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QUEEN ANNE'S GATE LONDON SW1H 9AT

16th .
October 1985

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Dear Geoffrey,

MACAU

Thank you for your letter of 20 September in which you responded to one of 30 August from my predecessor.

Perhaps I may restate our perception of the matter, why we find it worrying, and why your letter does not seem to match our worries.

As matters stand any Macanese who can get hold of a Portuguese passport one way or the other in Macau will *prima facie* be able to come to the United Kingdom or any other part of the European Community in due course and live and work as of right. Estimates of the number of macanese entitled to claim Portuguese nationality in Macau are set at 85,000 but I imagine that cannot be regarded as a definite number. Of course set against the number of Spaniards and nationals of Portugal the figure is small, but that is not the point. We have to take account of the pressures that are likely to lead people to want to come to this country. Some people from Spain and Portugal will no doubt want to come and work here, but there is no reason to think there is great pressure to emigrate to the United Kingdom from those countries. On the other hand, with Macau perhaps returning to the control of China at the same time as Hong Kong it may well be that there will be many Macanese of Portuguese nationality who will decide that Europe rather than Macau is the place to be and if, as I understand it, they speak English, they will naturally seek to come here if the way is open for them to do so. Moreover, Hong Kong BDTs may try to obtain Portuguese passports by whatever means in order to gain a right of entry to the United Kingdom. What the net result on immigration from that quarter of the world will be is, of course, difficult to predict and indeed it may well be relatively small, but then again it may not, and in any event even relatively low levels of immigration from there are unlikely to be attractive politically.

There is, however, a second and perhaps more pressing concern - the impact of all this on our general stance on Hong Kong BDTs. You say in your letter that there is no question of the position of Macau affecting the arrangements we have agreed for Hong Kong. I am not sure whether by that you mean that our arrangements with China will be unaffected, which is true, or that Hong Kong is no worse off than Macau in its general relationship with the Community. This may be true of the relationship of Hong Kong as a whole to the European Community (in, for example, trade) but when looked at from the point of view of an individual BDT it is more than open to doubt. Surely it is clear that

The Rt Hon Sir Geoffrey Howe, QC., MP.

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we may come under some pressure, because of the position of Portuguese nationals in Macau, to allow freer access to the United Kingdom to Hong Kong BDTCs than is presently permitted. I gather in fact that the Hong Kong Government, at least at official level, has already indicated that it may be expected to press for this as a result of public opinion over there. I am sure we should resist such pressure but in doing so we are likely to attract a lot of adverse criticism.

These then are our concerns, and I must press you to do all you can with the Portuguese to encourage them to tighten up the criteria for granting Portuguese nationality to Macau residents. Equally important, it will be for them to clamp down on the corrupt issue of passports, since from our point of view there is little point in the Portuguese having tight criteria for granting Portuguese nationality if it is really not necessary to acquire it to gain a passport. Perhaps we could discuss what can actually be done. Having succeeded in avoiding large scale immigration from Hong Kong as a consequence of the negotiations and having refused to accept more than a modest number of Vietnamese refugees from the camps we really should not drift into a position in which the unintended consequence of Portuguese accession is the potential immigration of large numbers from Macau.

A copy of this letter goes to the Prime Minister.

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