

GRS 850

CONFIDENTIAL

MR POWELL
No 10 DOWNING ST

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FM HONG KONG
TO DESKBY 111700Z FCO
TELNO 2804
OF .112305Z DECEMBER 85
INFO DESKBY FIRST CONTACT 12/12 PEKING

DISPATCH
IMMEDIATE

MS

MY TELS NOS 2800, 2801 AND 2802 : VISIT OF JI PENGFEI :
SECOND MEETING

SUMMARY

A USEFUL ADDITIONAL SESSION. I EXPLAINED OUR COMMITMENT TO THE 1987 REVIEW AND THE NEED TO REASSURE THE PROFESSIONAL CLASSES IN PARTICULAR THAT THEIR ASPIRATIONS WOULD BE MET. TRUST BETWEEN US WAS IMPORTANT, AND I HOPED THAT THESE DISCUSSIONS AND A CONTINUING DIALOGUE WOULD HELP DISPEL ANY MISUNDERSTANDINGS AND REINFORCE THE TRUST. I ALSO EMPHASISED OUR UNDERSTANDING OF THE NEED FOR CONVERGENCE. JI PENGFEI REFERRED REPEATEDLY TO PRESS REPORTS OF DEMANDS FOR A WIDE VARIETY OF CONSTITUTIONAL CHANGES AND SUGGESTED THAT THESE WERE RESPONSIBLE FOR ANXIETIES IN CERTAIN QUARTERS, INCLUDING AMONG SOME SENIOR LEADERS. HE ACCEPTED THAT WE WERE COMMITTED TO THE 1987 REVIEW BUT SUGGESTED THAT THINGS SHOULD BE SLOWED DOWN.

2. I BEGAN BY SAYING THAT IF THERE WERE MISUNDERSTANDINGS I WAS VERY ANXIOUS TO REMOVE THEM. THE BRITISH SIDE VALUED THE TRUST WHICH HAD BEEN BUILT UP DURING THE NEGOTIATIONS, AND TO WHICH CHAIRMAN DENG HAD SPECIFICALLY REFERRED DURING THE TALKS. I WISHED TO GIVE MR JI RENEWED ASSURANCES ON ONE OR TWO MATTERS WHICH MIGHT HAVE BEEN CAUSING HIM CONCERN.

3. HE MIGHT HAVE HEARD IT SAID IN HONG KONG, THAT BRITAIN WAS LOSING INTEREST IN HONG KONG: MAKING IT CLEAR THAT I WAS SPEAKING WITH LONDON'S ENDORSEMENT, I SAID THAT THERE WAS NO QUESTION OF BRITAIN ABDICATING RESPONSIBILITY FOR HONG KONG. BRITAIN'S RESPONSIBILITY, AS PROVIDED FOR IN THE JOINT DECLARATION, WOULD BE CARRIED OUT FULLY. THERE SHOULD BE NO MISUNDERSTANDING ON THIS POINT. MY REMARKS THIS MORNING WOULD HAVE SHOWN MR JI THAT WE WERE FIRMLY COMMITTED TO MAINTAINING THE STABILITY AND PROSPERITY OF HONG KONG AND EXPECTED TO LEAVE IT IN 1997 IN EVEN BETTER SHAPE THAN AT PRESENT.

4. I NOTED THAT MR. JI HAD SAID ON SEVERAL OCCASIONS (E.G. WHEN HE HAD RECEIVED MR. DONALD LIAO) THAT THERE SHOULD BE CONVERGENCE BETWEEN THE CURRENT PROCESS OF REFORM AND THE BASIC LAW. AS THE BRITISH HAD MADE CLEAR IN THE JOINT LIAISON GROUP, WE ACCEPTED THE NEED FOR CONVERGENCE, AND I WAS PLEASED THAT IT HAD BEEN AGREED IN THE JLG THAT THERE SHOULD BE CONTINUING INFORMAL DISCUSSIONS.

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5. I EMPHASISED THE NEED TO RETAIN CONFIDENCE OF THE PROFESSIONAL MIDDLE CLASSES, ON WHOM HONG KONG'S MODERN AND INTERNATIONALLY ORIENTED ECONOMY WAS SO HEAVILY DEPENDENT. OVER THE PAST TEN YEARS, SUCH PEOPLE HAD BEGUN TO DEMAND A GREATER DEGREE OF PARTICIPATION IN THEIR GOVERNMENT. THIS WAS WHY WE HAD BEGUN, IN THE LATE 1970S, A PROCESS OF EVOLVING A MORE REPRESENTATIVE SYSTEM OF GOVERNMENT BEGINNING WITH THE DISTRICT BOARDS AND WORKING UP TO THE LATEST STEP IN WHICH A PROPORTION OF THE MEMBERS OF LEGCO WERE INDIRECTLY AFFECTED. IF THE ASPIRATIONS OF THE PROFESSIONAL CLASSES WERE NOT MET, THEY WOULD NOT STAY.

