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TO IMMEDIATE FCO  
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FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH JI PENGFEI 13 OCTOBER

SUMMARY

1. JI CALLS FOR NO DRASTIC CHANGES IN HONG KONG BEFORE 1997 AND FOR 1987 REVIEW TO AVOID LEADING CONCLUSIONS IN FAVOUR OF ELECTIONS. THE SECRETARY OF STATE POINTED TO NEED FOR REVIEW TO BE GENUINE AND FOR HKG'S AUTHORITY NOT TO BE IMPAIRED.

DETAIL

2. THE SECRETARY OF STATE SPENT 45 MINUTES WITH JI PENGFEI ON THE AFTERNOON OF 13 OCTOBER.
3. JI SAID THAT THE SECRETARY OF STATE'S 'SPEECH' IN HONG KONG HAD BEEN VERY GOOD (WE ASSUME HE WAS REFERRING TO THE PRESS CONFERENCE). THE SECRETARY OF STATE REFERRED TO JI'S VISIT TO HONG KONG. JI DESCRIBED THIS AS HAVING BEEN VERY SUCCESSFUL.
4. THE SECRETARY OF STATE REFERRED TO THE PROGRESS SINCE JI'S HONG KONG VISIT OVER IMPLEMENTATION OF THE JD: THE JLG AND LAND COMMISSION WERE WORKING WELL: AGREEMENT HAD BEEN REACHED OVER GATT, ON AIR SERVICES AND TRAVEL DOCUMENTATION. THIS WAS IMPORTANT FOR SUSTAINING CONFIDENCE.
5. JI SAID THAT THE MAIN PURPOSE OF HIS HONG KONG VISIT HAD BEEN TO FAMILIARISE HIMSELF WITH THE JD'S IMPLEMENTATION AND THE DRAFTING OF THE BASIC LAW. PEOPLE FROM VARIOUS WALKS OF LIFE HAD GIVEN A NUMBER OF GOOD SUGESTIONS. HE HAD BEEN ABLE TO DISCUSS QUESTIONS WITH THE GOVERNOR AND TO CONTINUE THIS DIALOGUE DURING THE GOVERNOR'S SEPTEMBER VISIT. HE HAD DISCUSSED QUESTIONS RELATING TO CONVERGENCE WITH THE GOVERNOR. THE TWO SIDES AGREED THAT DUPING THE TRANSITIONAL PERIOD THE COMMON TASK WAS TO MAINTAIN HONG KONG'S PROSPERITY AND STABILITY. IF IMPORTANT REFORMS WERE TO BE INTRODUCED THERE SHOULD BE CONSULTATION IN THE JLG SO AS TO PRODUCE A 'GOOD RESULT'.
6. THE SECRETARY OF STATE SAID THAT IT WOULD BE IMPORTANT TO MAINTAIN A SUCCESSFUL RANGE OF CONTACTS. THERE EXISTED THE JLG, BLDC, AD HOC CONTACTS BETWEEN HIM AND WU, WHICH ENABLED BOTH SIDES TO KEEP IN TOUCH WITH EACH OTHER'S THINKING, AND THE GOVERNOR'S VISITS WHICH ALSO PROVIDED A VALUABLE POINT OF CONTACT.

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7. THE SECRETARY OF STATE CONTINUED THAT THE BLDC'S WORK IF DESIGNED TO SECURE A SMOOTH TRANSFER OF GOVERNMENT IN 1997 WAS AN AREA ESPECIALLY VALUABLE TO THE SUSTAINING OF CONFIDENCE. THE DRAFTING OF THE BL WAS OF COURSE A CHINESE RESPONSIBILITY. WE HAD BEEN IMPRESSED WITH THE CARE TAKEN TO CONSULT AT ALL LEVELS. WE TOOK A CLOSE INTEREST: PEOPLE IN HONG KONG WERE ANXIOUS THAT THE BL SHOULD FAITHFULLY REFLECT THE JD. IT WAS IMPORTANT TO PEOPLE IN HONG KONG THAT THE BL SHOULD EMBODY CONCEPTS AND LANGUAGE WITH WHICH THEY WERE FAMILIAR, THIS WOULD HELP CONTINUITY. WE BELIEVED THE BLDC WAS TRYING TO ACHIEVE THIS. WE SHOULD BE HAPPY TO OFFER ADVICE.

