



Prime Minister.

You will wish to know  
that this contingency planning  
is in hand

Foreign and Commonwealth Office

London SW1A 2AH

A.S.C.  $\frac{5}{4}$

5 April 1983

John T. ...

A useful beginning  
When we know more we shall  
need to consider it jointly

Future of Hong Kong: Contingency Planning for an Announcement  
By the Chinese in June of their Proposals for Hong Kong

In your letter of 7 March you said that the Prime Minister had asked for a contingency paper covering the action we might take if the Chinese announced their 'plan' for Hong Kong in June.

It is obviously very difficult to prepare such a paper without knowing for certain that the Chinese will make any statement in June, or what it might contain. Our judgement is that the Chinese are on the whole more likely to continue to let their plans for the future of Hong Kong dribble out bit by bit than to go for a one-off announcement of a firm and coherent plan. We may get a clearer indication of Chinese intentions during the next two months or so. Furthermore, President Zhao's reply to the Prime Minister's personal message and possible further meetings between the Ambassador and Vice Foreign Minister Yao may give us a clearer picture of the way things are going and what the Chinese have in mind.

Mr Pym entirely agrees, nevertheless, that we must not be caught out by any statement that the Chinese might make. We have therefore prepared the attached paper. You will see that this includes, mainly for illustrative purposes, an outline of the possible content of a Chinese plan for the future of Hong Kong, and a first shot at the sort of things we might say in response to it, either in Parliament or to the press or possibly in a statement by the Governor. Inevitably this is all very speculative. It is not possible to be more precise in the circumstances. The exercise may turn out to be of limited value, but Mr Pym hopes the Prime Minister will find it helpful. The paper and the draft British statement will of course need to be refined, up-dated, and possibly radically altered as Chinese intentions become clearer.

/If the



If the Prime Minister thinks that the paper is on the right lines we propose to send it to the Governor of Hong Kong and the Ambassador in Peking for their further comments. We also think that it would be helpful if the Governor were to discuss with the Executive Council the general question of a Chinese statement and our possible response, though without putting any precise text to them. Such a discussion, however, could be helpful in the process of preparing and refining our response, and would also make the members of the Executive Council feel that they are involved in the process of consultation. As you know, the Governor considers that their discretion can be relied upon.

*Yours ever*  
*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

FUTURE OF HONG KONG

CONTINGENCY PLANNING FOR A STATEMENT OR ANNOUNCEMENT BY THE  
CHINESE IN JUNE ON THEIR PROPOSALS FOR THE FUTURE

1. We can only speculate as to the likely nature of such an announcement. The Chinese Government might reveal their intentions piecemeal

over the period of the 6th National People's Congress which is expected to meet in May or June. This could arise in the context of the application of Article 31 of the Constitution. A formal statement from the Ministry of Foreign Affairs should not be excluded, but is less likely.

Elements of Chinese announcement

2. On the assumption that the announcement takes an official and public form, ie clearly represents the Chinese Government's official position, it could contain any or all of the following elements:

- (a) An account of the position taken by the Chinese since the talks first began, (ie going back to 1979) and in particular in the talks with the Prime Minister and the Ambassador; this might include:
- (b) A statement that no progress had been made in the talks so far, or that there had been no substantive talks because of British intransigence;
- (c) A summary, with more or less detail, of the Chinese plan for Hong Kong after 1997;
- (d) A Statement that the Chinese position on sovereignty is fixed and irrevocable and that talks can only be held on the premise that sovereignty over the whole of Hong Kong is acknowledged to be Chinese;

- (e) A statement that China will not let others administer Hong Kong on its behalf nor place Hong Kong under the trusteeship of others;
- (f) A statement that if there is unrest in Hong Kong the Chinese timetable for recovery of sovereignty might be advanced.

Possible Details of Chinese Plan

3. Despite uncertainty, we need to prepare for a fairly detailed exposition of the Chinese plan.

it is possible to surmise an outline as follows:

- (i) Resumption of Chinese sovereignty over the whole of Hong Kong by 1997 at the latest;
- (ii) Absorption of Hong Kong as a Special Administrative Region of the Peoples Republic of China under the provisions of Article 31 of the Constitution;
- (iii) The Chinese flag to fly over Hong Kong;
- (iv) The Governor to be a local Hong Kong person and the territory to be administered by Hong Kong people;
- (v) The present system of law to continue but with links to the UK, such as appeals to the Privy Council, ended; (there might be some reference to minor amendments to the laws and prohibition on any enactment hostile to the PRC);
- (vi) Continuation of the current capitalist economic system;
- (vii) PRC responsible for external relations but provision for Hong Kong to maintain overseas commercial representation and membership of international economic organisations;
- (viii) British personnel to remain for the time being in some senior Civil Service posts; there might be a reference to a British "Deputy Governor"; but it would probably be specified that no British personnel would be appointed by London or be members of the British Government Service.