6. WE HAD GONE ABOUT THIS PROCESS VERY SLOWLY AND CAUTIOUSLY. WE HAD BEEN CRITICISED BY SOME FOR GOING TOO SLOWLY. WE DID NOT THINK THESE ACCUSATIONS WERE JUSTIFIED, BECAUSE WE HAD ALWAYS PLACED GREAT EMPHASIS ON MAINTAINING STABILITY. I WAS CONFIDENT THAT MR. JI WOULD SEE FOR HIMSELF THAT WHAT WE HAD DONE HAD CONTRIBUTED TO THE MAINTENANCE OF STABILITY. HOWEVER, NOTHING MORE OF ANY SIGNIFICANCE WOULD BE DONE UNTIL 1987. WE HAD NO PRECONCEIVED IDEAS ABOUT THE REVIEW, BUT IT HAD TO TAKE PLACE BECAUSE UNDERTAKINGS HAD BEEN GIVEN BY THE BRITISH GOVERNMENT TO PARLIAMENT. DURING THE INTERVENING YEARS, IT WOULD BE VALUABLE FOR BOTH SIDES TO EXCHANGE VIEWS INFORMALLY.

7. IN REPLY JI PENGFEI SAID THAT, IF PROBLEMS HAD ARISEN THESE WERE NOT SINO-BRITISH PROBLEMS BUT WERE PROBLEMS ARISING FROM HONG KONG SOCIETY. RELATIONS BETWEEN BRITAIN AND CHINA WERE GOOD. WE COULD TRUST EACH OTHER AND COULD DISCUSS ANY PROBLEMS. THERE WERE MANY REPORTS IN THE HONG KONG PRESS ON WHICH THE CHINESE GOVERNMENT WAS ASKED TO COMMENT. THE HONG KONG GOVERNMENT WAS FREE TO SPEAK ABOUT REPRESENTATIVE GOVERNMENT, BUT THE CHINESE GOVERNMENT WAS NOT. IN THE FACE OF INSISTENT DEMAND FOR COMMENT, THE CHINESE SIDE COULD NOT SAY NOTHING: THEY THEREFORE POINTED TO BRITISH RESPONSIBILITY FOR HONG KONG. THE PRESS REPORTS AND OTHER DISCUSSIONS IN HONG KONG REFERRED TO DIRECT ELECTIONS, POLITICAL PARTIES, ELECTIONEERING AND MINISTERIAL SYSTEMS. THIS HAD LED THE CHINESE SIDE TO WONDER WHAT THE NEXT STEP WOULD BE. IF IT WERE LIKELY TO RESULT IN ELECTIONEERING AND A SUBSTANTIAL INCREASE IN THE POWER OF THE LEGISLATIVE COUNCIL, THIS WOULD HAVE TO BE CONSIDERED VERY CAREFULLY. MANY PEOPLE, INCLUDING SOME IN THE CENTRAL LEADERSHIP, WERE ASKING WHAT WAS GOING ON IN HONG KONG. JI SAID THAT HE KNEW THAT THE BRITISH GOVERNMENT WOULD ACT RESPONSIBLY AND HAD PAID ATTENTION TO THE GOOD RELATIONS BETWEEN THE UK AND CHINA, BUT NOT EVERYBODY IN PEKING KNOW THIS.

3. JI PENGFEI SAID THAT UNDER THE JOINT DECLARATION THE SYSTEMS WOULD REMAIN BASICALLY UNCHANGED: IF THERE WERE TO BE MAJOR CHANGES TO THE SYSTEM, THIS WOULD HAVE TO BE LOOKED AT VERY CAREFULLY, JI REPEATED HIS REFERENCES TO PRESS REPORTS, AND COMPLAINED THAT THE PRESS HAD SUBJECTED THE CHINESE SIDE TO VERY SHARP AND AGGRESSIVE QUESTIONING. THEY HAD ONLY SAID IN REPLY TO THESE QUESTIONS THAT THEY WONDERED WHAT THE SYSTEM WOULD BE IN THE FUTURE, YET THEY WERE ACCUSED IN THE HONG KONG PRESS OF VIOLATING THE JOINT DECLARATION AND OF INTERFERING IN HONG KONG'S AFFAIRS.

