Administrative Region. Expenditure for these military forces shall be borne by the Central People's Government.

#### XIII

The Hong Kong Special Administrative Region Government shall protect the rights and freedoms of inhabitants and other persons in the Hong Kong Special Administrative Region according to law. The Hong Kong Special Administrative Region Government shall maintain the rights and freedoms as provided for by the laws previously in force in Hong Kong, including freedom of the person, of speech, of the press, of assembly, of association, to form and join trade unions, of correspondence, of travel, of movement, of strike, of demonstration, of choice of occupation, of academic research, of belief,



inviolability of the home, the freedom to marry and the right to raise a family freely.

Every person shall have the right to confidential legal advice, access to the courts, representation in the courts by lawyers of his choice, and to obtain judicial remedies. Every person shall have the right to challenge the actions of the executive in the courts.

Religious organisations and believers may maintain their relations with religious organisations and believers elsewhere, and schools, hospitals and welfare institutions run by religious organisations may be continued. Religious organisations in the Hong Kong Special Administrative Region and those in other parts of the People's Republic of China shall be based on the principles of non-subordination, non-interference and mutual respect.

The provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong shall remain in force.

#### XIV

The following categories of persons shall have the right of abode in the Hong Kong Special Administrative Region, and, in accordance with the law of the Hong Kong Special Administrative Region, be qualified to obtain permanent identity cards issued by the Hong Kong Special Administrative Region Government, which state their right of abode:

- All Chinese Nationals who were born or who have ordinarily resided in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region for a continuous period of 7 years or more, and person of Chinese nationality born outside Hong Kong of such Chinese Nationals;

- All other persons who have ordinarily resided in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region for a continuous period of 7 years or more and who have taken Hong Kong as their place of permanent residence before or after the establishment of the Hong Kong Special Administrative Region, and persons under



21 years of age who were born of such persons in Hong Kong before or after the establishment of the Hong Kong Special Administrative Region;

- Any other persons who had the right of abode only in Hong Kong before the establishment of the Hong Kong Special Administrative Region.

The Central People's Government shall authorise the Hong Kong Special Administrative Region Government to issue, in accordance with the law, passports of the Hong Kong Special Administrative Region of the People's Republic of China to all Chinese Nationals who hold permanent identity cards of the Hong Kong Special Administrative Region, and travel documents of the Hong Kong Special Administrative Region of the People's Republic of China to all other persons lawfully residing in the the Hong Kong Special Administrative Region. The above passports and documents shall be valid for all states and regions and shall record the holder's right to return to the Hong Kong Special Administrative Region.

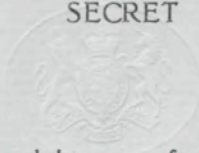
For the purpose of travelling to and from the Hong Kong Special Administrative Region, residents of the Hong Kong Special Administrative Region may use travel documents issued by the Hong Kong Special Administrative Region Government or by other competent authorities of the People's Republic of China, or of other states. Holders of permanent identity cards of the Hong Kong Special Administrative Region may have this fact stated in their travel documents as evidence that the holders have the right of abode in the Hong Kong Special Administrative Region.

Entry into the Hong Kong Special Administrative Region of persons from other parts of China shall continue to be regulated in accordance with the present practice.

The Hong Kong Special Administrative Region Government may apply immigration controls on entry, stay in and departure from the Hong Kong Special Administrative Region by persons from foreign states and regions.



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Unless restrained by law, holders of valid travel documents shall be free to leave the Hong Kong Special Administrative Region without special authorisation.

The Central People's Government shall assist or authorise the Hong Kong Special Administrative Region Government to conclude visa abolition agreements with states or regions.

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## ANNEX TWO: SINO-BRITISH JOINT LIAISON GROUP

1. In furtherance of their common aim and in order to ensure a smooth transfer of government in 1997, the Government of the United Kingdom and the Government of the People's Republic of China have agreed to continue their discussions in a friendly spirit and to develop the cooperative relationship which already exists between the two governments over Hong Kong with a view to the effective implementation of the Joint Declaration.
2. In order to meet the requirements for liaison, consultation and the exchange of information, the two governments have agreed to set up a Joint Liaison Group.
3. The functions of the Joint Liaison Group shall be:
  - (A) to conduct consultations on the implementation of the Joint Declaration;
  - (B) to discuss matters relating to the smooth transfer of government in 1997;
  - (C) to exchange information and conduct consultations on such subjects as may be agreed by the two sides.
4. Matters for consideration during the first half of the period between the establishment of the Joint Liaison Group and 1 July 1997 shall include:
  - (a) Action to be taken by the two governments to enable the Hong Kong Special Administrative Region to maintain its economic relations as a separate customs territory, and in particular to ensure the maintenance of Hong Kong's participation in the general agreement on tariffs and trade, the multifibre arrangements and other international arrangements; and
  - (b) action to be taken by the two governments to ensure the continued application of international rights and obligations affecting Hong Kong.
5. The two governments have agreed that in the second half of the period between the establishment of the Joint Liaison Group and 1



July 1997 there will be need for closer cooperation, which will therefore be intensified during that period. Matters for consideration during this second period shall include:

(a) procedures to be adopted for the smooth transition in 1997;

(b) action to assist the Hong Kong Special Administrative Region to maintain and develop economic and cultural relations and conclude agreements on these matters with states, regions and relevant international organisations.

