



HOME OFFICE  
QUEEN ANNE'S GATE LONDON SW1H 9AT

13 June 1979

*Prime Minister*

*BM  
13/6*

*Dear Bryan*

11.6.79  
Stephen Wall wrote to you yesterday enclosing briefing for the Prime Minister's meeting with the Governor of Hong Kong tomorrow evening. So far as briefing on the Vietnamese refugees is concerned, we have little to add to what is said in the Foreign Office briefing and the material we provided for the Prime Minister's Questions yesterday. There are, however, two important points of which the Prime Minister will wish to be aware.

- (a) Quite apart from general immigration considerations, this country's capacity to accept more refugees from South East Asia is limited not only by difficulties of finding suitable short-term reception accommodation (difficulties which are capable of solution but only at the price of increased Government involvement) but also by the longer term problems of finding housing and employment for a group of people who have no large established communities with which they can forge links in this country and little or no knowledge of the English language. These difficulties lend further emphasis to the Government's view that long-term solutions need to be sought by international action, particularly in the context of the South East Asia region.
- (b) The Government of Hong Kong expressed concern yesterday to the Foreign Office - and this might be raised with the Prime Minister - that the reception of the Sibonga and Roach Bank refugees would delay the movement of Hong Kong's share (1,000) of the quota of 1,500 which this country has said it will accept. (The commitment itself was dealt with by the Home Secretary in the House on Monday). The arrival of the Sibonga and Roach Bank refugees should not delay the movement of the 400-500 refugees from the Hong Kong share of the quota who have already been selected for settlement. The team of two who made this selection are due to return to Hong Kong in the summer and there is no reason why this arrangement should be delayed. (Any Sibonga refugees left in Hong Kong could be selected within the 1500 quota). I am sending copies of this letter to Stephen Wall (FCO), Roger Facer (MOD) and Martin Vile (Cabinet Office).

*Yours sincerely*

*Tony Butler.*

A. J. BUTLER

Bryan Cartledge, Esq.

13 JUN 1979





Foreign and Commonwealth Office

London SW1A 2AH

11 June 1979

Dear Bryan,

Prime Minister  
See also Mr. Byng's  
minutes below.

Call by the Governor of Hong Kong

The Prime Minister has agreed to see the Governor of Hong Kong at 6 pm on Thursday, 14 June, and has asked the Foreign and Commonwealth Secretary to be present.

The Governor is concerned about:

(a) Vietnamese Refugees

There are now over 51,000 refugees in Hong Kong and there could well be 100,000 by the autumn. The inability of the Hong Kong Government to stem the tide is causing widespread concern and the Governor is under pressure to take more drastic measures.

(b) Immigration into Hong Kong from China

Immigration from China is currently running at the highest level for very many years. Depending on the rate for the rest of the year, the total for 1979 could be anywhere between 200,000 and 400,000, mostly illegal. The Chinese, despite promises, have so far made no serious effort to control illegal immigration.

(c) Reinforcement of the garrison

The task of patrolling the border areas and the outlying islands against illegal immigrants has extended the garrison to its limits. The Governor and the Commander, British Forces, have asked for urgent reinforcements to limit the numbers of illegal immigrants and to shock the Chinese into taking action themselves. This request is being urgently considered by the Ministry of Defence.

(d) (If there is time) New Territories Leases

The Governor may mention the problem of maintaining confidence in Hong Kong as 1997 approaches. The bulk of the Colony's territory (the New Territories) is leased from China under an agreement which expires in 1997, and all land leases in the New Territories end in that year.

/This

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This is starting to create practical difficulties, particularly over investment, which will increase as time goes on. The Governor has suggested certain legal action which would deal with this problem provided the Chinese agreed. Proposals will be put to Ministers in due course.

The immigration problem apart, relations between Hong Kong and China are now as good as they have ever been. Sir Murray MacLehose is the first Governor of Hong Kong since the war to pay an official visit to China: he went there in March and saw Deng Xiaoping and other leaders.

/ I enclose a biographical note on Sir Murray MacLehose together with briefing material on the questions mentioned above.

I am sending copies of this letter and enclosures to John Chilcot (Home Office), Roger Facer (Ministry of Defence) and Martin Vile (Cabinet Office).

