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slw
(18)

10 DOWNING STREET

From the Private Secretary

21 January 1986

HONG KONG : IMMIGRATION

When the Prime Minister saw Mr. Sandberg, Chairman of the Hong Kong and Shanghai Bank, on other business this morning, he referred to a problem which he had discussed the day before with the Home Secretary, namely the position of four or five extremely wealthy Hong Kong Chinese who wished to acquire British passports. The people in question had immense wealth and were prepared to invest substantially in the United Kingdom. He understood that it was at the Home Secretary's discretion to allow people such as them to acquire British nationality in these circumstances provided they were prepared to live in the United Kingdom. The problem was that the Hong Kong Chinese in question could not meet the second criterion because they needed to be able to continue to manage their investments from Hong Kong. It seemed absurd for the United Kingdom to forego the opportunity of the substantial investment in question on a technicality. The Home Secretary had promised to write to him about it.

BF // The Prime Minister said that she would seek the Home Secretary's advice.

I am copying this letter to Stephen Boys Smith in the Home Office.

(C. D. POWELL)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

**SPEAKING NOTE**

1. I am sending you across copies of Telnos 145, 146 and 149 just received from Hong Kong. From this you will see that there is a prospect of unofficials sending a delegation shortly to London to lobby the Prime Minister on nationality matters.

2. Draft order in Council implementing nationality arrangements from Hong Kong Agreement to be debated in Parliament on 16 January. Briefly unofficials making three demands:

(i) Endorsement to be placed in the passport stating that holders need no visa or entry certificate to enter the United Kingdom as a visitor.

(ii) Hong Kong minority communities (Indians, Portuguese etc) to be given full British citizenship instead of British Overseas citizenship.

(iii) Ex-servicemen in Hong Kong who are British Dependent Territories citizens to be given full British citizenship in recognition of their service.

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3. At the moment Home Office position on all three negative, though ^{we} are urging Mr Waddington not to shut the door in the debate: General line should be that purpose of debate is to listen to views of MPs, after which Government will decide whether to change terms of order in Council.

4. Foreign Office can see why concessions to minority communities and ex-servicemen are very difficult. But believe that concession could be made without losing anything on endorsement in passports. *Government has made clear this is most important area for unificials.*

5. Home Office objections are doctrinaire in nature. Department intend to recommend as soon as MPs views have been given in debate that Foreign Secretary should write to Home Secretary urging a concession on this point. Letter will be copied to you.

6. You will no doubt wish to ask Home Office to provide briefing to Prime Minister in due course on this subject.

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RGRGRG

ZCZC

HMLNAN 0499

CONFIDENTIAL

DD 141030Z FCOLN

DD 150100Z PEKIN

FM HOKON TO FCOLN

140920Z JAN

GRS 300

CONFIDENTIAL

FM HONG KONG

TO DESKBY 141030Z FCO

TELNO 145

OF 140920Z JANUARY 86

INFO DESKBY 150100Z PEKING

YOUR TELNO 85 : WHITE PAPER ON DRAFT NATIONALITY ORDER.

1. UNOFFICIALS REMINDED ME THIS MORNING AT THE EXECUTIVE COUNCIL MEETING THAT THE LEGISLATIVE COUNCIL WAS EXPECTING A STATEMENT BY THE CHIEF SECRETARY TOMORROW IN RESPONSE TO MISS DUNN'S REQUEST FOR A REPORT ON THE PROGRESS OF HMG'S DELIBERATIONS CONTAINED IN HER STATEMENT OF JANUARY 8 (MY TELNO 080). I TOLD THE COUNCIL THAT IT WOULD NOT BE POSSIBLE TO TELL THE LEGISLATIVE COUNCIL WHAT POSITION HMG WOULD TAKE IN PARLIAMENT. I ALSO INFORMED THEM IN STRICT CONFIDENCE OF THE POSITION AS STATED IN PARAS 1 TO 4 IN YOUR TEL UNDER REFERENCE. FOR REASONS WHICH WILL BE EVIDENT FROM MY IFT I DID NOT GIVE THEM THE CONTENT OF PARAGRAPH 5:

2. EXCO UNOFFICIALS COMMENTED THAT IT WOULD BE HELPFUL FOR ME AND HMG TO KNOW THE POSITION OF LEGCO UNOFFICIALS. THEY WOULD NOT LET THE ISSUE, PARTICULARLY OF THE ENDORSEMENT IN THE PASSPORTS...

2. EXCO UNOFFICIALS COMMENTED THAT IT WOULD BE HELPFUL FOR ME AND HMG TO KNOW THE POSITION OF LEGCO UNOFFICIALS. THEY WOULD NOT LET THE ISSUE, PARTICULARLY OF THE ENDORSEMENT IN THE PASSPORTS, DIE. THEY WOULD CONTINUE TO FIGHT FOR THE ENDORSEMENT OF VISA-FREE ENTRY IF NECESSARY BEYOND THE DEBATE ON THE WHITE PAPER. THEY CONTINUED TO EMPHASISE THAT THIS WAS IN THE GIFT OF THE BRITISH GOVERNMENT.