6. The Joint Liaison Group shall be an organ for liaison and not an organ of power. It shall play no part in the administration of Hong Kong or the Hong Kong Special Administrative Region. Nor shall it have any supervisory role over that administration. The members and supporting staff of the Joint Liaison Group shall only conduct activities within the scope of the functions of the Joint Liaison Group.

7. Each side shall designate a Senior Representative, who shall be of ambassadorial rank, and four other members of the group. Each side may send up to 20 supporting staff.

8. The Joint Liaison Group shall be established on the entry into force of the Joint Declaration. From 1 July 1988 the Joint Liaison Group shall have its principal base in Hong Kong. The Joint Liaison Group shall continue its work until 1 January 2000.

9. The Joint Liaison Group shall meet in Beijing, London and Hong Kong. It shall meet at least once in each of the three locations in each year. The venue for each meeting shall be agreed between the two sides.

10. Members of the Joint Liaison Group shall enjoy diplomatic privileges and immunities as appropriate when in the three locations. Proceedings of the Joint Liaison Group shall remain confidential unless otherwise agreed between the two sides.

11. The Joint Liaison Group may by agreement between the two sides





decide to set up specialist sub-groups to deal with particular subjects requiring expert assistance.

12. Meetings of the Joint Liaison Group and Sub-groups may be attended by experts other than the members of the Joint Liaison Group. Each side shall determine the composition of its delegation to particular meetings of the Joint Liaison Group or Sub-group in accordance with the subjects to be discussed and the venue chosen.

13. The working procedures of the Joint Liaison Group shall be discussed and decided upon by the two sides within the guidelines laid down in this document.



## ANNEX THREE: LAND LEASES

The Government of the United Kingdom and the Government of the People's Republic of China have agreed that with effect from the entry into force of the Joint Declaration, land leases in Hong Kong and other related matters shall be dealt with in accordance with the following provisions:

1. All leases of land granted or decided upon before the entry into force of the Joint Declaration and those granted thereafter in accordance with paragraphs 2 or 3 of this annex, and which extend beyond 30 June 1997, and all rights in relation to such leases shall continue to be recognised and protected under the law of the Hong Kong Special Administrative Region.

2. All leases of land granted by the British Hong Kong Government not containing a right of renewal that expire before 30 June 1997, except short term tenancies and leases for special purposes, may be extended if the lessee so wishes for a period expiring not later than 30 June 2047 without payment of an additional premium. An annual rent shall be charged from the date of extension equivalent to 3 per cent of the rateable value of the property at that date, adjusted in step with any changes in the rateable value thereafter. In the case of old schedule lots, village lots, small houses and similar rural holdings, where the property was on 30 June 1984 held by, or, in the case of small houses granted after that date, the property is granted to, a person descended through the male line from a person who was in 1898 a resident of an established village in Hong Kong, the rent shall remain unchanged so long as the property is held by that person or by one of his lawful successors in the male line. Where leases of land not having a right of renewal expire after 30 June 1997, they shall be dealt with in accordance with the relevant land laws and policies of the Hong Kong Special Administrative Region.

3. From the entry into force of this joint declaration until 30 June 1997, new leases of land may be granted by the British Hong Kong Government for terms expiring not later than 30 June 2047. Such leases shall be granted at a premium and nominal rental until



30 June 1997, after which date they shall not require payment of an additional premium but an annual rent equivalent to 3 per cent of the rateable value of the property at that date, adjusted in step with changes in the rateable value thereafter, shall be charged.

4. The total amount of new land to be granted under paragraph 3 of this annex shall be limited to 50 hectares a year (excluding land to be granted to the Hong Kong Housing Authority for public rental housing) from the entry into force of the Joint Declaration until 30 June 1997.

5. Modifications of the conditions specified in leases granted by the British Hong Kong Government may continue to be granted before 1 July 1997 at a premium equivalent to the difference between the value of the land under the previous conditions and its value under the modified conditions.