*James Wall,*  
*Stephan*

J S Wall  
Private Secretary



BRIEF FOR CALL BY THE GOVERNOR OF HONG KONG  
ON THE PRIME MINISTER

ESSENTIAL FACTS

1. VIETNAMESE REFUGEES IN HONG KONG

Hong Kong Government Policy

1. Currently Hong Kong Government policy is:

(i) To accept for permanent settlement:

- (a) those who are spouses, dependent children or dependent elderly parents of people who were already permanent residents of the territory before 1975;
- (b) those who are picked up at sea by Hong Kong registered vessels.

(ii) To provide temporary shelter, pending resettlement elsewhere by UNHCR, to:

- (a) those who arrive in Hong Kong in their own boats;
- (b) those who are rescued at sea by vessels for whom Hong Kong is the next scheduled port of call. However, the Hong Kong Government have now said that they can no longer automatically apply the first port of call principle in view of the present overcrowding in Hong Kong.

Present Situation in Hong Kong

2. Numbers

- (a) 9,200 former residents of Vietnam (plus a further 2,500 Laotians and Cambodians) have been accepted for permanent settlement in Hong Kong since 1975.

/(b)



(b) On 11 June, there were 51,400 Vietnamese refugees temporarily in Hong Kong awaiting resettlement. Over 50,000 have arrived since January; in the same period only 3,400 have left for resettlement. Some 7,000 of the total arrivals came on large vessels (the Huey Fong, Skyluck and Sen On) believed to be engaged in trafficking in refugees for profit.

### 3. Accommodation in Hong Kong

Accommodation for the refugees is desperately short: only 12,000 are in the UNHCR's care. The others are crowded into prisons, temporary camps and the Government dockyard. New arrivals now have to remain on the vessels on which they arrive, though these are often crowded and in poor condition (see photographs attached).

### 4. Public Opinion in Hong Kong

Hong Kong Chinese have little fellow-feeling for the refugees even though most of them are ethnic Chinese. The Hong Kong Government are coming under increasing pressure from the public to turn boats away and, if necessary, to tow them back to sea. There is a feeling of frustration at Hong Kong's impotence to deal with the problem, and a strong belief that Britain should be doing more to help.

### Measures Taken to Deal with the Problem

#### 5. (a) In Hong Kong

The Hong Kong Government have introduced tough new legislation to deter refugee traffickers: the trial of the Captain and others connected with the Huey Fong has just started. Hong Kong is also cooperating with other governments in the region in obtaining and sharing advance

/intelligence



intelligence about suspicious vessels.

(b) By the British Government

We are currently pursuing two main objectives:

- (i) to bring international pressure to bear on the Vietnamese Government to take effective measures to stop the outflow;
- (ii) to drum up more resettlement places for the refugees who have already left.

In pursuit of these objectives, the Prime Minister has urged the Secretary-General of the United Nations to call an early international conference. We have conducted a major lobbying campaign to get other countries to support the idea of a conference; use their influence with the Vietnamese; and take some refugees or more refugees as the case may be.

2. IMMIGRATION INTO HONG KONG FROM CHINA

Hong Kong Government Policy

1. (i) Legal Immigrants: Chinese citizens with valid travel documents are permitted to enter Hong Kong and, if they decline to return to China, to remain in Hong Kong.
- (ii) Illegal Immigrants: Those who leave China without the permission of the Chinese authorities and are detained by the security forces while trying to enter Hong Kong are returned to China within 24 hours. Those who evade capture and go to ground are eventually allowed to stay.

/Background



## Background and Current Position

### 2. Legal Immigration

Until last year, legal immigrants were arriving at a rate that just about balanced normal emigration from Hong Kong - 50 to 70 a day. In 1978, the figures rose sharply, to over 300 a day in December. 70,000 legal immigrants entered Hong Kong from China in the whole of 1978. Since January the rate has been dropping steadily, but at over 150 a day in May is still unacceptably high. 36,000 legal immigrants entered in the first five months of the year.

