

S E C R E T

FUTURE OF HONG KONG : FORM AND STRUCTURE OF NEGOTIATIONS

General

1. While we should aim at a reasonably quick conclusion to the talks, in order to maintain confidence in Hong Kong, Chinese negotiating methods and the complexity of the problem will make it impossible to set any hard and fast deadline. It would therefore be best to seek the agreement of the Chinese to the general aim of achieving progress within a year at the most, with a review of progress by Ministers by that date. It will also be necessary to preserve a balance between the necessary confidentiality in the talks and the need to satisfy interest in Hong Kong both from the public and senior Unofficial advisers.

Participation

2. The main options are:

- (a) Talks conducted on the diplomatic channel throughout. These could be handled by HM Ambassador Peking. The counter method of dealing with the Chinese Ambassador in London would be theoretically acceptable but the Chinese would be unlikely to produce decisions within a reasonable time under this system.

/(b)

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- (b) a 'Lancaster House' type conference, probably with a deadline for completion;
- (c) a special emissary who could shuttle between London, Hong Kong and Peking;
- (d) secret contacts through intermediaries on one side or the other.

2. A set-piece conference would be unsatisfactory. It would raise the profile of the talks too high and cause exaggerated expectations of early success. The Chinese would probably be unwilling to take part in a conference of this sort. Where vital interests are concerned, their preference is always for something much more discreet, since they are not prepared to negotiate in the glare of publicity. Since any negotiation will involve detailed discussion on the agenda and scope of the talks and much preliminary sparring, it would be right at least to start on the diplomatic channel in Peking. This could be supplemented by additional secret contacts if appropriate intermediaries were identified. One example would be discussion by the Governor of Hong Kong with senior Chinese responsible for Hong Kong questions. At a later stage it might be appropriate to appoint a special emissary to cut through awkward questions needing high level /decisions.

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decisions. A respected figure of high standing, known to the Chinese could cut corners by 'shuttle diplomacy'.

Composition of Delegation for Initial Talks

4. This should be led by the Ambassador. Additional representation would be required from London, from the FCO and other Departments if necessary. Hong Kong could also be represented at an appropriate level, eg, by the Political Adviser.

Timing

5. Talks should begin within a month or 6 weeks, otherwise confidence in Hong Kong would be damaged. It may be possible to agree to an actual date for the start of talks. However, it would be necessary to make clear that the talks would be confidential and that there would be no question of regular bulletins on their progress or on adjournments and resumptions. Provision should be made for a review after 6 months at Ministerial level either by correspondence or by a meeting. It would be appropriate for the respective Foreign Ministers to agree to a round-up meeting within a year. Whether this should involve a visit to Peking by the Secretary of State would have to depend on the progress of negotiations. Prime Ministerial contact might also be necessary; a return visit by Premier Zhao might be timed to achieve this.

/Summary

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Summary

6. We should aim at:

- (a) Diplomatic talks in Peking to start within a month or six weeks to define the agenda and open the discussions on substantive issues. Hong Kong representation would probably be necessary. If possible a date for the start should be announced. Thereafter confidentiality should be maintained;
- (b) No public deadline should be set. A Ministerial review of progress should take place after an agreed period, with luck six months and not later than a year;
- (c) If appropriate at any stage during the talks, a special high level emissary could be employed to tackle issues on which deadlock had occurred;
- (d) The talks could be supplemented by confidential contacts with appropriate Peking intermediaries. These might well involve the Governor of Hong Kong.

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(b) FURTHER POINTS TO MAKE

(If Chinese maintain that people in Hong Kong would be prepared to accept their scheme)

1. Know that you have seen people from Hong Kong. So have I. Talks with Unofficial Members of the Executive and Legislative Councils. Clearly regard continuity of British administration as essential. They understand basis of confidence.

(If Chinese demand UK acceptance of their sovereignty as a condition for agreeing to talks)

2. Understand and respect Chinese position. But I have already explained HMG's position and political difficulties in altering it. We are both agreed on importance of preserving stability and prosperity in Hong Kong and not disturbing confidence. I am sure that a prior announcement of the sort you suggest would cause alarm in Hong Kong. We must first explore the issues thoroughly. For this we need talks without preconditions. This would be without prejudice to your position.

