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MR POWELL

16 April 1985

HONG KONG AGREEMENT: JOINT LIAISON GROUP

1. A difficult issue has arisen on the implementation of the Hong Kong Agreement: the composition of the British team on the Joint Liaison Group. The Chinese absolutely refuse to accept Hong Kong Chinese British Dependent Territories' Citizens (BDTCs) as full members of the British team. Exco say the Chinese should not be permitted to draw a distinction between full British citizens and BDTCs. The background is set out in Leonard Appleyard's letter of 16 April.

2. I see no prospect of the Chinese giving way on the main principle. In the Agreement we and the Chinese agreed to differ on the national status of Chinese BDTCs. The Chinese see them as Chinese, not British, and they cannot afford to change their position now. If we go Exco's way, we shall have confrontation and public failure to get the Joint Liaison Group working. It will become apparent that the Agreement itself is breaking down. The down-side risk is great.

3. The Chinese have indicated that BDTCs could take part in the Joint Liaison Group meetings as experts. They have said they will consider giving such BDTC's the same right to sit at the table and speak at meetings as full members of the Group (though this needs checking). This is a second-best but it would meet our practical requirements. It would be a fairly typical Chinese way around a problem: formally the principle is upheld but in practice flexibility is shown. I think this is probably the way we shall have to go in the end.

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4. We can, however, first try out the idea of giving Hong Kong Chinese officials participating in the Group special British passports. I doubt whether this will work with the Chinese but it is worth trying. If it failed we should have to fall back on the arrangements in paragraph 3 above.

5. I do not pretend that the course in paragraph 3 will avoid trouble. Exco are emotionally wound up and we may expect public criticism. But I have no doubt it is the better course. What we must avoid is confrontation. As we agreed so often during the negotiations, it offers no future for Hong Kong. Our objective should be not sterile arguments about the status of those taking part in the Joint Liaison Group, but practical arrangements to allow appropriate officials to do their work there.

6. I understand the Governor is now likely to be returning to the UK next week to discuss this issue and that of

~~~~~ * future with the Foreign Secretary.


PERCY CRADOCK

* ~ * Name deleted and closed
under FOI Exemption
Wayland, 3/7/14

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