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HONG KONG AGREEMENT

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TO IMMEDIATE F C O

TELEGRAM NUMBER 085 OF 10 MAY

INFO IMMEDIATE PEKING

YOUR TELNO 648 : HONG KONG AGREEMENT : JOINT LIAISON GROUP

1. THERE WAS A SOMBRE BUT DISPASSIONATE DISCUSSION IN EXCO THIS MORNING ON THE COMPOSITION OF THE JLG. MEMBERS RECOGNISED THE DANGERS OF THE DOUBLE ABYSS, AND THE CONSEQUENCES OF A BREAKDOWN ON THIS ISSUE. IF MINISTERS' JUDGEMENT WAS THAT THERE WAS A SERIOUS RISK OF A BREAKDOWN, THEN THE COUNCIL ACCEPTED THAT SOME SORT OF CONCESSION WOULD HAVE TO BE MADE. ON THE ASSUMPTION THAT THE CHINESE REJECTION OF THE DEVICE PROPOSED BY SIR R. EVANS ON 6 MAY WAS FIRM, MEMBERS AGREED THAT THERE WOULD BE NO POINT IN PERSISTING WITH IT.
2. IN DISCUSSING THE OTHER OPTIONS, THE GREAT MAJORITY OF THE COUNCIL TOOK THE VIEW THAT MAKING ERIC HO A BRITISH CITIZEN WAS THE LEAST UNDESIRABLE, AND IF MINISTERS WISHED TO DEPLOY THIS OPTION, THE COUNCIL WOULD RAISE NO OBJECTION. HOWEVER, MEMBERS WERE CONCERNED THAT MINISTERS AND THE CHINESE SHOULD BE IN NO DOUBT THAT THERE WOULD BE A PRICE TO BE PAID. WHILST IT WAS TECHNICALLY TRUE THAT THE POSITION OF BDTCS IN BRITISH LAW WOULD NOT BE AFFECTED, BRITAIN WOULD BE SEEN TO HAVE CONCEDED THAT THE CHINESE DID NOT RECOGNISE BDTCS AS BRITISH, AND THUS TO HAVE GONE BEYOND THE AGREEMENT IT DIFFER IN THE EXCHANGE OF MEMORANDA. WHEN KNOWLEDGE OF THIS SANK IN, THERE WOULD BE SOME GENERAL EROSION OF LONG TERM CONFIDENCE, AND FURTHER DOUBTS ABOUT THE ACCEPTABILITY OF THE FUTURE BNO STATUS AND PASSPORTS. ON THE ONTHER HAND, MEMBERS RECOGNISED THAT THIS OPTION WOULD, IF ACCEPTED BY THE CHINESE, ACHIEVE THE IMPORTANT OBJECTIVES OF SAFEGUARDING RATIFICATION, OF HAVING THE JOINT LIAISON GROUP BEGIN ITS WORK IN APPARENT HARMONY, AND OF COMPROMISING AS LITTLE AS POSSIBLE OUR RIGHT TO DESIGNATE THE BRITISH MEMBERS OF THE JLG. ON THE QUESTION OF FURTHER ACTION WITH THE CHINESE, THE COUNCIL TOOK THE VIEW THAT IF THE BRITISH CITIZEN OPTION WERE TO BE DEPLOYED THIS SHOULD BE DONE IMMEDIATELY, RATHER THAN WAITING FOR A FORMAL CHINESE RESPONSE, PARTICULARLY IF THERE WERE A RISK THAT SUCH DELAY COULD RESULT IN FURTHER HARDENING OF THE CHINESE POSITION (THE MING PAO EDITORIAL - MY TELSNOs 878 AND 879 - WAS MENTIONED IN THIS CONTEXT).

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4. MEMBERS ALSO CONSIDERED WHETHER TO ADVISE THAT BRITISH CITIZEN OPTION SHOULD BE DEPLOYED BY THE AMBASSADOR, OR CONVEYED IN A MESSAGE FROM THE SECRETARY OF STATE TO THE CHINESE FOREIGN MINISTER. THE COUNCIL FELT THAT THERE WERE ADVANTAGES IN EITHER METHOD, WHICH MINISTERS WOULD WISH TO TAKE INTO ACCOUNT, BUT REACHED NO FIRM CONCLUSION. THE ADVANTAGE OF MOVING IMMEDIATELY TO A MESSAGE FROM THE SECRETARY OF STATE WAS THAT IT WOULD EMPHASISE THAT WE HAD REACHED THE LIMIT OF OUR FLEXIBILITY AND LESSEN THE RISK OF A FURTHER INSTANT REBUFF FROM ZHOU NAN, PARTICULARLY SINCE MESSAGES FROM THE SECRETARY OF STATE HAD ACHIEVED MAJOR ADVANCES DURING THE NEGOTIATIONS. ON THE OTHER HAND, THERE WERE ALSO ADVANTAGES IN KEEPING INTERVENTION BY THE SECRETARY OF STATE IN RESERVE, SO AS TO AVOID RAISING THE STAKES TOO FAR TOO SOON AND TO LEAVE OPEN THE POSSIBILITY OF PRESSING THE BC OPTION AT A HIGHER LEVEL IF THE CHINESE PROVED DIFFICULT AT THE ZHOU NAN LEVEL.

5. WHATEVER DECISION WAS TAKEN ON THE LEVEL OF APPROACH, THE COUNCIL TOOK THE VIEW THAT, IN PRESENTING THE BRITISH CITIZEN OPTION TO THE CHINESE, THEY SHOULD BE TOLD THAT THE PROPOSAL PUT BY THE AMBASSADOR ON 6 MAY WAS, IN HMG'S VIEW, THE LEAST DAMAGING METHOD OF RESOLVING THE PRESENT DISPUTE, AND THAT WE STILL RECOMMENDED IT TO THEM. BUT IF THE CHINESE STILL FOUND THIS UNACCEPTABLE, WE WERE WILLING TO TAKE THE ADDITIONAL STEP OF MAKING MR. HO A BRITISH CITIZEN. WE WERE ONLY DOING SO IN VIEW OF THE OVERRIDING NEED TO SECURE RATIFICATION OF THE AGREEMENT AND THE SETTING UP OF THE JOINT LIAISON GROUP. BUT THE CHINESE SIDE SHOULD BE IN NO DOUBT THAT THEIR INSISTENCE ON THIS STEP WOULD HAVE A SUBSTANTIAL NEGATIVE IMPACT IN HONG KONG.

6. I SHALL BE REPORTING ON THE QUESTION OF PUBLIC PRESENTATION SEPARATELY.

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