

SUBJECT  
CC Master.

CONFIDENTIAL



ve/mrs.  
c Percy Cradock

10 DOWNING STREET

Names deleted on  
Pages 1, 2 and 3,  
and closed under FOI  
Exemption

From the Private Secretary

5 December 1984

Wayland  
3/7/14

Dear Peter

MEETING BETWEEN THE PRIME MINISTER AND A UMELCO  
DELEGATION AT 10 DOWNING STREET ON 5 DECEMBER AT 0930

The Prime Minister received a UMELCO delegation led by Sir S.Y. Chung accompanied by the Governor of Hong Kong this morning. A list of the members of the delegation is attached. The Foreign Secretary, the Minister of State for Foreign and Commonwealth Affairs (Mr. Luce), Sir Percy Cradock and Mr. David Wilson were also present.

The Prime Minister welcomed the delegation. She wanted to stress that the purpose of the meeting was not to talk about ending a chapter in Britain's relations with Hong Kong but about how to approach the future and to ensure that the change which would take place in 1997 would happen smoothly.

[redacted] then made the statement annexed to this letter.

The Prime Minister thanked [redacted] for his statement. She wanted to place formally on record Her Majesty's Government's appreciation of the wise and constructive role played by UMELCO throughout the negotiations. Reflecting upon the negotiations, she was convinced that we had shown the right mixture of firmness and flexibility. The Foreign Secretary's visits to Peking particularly that in August had been crucial. We had stood firm on a number of vital points and earned Chinese respect. She endorsed [redacted] warm remarks about the British negotiating team. But the result would not have been possible without the help of [redacted] and his colleagues.

Responding to a number of points made in [redacted] statement, the Prime Minister said that she agreed that the Westminster model of democracy was not necessarily exportable in toto. While the fundamental principles were valid anywhere, one had to take account of the character and variety of people and of the history and future of the territory. Far from being pessimistic about the future of Hong Kong, she believed that it would have a historic role to play in the future development of China. [redacted] had stressed the importance of Britain maintaining its commitment to the administration of Hong Kong until 1997 and a close interest thereafter. She could assure the

CONFIDENTIAL

delegation that Britain would maintain its commitment. Our continuing responsibility was enshrined in the text of the Joint Declaration. She was personally deeply committed to carrying out the provisions. The Prime Minister continued that she had taken careful note of what [redacted] had said about the pace of movement to a representative form of government. She could give an absolute assurance that HMG would not in any way sacrifice Hong Kong's interests to those of Sino-British relations. Our moral responsibility to Hong Kong would not cease with the signing of the Joint Declaration. The Prime Minister concluded that she would ask Sir Geoffrey Howe and Mr. Luce to follow up some of the more detailed points which [redacted] had touched upon.

The Prime Minister said that she would welcome the advice of the delegation on how she should handle her own visit to Hong Kong. [redacted] said that her main objective should be to allay fears about the future. She could best do this by speaking in the same terms as she had in the present meeting. The unofficial survey of public opinion which LEGCO had commissioned showed that, while a very high proportion of Hong Kong people accepted the Agreement, an equally high proportion wanted reassurance about aspects of it. It was important to convince them that HMG would do everything it could to ensure that the Agreement was implemented in full for the whole of its span.

[redacted] said that there was a general belief in Hong Kong in Deng's sincerity and commitment to the Agreement. But he was 80 years old. While many in Hong Kong would hope that he would survive until 1997 - the Prime Minister interjected that she would tell Deng that he must do so - the question of succession would be watched carefully since it was important for the faithful implementation of the Agreement. The Foreign Secretary pointed out that the Joint Declaration made clear that it was HMG's responsibility to administer Hong Kong until 1997. The Chinese Government wanted us to run it well and hand it over in good shape.