6. From the entry into force of the Joint Declaration until 30 June 1997, premium income obtained by the British Hong Kong Government from land transactions shall, after deduction of the average cost of land production be shared equally between the British Hong Kong Government and the future Hong Kong Special Administrative Region Government. All the income obtained by the British Hong Kong Government, including the amount of the above mentioned deduction, shall be put into the capital works reserve fund for the financing of land development and public works in Hong Kong. The Hong Kong Special Administrative Region Government's share of the premium income shall be deposited in banks incorporated in Hong Kong and shall not be drawn on except for the financing of land development and public works in Hong Kong in accordance with the provisions of paragraph 7(D) of this annex.

7. A land commission shall be established in Hong Kong immediately upon the entry into force of the Joint Declaration. The Land Commission shall be composed of an equal number of officials designated respectively by the Government of the People's Republic of China and the Government of the United Kingdom together with necessary supporting staff. The officials of the two sides shall be responsible to their respective governments. The Land Commission



shall be dissolved on 30 June 1997.

The terms of reference of the Land Commission shall be:

- (A) To conduct consultations on the implementation of this annex;
- (B) To monitor observance of the limit specified in paragraph 4 of this annex, the amount of land granted to the Hong Kong Housing Authority for Public Rental Housing, and the division and use of premium income referred to in paragraph 6 of this Annex;
- (C) To consider and decide on proposals from the British Hong Kong Government for increasing the limit referred to in paragraph 4 of this Annex;
- (D) To examine proposals for drawing on the Hong Kong Special Administrative Region Government's share of premium referred to in paragraph 6 of this Annex and to make recommendations to the Chinese side for decision.

Matters on which there is disagreement in the Land Commission shall be referred to the Government of the United Kingdom and the Government of the People's Republic of China for decision.

8. Specific details regarding the establishment of the Land Commission shall be finalised separately by the two sides through consultations.





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EXCHANGE OF MEMORANDA ON NATIONALITY

In connection with the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong to be signed this day, the Government of the United Kingdom declare that, subject to the completion of the necessary amendments to the relevant United Kingdom Legislation:

- (a) All persons who on 30 June 1997 are, by virtue of a connection with Hong Kong, British Dependent Territories Citizens (BDTCs) under the law in force in the United Kingdom will cease to be BDTCs with effect from 1 July 1997, but will be eligible to retain an appropriate status which, without conferring the Right of Abode in the United Kingdom will entitle them to continue to use passports issued by the Government of the United Kingdom. This status will be acquired by such persons only if they hold or are included in such a British passport issued before 1 July 1997, except that eligible persons born on or after 1 January 1997 but before 1 July 1997 may obtain or be included in such a passport up to 31 December 1997.
- (b) No person will acquire BDTC status on or after 1 July 1997 by virtue of a connection with Hong Kong. No person on or after 1 July 1997 will acquire the status referred to as being appropriate in sub-paragraph (a).
- (c) United Kingdom consular officials in the Hong Kong Special Administrative Region and elsewhere may renew and replace passports of persons mentioned in sub-paragraph (a) and may also issue them to persons, born before 1 July 1997 of such persons, who had previously been included in the passport of

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of their parent.

- (d) Those who have obtained or been included in passports issued by the Government of the United Kingdom under sub-paragraphs (a) and (c) will be entitled to receive, upon request, British Consular Services and protection when in third countries.

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DRAFT CHINESE MEMORANDUM

The Government of the People's Republic of China has received the memorandum from the Government of the United Kingdom of Great Britain and Northern Ireland dated.....1984.

Under the Nationality Law of the People's Republic of China, all Hong Kong Chinese Compatriots, whether they are holders of the "British Dependent Territories Citizens' Passport" or not, are Chinese nationals.

Taking account of the historical background of Hong Kong and its realities, the competent authorities of the Government of the People's Republic of China will, with effect from 1 July 1997 permit Chinese nationals in Hong Kong who were previously called "British Dependent Territories Citizens" to use travel documents issued by the Government of the United Kingdom for the purpose of travelling to other states and regions.

The above Chinese nationals will not be entitled to British consular protection in the Hong Kong Special Administrative Region and other parts of the People's Republic of China on account of their holding the above-mentioned British travel documents.

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UNOFFICIAL MEMBERS OF THE EXECUTIVE COUNCIL

SIR SZE-YUENCHUNG CBE

Senior Unofficial member of the Executive Council. Born 1927. Educated University of Hong Kong and University of Sheffield. Chairman of Sonca Industries Ltd. (Manufacturer of Electronic Equipment) and Grindlays - Dao Heng Bank. Member of the Legislative Council from 1968-1974. Member of the Executive Council since 1972 and Senior Unofficial Member since September 1980. Widower, three children.

OSWALD VICTOR CHEUNG CBE QC

Born 1922. Educated in Hong Kong and Oxford. A barrister and Queens Counsel. Member of Legislative Council from 1978-81. Member of Executive Council since 1974. Married to Pauline, one son.