### 3. Illegal Immigration

The policy of repatriating illegal immigrants was reintroduced (it had also been used before 1967) in 1974. Together with measures taken by the Chinese on their side of the border, it was effective in keeping down the numbers to insignificant levels until 1978. Greater freedom of movement in China then led to a sharp increase: over 8,000 illegal immigrants were repatriated, and probably about 30,000 succeeded in entering Hong Kong. In 1979 the situation has become much worse: 36,000 were repatriated in January to May, with more arrested each month. There is some evidence that the detection ratio has improved, but it is still probable that at least 80,000 have succeeded in entering Hong Kong this year.

## Measures Taken to Deal with the Problem

### 4. Representations to the Chinese Government

Diplomatic representations have been made to the Chinese authorities in London, Hong Kong and Peking. The Chinese have repeatedly promised to take steps to reduce the flow and have claimed credit for the steady decrease in legal immigrants this year. But they have so far failed to take effective measures to deal with illegal departures.



Measures in Hong Kong

5. The security forces in Hong Kong have stepped up patrols on the Hong Kong side of the border, making the maximum possible use of the available garrison, of the Hong Kong police force and of local volunteers. As a result the ratio of those arrested to those who evade capture has improved from 1:3 or 4 to 1:2 in recent months.

6. The Chinese authorities have suggested that the Hong Kong Government ought to repatriate illegals who evade capture and surface later. This would be undesirable because it would drive illegals underground and create enormous problems of corruption, exploitation etc.

7. Consideration has been given to the possibility of imposing controls on legal immigrants. This would be very unwelcome to the Chinese Government, who consider that their nationals have a traditional right of free movement to Hong Kong (which they regard as Chinese territory). The idea has not been pursued while the figures appear to be moving in the right direction.

3. REINFORCEMENT OF HONG KONG

1. Securing the frontiers of Hong Kong is the responsibility of the Royal Hong Kong Police Force, supported by the garrison. The police have now committed 20% of their resources to this task: to do more would endanger internal security. The Governor has asked the Commander, British Forces, Hong Kong, to undertake increased tasks, and the latter has therefore asked for additional land, sea and air forces. The Ministry of Defence have confirmed that to make the necessary resources available would involve penalties to other commitments. In the MOD's judgement, these penalties would



be severe, not only because of the actual cost of withdrawing the units required from other commitments, but also because of the general upheaval that would be caused within the Services. Details of the present garrison, of the reinforcements now requested and of the penalties that would be involved in providing them are at Annex A.

2. HMG have a clear obligation to provide reinforcements for Hong Kong when the situation requires: this was explicitly stated in the 1975 agreement between the Hong Kong and British Governments under which the garrison in Hong Kong was reduced to its present strength.

3. Ministers will need to decide whether the Hong Kong requirement is of sufficient priority to justify providing the necessary resources. The Defence Secretary will be discussing the request for reinforcements with the Governor shortly before the latter's call on the Prime Minister.

#### 4. CHINESE/HONG KONG RELATIONS

1. The present Chinese Government do not recognise the 19th century treaties under which Hong Kong came under British rule. They regard Hong Kong as Chinese territory temporarily under British administration. They have however repeatedly stated that the question of the territory's reversion to China is something to be settled through negotiations "when the time is ripe". They have given no firm indication when they think that time will be.

2. In the meantime they have made it clear that Hong Kong has a key role to play in their modernisation programme. The territory provides about a third of China's foreign exchange earnings and is

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an increasingly important source of financial and commercial expertise. The Chinese therefore share our interest in maintaining the stability and prosperity of the territory and have been at pains to reassure local and foreign investors that China is satisfied with the status quo and has no early intention of changing it. Particular emphasis was laid on this point by Vice Premier Deng Xiaoping during an official visit by the Governor to China in March (an unprecedented visit that was in itself a firm indication of the Chinese desire for close cooperation with the present Hong Kong administration).



SECRET

5. NEW TERRITORIES LEASES

1. The bulk of the territory of Hong Kong (the New Territories) was leased from China in 1898 under an agreement which expires in 1997. The many thousands of land leases granted by the Crown in the New Territories also end in 1997. Although there is no immediate problem, the increasingly short span of existing leases, and the inability of the Hong Kong Government to grant new leases extending beyond 1997, will soon begin to deter investment unless something is done.