[redacted] said that she was concerned at the lack of understanding among some Members of Parliament of the importance of not forcing the pace on the development of representative government. It must be in place before 1997. But the Chinese Government would hold HMG accountable for the actions and policies of a representative government. It was therefore important to do nothing which put in jeopardy Hong Kong's stability and prosperity. The Prime Minister agreed that this needed careful handling. She hoped that the Foreign Secretary would deal with the point in his speech in the House this afternoon.

[redacted] suggested that one means of reassuring Hong Kong opinion would be to have an annual report on the implementation of the Agreement. With this, people would know that if something went wrong, they could come to EXCO or the British Government for help in getting it corrected. The Prime Minister said that this would also need to be

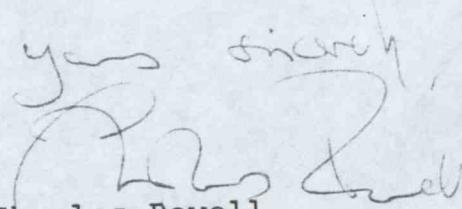
handled carefully. It would be counter-productive to give the impression of producing a school report on Deng's behaviour. But perhaps the idea of a progress report could be embodied in the regular statements made by the Governor. The Governor confirmed that there would continue to be occasions for such statements either by him or by visiting Ministers.

stressed the important of enabling the people of Hong Kong to be involved in the preparation of the Basic Law. He accepted that it was for the Chinese Government to draft this. But it was HMG's responsibility to ensure that the provisions of the Joint Declaration were properly reflected in it. It would be useful if the Hong Kong people could be consulted and participate in the work of drafting. The Foreign Secretary said that this must be handled sensitively. Our experience of the negotiations was that there was an absorptive process in Chinese thinking of which we could take advantage. This was the most effective way to influence them.

said that, as a member of LEGCO, she had not been privy to the negotiations and so shared some of the frustrations of ordinary members of the public. She generally accepted the agreement as a good working base. But it was important that both Governments should show that they had confidence in the ability of the Hong Kong people to govern themselves, so that there could be no question-mark over whether Hong Kong could, after 1997, function as an SAR. She also saw an important role for the Joint Liaison Group. People in Hong Kong wanted to see local participation in this. The Prime Minister said that a delicate balancing act had to be performed on representative government. There must be progress towards it while HMG's responsibility was at the same time unmistakably maintained. The Foreign Secretary added that the question of possible local participation in the Joint Liaison Group was something which would need to be handled with great subtlety with the Chinese Government if an unhelpful reaction was to be avoided. It must be for HMG to decide how best to carry this forward. The Prime Minister said that there was a link between the two points raised by . The better the structures of representative government, the greater the confidence the Hong Kong people could have that their views would be fed into the Joint Liaison Group.

raised her concern about the possible incompatibility between the Chinese constitution and the basic law. This applied particularly to Article 31 of the Chinese Constitution. mentioned the concern aroused by statements from the New China News Agency that the drafting of the basic law was an internal Chinese matter. mentioned concern about the protection of human rights. The Hong Kong people needed reassurance that their life style and freedom would remain. hoped that the Prime Minister would be able to tell the people of Hong Kong, after her visit to Peking that the entitlements of British nationals would not be eroded. The Prime Minister took note of all these points.

At the conclusion of the meeting a joint press statement was agreed and issued to the press. I enclose a copy.

Yours sincerely,  
  
Charles Powell

Peter Ricketts Esq  
Foreign and Commonwealth Office.

STATEMENT BY \* ~ \* DURING THE MEETING WITH THE  
PRIME MINISTER - 5.12.84

Prime Minister,

Thank you first of all for making yourself available in your busy schedule to see us. My colleagues and I are grateful to you for agreeing to go to Beijing to sign the Agreement and for the personal interest that you have shown throughout the negotiations about the future of Hong Kong. This has been a source of great comfort and reassurance to us. On this important date when the British Parliament will discuss the Draft Agreement, I should like to pay tribute to you, Prime Minister for the determination, commitment and sense of resolve you have demonstrated in the last two years. I would also like to thank Sir Geoffrey Howe whose two visits to China marked the turning points at crucial times during these difficult negotiations. And of course, we thank the Governor of Hong Kong, Sir Edward Youde, Sir Percy Cradock, your special adviser, Sir Richard Evans, HMG's Ambassador in Beijing Mr. Richard Luce, Dr. David Wilson and all the many members of the British team who have demonstrated such singleness of purpose in reaching a settlement.

