

FUTURE OF HONG KONG

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PS

PS/PUS

PS/MR LUCE

~~PS/MR~~ BOYD

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D/D

PS LADY YOUNG

SIR WILSON

RESIDENT CLERK

COPIES TO:

^{POWELL}
MR COLES, NO. 10 DOWNING ST

MR ROBERTS, NEWS DEPT

SIR PERCY CRADOCK

SIR E. YOUDE (Rm. K195A)

RR CANBERRA

RR WELLINGTON

RR MOSCOW

GPS 300

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FM WASHINGTON 251952Z SEP 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 2855 OF 25 SEPTEMBER

INFO IMMEDIATE UKMIS NEW YORK, HONG KONG, PEKING, PARIS,
BONN, DUBLIN, TOKYO

ROUTINE SINGAPORE, JAKARTA, UKMIS GENEVA, UKREP BRUSSELS,
CANBERRA, WELLINGTON, MOSCOW

INFO SAVING OTHER EC POSTS, SEOUL, MANILA, BANGKOK, KUALA LUMPUR

MY TELNO 2839 (NOT TO ALL)

FUTURE OF HONG KONG: U.S. STATEMENT

1. THE STATE DEPARTMENT HAVE INFORMED US THAT SHULTZ HAS AGREED
THAT THE STATEMENT IN MY TELEGRAM UNDER REFERENCE SHOULD BE
ISSUED IN HIS NAME AT NOON EST (1600Z) ON 26 SEPTEMBER.

2. STATE GAVE THE TEXT TODAY IN CONFIDENCE TO THE CHINESE EMBASSY
HERE, WHOSE INITIAL REACTION WAS THAT IT WAS POSITIVE AND HELPFUL.

3. TEXT IS AS FOLLOWS:

BEGINS:

THE U.S. GOVERNMENT WELCOMES THE SUCCESSFUL CONCLUSION OF TWO
YEARS OF NEGOTIATIONS BETWEEN THE UNITED KINGDOM AND THE
PEOPLE'S REPUBLIC OF CHINA OVER THE FUTURE OF HONG KONG.

THE U.S. GOVERNMENT
YEARS OF NEGOTIATIONS BETWEEN THE UNITED KINGDOM AND THE
PEOPLE'S REPUBLIC OF CHINA OVER THE FUTURE OF HONG KONG.

THE U.S. HAS A STRONG INTEREST IN THE CONTINUED STABILITY AND
PROSPERITY OF HONG KONG AND BELIEVES THE AGREEMENT WILL
PROVIDE A SOLID FOUNDATION FOR HONG KONG'S ENDURING FUTURE
PROGRESS. IN THIS REGARD, WE HAVE NOTED STATEMENTS BY BOTH
SIDES INDICATING THAT HONG KONG'S WAY OF LIFE WILL BE
GUARANTEED FOR FIFTY YEARS FROM 1997 AND THAT SYSTEMS EXISTING
IN HONG KONG WILL CONTINUE IN THE SPECIAL ADMINISTRATIVE REGION.

WE EXPECT THE AMERICAN BUSINESS COMMUNITIES, BOTH IN THE
UNITED STATES AND HONG KONG, WILL SEE IN THIS AGREEMENT GOOD
REASON FOR SUSTAINED CONFIDENCE IN THE FUTURE OF HONG KONG AS
AN ATTRACTIVE AND THRIVING COMMERCIAL CENTER.

THE U.S. WILL PROVIDE ANY ASSISTANCE IT CAN, IN CLOSE
COOPERATION WITH THE UNITED KINGDOM AND THE PEOPLE'S REPUBLIC
OF CHINA, TO MAINTAIN HONG KONG'S APPROPRIATE PARTICIPATION IN
INTERNATIONAL BODIES.

ENDS.

FCO PASS SAVING TO ATHENS, BRUSSELS, COPENHAGEN, LUXEMBOURG, ROME,
THE HAGUE, SEOUL, MANILA, BANGKOK, KUALA LUMPUR.

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SIR WELBING

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SECRET

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FM UKMIS NEW YORK 240002Z SEP 84
TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE
TELEGRAM NUMBER 880 OF 24 SEPTEMBER
AND TO IMMEDIATE HONG KONG, PEKING.