2. The solution which we have in mind is to issue future leases in the New Territories without a fixed term, and to convert existing leases into indeterminate leases of the same kind. There would be a need for legislation in Hong Kong and a covering Order in Council in the UK would be highly desirable. This solution would be consistent with the Chinese view that Hong Kong is Chinese territory, and with their desire to keep their options open as to its future. But it would be interpreted by public opinion in Hong Kong as an indication that the Chinese did not rule out the possibility that British administration in Hong Kong might continue after 1997, and it would thus provide a boost to confidence as well as dealing with the legal problem posed by the terminal date in the leases.

3. It would, of course, be essential to ensure that there was no Chinese objection before going ahead. With the authority of the previous Government, therefore, the Governor of Hong Kong outlined the proposed solution to Deng Xiaoping and other Chinese leaders when he visited Peking in March. Deng did not specifically endorse the idea but did not react adversely. Ministers will need to decide in due course what action should be taken to follow up the soundings taken by the Governor.

SECRET

I. PRESENT GARRISON IN HONG KONG

- Navy: - 6 Patrol Craft (5 ex-Minesweepers, 1 ex-tug)
- Army: - 4 Infantry Battalions (3 of them Gurkha)  
 2 Gurkha Engineer Field Squadrons  
 6 Scout helicopters  
 Maritime Troop with 3 Ramp Powered Lighters  
 Gurkha Transport Regiment
- Air Force: - 7 WESSEX2 helicopters and 10 pilots

II. REINFORCEMENTS REQUESTED

- Navy: - 3 WESSEX3 helicopters, 7 pilots and necessary ground staff  
 3 Patrol Craft or Hovercraft and crews  
 HQ staff
- Army: - 1 Battalion plus 2 companies  
 4 Scout helicopters, 6 pilots and necessary ground staff  
 HQ staff  
 Additional personnel for Maritime Troop
- Air Force: - 6 WESSEX2 helicopters, 9 pilots and necessary ground staff  
 NITESUN equipment (searchlights)  
 Air Transport Command (ATC) and Operations staff

III. PENALTIES FOR OTHER SERVICE COMMITMENTS IN PROVIDING REQUESTED REINFORCEMENTS FOR HONG KONG

In addition to the general upheaval which this additional commitment will cause for the Services, the provision of the reinforcements requested will incur the following penalties:

(a) Operational

1. Royal Navy: There will be a reduction of two front line Sea King helicopters.
2. Army: It will not be possible to find a UK battalion for a full six-month tour; instead, CBF Hong Kong has agreed

/to



to a UK battalion being rotated every 2 months. However, the provision of a battalion for SPEARHEAD duties will be affected and BAOR will have to find up to 3 battalions for this duty. The balance of 2 companies to meet the requirement would be met from the Gurkha battalion in Brunei (this is in accordance with the terms of our agreement with the Sultan, and the High Commissioner in Brunei has confirmed that he does not expect this to cause any problems).

3. Royal Air Force: There will be a reduction of 25% in the WESSEX support capability available to 1(BR) Corps from No 18 Squadron RAF. BAOR's deployment plans would be affected.

(b) Training

Many national and NATO exercises already planned to take place in the UK or overseas during this period will be seriously curtailed or cancelled. These include one major Naval exercise and 10 Army exercises. Unit training will be disrupted. The training of all RN and NATO warships at Portland will be affected as a result of the reduction in FTBs; and the stoppage of training of specialised personnel for the RN Hovercraft Unit will also lead to inability to complete important hovercraft trials. The reduction of RAF WESSEX in BAOR will also affect training.

(c) Movements

25% of the available RAF VC 10 effort will be absorbed by the rotation programme for the UK battalion during the month in which the change-over occurs. The movement of WESSEX, Sea King and Hovercraft by air would be a lengthy and expensive process. Movement by sea would take about four weeks.

(d) Ceremonial

Disruption will be caused to the 'Public Duties' battalion roster. Planned ceremonial in Brunei to celebrate The Queen's Birthday Parade and the Sultan's Birthday will be curtailed.