You will be aware, Prime Minister, that with the exception of two Members, all the Members of UMELCO have commended the Agreement to the people of Hong Kong. The people of Hong Kong, as usual, have demonstrated their realistic commonsense and have accepted the Agreement as a whole. There is no doubt that the majority of the community consider the Agreement a good one, providing a blueprint for their future, to which they will do their part to keep stable and prosperous.

\* ~ \* Name deleted and  
closed under FOI Exemption.

Wayland, 3/7/14

Move to representative government

We must now look beyond the Agreement. The major task for the British government and the people of Hong Kong is to move to a representative form of government so that eventually a government structure is in the hands of the people of Hong Kong and is in place and in proper working order well before 1997. We, the Members of UMELCO, support this move, but I hope you will agree with us, Prime Minister, that we must not move at a pace and effect such radical changes that would jeopardize the very reason of Hong Kong's existence, that is to say, our social stability and our economic prosperity. To do this would be to put at risk the overriding aim of the Joint Declaration, that is, the maintenance of stability and prosperity of Hong Kong. This point may be self-evident to you, Prime Minister, but many people in Hong Kong fear that pressure may come from Members of the British Parliament who tend to think that the Westminster parliamentary style democracy should be transplanted in total to Hong Kong. And indeed, it should be transplanted quickly.

The political reality in Hong Kong is that it is to become a Special Administrative Region of China. Its relationship with China will be a subsidiary one. What is being promised is a high degree of autonomy, not independence. If Hong Kong embarks on policies which put at risk our prosperity and stability, there would no longer be any justification for China to give Hong Kong this special status. In other words, we cannot afford to run the risk of making mistakes, mistakes which may jeopardize our stability and prosperity and hence our usefulness to China. So, whilst we must clearly move towards representative form of government, we must do this cautiously, gradually, step-by-step, and reviewing progress at every stage. Each stage in this move should be made on the basis of satisfactory progress.

I hope, Prime Minister, that you would sympathize with this view and that HMG will not pressurize Hong Kong to move too quickly and that it will not allow itself to be pressurized by British MPs or the vocal minorities in Hong Kong for Hong Kong to move too quickly and at high risk.

The next 12 years

We all accept that the next 12 years up to 30 June 1997 will bring many changes to life in Hong Kong. We accept that this is inevitable. It is, therefore, more important than ever before in our history that HMG and Hong Kong Government should remain totally committed to governing Hong Kong effectively. There is concern in the community that the United Kingdom's commitment to Hong Kong may gradually diminish for three very important reasons: (1) possible interference from China; (2) the completion of a fully representative government structure and (3) a tendency for Britain to sacrifice the interest of Hong Kong in the wider interest of Sino-British relationship.

You, Prime Minister, have already repeatedly assured Hong Kong of HMG's commitment to govern Hong Kong effectively in the next 12 years. But the people fear that the Chinese presence in Hong Kong, particularly through the Land Commission and the Joint Liaison Group may, in fact, become a shadow government and that the Hong Kong Government would become a lame duck government. We hope, Prime Minister, that HMG would resolutely resist any attempt by the Chinese, intentionally or unintentionally, to interfere in the day-to-day administration of Hong Kong in the lead up to 1997.

People in Hong Kong also fear that once a fully representative form of government has been established, HMG would then wash its hands of Hong Kong as in the normal process of decolonization. I hope to have your assurance,

Prime Minister, that this would not happen, for a fully representative government structure will require time to mature and indeed, shall require assistance and guidance in order to mature. Above all, whilst authority and responsibility may be delegated to a representative government, HMG will still remain accountable in accordance with paragraph 4 of the Joint Declaration to the Chinese Government up to 30 June 1997. It could be used by the Chinese Government as a breach on the part of HMG.