3. WHETHER OR NOT THEY WOULD SEND A DELEGATION TO LONDON WAS AGAIN AN OPEN QUESTION. THEY WOULD MEET ON THE MORNING OF FRIDAY 17 JANUARY TO REVIEW WHAT MINISTERS AND MEMBERS OF PARLIAMENT HAD SAID IN THE DEBATE IN THE HOUSE OF COMMONS (EVEN THOUGH THE DEBATE TAKES PLACE AT 3 A.M. HERE IT WILL BE BROADCAST LIVE BY HONG KONG RADIO). IN THE LIGHT OF THAT DEBATE THEY WILL DECIDE WHETHER

(A) TO AWAIT FURTHER DEVELOPMENTS: OR

(B) TO SEND A DELEGATION TO LONDON EITHER IMMEDIATELY OR AT A LATER DATE.

4. THEY MADE CLEAR THAT IF THE DELEGATION WENT TO LONDON IT WOULD SEEK A PERSONAL INTERVIEW WITH THE PRIME MINISTER. IT WOULD NOT BE CONTENT WITH LESS.

5. THE DISCUSSION WILL BE CONTINUED IN EXCO AT 9.30 A.M. HONG KONG TIME TOMORROW.

6. ON THE IMPLICATIONS OF THIS SITUATION PLEASE SEE MY IFT.

YOUDE

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HMLNAN 0497

NNNN

14/10047

ZCZC

HMI NAN 0506

CONFIDENTIAL

DD 141130Z FCOLN

DD 150100Z PEKIN

141040Z JAN

GRS 500

DD

CONFIDENTIAL

FM HONG KONG

TO DESKBY 141130Z FCO

TELNO 146

OF 141040Z JANUARY 86

INFO DESKBY 150100Z PEKING

Hmg

MY IPT : WHITE PAPER ON DRAFT NATIONALITY ORDER.

1. THE STATEMENT THAT THE UNOFFICIALS WILL NOT BACK DOWN ON THE PROPOSITION THAT AN ENDORSEMENT REGARDING VISA-FREE ENTRY TO THE UK SHOULD BE MADE IN THEIR PASSPORTS MUST BE TAKEN SERIOUSLY. ON WHAT THEY SAID THIS MORNING, PROVIDING IT WERE CLEARLY DEMONSTRATED THAT THE CASE MADE FOR THE MINORITIES AND THE EX-SERVICEMEN HAD BEEN EXAMINED ON ITS MERITS, AND THEY HAD BEEN GIVEN A FAIR HEARING (AND NOT SIMPLY TURNED DOWN OUT OF HAND), THERE WOULD BE GRUMBLING, ILL-FEELING AND NO DOUBT SARCASM IN THE PRESS, IF THEY WERE NOT MET IN FULL BUT I DOUBT IF THOSE ISSUES WOULD BECOME MATTERS FOR A CONFRONTATION BETWEEN UNOFFICIALS AND HMG. (RESENTMENT AMONG THE MINORITIES WOULD OF COURSE REMAIN) IF ON THE OTHER HAND THE UNOFFICIALS REQUEST FOR AN ENDORSEMENT IN THE PASSPORTS IS REFUSED, A CONFRONTATION BETWEEN THE LEGISLATIVE COUNCIL OF HONG KONG AND HMG WILL ENSUE.

2. IN THE LIGHT OF THIS MORNING'S DISCUSSION IT SEEMS LIKELY THAT IF MINISTERS ARE REASONABLY POSITIVE ABOUT THE POSSIBILITY OF AN ENDORSEMENT BEING MADE IN THE PARLIAMENTARY DEBATE THE UNOFFICIALS MAY BE PERSUADED BY THEIR SENIOR MEMBERS (WHO ARE DOING THEIR UTMOST TO AVOID A CONFRONTATION) TO AWAIT DEVELOPMENTS. IF THERE IS SIMPLY A HOLDING STATEMENT THE UNOFFICIALS MAY DECIDE EITHER TO SEND A DELEGATION OR TO AWAIT THE OUTCOME OF THE PARLIAMENTARY DEBATE AND GO LATER TO PRESS THEIR CASE. IF THE HOLDING STATEMENT READS NEGATIVELY OR IS ACCOMPANIED ONLY BY A STATEMENT OF THE DIFFICULTIES OF MAKING THE ENDORSEMENT (AS IN PARA 5 OF YOUR TELNO 85) THERE IS A REAL CHANCE THAT THEY WILL DECIDE TO VISIT LONDON AND ASK FOR A MEETING WITH THE PRIME MINISTER: AND MAKE THIS

LONDON AND ASK FOR A MEETING WITH THE PRIME MINISTER: AND MAKE THIS DECISION PUBLIC.

3. IT REMAINS MY STRONG ADVICE TO MINISTERS THAT THEY SHOULD SHOW A POSITIVE ATTITUDE IN THE DEBATE TOWARDS THE ENDORSEMENT. IF THEY DO NOT THE RISK OF A CONFRONTATION (SEE PARA 1 ABOVE) IS HIGH.