## HONG KONG: BASIC FACTS

(1978 figures)

Area: 404 square miles  
Population: Approximately 4.8 million  
98% of Chinese stock  
2% expatriates and others  
Per Capita GDP: £1,455  
Rate of Inflation: 6%

### BUDGET

Government revenue in 1978/79 (estimated): £1,090 million

Income Tax = 15% (maximum)

Government expenditure in 1978/79 (estimated): £1,080 million

46% - social services, including education  
19% - police, defence, administration etc.  
19% - transport, water supplies, amenities  
4% - airport, harbour, external communications  
12% - miscellaneous

### TRADE

Domestic Exports: £4,285 million (textiles and clothing: 45%)

UK share: 9.5%

Imports: £6,635 million

UK share: 4.7%

### SOCIAL SERVICES

#### Education

Primary education and three years of secondary education are compulsory and free

15,400 full-time and 18,500 part-time tertiary students in Hong Kong

/Medical Services



### Medical Services

Comprehensive public health programme to control endemic diseases, e.g. tuberculosis. Infant mortality, the birth and death rates on a par with Western European countries. 4.4 hospital beds per 1,000 population. Estimated 50,000 drug addicts.

### Housing

Subsidised public housing exists for 46% of the population. Current annual rate of housing construction: public sector - 35,000 units; private sector - 30,000 units.

### LABOUR

Unemployment Rate: 2.7%

Average monthly wage: £103

Trade union membership: estimated 400,000, 20% of labour force

Employment of children under the age of 14 universally illegal as of 1980

### DEFENCE AND SECURITY

Garrison consists of four infantry battalions (3 Gurkha, 1 British) with naval and air support

Establishment of Royal Hong Kong Police Force: 19,000 approx.





SIR (CRAWFORD) MURRAY MACLEHOSE GBE KCMG KCVO

Sir Murray MacLehose was born on 16 October 1917 and educated at Rugby and Balliol College, Oxford. After war service in the RNVR (Lieutenant) he joined the Foreign Service in 1947. He served in Hankow until 1950, then, after a short period in the Foreign Office, in Prague, Wellington and Paris. In 1959 he was seconded to Hong Kong as Political Adviser to the Governor. On his return to the Foreign Office in 1963 he became Head of Far Eastern Department and from 1965-67 was Principal Private Secretary to the Secretary of State (first Mr Michael Stewart and later Mr George Brown). In 1967 he was appointed HM Ambassador in Saigon and in 1969 HM Ambassador in Copenhagen. Since November 1971 he has been Governor and Commander-in-Chief of Hong Kong. He is married with two daughters, one of whom is partially paralysed as a result of a riding accident.

MR. CARTLEDGE

I quite agree that the Prime Minister should see Sir Murray Macle hose if at all possible and have pencilled him into the diary at 1800 hours on Thursday, 14 June. This should be at the House of Commons as I do not know how much of the Budget Debate she will wish to listen to. I have not told the Foreign Office and I have not asked for any briefing. Would you like me to do this?

*ej.*

5 June 1979

Mr Murray

*But as  
Gus  
5/2*

GOVERNOR OF HONG KONG'S VISIT TO LONDON

1. As you know, Sir Murray MacLehose will be in London for consultations with Ministers and officials from 13-15 June. He will be going on to Washington (16-20 June) for talks with US officials and to Geneva (24-25 June) to see the UNHCR. He will be available for further consultations in London on the morning of 26 June before returning to Hong Kong.

2. I attach a copy of the programme for the visit to London from 13-15 June.

*R J T McLaren*

12 June 1979

R J T McLaren  
Hong Kong & General Department

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PROGRAMME FOR VISIT TO LONDON OF SIR MURRAY MACLEHOSE, GOVERNOR OF HONG KONG