Possible Response by HMG

Hong Kong

4. In all the possible responses, we should aim to suggest that we favour cooperation with China for Hong Kong's benefit, rather than confrontation. Taking the possible elements in the Chinese announcement, 2(a) and (b) need to be taken together, being variations in degree on the same problem. We should certainly need to comment, prefacing whatever we said with a firm statement of our view that the content of the diplomatic exchanges should remain confidential. We should then probably need to express regret that the Chinese had taken unilateral action of this kind outside the talks. We should make it clear that although we were ready and willing to engage in substantive talks on the basis agreed by the Prime Minister and Deng Xiaoping, we were not able to accept a precondition which was not in the agreed statement (and which appeared to prejudge the outcome of the talks). We should probably also make clear that the Prime Minister had made every effort to show flexibility within that constraint.

5. On 2(c) we should need to consider whether to offer any comment on the Chinese plan. Any such comment would need to be very carefully drafted to avoid the risks of either giving the impression that the Chinese plan could be acceptable in certain circumstances or dismissing it as totally unacceptable. We could perhaps describe it as insufficient or inadequate, and point to the absence of guarantees of continuity as a fundamental defect. We should stress the importance we still attached to talks, but we should need to have something to say ourselves about future arrangements, and to comment on the Chinese insistence on sovereignty. We should emphasise the importance of a solution which was acceptable to the people of Hong Kong.

6. 2(d) would bring us up against the sovereignty point more immediately. We could say that the question of the future can only be resolved by agreement between the two Governments and that it is inconceivable that agreement will not eventually be reached when a settlement is so very much in the interests of all concerned. However we should need to make clear our position on the supremacy of Parliament. We could add a reference to HMG's willingness to be flexible in working for a solution which could be recommended to Parliament.

7. 2(e) should be met by arguments in favour of the present system of administration. 2(f) should be countered by expressing confidence that the Hong Kong administration can be maintained and regret that the Chinese should put that at risk.

8. For illustrative purposes, Annex A contains the draft of a possible statement to meet a combination of all the possible elements in a Chinese announcement, including a fairly detailed outline plan. This is based on HMG's present strategy. It would need revision to take account of any changes in the Chinese position, and any developments in our own.

Possible form of a response by HMG

9. Apart from the content, we should also need to consider what form our response might take. An inspired PQ or statement in the House might be appropriate. On the other hand, depending on the nature of the Chinese announcement, a formal response from the Ambassador to the Chinese Foreign Ministry, a statement issued by the Foreign and Commonwealth Office, a high level visit or message, calling in the Chinese Ambassador, or perhaps a combination of these, one for public consumption and one for use through confidential channels, could be considered.

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Line for use with MPs and the Press

10. We should also need to have a common press line for use in London, Peking and Hong Kong, to be prepared for some Parliamentary pressure, and to consider special background briefing for selected MPs and journalists. This would be based on the draft at Annex A with appropriate expansion depending on the audience.

Confidence in Hong Kong

11. There would almost certainly be damage to confidence in Hong Kong, varying in degree according to the nature of any announcement. Hong Kong are working on contingency plans covering a number of areas, in consultation with the FCO.

Review

12. Very careful monitoring of Chinese intentions will be needed in order to keep the response under constant review.

Foreign and Commonwealth Office  
29 March 1983

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ANNEX A

FUTURE OF HONG KONG

POSSIBLE STATEMENT IN REPLY TO A CHINESE ANNOUNCEMENT OF THEIR PLAN

HMG have noted the statement of [details/date] by the Chinese Government on the Future of Hong Kong. The British Government's position on this question is based on the agreement reached in September 1982 in Peking between the Prime Minister and Chinese leaders to establish talks through diplomatic channels with the common aim of maintaining the stability and prosperity of Hong Kong. Meetings have been taking place since October [and are continuing]. It is HMG's view that decisions on Hong Kong can only effectively be taken after thorough discussion. It is their intention to pursue <sup>the talks</sup> them and they do not regard anything said outside them as binding on HMG.

