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DESKBY 101130Z FCO  
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FM HONG KONG 101030Z APR 85  
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TELEGRAM NUMBER 692 OF 10 APRIL  
INFO IMMEDIATE PEKING

HKK 040/11

YOUR TELNO 492 : HONG KONG AGREEMENT : JOINT LIAISON GROUP (JLG)

THE EXECUTIVE COUNCIL TODAY WAS UNANIMOUS IN THE STRONGLY HELD VIEW THAT THE CHINESE RESPONSE ON THE COMPOSITION OF THE JLG WAS UNACCEPTABLE. IT RAISED ISSUES OF FUNDAMENTAL PRINCIPLE FOR THE BRITISH SIDE. THEY CONSIDERED THAT :

(A) HMG MUST NOT (NOT) ALLOW THE CHINESE TO DRAW A DISTINCTION BEFORE 1997 BETWEEN DIFFERENT CATEGORIES OF BRITISH NATIONALS. TO ALLOW SUCH A DISTINCTION WOULD BE TANTAMOUNT TO ACCEPTING THE CHINESE CLAIM THAT HONG KONG BDTCS OF CHINESE RACE ARE CHINESE NATIONALS AND NOT (NOT) BRITISH NATIONALS:

(B) A DISTINCTION OF THIS KIND WOULD HAVE EXTREMELY DAMAGING CONSEQUENCES FOR THE HONG KONG CIVIL SERVICE, WHICH MUST REMAIN AN INTEGRATED SERVICE THROUGHOUT THE NEXT TWELVE YEARS:

(C) THE CHINESE WERE SEEKING TO CHALLENGE THE RIGHT OF EACH SIDE TO DESIGNATE ITS OWN JLG MEMBERS AS PROVIDED FOR IN THE AGREEMENT TO ALLOW THIS ATTEMPT TO SUCCEED WOULD SET A VERY DANGEROUS PRECEDENT FOR THE FUTURE IMPLEMENTATION OF THE AGREEMENT AS A WHOLE.

2. MEMBERS CONSIDERED THAT THE BRITISH SIDE'S RESPONSE TO THE CHINESE SHOULD IN CONSEQUENCE BE NON-PROVOCATIVE BUT ENTIRELY FIRM. IT SHOULD MAKE IT QUITE CLEAR THAT WE ARE NOT IN A NEGOTIATING STANCE.

3. THEY ADVISED THAT THE RESPONSE SHOULD BE ALONG THE FOLLOWING LINES

(A) WE ARE PLEASED THAT AGREEMENT HAS BEEN REACHED ON THE LOCATION OF THE FIRST MEETING AND THE AGENDA FOR IT.

(B) ON COMPOSITION, WE HAVE CAREFULLY CONSIDERED THE CHINESE SIDE'S COMMENTS. WE DO NOT (NOT) ACCEPT AS VALID THE CHINESE OBJECTION TO THE INCLUSION OF A HONG KONG BDTC IN THE BRITISH TEAM. ALL FIVE MEMBERS WHOM HMG INTEND TO DESIGNATE ARE BRITISH NATIONALS HOLDING BRITISH PASSPORTS. THEY WILL BE DESIGNATED BY, AND WILL REPRESENT, THE BRITISH GOVERNMENT. THEY HAVE BEEN SELECTED ON THE BASIS OF THEIR SUITABILITY FOR THE JOB TO BE DONE.

(C) THE AGREEMENT CLEARLY PROVIDES FOR EACH SIDE TO DESIGNATE ITS MEMBERS OF THE JLG.

(D) WE ARE GRATEFUL FOR THE INFORMATION PROVIDED BY THE CHINESE ON THE COMPOSITION OF THEIR TEAM. WE DO NOT PROPOSE TO COMMENT ON IT. THE COMPOSITION OF THE BRITISH SIDE REMAINS UNCHANGED.

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(E) WE LOOK FORWARD TO AGREEING WITH THE CHINESE, AT LEAST TENTATIVELY, ON THE DATE OF THE FIRST MEETING OF THE JLG.

4. THE OBJECT OF THIS PRESENTATION IS TO GIVE THE IMPRESSION THAT WE ARE ANXIOUS TO MOVE ON, AND TO ESTABLISH THAT ANY FURTHER DIFFICULTIES ABOUT THE JLG'S ESTABLISHMENT WOULD BE OF THE CHINESE SIDE'S MAKING.

5. MEMBERS SAW ADVANTAGE IN THE RESPONSE BEING CONVEYED BY HM AMBASSADOR TO ZHOU NAN AS HMG'S FORMAL RESPONSE. THEY DID NOT (NOT) FAVOUR THE IDEA OF A MESSAGE FROM THE SECRETARY OF STATE TO WU XUEQIAN. SUCH A MESSAGE WOULD MEAN HMG TAKING THE INITIATIVE TO RAISE THE MATTER TO MINISTERIAL LEVEL, AND COULD SUGGEST THAT WE ARE PREPARED TO NEGOTIATE.

6. MEMBERS RECOGNISED THAT THE RESPONSE THEY HAD PROPOSED COULD RESULT IN A MAJOR ROW WITH THE CHINESE AND THAT THIS COULD HAVE ADVERSE EFFECTS ON CONFIDENCE. THEY TOOK THE VIEW HOWEVER THAT MANY HONG KONG PEOPLE PRIVATELY HAD DOUBTS AS TO HMG'S DETERMINATION TO STAND UP TO THE CHINESE ON POINTS OF FUNDAMENTAL IMPORTANCE TO HONG KONG, AND ABOUT THE CHINESE SIDE'S WILLINGNESS TO IMPLEMENT THE AGREEMENT FAITHFULLY. TO CONCEDE WOULD ONLY CONFIRM THEIR DOUBTS. THEY THUS SAW A (NEXT WORD UNDERLINED) GREATER RISK IN THE LONG RUN IN CONCEDED THAN IN SITTING TIGHT.

7. I ASKED MEMBERS WHETHER, IN PREPARATION FOR THE CONTINGENCY OF A MAJOR ROW, POSSIBLE FALL BACK POSITIONS SHOULD NOW BE CONSIDERED AND, IF SO, ALONG WHAT LINES. MEMBERS WERE NOT (NOT) DISPOSED TO ADDRESS THIS QUESTION, AND WERE PARTICULARLY CONCERNED THAT THE CHINESE SHOULD NOT (NOT) BE GIVEN THE SLIGHTEST IMPRESSION THAT OUR POSITION WAS NEGOTIABLE. THEY DID NOT EXCLUDE THE POSSIBILITY OF EXAMINING AT A LATER STAGE, IF NECESSARY, WAYS IN WHICH WE COULD ASSIST THE CHINESE TO CLIMB DOWN: BUT IT WAS TOO EARLY TO CONSIDER EVEN THIS.

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**HONG KONG AGREEMENT**

LIMITED  
HD/HKD  
HD/FED  
HD/PLANNING STAFF  
HD/PUSD  
DEP HD/PUSD  
RESEARCH DEPT (MR WALKER)  
PS  
PS/MR LUCE  
PS/PUS  
SIR W HARDING  
MR WILSON  
SIR J FREELAND  
MR J CROWLEY, PUSD

**COPIES TO: (VIA ADR)**

MR ROBERTS, NEWS DEPT  
MR FIFOOT, LEGAL ADVISERS  
MR BURROWS, LEGAL ADVISERS  
MR MARTIN, ASST STAFF CABINET OFFICE  
MR CARTLEDGE, CABINET OFFICE  
MR D R C CHRISTOPHER, CABINET OFF.  
SIR P CRADDOCK, No. 10 DOWNING ST.

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