8. THE SECRETARY OF STATE SAID THAT IN THE TRANSITIONAL PERIOD WE WOULD TAKE A RESPONSIBLE AND CONSTRUCTIVE ATTITUDE: OUR OBJECTIVE WAS TO MAINTAIN AN EFFECTIVE BRITISH ADMINISTRATION UP TO 1997 AND TO HELP CREATE ARRANGEMENTS FOR A SMOOTH TRANSFER OF GOVERNMENT IN 1997.

9. JI SAID WE SHARED A COMMON DESIRE. HE HOPED THAT IN THE TRANSITIONAL PERIOD THERE WOULD BE 'NO DRASTIC CHANGES', 'UPS AND DOWNS' OR 'SHOCKS' IN HONG KONG. IF CHANGE WAS NECESSARY IT SHOULD NOT BE DRASTIC. IF CERTAIN CHANGES WERE NECESSARY, THEY SHOULD TAKE PLACE AFTER CONSULTATION AND AFTER TAKING EFFECTIVE MEASURES TO AVOID ANY GREAT 'SHOCKS'. IT WAS NOT THAT THERE SHOULD BE NO CHANGE AT ALL: BUT CHANGE SHOULD TAKE PLACE AFTER CONSULTATION BETWEEN THE TWO SIDES.

10. JI CONTINUED THAT HE WISHED TO RAISE THE REPRESENTATIVE SYSTEM IN HONG KONG. THIS INVOLVED THE QUESTION OF DIRECT ELECTIONS. THE REVIEW WOULD TAKE PLACE NEXT YEAR. THE CHINESE SIDE CONSIDERED THAT IT WOULD BE BEST FOR THE REVIEW NOT TO TAKE PLACE OR TO BE DELAYED. HOWEVER, AS HKG HAD ALREADY UNDERTAKEN TO HOLD A 1987 REVIEW THE CHINESE AGREED THAT THIS COULD BE CARRIED OUT. THEY THOUGHT THAT IT WOULD BE BEST IF THE REVIEW DID NOT REFER TO DIRECT ELECTIONS: IF HOWEVER DIRECT ELECTIONS WERE MENTIONED IN THE REVIEW IT WOULD BE BEST IF NO DECISIONS WERE TAKEN. IN THE IN THE WORK OF DRAFTING THE BL, CHINA ATTACHED GREAT IMPORTANCE TO THIS ISSUE, ON WHICH HONG KONG OPINION WAS DIVIDED. IN PARTICULAR SOME FROM THE UPPER AND MIDDLE CLASSES OPPOSED DIRECT ELECTIONS. A CAUTIOUS ATTITUDE MUST BE ADOPTED. JI THEREFORE HOPED THAT ANY DECISION CONCERNING DIRECT ELECTIONS COULD BE DELAYED: WE COULD POINT TO THE DIVISION OF HONG KONG OPINION ON THE SUBJECT AND SAY THAT MORE TIME WAS NEEDED FOR FURTHER STUDY AND REFLECTION. AFTER PUBLICATION OF THE DRAFT BL IN 1988, THE PICTURE WOULD BE CLEARER. THE REVIEW FOLLOWING THE ONE IN 1987 COULD THEN DEAL WITH THIS ISSUE. DIRECT ELECTIONS WAS THE MOST IMPORTANT QUESTION AT PRESENT.