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9. THE CHINESE SIDE HAD ORIGINALLY THOUGHT OF 1993 FOR THE FIRST DRAFT OF THE BASIC LAW. THEY WERE NOW TRYING TO BRING THIS FORWARD TO MEET THE BRITISH TIME TABLE. THE CHINESE HAD NOT STARTED WORK ON THE BASIC LAW. BRITISH IDEAS WERE MORE OR LESS MATURE. BUT THE CHINESE SIDE DID NOT KNOW WHAT THE FUTURE SYSTEM SHOULD BE AND THEREFORE WONDERED WHETHER THERE WAS A PROBLEM OF CONVERGENCE. THE CHINESE SIDE HAD MADE IT CLEAR IN THE JLG THAT THEY WERE NOT OPPOSED TO THE 1987 REVIEW AND UNDERSTOOD THAT THERE WAS A PUBLIC COMMITMENT TO THIS. BUT THEY WONDERED WHAT FORM THE REVIEW WOULD TAKE AND THOUGHT IT BETTER TO SLOW THINGS DOWN A LITTLE. (JI USED THE EXPRESSION "TUO" - LITERALLY TO DRAG OUT). ALTHOUGH THE CHINESE WOULD NOT BY 1987 BE ABLE TO PRODUCE THE BASIC LAW IN A CONCRETE FORM, THEY WOULD HAVE SOME PRELIMINARY IDEAS, AND IT WOULD BY THEN BE EASIER FOR THE TWO SIDE'S IDEAS TO CONVERGE. THERE WERE NO OBJECTIONS TO ELECTIONS SINCE THESE WERE PROVIDED FOR IN THE JOINT DECLARATION. BUT TIME WAS NEEDED TO JUDGE WHETHER THERE SHOULD BE DIRECT, INDIRECT OR SOME OTHER FORM OF ELECTION. A FULLY DIRECTLY ELECTED SYSTEM WAS NOT NECESSARILY RIGHT; SOME PEOPLE WERE SAYING THAT ONLY DIRECT ELECTIONS WERE ACCEPTABLE.

10. JH ADDED THAT HE ENTIRELY AGREED WITH ME ABOUT THE NEED TO RETAIN IN HONG KONG THE PROFESSIONAL MIDDLE CLASSES.

11. FOR COMMENT SEE MIFT.

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HONG KONG AGREEMENT

LIMITED
HD/HKD
HD/FED
HD/PLANNING STAFF
HD/PUSD
DEP HD/PUSD
RES D (MR WALKER)
PS
PS/MR RENTON
PS/PUS
SIR W HARDING
MR WILSON
SIR J FREELAND
MR J CROWLEY PUSD
PS/LADY YOUNG

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SIR P CRADDOCK NO 10 DOWNING ST.
MR WOOD LEGAL ADVISERS

MR POWELL NO 10 DST.

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Mr POWELL
No 10 DSt.

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TELNO 2805
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MIPT : VISIT OF JI PENGFEI : SECOND MEETING : COMMENT

THE ATMOSPHERE WAS AGAIN RELAXED. JI WENT A STAGE FURTHER BY SUGGESTING THAT THINGS SHOULD BE SLOWED DOWN. HE DID NOT (NOT) SAY THAT THERE SHOULD BE NO CHANGES AT ALL IN THE 1987 REVIEW, NOR DID HE SPECIFICALLY INSIST THAT ANY CHANGES SHOULD BE CLEARED WITH THE CHINESE. HIS ACCEPTANCE OF THE COMMITMENTS TO THE 1987 REVIEW WITHOUT THE DISOBLIGING SUGGESTIONS MADE BY ZHOU NAM THAT IT SHOULD BE VOID OF ALL CONTENT, IS USEFUL.

2. JI'S ATTRIBUTION (BY IMPLICATIONS) OF HIS AND XU JIATUN'S RECENT REMARKS TO THE NEED TO REACT TO SPECULATION IN THE HONG KONG PRESS WAS INTERESTING; BUT IT INDICATED SOME REALIZATION OF THE EFFECT THAT THEIR REMARKS HAD HAD; AND SUGGESTED THAT THEY WISHED TO DISTANCE THEMSELVES FROM THE SUGGESTION THAT THE UK WAS DEPARTING FROM THE JOINT DECLARATION.

3. WE CANNOT YET CLAIM TO HAVE BROUGHT ABOUT ANY SUBSTANTIVE CHANGE IN CHINESE THINKING, BUT THE FOUNDATIONS OF MORE RELAXED AND CONSTRUCTIVE DIALOGUE MAY HAVE BEEN LAID.

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