FUTURE OF HONG KONG

HONG KONG PRESS CONFERENCE: NEW YORK, 26 SEPTEMBER 1984.
1. FOLLOWING IS DRAFT OF OPENING REMARKS FOR SECRETARY OF
STATE'S PRESS CONFERENCE HERE ON 26 SEPTEMBER. GRATEFUL
FOR ANY COMMENTS BY 242200Z.

HONG KONG PRESS CONFERENCE: NEW YORK 26 SEPTEMBER 1984.

OPENING REMARKS

1. THE AGREEMENT WHICH THE BRITISH AND CHINESE GOVERNMENTS HAVE
PUBLISHED TODAY IN PEKING, LONDON AND HONG KONG, IS AN HISTORIC
AND REMARKABLE ONE. IT SETS OUT, IN CONSIDERABLE DETAIL,
THE FRAMEWORK IN WHICH A COMPLEX AND SOPHISTICATED COMMUNITY OF
FIVE AND A HALF MILLION PEOPLE WILL LIVE AND WORK UP TO THE YEAR
2047, WHILE PASSING FROM BRITISH TO CHINESE SOVEREIGNTY. MUCH
OF THE IMPORTANCE - AND INDEED THE ACHIEVEMENT - OF THE AGREEMENT
LIES IN ITS DETAIL. AND MUCH OF THE DEBATE IN THE WEEKS TO COME
- ESPECIALLY IN HONG KONG - WILL RIGHTLY FOCUS ON THE DETAILS.
BUT TODAY IS NOT THE DAY FOR THAT. IT IS FOR READING AND UNDER-
STANDING THE AGREEMENT AS A WHOLE.

2. SO I DON'T PROPOSE TO SUMMARISE OR DESCRIBE THE AGREEMENT.
TO BE UNDERSTOOD, IT NEEDS TO BE READ IN FULL. I WANT INSTEAD
TO UNDERLINE FIVE POINTS:

1) FIRST, THE AIM WHICH HAS GUIDED THE BRITISH AND CHINESE
NEGOTIATORS IS THE STABILITY AND PROSPERITY OF HONG KONG.
THE METHOD WE HAVE ADOPTED IS TO PROVIDE FOR A VERY HIGH DEGREE
OF CONTINUITY AND AUTONOMY. HONG KONG'S DISTINCTIVE
ECONOMIC SYSTEMS, FREEDOM AND LIFESTYLE - SO DIFFERENT FROM THAT
OF MAINLAND CHINA - WILL REMAIN UNCHANGED. THIS IS, IN OUR
JOINT JUDGEMENT THE BEST WAY OF GUARANTEEING HONG KONG'S CONTINUED
SUCCESS. WE BOTH RECOGNISE THAT A UNIQUE SOCIETY NEEDS
UNIQUE ARRANGEMENTS.

1) SECOND, WE HAVE ENSHRINED THE RESULT OF OUR NEGOTIATIONS
IN AN INTERNATIONAL AGREEMENT, BINDING IN ALL ITS PARTS. IN
ACCORDANCE WITH NORMAL INTERNATIONAL PRACTICE, THE BRITISH GOVERNMENT
WILL REGISTER IT HERE AND THE UNITED NATIONS. THE POLICIES

ACCORDANCE WITH NORMAL INTERNATIONAL PRACTICE, THE BRITISH GOVERNMENT WILL REGISTER IT HERE AND THE UNITED NATIONS. THE POLICIES SET OUT IN THE JOINT DECLARATION AND THE ANNEXES WILL BE INCLUDED IN THE BASIC LAW WHICH WILL BECOME THE CONSTITUTION OF THE NEW HONG KONG AND WILL BE PRESERVED UP TO 2047.

III) THIRD, THE GOVERNMENT OF HONG KONG WILL BE ENTIRELY IN LOCAL HANDS. IT WILL HAVE AN EXECUTIVE ACCOUNTABLE TO AN ELECTED LEGISLATURE; ITS EXISTING LEGAL SYSTEM WITH A COURT OF FINAL APPEAL IN HONG KONG; AN INDEPENDENT PUBLIC SERVICE AND ITS OWN FINANCES.