11. THE SECRETARY OF STATE AGREED THAT IT WAS AN IMPORTANT ISSUE. IT WAS MOST IMPORTANT THAT THE WAY IT WAS HANDLED SHOULD NOT DISTURB BRITISH ADMINISTRATION OF HONG KONG UP TO 1997, IN WHICH CONFIDENCE MUST BE MAINTAINED, THE PROSPECT FOR A SMOOTH TRANSFER OF POWER, OR

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THE BALANCE BETWEEN THE TWO SIDES' RESPECTIVE RESPONSIBILITIES IN THE PERIOD BEFORE AND AFTER 1997. HE AGREED THAT THE ISSUE REQUIRED PRUDENT HANDLING TO AVOID ANY SHOCKS. BUT HKG MUST NOT BE SEEN TO RENEGE ON COMMITMENTS BECAUSE OF CRITICISM OR PRESSURE FROM THE CHINESE SIDE. THIS WAS WHY IT WAS SO IMPORTANT THAT THE 1997 REVIEW SHOULD PROCEED AS PROMISED. NEITHER HKG OR HMG HAD ANY PRECONCEIVED VIEWS ABOUT DIRECT ELECTIONS. THE REVIEW WOULD NOT BE SLANTED IN ANY PARTICULAR DIRECTION. WE WERE DISCUSSING A LIMITED MATTER ONLY: A PROPORTION OF SEATS PERHAPS BEING FILLED BY DIRECT ELECTION. OPINION IN HONG KONG ON THE SUBJECT WAS DIVIDED. THE POSSIBILITY OF DIRECT ELECTIONS WOULD BE REFERRED TO IN ANY GREEN PAPER IN THE MOST BALANCED AND PRUDENT WAY. IT WOULD NOT BE SENSIBLE FOR HKG TO TRY TO PREJUDGE THE OUTCOME OF THE REVIEW. ALL WERE CONSCIOUS OF THE NEED FOR CONTINUITY, BUT WE MUST LEAVE OPEN THE POSSIBILITY THAT A CONSENSUS OF OPINION MIGHT FAVOUR DIRECT ELECTION FOR SOME SEATS. THERE WOULD OTHERWISE BE CRITICISM THAT THE REVIEW WAS NOT GENUINE AND/OR HAD BEEN PRE-JUDGED BECAUSE OF CHINESE PRESSURE. WE MUST AVOID ANY SUGGESTION THAT BRITISH RESPONSIBILITY FOR HONG KONG UP TO 1997 WAS BEING DISLODGED.

12. JI SAID THAT THE REVIEW COULD BE CARRIED OUT BUT SHOULD NOT PAVE THE WAY FOR DIRECT ELECTIONS: THIS WOULD NOT BE APPROPRIATE. HE HOPED WE WOULD CONSIDER THE CHINESE POSITION. THEY DID NOT WANT TO INTERFERE. THEY RESPECTED THE UK'S RIGHT TO ADMINISTER HONG KONG UP TO 1997. BUT IN DRAFTING THE BL THEY MUST TAKE A DECISION ON DIRECT ELECTIONS. IN THE ABSENCE OF CONSENSUS, THIS WOULD BE DIFFICULT.

13. THE SECRETARY OF STATE SAID THAT HE DID NOT THINK THE DIFFERENCES BETWEEN US WERE VERY WIDE. HE WOULD FOLLOW UP THIS DISCUSSION WITH WU. BOTH SIDES MUST BE ALIVE TO THE CONCERNS OF THE OTHER AS WELL AS TO THE OPINIONS OF THE PEOPLE OF HONG KONG.

DAYA BAY

14. THE SECRETARY OF STATE THANKED JI FOR RECEIVING THE LEGCO DELEGATION AND FOR TAKING SUCH A POSITIVE ATTITUDE TOWARDS THE INVOLVEMENT OF HONG KONG PEOPLE. ANXIETY WOULD CONTINUE. WE WELCOMED THE CHINESE COMMENTS ABOUT SAFETY AND THEIR RECOGNITION OF THE NEED TO KEEP HONG KONG PEOPLE IN THE PICTURE.

15. JI SAID THAT EVERY EFFORT WOULD BE MADE TO ENSURE THE PLANT'S SAFETY. THE CHINESE GOVERNMENT MUST BE RESPONSIBLE FOR ALL ITS PEOPLE: THESE INCLUDED THE PEOPLE OF HONG KONG.

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