ROGERIO HYNDMAN LOBO CBE

Senior Unofficial Member of the Legislative Council. Born 1923, Macao. Educated in Macao and Hong Kong. A businessman. A member of Legislative Council since 1972 and of Executive Council since 1978. Married to Margaret Mary, ten children.

LI FOOK WO CBE

Born 1916. Educated in Hong Kong and USA. A banker. Chairman of Barclays Asia Ltd. Member of Legislative Council 1973-81 and of Executive Council since 1978. Married to Laura, five children.

MICHAEL GRAHAM RUDDOCK SANDBERG OBE

Born 1927. Educated in Oxford. A former Army Officer, has served with the Hong Kong and Shanghai Banking Corporation since 1949 (now Chairman). Member of Executive Council since 1978. Married to Carmel, four children.



LO TAK SHING CBE

Born 1935. Educated in Hong Kong and UK. A solicitor. partner of Lo and Lo solicitors. Member of Legislative Council since 1974 and member of Executive Council since 1980. Chairman, Transport Advisory Committee and UMELCO Police Group. Married to Tierney, three children.

LYDIA DUNN CBE (MISS)

Born 1940. Educated in Hong Kong and the University of California, Berkeley. Director of John Swire and Sons Ltd. Member of the Legislative Council since 1976 and of Executive Council since 1982. Chairman, Hong Kong Trade Development Council. Single.

LEE QUO-WEI CBE

Born Macau 1918. Educated in Hong Kong. Chairman and Chief Executive of Hang Seng Bank. Former member of Executive and Legislative Council, from which he retired in 1978 because of ill health. Reappointed to Executive Council in 1983. Former Chairman of Board of Education. Married.

CHEN SHOU-LUM CBE

Born 1925. Educated in UK. Director of Hong Kong Electric Co Ltd and Cable and Wireless (HK) Ltd. Member of Legislative Council since 1976. Appointed to Executive Council 1983. Chairman of Hong Kong Productivity Council. Married to Doris, two children.

MARIA TAM WAI-CHU (MISS)

Born 1945. Educated in Hong Kong and UK. Barrister. Member of Legislative Council since 1981. Appointed to Executive Council 1983. Elected Urban Councillor and District Board Member. Involved in number of social welfare organisations. Single.





MICHAEL THOMAS QC

Attorney-General

Born 1933. Educated London School of Economics. National Service in Royal Navy. Called to Middle Temple 1955. Junior Counsel to MOD and Treasury in Admiralty matters 1966-73. Appointed QC 1973. Appointed to present post in May 1983. Separated from second wife, four children.



P R O G R A M M E

FOR VISIT BY THE GOVERNOR AND UNOFFICIAL MEMBERS  
OF THE EXECUTIVE COUNCIL

16-20 SEPTEMBER 1984

Sir Edward Youde GCMG MBE

Sir S Y Chung CBE

Mr O V Cheung CBE QC

Mr R H Lobo CBE

Mr F W Li, CBE

Mr M G R Sandberg CBE

Mr T S Lo CBE

Miss Lydia Dunn CBE

Mr Q W Lee CBE

Mr S L Chen CBE

Miss Maria Tam OBE

Mr M D Thomas QC (Attorney General)

Mr P K Y Tsao CPM (Director of Information Services)

Mr A P Asprey (PS/Governor)

Mr R I W Upton (Assistant Director, Councils)

SUNDAY 16 SEPTEMBER

07.40

Governor and PS arrive Gatwick Flight CX 201. Met by  
Sir J Cater.

(a) Governor only taken to Chevening House, Chevening,  
Sevenoaks, Kent. Telephone 0732-52353/4.

(b) PS taken to Sheraton Park Tower Hotel, 101  
Knightsbridge. Telephone 235-8050.



## MONDAY 17 SEPTEMBER

- 10.30 Governor to call on Mr Galsworthy  
11.30 Governor to call on Sir P Cradock.  
Followed by lunch at the Reform Club  
15.30 Governor to call on PUS.

## TUESDAY 18 SEPTEMBER

- 07.40 Main party arrive Gatwick. Flight CX 201. Met by  
Hong Kong Government Office. Taken to Sheraton Park  
Tower Hotel, 101 Knightsbridge. Telephone 235-8050.  
11.30 Governor to call on Mr Luce.

## WEDNESDAY 19 SEPTEMBER

- 16.30 Call on Mr Luce.  
18.00 Call on Prime Minister  
20.00 for Dinner given by Secretary of State at the Garrick Club  
20.15 Garrick Street, WC2

## THURSDAY 20 SEPTEMBER

- 20.00 Governor and main party depart Gatwick. Flight BR 382.

NOTE: ROOM K 195A in the FCO has been reserved for the Governor's  
use during the visit (telephone 233-3081).

Room W 41 in the FCO has been reserved for the main party's  
use during the visit (telephone 233-4771).