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NOTE OF A DISCUSSION ON HONG KONG AT 0900 HOURS ON FRIDAY 28 JANUARY  
AT 10 DOWNING STREET

Present: Prime Minister  
Foreign and Commonwealth Secretary  
Sir Edward Youde  
Mr. Donald  
Mr. Coles

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The Prime Minister said that the latest information she had seen suggested that the position with regard to our talks with the Chinese was worsening. It was particularly worrying that China apparently proposed to announce in June its own plan for the future of Hong Kong.

Sir Edward Youde said that we must try to prevent this happening. As seen from Hong Kong, it appeared that the Chinese were intending to operate through two channels - first, eventually, through the talks which had been agreed at the time of the Prime Minister's visit to Peking; secondly, by working directly on Hong Kong opinion. The Chinese had had some success in their propaganda campaign in Hong Kong. We had hoped that the talks themselves would provide an opportunity to convince the Chinese of the merits of our own ideas. But so far this opportunity had not arisen and the Chinese line was hardening. In Hong Kong some of the Unofficials were afraid that if this process continued, while people in Hong Kong would have no confidence in the Chinese plan, they would begin to doubt how Britain was going to prevent its implementation. The Prime Minister commented that we could still emphasise the legality of the existing Treaties.

Sir Edward Youde said that the difficulty with this position was that one of the Treaties, that providing for a leasing of the New Territories, was like a ticking clock. 1997 was approaching. Our objective continued to be that Britain should

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retain the possibility of administering Hong Kong after that date. We needed to review a variety of options. If Britain and China simply stood on their existing positions we should not achieve our objective. We needed to search for ways of getting round the 1997 obstacle. All of these options would contain risks, but perhaps smaller risks than would be involved in a situation where no solution was agreed. We needed to persuade the Chinese in some way to remove the 1997 date. It would be dangerous to get into a public confrontation with the Chinese at too early a stage. For they would then be the more inclined to make public their plan for the future of Hong Kong. But we also needed a contingency plan in case they did take that step.

Emphasising that his thoughts were tentative and speculative at this stage, Sir Edward Youde said that we might suggest to the Chinese that for the purpose of the talks, and without commitment, both parties should agree to put the Treaties on one side. If that were agreed, 1997 would no longer be a valid date. Both sides could then accept that in the long term, when the Hong Kong people so desired, we would move to the Chinese plan. Meanwhile, the present position would continue as long as the people of Hong Kong wished it to.

The Prime Minister said that she had been thinking along rather different lines, though her thoughts were equally tentative and speculative. She recalled that the Unofficials had expressed to her the view that there should be more Chinese in senior positions in the Hong Kong administration. It ought to be possible to meet their wish. The District Councils provided a first level of democracy. Perhaps we should now develop the democratic structure as though it were our aim to achieve independence or self-government within a short period. This would involve building up a more Chinese government and administration in Hong Kong, with the Chinese members increasingly taking their own decisions and with Britain increasingly adopting a subordinate position. It was possible that as this process developed the Hong Kong Chinese would be

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more disposed to argue with Peking for the retention of Hong Kong's own system and way of life. We should also give thought to the use of referenda. If they became an accepted method of administration in Hong Kong, Peking could be told at some point in the future that a referendum should be held on the future of Hong Kong.

We could envisage telling the Chinese that we intended to develop the administration on these lines and make it plain that we should need a period of four or five years to achieve this.

Sir Edward Youde said that he believed that progress on these lines was necessary anyway. The avuncular system of government could not continue. But we must not move so fast that Peking was led to believe that we aimed to prevent China ever securing control of Hong Kong. In the end we should need to achieve an agreement which provided for the autonomy of Hong Kong and which also received international recognition.

The Prime Minister said that she was still concerned about the prospect of a Chinese announcement in June. We should consider urgently how to prevent this happening. She wondered whether she should send a message to Deng Xiaoping, perhaps by a special emissary. The Foreign and Commonwealth Secretary said that, before deciding on the method of delivery, we needed to consider the content of the message. Sir Edward Youde suggested that a special emissary would be highly visible and that if he returned without a success, the Press would be quick to convey the notion of failure. Once we had decided on the content of the message, it might be best to set up a private channel. Experience showed that this was the best way to test out ideas with the Chinese. This could be done privately without the Government being committed to what was said. We should need to activate such a channel by the end of February at the latest. One possibility was that he himself should go to China, either on holiday or on a visit to one of the economic zones, and during his visit make contact privately with the Chinese. We could

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also consider the possibility of using people who travelled between London and Peking. It might be worth considering the possibility of using Sir John Addis in this way.

The Prime Minister emphasised that we should need to continue to make it clear to the Chinese that sovereignty was not in her gift. In the end she would need to persuade the British Parliament as to the merits of any solution. The Chinese Government also had a task of persuasion to carry out. Thus, it could be suggested to Peking that we should discuss the means of persuading our respective publics as to the viability of a particular solution. We should be careful not to make concessions. We had to rest on the three Treaties since they were all we had. We might be able to set them aside for the purpose of the talks, as suggested earlier, but we should not concede the disappearance of the Treaties. We had to recognise that if there was no agreed solution China might try to impose its own plan. If so, they must do so in circumstances where they were clearly seen to be flouting the Treaties and the will of the people of Hong Kong. This was one reason why we should aim to bring Chinese to positions of prominence in the Hong Kong administration within five years and perhaps consider the possibility of a Chinese Governor. Sir Edward Youde said that he thought that the time scale envisaged was too short. But he was thinking of appointing two Chinese to EXCO.

The Prime Minister asked whether Peking would regard such moves as a British attempt to obstruct their wishes or as a move towards the Chinese position. Sir Edward Youde thought that the kind of appointments he had in mind would not seriously disturb the Chinese. They were natural steps to take and we could explain carefully to the Chinese why we were taking them. The Prime Minister stressed that timing was important. The Chinese must not be able to regard the appointments as a concession to them.

The Foreign and Commonwealth Secretary suggested that a paper should be prepared by about 20 February, reviewing the options which had been discussed. The ideas in it ought to be

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put to EXCO and their advice sought. And the paper should of course be agreed with HM Ambassador in Peking. The Prime Minister agreed that we should proceed on these lines. She thought it should be made clear to the Unofficials that we were responding to their idea of promoting Hong Kong Chinese to senior levels of the Administration.

The meeting ended at 1000 hours.

A.T.C.

28 January 1983

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10 DOWNING STREET

From the Private Secretary

28 January 1983

cc Sir Anthony Passas  
Roger Jackson

Dear John,

HONG KONG

The Foreign and Commonwealth Secretary, accompanied by the Governor of Hong Kong and Mr. Donald, discussed future policy towards Hong Kong with the Prime Minister this morning. I enclose a note of the conversation.

Yours ever

John Major

John Holmes, Esq.,  
Foreign and Commonwealth Office.

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