4. I CAN SEE THAT MINISTERS MIGHT BE DISPOSED TO AWAIT THE OUTCOME OF THE DEBATE, BUT AS UNOFFICIALS POINTED OUT IF THIS DECISION IS NOT TAKEN NOW, AND THE SITUATION IS ALLOWED TO REACH THE POINT WHERE A DELEGATION IS SENT TO LONDON TO CALL ON THE PRIME MINISTER THERE WILL BE A POLITICAL PRICE TO BE PAID. IF THE UNOFFICIALS WERE THEN REBUFFED THE SENSE OF RESENTMENT WILL BE SEVERE. IF ON THE OTHER HAND IT WERE DECIDED THAT THE P.M. SHOULD CONCEDE WHAT MINISTERS HAD APPARENTLY NOT FAVOURED AND WHAT COULD NOT BE OBTAINED BY THE GOVERNMENT OF HONG KONG, THIS WOULD BE TAKEN AS INDICATING THAT UNOFFICIALS, AND PARTICULARLY ELECTED UNOFFICIALS, WERE IN A POSITION TO GET FROM LONDON WHAT COULD NOT BE OBTAINED THROUGH THE GOVERNMENT OF HONG KONG. THE CONSEQUENCES FOR THE REPUTATION OF HMG AND THE AUTHORITY OF THE HONG KONG GOVERNMENT: AND THE IMPLICATIONS FOR THE FUTURE MANAGEMENT OF THE LEGISLATIVE COUNCIL WILL BE OBVIOUS.

5. EVEN TO SEEK TO DELAY THE SENDING OF A DELEGATION COULD BE HAZARDOUS. YOU WILL RECALL THE DEEPLY EMBEDDED BELIEF THAT MY PREDECESSOR DISSUADED THE UNOFFICIALS FROM SENDING A DELEGATION AT A CRUCIAL POINT IN THE LORDS DEBATE ON THE NATIONALITY ACT: AND THAT THEY LOST THE OPPORTUNITY OF GETTING A FAVOURABLE VOTE IN THE LORDS ON AN ISSUE OF GREAT CONCERN TO THEM AS A CONSEQUENCE.

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HMLNAN 0506

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114/1125#

CONFIDENTIAL

FM HONG KONG

TO DESKBY 141130Z FCO

TELNO 149

OF 141025Z JANUARY 86

INFO DESKBY 150100Z PEKING (PERSONAL FOR AMBASSADOR)

FOLLOWING PERSONAL FOR WILSON, AUS ASIA FROM GOVERNOR

1. YOU WILL SEE FROM MY TELNO 146 THAT IF WE ALLOW THESE ISSUES TO GET TO THE POINT WHERE THE UNOFFICIALS ANNOUNCE THAT THEY ARE SENDING A DELEGATION TO SEE THE PRIME MINISTER WE SHALL HAVE REACHED AN EXTREMELY TRICKY POINT IN THE RELATIONS BETWEEN HONG KONG AND LONDON.
2. THE PRIME MINISTER WOULD BE BOUND TO RECEIVE UNOFFICIALS. IN HER MEETING WITH THE UNOFFICIALS ON 19 SEPTEMBER 1984 (AT WHICH THE PUS WAS PRESENT) SHE TOLD THE UNOFFICIALS THAT THEY SHOULD NOT HESITATE TO SEEK ANOTHER VISIT TO LONDON IF THEY THOUGHT THAT WAS NECESSARY.
3. THE UNOFFICIALS ARE UNANIMOUS THAT IT IS WITHIN THE GIFT OF THE BRITISH GOVERNMENT TO GIVE THEM THE ENDORSEMENT THEY WANT. ON SOME ISSUES IT CAN BE ARGUED THAT THE DIFFICULTY LIES WITH THE CHINESE. ON THIS ONE IT CANNOT AND THEY WILL NOT BE SATISFIED WITH ARGUMENTS ABOUT PROBLEMS WITH THE IMMIGRATION RULES. AS MISS DUNN SAID, IF THERE IS A WILL THERE IS A WAY.
4. IF IT GETS TO THE POINT WHERE THEY SEE THE PRIME MINISTER AND THEY ARE TURNED DOWN, THE SENSE OF RESENTMENT AND BETRAYAL AMONG EXCO UNOFFICIALS WILL BE STRONG. THEY PUT THEIR NAMES ON THE LINE IN FAVOUR OF ACCEPTANCE OF THE AGREEMENT IN SPITE OF THEIR RESERVATIONS SEMICOLON THEY ARE NOW LOOKING FOR A RECIPROCAL UNDERSTANDING FROM HMG ON THEIR CONCERNS.
5. MISS DUNN AND HER SENIOR COLLEAGUES IN LEGCO ARE TRYING THEIR BEST TO KEEP TEMPERS DOWN AND TO AVOID A CONFRONTATION ARISING. SOME OF THE ELECTED MEMBERS HAVE THE BIT BETWEEN THEIR TEETH. YOU KNOW SIR S Y'S FEELINGS ON NATIONALITY ISSUES: I WOULD NOT EXCLUDE HIS VOLUNTEERING TO LEAD A DELEGATION. IF HE DID THAT WOULD PUT THE PRIME MINISTER IN A VERY DIFFICULT POSITION INDEED.

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