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10 DOWNING STREET

From the Private Secretary

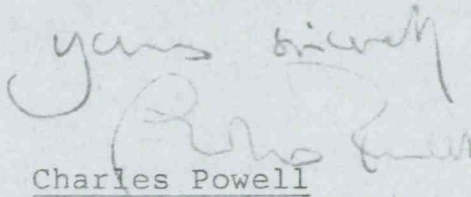
17 April 1985

Dear Len,

Hong Kong Agreement: Joint Liaison Group

Thank you for your letter of 16 April about the problems which have arisen over the composition of the British side of the Joint Liaison Group. The Prime Minister had a word about this with the Foreign Secretary this evening.

The Prime Minister is inclined towards the solution suggested by the Foreign Secretary, that is to issue to Hong Kong Chinese officials participating in the Joint Liaison Group passports describing them as British citizens. However, since this matter is to be discussed further between the Foreign Secretary and the Governor next week, it would be best to defer a decision until after that meeting. Indeed I would suggest that the Foreign Secretary and the Governor should subsequently discuss it with the Prime Minister and also the question of another term of office for \* ~ ~ \* I should be grateful if you could have a word about a time and date for such a meeting.

Yours sincerely  
  
Charles Powell

Len Appleyard Esq  
Foreign and Commonwealth Office

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

Wayland  
3/7/14

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CC/PC  
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Prime Minister  
The first major  
problem on implementation  
of the agreement.

Foreign and Commonwealth Office

London SW1A 2AH

16 April, 1985  
Percy Cradock's views  
behind. He agrees with AT  
Foreign Secretary.

Dear Charles, it's a difficult one. It will look  
bad in Hong Kong if we start by  
backing down in it just out of  
the agreement. But a few

Hong Kong Agreement: Joint Liaison Group

For the past few weeks we have been engaged on preliminary discussions with the Chinese government about the practical details of ratification of the agreement and establishment of the Joint Liaison Group. For the most part, and with one important exception, these discussions have been satisfactory. Ratification is likely to take place during the last week in May so that it is out of the way before the visit of Premier Zhao Ziyang. The Chinese have agreed that the first meeting of the Joint Liaison Group should be in London rather than in Peking as they originally wished (an important concession) and there is substantial agreement on the ground to be covered at it and on the practical details. The Chinese have also agreed in response to Sir Geoffrey Howe's approach to Wu Xueqian in December, to register the agreement at the UN, which was a major concern in Hong Kong. This is another satisfactory conclusion.

with the Chinese will not help confidence in Hong Kong either.

Agree to discuss with FCS

Tomorrow  
COP  
16/4

Yes no

The exception, which is not unexpected, is the question of the composition of the British side of the Joint Liaison Group. As you know there has been considerable concern in Hong Kong that Hong Kong Government officials should be properly represented on the Group and in particular that we should be able to appoint Hong Kong Government officials of Chinese race. The Chinese position (which was repeated to Sir Geoffrey in December by Wu Xueqian) is that British Dependent Territories' citizens are in their eyes Chinese citizens and that it would not be appropriate for us to include them on the British side of a political body such as the Joint Liaison Group. The Executive Council have expressed strongly their view that the Chinese position could not be accepted.

There is also the practical point that, as time passes, it will become difficult to find suitable Hong Kong Government officials who are not BDTs. Sir Geoffrey therefore agreed to make a further effort to change the Chinese position. On 14 March we proposed a team to the Chinese which included Eric Ho, the Secretary



for Trade and Industry in Hong Kong, whose job gives him a strong claim to membership since the Group will be discussing many trade related issues in the early stages. The team would be comprised of two FCO officials, two Hong Kong officials, and one from our embassy in Peking.

The Chinese response, delivered orally on 3 April, was that because of the JLG's highly political nature they could absolutely not agree to our appointing a BDTIC as a member of the British team. At the same time they made it clear that they would have no objection to Ho attending JLG meetings as an expert, and that they could consider his sitting at the table with the delegation and having the right to speak. They also separately agreed to our proposed team on the Land Commission, which includes a BDTIC, on the grounds that the group is more technical. The Chinese have thus moved a considerable distance from the stance they adopted during the negotiations when they refused to agree to any Hong Kong Government officials, whether British or Chinese, joining the British team.