IV) FOURTH, HONG KONG WILL BE ABLE TO CONTINUE AS A WORLD COMMERCIAL, FINANCIAL AND COMMUNICATIONS CENTRE. IT WILL HAVE ITS OWN CURRENCY. IT WILL MAKE ITS OWN SHIPPING POLICY AND NEGOTIATE ITS OWN AIR SERVICE AGREEMENTS FOR INTERNATIONAL FLIGHTS TERMINATING IN HONG KONG. THERE WILL BE NO EXCHANGE CONTROL; INVESTORS WILL BE FREE TO MOVE CAPITAL IN AND OUT. HONG KONG WILL CONTINUE TO TAKE PART IN ORGANISATIONS LIKE THE GATT. IN SHORT, IT WILL BE ABLE TO RUN THE DISTINCT, DYNAMIC ECONOMY THAT IT HAS TODAY. IT IS IMPORTANT THAT HONG KONG'S TRADING PARTNERS AROUND THE WORLD RECOGNISE THIS.

V) FINALLY, A QUESTION WHICH MANY ARE ALREADY ASKING IS HOW CAN YOU BE SURE THAT THE AGREEMENT WILL WORK AND THAT BOTH SIDES WILL IMPLEMENT IT? THE SIMPLEST ANSWER IS THAT THIS IS THE HIGHEST FORM OF COMMITMENT THAT CAN BE ENTERED INTO BETWEEN TWO SOVEREIGN STATES. THERE ARE INDEED COGENT REASONS FOR BELIEVING THAT THIS AGREEMENT WILL STICK. FIRST, BOTH GOVERNMENTS HAVE AN IMPRESSIVE RECORD FOR OBSERVING INTERNATIONAL AGREEMENTS. SECOND, THIS IS A BINDING AGREEMENT, WORKED OUT IN CAREFUL DETAIL. THIRD, THE AGREEMENT TAKES PROPER ACCOUNT OF THE INTERESTS OF BOTH SIDES. AND FOURTH, AND MOST IMPORTANT, BRITAIN AND CHINA HAVE ENORMOUS INTERESTS IN HONG KONG CONTINUING TO BE THE DYNAMIC SOCIETY IT IS TODAY.

3. THIS IS A SOCIETY THAT THE PEOPLE OF HONG KONG HAVE THEMSELVES CREATED. ITS FUTURE DEPENDS MAINLY ON THEIR TALENT AND CONFIDENCE. THEY WILL WANT TO JUDGE THIS AGREEMENT FOR THEMSELVES.

4. I WILL BE HAVING ANOTHER MEETING WITH FOREIGN MINISTER WU XUE QIAN LATER THIS MORNING. FOR BOTH OF US, TODAY MARKS THE END OF MANY MONTHS OF INTENSIVE NEGOTIATION IN WHICH WE HAVE BEEN VERY PERSONALLY INVOLVED. BUT IT ALSO MARKS THE BEGINNING OF A MUCH LONGER PERIOD OF ANGLO-CHINESE COOPERATION TO ENSURE THAT HONG KONG ENTERS THE 21ST CENTURY IN THE BEST POSSIBLE CONDITION. WHEN I WAS IN PEKING IN JULY I HAD A LONG TALK WITH CHAIRMAN DENG XIAO PING. I SAID THEN THAT I SAW THE TRANSITION FROM BRITISH TO CHINESE SOVEREIGNTY AS BRITAIN PASSING TO CHINA A UNIQUELY PRECIOUS MING VASE. WE AGREED THAT OUR JOINT RESPONSIBILITY WAS TO MAKE SURE THAT THE MING VASE RETAINED ALL OF ITS QUALITY. THAT WILL REMAIN OUR CONTINUING TASK.

5. THIS AGREEMENT IS THE RESULT OF LONG AND HARD NEGOTIATION. THERE HAS HAD TO BE GIVE AND TAKE ON BOTH SIDES. BUT I THINK THAT ALL THOSE ENGAGED IN THESE NEGOTIATIONS WOULD AGREE THAT THE FINAL AGREEMENT IS MUCH CLEARER AND MORE COMPREHENSIVE THAN AT SOME STAGES SEEMED LIKELY TO EMERGE. THE PRIME MINISTER AND I HAVE NO DOUBT THAT WE CAN CONSCIENTIOUSLY COMMEND IT TO THE HONG KONG PEOPLE AND TO THE BRITISH PARLIAMENT.

THOMSON