Finally, the people fear that given that Britain will be relinquishing control of Hong Kong in 1997, and given that the broader interest of British-Chinese relationship, HMG may increasingly go for soft options and that the interest of Hong Kong may be sacrificed.

Some specific issues regarding the Joint Declaration

Prime Minister, there are a number of specific issues on which the people of Hong Kong have expressed concern. We have fully explained them to Mr. Luce who has promised us that they would be conveyed to Sir Geoffrey and yourself personally. This way we had the opportunity to discuss them with you and your Foreign Secretary.

Prime Minister, all of us in Hong Kong will do our part to make the Agreement work. The signs in China are good and we hope that the present trends will continue. There are, however, no guarantees in political life. If in the next 12 years there should be a reversal to radical policies in China calling into question her ability to implement the Agreement to the letter and spirit, I hope, Prime Minister, that HMG will undertake to review the situation in that eventuality before transfer of sovereignty. Having said that, and as we said in our paper, we believe that the Agreement provides a sound basis for the people of Hong Kong to continue to apply their energy, talent, industry and



confidence. The people of Hong Kong are ready and willing to take up the challenge of the new circumstances they face.

MFJAHZ

CALL ON THE PRIME MINISTER BY THE UMELCO DELEGATION, 5 DECEMBER

PRESS STATEMENT

A delegation representing the Unofficial Members of the Executive and Legislative Councils of Hong Kong, led by Sir S. Y. Chung accompanied by the Governor called on the Prime Minister this morning. The Foreign Secretary and Mr. Luce were present.

The delegation told the Prime Minister the views of the Hong Kong people on the draft agreement on the future of Hong Kong, as reflected in the statement issued by the Unofficial Members on 29 November.

The Prime Minister thanked the delegation for the endorsement which had been given to the draft agreement. She stated that the concerns of the Hong Kong people would be fully taken into account by the British Government itself and in its future discussions with the Chinese Government.

The Prime Minister emphasized the wholehearted commitment of the British Government to the Agreement and its resolve to fulfil its responsibility for the administration of Hong Kong up to 1997, so as to assure the continuing stability and prosperity of the territory.

STATEMENT BY \*~~~~~\* DURING THE MEETING WITH THE  
PRIME MINISTER - 5.12.84

Prime Minister,

Thank you first of all for making yourself available in your busy schedule to see us. My colleagues and I are grateful to you for agreeing to go to Beijing to sign the Agreement and for the personal interest that you have shown throughout the negotiations about the future of Hong Kong. This has been a source of great comfort and reassurance to us. On this important date when the British Parliament will discuss the Draft Agreement, I should like to pay tribute to you, Prime Minister for the determination, commitment and sense of resolve you have demonstrated in the last two years. I would also like to thank Sir Geoffrey Howe whose two visits to China marked the turning points at crucial times during these difficult negotiations. And of course, we thank the Governor of Hong Kong, Sir Edward Youde, Sir Percy Cradock, your special adviser, Sir Richard Evans, HMG's Ambassador in Beijing Mr. Richard Luce, Dr. David Wilson and all the many members of the British team who have demonstrated such singleness of purpose in reaching a settlement.

You will be aware, Prime Minister, that with the exception of two Members, all the Members of UMELCO have commended the Agreement to the people of Hong Kong. The people of Hong Kong, as usual, have demonstrated their realistic commonsense and have accepted the Agreement as a whole. There is no doubt that the majority of the community consider the Agreement a good one, providing a blueprint for their future, to which they will do their part to keep stable and prosperous.