It is thus not the intention of HMG to comment in public and in detail on the [proposals/plan] outlined by the Government of the PRC. However, it is important to make clear that [they/it] appear(s) to lack a number of elements which would be essential for the confidence which is the basis of further stability and prosperity. It relies on assurances by the Chinese Government that the autonomy of Hong Kong would be respected but gives no details of guarantees to underpin those assurances. In the view of HMG the present system of administration provides the best guarantees. Further arrangements should contain defined provisions for continuity based on more than unilateral assurances.

[If the Chinese statement suggests that HMG are responsible for deadlock in the talks]. HMG have made and will continue to make every endeavour to reach a successful conclusion to the talks. We have approached them with the utmost flexibility consistent with our obligation<sup>s</sup> to Hong Kong and the constitutional responsibilities of the British Parliament. There has been no question of our adopting

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a dogmatic approach to the constitutional status of Hong Kong. We understand the Chinese position on the question of sovereignty. We take a different view, and have made clear that it is for Parliament (alone) to decide the question. However, we have also stressed that we would not exclude any settlement which was acceptable to Parliament and to the people of Hong Kong as well as to the Chinese Government.

[In response to a statement about a take-over before 1997.]

Hong Kong has an impressive record of stability and economic progress in the East Asian region. It is important for all in the area, but above all for the people of Hong Kong, that that stability should not be damaged by hasty action, or by statements which might damage confidence in the Territory. HMG will continue to discharge their responsibilities for the Territory. They look forward to continuing cooperation with the Chinese Government in seeking a settlement which will meet the interests of the British and Chinese Governments and the people of Hong Kong.

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In response to a statement about a take-over before 1987.

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*From the Private Secretary*

6 April 1983

Future of Hong Kong: Contingency planning for an announcement by the Chinese in June of their proposals for Hong Kong

The Prime Minister was grateful for your letter of 5 April with which you enclosed a contingency paper covering the action which we might take if the Chinese announced their "plan" for Hong Kong in June. She has commented that this paper is a useful beginning. When more is known of likely Chinese intentions, the Prime Minister will wish to consider the paper jointly with some of her Ministerial colleagues.

I note that you now propose to send the paper to the Governor of Hong Kong and the Ambassador in Peking and also that the Governor may discuss with his Executive Council the general question of a Chinese statement and our possible response, but without putting a precise text to them.

A. J. COLES

Roger Bone, Esq.,  
Foreign and Commonwealth Office.

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PP HONG KONG

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TO PRIORITY HONG KONG

TELEGRAM NUMBER 331 OF 6 APRIL 1983,

AND TO PEKING (PERSONAL FOR AMBASSADOR).

FUTURE OF HONG KONG : CONTINGENCY PLANNING FOR AN ANNOUNCEMENT BY  
THE CHINESE IN JUNE ON THEIR PROPOSALS FOR HONG KONG: SEE MIPT.

TEXT OF PAPER AND ANNEX ARE AS FOLLOWS:

'1. WE CAN ONLY SPECULATE AS TO THE LIKELY NATURE OF SUCH AN  
ANNOUNCEMENT. THE CHINESE GOVERNMENT MIGHT REVEAL THEIR  
INTENTIONS PIECEMEAL

OVER THE PERIOD OF THE 6TH  
NATIONAL PEOPLE'S CONGRESS WHICH IS EXPECTED TO MEET IN MAY OR  
JUNE. THIS COULD ARISE IN THE CONTEXT OF THE APPLICATION OF  
ARTICLE 31 OF THE CONSTITUTION. A FORMAL STATEMENT FROM THE  
MINISTRY OF FOREIGN AFFAIRS SHOULD NOT BE EXCLUDED, BUT IS LESS  
LIKELY.

ELEMENTS OF CHINESE ANNOUNCEMENT

2. ON THE ASSUMPTION THAT THE ANNOUNCEMENT TAKES AN OFFICIAL  
AND PUBLIC FORM, IE CLEARLY REPRESENTS THE CHINESE GOVERNMENT'S  
OFFICIAL POSITION, IT COULD CONTAIN ANY OR ALL OF THE FOLLOWING  
ELEMENTS:

(A) AN ACCOUNT OF THE POSITION TAKEN BY THE CHINESE SINCE THE  
TALKS FIRST BEGAN, (IE GOING BACK TO 1979) AND IN PARTICULAR IN  
THE TALKS WITH THE PRIME MINISTER AND THE AMBASSADOR SEMI COLON  
THIS MIGHT INCLUDE:

(B) A STATEMENT THAT NO PROGRESS HAD BEEN MADE IN THE TALKS SO  
FAR, OR THAT THERE HAD BEEN NO SUBSTANTIVE TALKS BECAUSE OF  
BRITISH INTRANSIGENCE.