EXCO have reacted strongly to this response, primarily we think because anything connected with nationality touches a raw nerve. They have recommended that we simply reiterate our position to the Chinese (I enclose a copy of the telegram reporting this). They recognise that this may lead to a confrontation, and are prepared to face it even though, as they admit, this could have adverse effects on confidence in Hong Kong. They have declined for the moment to consider possible fall back positions, although they do not exclude the possibility of examining at a later stage "ways in which we could assist the Chinese to climb down". The major argument which they adduce for this stand is that to allow the Chinese to draw a distinction between full British citizens and BDTICs would be tantamount to accepting the Chinese claim that Hong Kong BDTICs of Chinese race are Chinese nationals and not British nationals. They also point out that by the terms of the Agreement each side has the right to designate its own members of the Joint Liaison Group. They maintain that if we were to allow the Chinese challenge to Ho to succeed it would set a very dangerous precedent for the future implementation of the Agreement as a whole.

Sir Geoffrey considers the first of these arguments to be wrong. In the exchange of memoranda appended to the Agreement we and the Chinese have in effect agreed to differ on the nationality status of BDTICs. It has never been our policy to insist



that the Chinese should recognise BDTC status and to attempt to do so now would not succeed: for them to do so would be inconsistent with their position on the status of Hong Kong. It would also have implications for the position of large members of overseas Chinese in South East Asia, because it would imply recognition of dual nationality. This would cause China serious problems with the South East Asian countries. We were obliged to recognise the force of this Chinese point during the negotiations.

There would appear to be three options on this question:

- (a) to reiterate our position that we have an absolute right to designate our own members of the group and to decline to add to it;
- (b) to accept the Chinese position and to seek to ensure that Ho (and other BDTCs later) are given the same right to sit at the table and participate in meetings as full members of the Joint Liaison Group have;
- (c) to explore the possibility of a practical solution to the problem which avoids damaging positions of principle on either side.

Option (a) will produce confrontation. The Chinese position has been absolutely firm, and the Ambassador's view, which Sir Geoffrey shares, is that the Chinese will not give way. If we go down this road, Sir Geoffrey's view is that we shall not be able to set up the Joint Liaison Group, and that it will rapidly become clear publicly that the agreement is breaking down. This would have a very serious effect on confidence in Hong Kong and would undo much of the good done by the agreement. Moreover it would soon become clear that the Chinese had offered us a practical means of including the persons concerned in meetings of the JLG, and that we had refused to take it for reasons essentially connected with status. He does not think that this stance would command support. Nor does he think that the course offers any benefits to Hong Kong commensurate with the damage which it would do.

Option (b) would substantially meet our practical requirement of allowing any Hong Kong officials we wished to attend and participate in meetings of the Joint Liaison Group. But if pursued at this stage it would not be acceptable to EXCO, who would allege that it was an affront to Hong Kong Chinese officials and also that it was in contravention of the terms of the Agreement.



*\*~\* Passage deleted and retained  
under Section 3(4)  
Wayland, 3/7/14*

While he does not rule this out as an ultimately acceptable solution Sir Geoffrey considers that there is no chance of carrying EXCO with us if we adopted it now.

Sir Geoffrey has concluded that option (c) merits exploration. There are two possibilities. The first is that the Chinese might be persuaded to accept Eric Ho as a member of the group on the basis of a New Zealand passport which he possesses. There has been a report to this effect \*~\*

\*~\* though since it was a personal opinion this is not necessarily conclusive. This would be helpful but in a limited way, because it would not necessarily enable us to get other Hong Kong Chinese officials onto the group in the future. It is not likely to commend itself to EXCO for that reason, and also because they would see it as a slight to BDTC status.

There is also one other possibility. We have established with Home Office officials that it would be possible without giving full British citizenship to issue to Hong Kong Chinese officials participating in the Joint Liaison Group passports which would not describe them as British Dependent Territories citizens. If we did this, our preferred option would be to use passports inscribed "Nationality: British" instead of "Nationality: British: British Dependent Territories Citizen". But we could if necessary even issue full British citizen passports (which would not however confer the status of full British citizenship).

The Chinese have often seemed more concerned with passports than legal status. It is just possible, though we would not rate the chances at more than 50%, that the Chinese could be brought to accept such a procedure. It thus seems worth trying. If it succeeded, the letter of the Agreement would have been unequivocally upheld and we should not have compromised our position that Hong Kong BDTCs of Chinese race are British nationals. If it failed we could still fall back on the admittedly less attractive New Zealand passport option.

Sir Geoffrey believes that we may well have difficulty convincing EXCO that this approach is right, but that we must nevertheless seek to do so. Above all we should seek to get them to focus on the practical requirement of being able to make sure that appropriate Hong Kong officials, whether Chinese or British, should be able to participate in the work of the Joint Liaison Group,

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and less on the question of their status while doing so.

Sir Geoffrey would be grateful to know whether the Prime Minister is content with this approach.

I am copying this letter to Hugh Taylor (Home Office).

*Yours ever,*

*Len Appleyard*

(L V Appleyard)  
Private Secretary

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