13 - 15 JUNE, 1979

	<u>Meeting With</u>	<u>Accompanied By</u>	<u>Also Present</u>	<u>Place</u>
<u>13 JUNE 1979</u>				
1300 hours	Mr R J T McLaren (HKGD) for Lunch	Mr D C Bray (Commissioner, Hong Kong Government, London) Dr D Wilson (Political Adviser, Hong Kong Government) Mr D Ford (Secretary for Information, Hong Kong Government)	-	Oxford and Cambridge University Club, 71 Pall Mall,
1500 hours	Mr H A H Cortazzi (DUS)	Mr Bray Dr Wilson Mr Ford	Mr D F Murray (AUS) Mr A R Rushford (Legal Adviser) Mr McLaren Mr R C Samuel (FED) Mr B Watkins (Defence Department) Mr P J Williamson (HKGD)	Mr Cortazzi's Office Room W88, FCO
1630 hours	Foreign and Commonwealth Secretary	-	-	Lord Carrington's Office, Room W53, FCO
1645 hours	Foreign and Commonwealth Secretary	Mr Bray Dr Wilson Mr Ford	Sir I Gilmour (Lord Privy Seal) Mr P Blaker MP (Minister of State) Sir Michael Palliser (PUS) Mr Cortazzi Mr Murray Mr McLaren	Lord Carrington's Office, Room W53, FCO

	<u>Meeting With</u>	<u>Accompanied By</u>	<u>Also Present</u>	<u>Place</u>
<u>13 JUNE 1979</u> (cont.)				
1800 hours	Sir Anthony Royle MP for Drinks	-	-	47 Cadogan Place, London SW1
1900 hours	Selected Journalists	Mr Bray Dr Wilson Mr Ford	-	Hong Kong Government Office, 6 Grafton Street, London W1
<u>14 JUNE 1979</u>				
1000 hours	Mr Adam Butler MP Minister of State, Department of Industry	-	Mr T L Richardson (ESSD)	Room 1110, Ashdown House, 123 Victoria Street, London SW1
1015 hours	(and possibly the Rt Hon Sir Keith Joseph MP, Secretary of State for Industry)			
1100 hours	PUS	-	-	PUS's Office, Room W16, FCO
1200 hours	Mr Blaker	Mr Bray Dr Wilson Mr Ford	Mr Cortazzi Mr McLaren Mr Munro (PS/Mr Blaker) Mr Williamson	Mr Blaker's Office, Room K195, FCO
1300 hours	Mr Blaker for Lunch	Sir Paul Bryan MP Sir Anthony Royle MP Mr Cortazzi Mr Bray Mr Murray Mr Munro	-	Kettner's Restaurant 29 Romilly Street London W1

	<u>Meeting with</u>	<u>Accompanied By</u>	<u>Also Present</u>	<u>Place</u>
<u>14 JUNE 1979</u> (cont.)				
1600 hours	Rt Hon Francis Pym MP Secretary of State for Defence	-	-	Room 6147, Ministry of Defence, Main Building, Whitehall
1700 hours	Rt Hon William Whitelaw MP Home Secretary	-	-	Room 6, House of Commons
1800 hours	Prime Minister	-	-	House of Commons
1900 hours	Selected Journalists	Mr Bray Dr Wilson Mr Ford	-	Hong Kong Government Office
 <u>15 JUNE 1979</u>				
0930 hours	Mr Dromgoole (AUS) or Maj.Gen. Farndale (Director of Military Operations)	Mr Bray Dr Wilson Mr Ford	Brig. Sinclair (Brig.Gen. Staff Mili- tary Operations) Major General Perkins (Assistant Chief of Defence Staff Operations) Mr McLaren Mr Watkins	Ministry of Defence, Main Building, Whitehall
1100 hours	Mr Timothy Raison MP Minister of State, Home Office	Mr Bray Dr Wilson Mr Ford	-	Home Office, Queen Anne's Gate London SW1

	<u>Meeting With</u>	<u>Accompanied By</u>	<u>Also Present</u>	<u>Place</u>
<u>15 JUNE 1979</u> (cont.)				
1230 hours	Lunch with News Media	Mr Bray Dr Wilson Mr Ford	-	Hong Kong Government Office
1600 hours	Mr Cortazzi	Mr Bray Dr Wilson Mr Ford	Mr Murray Mr McLaren Mr Samuel Mr Watkins Mr Williamson	Mr Cortazzi's Office Room W88, FCO
1800 hours	Interview with "Daily Telegraph"	Mr Bray Dr Wilson Mr Ford	-	Hong Kong Government Office
2000 hours	Dinner with Mr Bray		-	Mr Bray's residence Cowley Street London W1

112 JUN 1982

112 JUN 1982