CLOSED UNDER THE  
FREEDOM OF INFORMATION  
ACT 2000

1)

Statement by \* ~~~~~ \* during the meeting with the  
Prime Minister - 5.12.84

---

Prime Minister,

Thank you first of all for making yourself available in your busy schedule to see us. My colleagues and I are grateful to you <sup>agreeing to go to Beijing to sign the Agreement</sup> for the personal interest that you have shown throughout the negotiations about the future of Hong Kong. This has been a source of great comfort and reassurance to us. On this important date when the British Parliament will discuss the Draft Agreement, I should like to pay tribute to you, Prime Minister, for the determination, commitment and sense of resolve you have demonstrated in the last two years. I would also like to thank Sir Geoffrey Howe whose two visits to China marked the turning points at crucial times during these difficult negotiations. And of course, we thank the Governor of Hong Kong, <sup>Sir Edward Young, your special advisor, H.K.'s Ambassador in Beijing Sir Richard Leung</sup> Sir Percy Cradock, Sir Richard Evans, Dr. David Wilson and all the many members of the British team who have demonstrated such singleness of purpose in reaching a settlement.

You will be aware, Prime Minister, that with the exception of two Members, all the Members of UMELCO have commended the Agreement to the people of Hong Kong. The people of Hong Kong, as usual, have demonstrated their realistic commonsense and have accepted the Agreement as a whole. There is no doubt that the majority of the community consider the Agreement a good

\* Name deleted and closed  
under FOI Exemption

Wayland, 3/7/14

3)

one, providing a blueprint for their future, to which they will do their part to keep stable and prosperous. ~~I am sure~~ you are aware also that some residual concerns have been expressed by the community. I will not spend time going into these concerns in detail this morning for we have already fully explained them to Mr. Luce who has promised us that they would be related to Sir Geoffrey and yourself. I am sure you will agree that it is important for HMG to understand and reassure the people of Hong Kong about the concerns ~~they have expressed.~~

#### Move to representative government

We must now look beyond the Agreement. The major task for the British government and the people of Hong Kong is to move to a ~~more~~ representative form of government so that <sup>eventually</sup> a government structure ~~which~~ is in the hands of the people of Hong Kong is in place and in proper working order well before 1997. We, the Members of UMELCO, support this move, but I hope you will agree with us, Prime Minister, that we must not move at a pace and effect such radical changes that would jeopardize the very reason of Hong Kong's existence, that is to say, our social stability and our economic prosperity. To do this would be to put at risk the overriding aim of the Joint Declaration, that is, the maintenance of stability and prosperity of HONG KONG. This point may be self-evident to you, Prime Minister, but many people in Hong Kong fear

3)

that pressure may come from Members of the British Parliament who tend to think that the Westminster parliamentary style democracy should be transplanted, <sup>in total</sup> to Hong Kong. And indeed, it should be transplanted quickly.

The political reality in Hong Kong is that it is to become a Special Administrative Region of China. Its relationship with China will be a subsidiary one. What is being promised is a high degree of autonomy, not independence. If Hong Kong embarks on policies which put at risk our prosperity and stability, there would no longer be any justification for China to give Hong Kong this special status. In other words, we cannot afford to run the risk of <sup>making</sup> mistakes, mistakes which may jeopardize our stability and prosperity and hence our usefulness to China. So, whilst we must clearly move towards a representative form of government, we must do this cautiously, gradually, step-by-step, <sup>and</sup> reviewing progress at every stage. Each stage in this move should be made on the basis of satisfactory progress, ~~and having in mind at all times the overriding need not to run the risk of jeopardizing stability and prosperity.~~

I hope, Prime Minister, that <sup>we are</sup> ~~I am~~ not projecting an over-conservative attitude. The fact is that we must always bear in mind the political realities of Hong Kong's unique status. Indeed, the gradual transfer of power from the <sup>colonial</sup> government to the representatives of the people of Hong Kong is unique also to Great Britain. For this is not a process of decolonization in which Britain ceases to have responsibility

(4)

once she has handed over authority to the local people. Britain shall have a continuing responsibility directly in the next 12 years and indirectly in the 50 years afterwards. Any mistakes made in the move towards representative government, resulting in a less stable and less prosperous Hong Kong in the next 12 years would become a burden on Britain.