(If

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(If Chinese press very hard, eg insisting that purpose of talks should be to discuss transition to an autonomous Hong Kong within the PRC)

3. I have explained why I could not agree to talks on that basis. It is first necessary to discuss how satisfactory administration can be continued in Hong Kong. This would not exclude in the course of talks consideration of ways in which the Chinese position on sovereignty might be accommodated. But that could not be a pre-condition.

(If no shift in Chinese position)

4. Not surprising there are differences. Our most important common aim now must be to avoid damaging confidence. This means no public disagreement and no suggestion that we are breaking off contact. While substantive talks cannot be announced, I suggest that there should be an early meeting between Sir P Cradock and the Ministry of Foreign Affairs to take stock of our discussions and the implications of failure and to consider recommendations for next steps.



PRIME MINISTER
FIRST LORD OF THE TREASURY

FUTURE OF HONG KONG

SPECIAL BRIEFING

To Be Retained
Do Not Destroy

FUTURE OF HONG KONG

LIST OF BRIEFS

1. Introduction. Tactics
2. Labour Government Statements on HMG Commitment
3. Draft Press Statement on Hong Kong
4. Draft Aide Memoire
5. Chronology of Major Events and Statement
6. Draft Opening Statement
7. Form and Structure of Negotiation
8. Further Defensive Points
9. Possible Acceptable Package
10. Possible Concession which might be made during negotiation
11. Possible Chinese objections and suggested responses
- 11a. Answers to Criticisms Chinese Leaders may make
12. FCO Special Study
 - (a) Treaty of Nanking 1842
 - (b) Text of Second Convention of 1898
 - (c) Map of New Territories
 - (d) Chinese Proposals on Taiwan
 - (e) Consultation on Hong Kong
 - (f) Options and Solution and Legislative Requirements
 - (g) Constitutional Position of Hong Kong
 - (h) External Relations
 - (i) Currency and Finance
 - (j) Defence and Internal Security
 - (k) Citizenship, Nationality, Immigration
 - (l) Legal System on Hong Kong
 - (m) External Trade
 - (n) Civil Aviation and Shipping
 - (o) Crown Land Leases in New Territories
 - (p) Illustrative Questions and Answers Following Prime Minister's Visit to China.

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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

We can discuss in detail
(a) at lunch on Wednesday
(b) with Sir Percy Cradock in Tokyo

13 September, 1982

A. J. C. $\frac{13}{9}$

Dear Sir,

Future of Hong Kong

Your letter of 10 September requested additional material for the Prime Minister. I enclose drafts of items (a), (c), (d), (e) and (f). Item (b), the list of nominal concessions, has been telegraphed to Hong Kong and Peking for their comments and will be submitted before close of play tomorrow. The other items have been completed within the FCO without outside consultation, but based essentially on material from the special study and its annexes. I also enclose a draft press release which the Prime Minister may wish to consider discussing with the Chinese leaders if agreement on the main aims of the visit is reached.

The Prime Minister may wish to consider carefully the use of the draft aide memoire. Experience has shown that the Chinese can react to written communications of this sort by committing their own view to paper in a manner which leads to a hardening of their position and often to outright rejection of ours. This occurred in 1979 when a proposal on Crown land leases in the New Territories was put to them by diplomatic note and rejected formally in writing.

I know that the Prime Minister is concerned that we have adequate Chinese translations prepared for the opening statement, the possible press release and, if used, the aide memoire on the British position. Our Embassy in Peking are well aware of the need to get translations made in good time. When the Prime Minister has agreed on final versions of the documents in question, we shall telegraph them to Peking for immediate translation; Sir Percy Cradock will be able to report progress when he visits Tokyo.

Mr Pym, who is at Chevening talking to M. Thorn, has not seen these papers. I will let you have any comments he may have as soon as possible on 14 September.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

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