(C) A SUMMARY, WITH MORE OR LESS DETAIL, OF THE CHINESE PLAN FOR  
HONG KONG AFTER 1997.

(D) A STATEMENT THAT THE CHINESE POSITION ON SOVEREIGNTY IS  
FIXED AND IRREVOCABLE AND THAT TALKS CAN ONLY BE HELD ON THE

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PREMISE THAT SOVEREIGNTY OVER THE WHOLE OF HONG KONG IS  
ACKNOWLEDGED TO BE CHINESE.

(E) A STATEMENT THAT CHINA WILL NOT LET OTHERS ADMINISTER HONG  
KONG ON ITS BEHALF NOR PLACE HONG KONG UNDER THE TRUSTEESHIP OF  
OTHERS.

(F) A STATEMENT THAT IF THERE IS UNREST IN HONG KONG THE CHINESE  
TIMETABLE FOR RECOVERY OF SOVEREIGNTY MIGHT BE ADVANCED.

POSSIBLE DETAILS OF CHINESE PLAN

3. DESPITE UNCERTAINTY, WE NEED TO PREPARE FOR A FAIRLY DETAILED  
EXPOSITION OF THE CHINESE PLAN.

IT IS POSSIBLE TO SURMISE AN OUTLINE AS FOLLOWS:

(I) RESUMPTION OF CHINESE SOVEREIGNTY OVER THE WHOLE OF HONG KONG  
BY 1997 AT THE LATEST.

(II) ABSORPTION OF HONG KONG AS A SPECIAL ADMINISTRATIVE  
REGION OF THE PEOPLES REPUBLIC OF CHINA UNDER THE PROVISIONS OF  
ARTICLE 31 OF THE CONSTITUTION.

(III) THE CHINESE FLAG TO FLY OVER HONG KONG.

(IV) THE GOVERNOR TO BE A LOCAL HONG KONG PERSON AND THE  
TERRITORY TO BE ADMINISTERED BY HONG KONG PEOPLE.

(V) THE PRESENT SYSTEM OF LAW TO CONTINUE BUT WITH LINKS TO THE  
UK, SUCH AS APPEALS TO THE PRIVY COUNCIL, ENDED, (THERE MIGHT BE  
SOME REFERENCE TO MINOR AMENDMENTS TO THE LAWS AND PROHIBITION ON  
ANY ENACTMENT HOSTILE TO THE PRC).

(VI) CONTINUATION OF THE CURRENT CAPITALIST ECONOMIC SYSTEM:

(VII) PRC RESPONSIBLE FOR EXTERNAL RELATIONS BUT PROVISION FOR  
HONG KONG TO MAINTAIN OVERSEAS COMMERCIAL REPRESENTATION AND  
MEMBERSHIP OF INTERNATIONAL ECONOMIC ORGANISATIONS.

(VIII) BRITISH PERSONNEL TO REMAIN FOR THE TIME BEING IN SOME  
SENIOR CIVIL SERVICE POSTS SEMI COLON THERE MIGHT BE A REFERENCE  
TO A BRITISH 'DEPUTY GOVERNOR' SEMI COLON BUT IT WOULD PROBABLY  
BE SPECIFIED THAT NO BRITISH PERSONNEL WOULD BE APPOINTED BY  
LONDON OR BE MEMBERS OF THE BRITISH GOVERNMENT SERVICE.

POSSIBLE RESPONSE BY HMG

4. IN ALL THE POSSIBLE RESPONSES, WE SHOULD AIM TO SUGGEST THAT  
WE FAVOUR COOPERATION WITH CHINA FOR HONG KONG'S BENEFIT, RATHER  
THAN CONFRONTATION. TAKING THE POSSIBLE ELEMENTS IN THE CHINESE