I hope, Prime Minister, that you would sympathize with this view and that HMG will not pressurize Hong Kong to move too quickly and that it will not allow itself to be pressurized by British MPs or the vocal minorities in Hong Kong for Hong Kong to move too quickly *and at high risk.*

The next 12 years

We all accept that the next 12 years <sup>*up to 30th June 1997*</sup> will bring many changes to life in Hong Kong. We accept that this is inevitable.

It is, therefore, more important than ever before in our history that HMG <sup>*and Hong Kong Government*</sup> should remain totally committed to governing Hong Kong effectively. There is concern in the community that the United Kingdom's commitment to Hong Kong may gradually diminish for three <sup>*very important*</sup> reasons: (1) possible interference from China, (2) the completion of a fully representative government structure and (3) a tendency for Britain to sacrifice the interest of Hong Kong in the <sup>*rather*</sup> interest of <sup>*Sino - British*</sup> ~~UK~~ China relationship.

You, Prime Minister, have already repeatedly assured Hong Kong

of HMG's commitment to govern Hong Kong effectively in the next 12 years. But the people fear that the Chinese presence in Hong Kong, particularly through the Land Commission and the Joint Liaison Group may, in fact, become a shadow government and that the Hong Kong Government would become a lame duck government. We hope, Prime Minister, that HMG would resolutely resist any attempt by the Chinese, intentionally or unintentionally, to interfere into the day-to-day administration of Hong Kong in the lead up to 1997.

People <sup>in Hong Kong</sup> also fear that once a fully representative form of government has been established, HMG would then wash its hands <sup>off</sup> of Hong Kong <sup>as in the normal process of decolonization.</sup> I hope to have your assurance, Prime Minister, that this would not happen, for a fully representative government structure will require time to mature and indeed, shall require assistance and guidance in order to mature. Aboveall, whilst authority and responsibility may be delegated to a representative government, HMG will still remain accountable in accordance with paragraph 4 of the Joint Declaration to the Chinese Government. <sup>up to 30th June, 1997</sup>

<sup>it could be used by the Ch. Govt as a breach on the part of HMG</sup>

Finally, the people fear that given that Britain will be relinquishing control of Hong Kong in 1997, and given that the broader interest of British-Chinese relationship, HMG may increasingly go for soft options and that the interest of Hong Kong may be sacrificed.



Some specific issues regarding the Joint Declaration

~~the~~ Prime Minister, there are a number of specific issues on which the people of Hong Kong have expressed concern. We <sup>conveyed</sup> have fully explained them to Mr. Luce. <sup>who has promised us that they would be reflected</sup> ~~All that I wish to do~~ <sup>to Sir</sup> here is to ~~seek your assurance on two issues which are within~~ <sup>put on record</sup> the authority of HMG and two requests about which HMG can assist. As regards the former, they are the new form passport and the effect on the children of minority groups of the termination of transmissibility. As regards the latter, they are the drafting of the Basic Law and representation of the Joint Liaison Group.

*Sir - doing*

*Geoffrey d  
yourself  
possibly  
think  
we had  
the  
to  
the  
with  
Fame  
Secretary*

Conclusion

~~in~~ Prime Minister, all of us in Hong Kong will do our part to make the Agreement work. The signs in China are good and we hope that the present trends will continue. There are, however, no guarantees in political life. If in the next 12 years there should be a reversal to radical policies in China calling into question her ability to implement the Agreement to the letter and the spirit, I hope, Prime Minister, that HMG will undertake to review the situation in that eventuality. <sup>before transfer of sovereignty.</sup> Having said that, and as we said in our paper, we believe that the Agreement provides a sound basis for the people of Hong Kong to continue to apply their energy, talent, industry and confidence. The people of Hong Kong are ready and willing to take up the challenge of the new circumstances they face.