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ANNOUNCEMENT, 2(A) AND (B) NEED TO BE TAKEN TOGETHER, BEING VARIATIONS IN DERREE ON THE SAME PROBLEM. WE SHOULD CERTAINLY NEED TO COMMENT, PREFACING WHATEVER WE SAID WITH A FIRM STATEMENT OF OUR VIEW THAT THE CONTENT OF THE DIPLOMATIC EXCHANGES SHOULD REMAIN CONIIDENTIAL. WE SHOULD HHEN PROBABLY NEED TO EXPRESS REGRET THAT THE CHINESE HAD TAKEN UNILATERAL ACTION OF THIS KIND OUTSIDE THE TALKS. WE SHOULD MAKE IT CLEAR THAT ALTHOUGH WE WERE READY AND WILLING TO ENGAGE IN SUBSTANTIVE TALKS ON THE BASIS AGREED BY THE PRIME MINISTER NND DENG XIAOPING, WE WERE NOT ABLE TO ACCEPT A PRECONDITION WHICH WAS NOT IN THE AGREED STATEMENT AND WHICH APPEARED TO PREJUDGE THE OUTCOME OF THE TALKS. WE SHOULD PROBABLY ALSO MAKE CLEAR THAT THE PRIME MINISTER HAD MADE EVERY EFFORT TO SHOW FLEXIBILITY WITHIN THAT CONSTRAINT.

5. ON 2(C) WE SHOULD NEED TO CONSIDER WHETHER TO OFFER ANY COMMENT ON THE CHINESE PLAN. ANY SUCH COMMENT WOULD NEED TO BE VERY CAREFULLY DRAFTED TO AVOID THE RISKS OF EITHER GIVING THE IMPRESSION THAT THE CHINESE PLAN COULD BE ACCEPTABLE IN CERTAIN CIRCUMSTANCES OR DISMISSING IT AS TOTALLY UNACCEPTABLE. WE COULD PERHAPS DESCRIBE IT AS INSUFFICIENT OR INADEQUATE, AND POINT TO THE ABSENCE OF GUARANTEES OF CONTINUITY AS A FUNDAMENTAL DEFECT. WE SHOULD STRESS THE IMPORTANCE WE STILL ATTACHED TO TALKS, BUT WE SHOULD NEED TO HAVE SOMETHING TO SAY OURSELVES ABOUT FUTURE ARRANGEMENTS, AND TO COMMENT ON THE CHINESE INSISTENCE ON SOVEREIGTTY. WE SHOULD EMPHASISE THE IMPORTANCE OF A SOLUTION WHICH WAS ACCEPTABLE TO THE PEOPLE OF HONG KONG.

6. 2(D) WOULD BRING US UP AGAINST THE SOVEREIGNTY POINT MORE IMMEDIATELY. WE COULD SAY THAT THE QUESTION OF THE FUTURE CAN ONLY BE RESOLVED BY AGREEMENT BETWEEN THE TWO GOVERNMENTS AND THAT IT IS INCONCEIVABLE THAT AGREEMENT WILL NOT EVENTUALLY BE REACHED WHEN A SETTLEMENT IS SO VERY MUCH IN THE INTERESTS OF ALL CONCERNED. HOWEVER, WE SHOULD NEED TO MAKE CLEAR OUR POSITION ON THE SUPREMACY OF PARLIAMENT. WE COULD ADD A REFERENCE TO HMG'S WILLINGNESS TO BE FLEXIBLE IN WORKING FOR A SOLUTION WHICH COULD BE RECOMMENDED TO PARLIAMENT.

7. 2(E) SHOULD BE MET BY ARGUMENTS IN FAVOUR OF THE PRESENT SYSTEMOF ADMINISTRATION. 2(F) SHOULD BE COUNTERED BY EXPRESSING

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CONFIDENCE THAT THE HONG KONG ADMINISTRATION CAN BE MAINTAINED AND REGRET THAT THE CHINESE SHOULD PUT THAT AT RISK.

8. FOR ILLUSTRATIVE PURPOSES, ANNEX A CONTAINS THE DRAFT OF A POSSIBLE STATEMENT TO MEET A COMBINATION OF ALL THE POSSIBLE ELEMENTS IN A CHINESE ANNOUNCEMENT, INCLUDING A FAIRLY DETAILED OUTLINE PLAN. THIS IS BASED ON HMG'S PRESENT STRATEGY. IT WOULD NEED REVISION TO TAKE ACCOUNT OF ANY CHANGES IN OUR OWN POSITION.

POSSIBLE FORM OF A RESPONSE BY HMG

9. APART FROM THE CONTENT, WE SHOULD ALSO NEED TO CONSIDER WHAT FORM OUR RESPONSE MIGHT TAKE. AN INSPIRED PQ OR STATEMENT IN THE HOUSE MIGHT BE APPROPRIATE. ON THE OTHER HAND, DEPENDING ON THE NATURE OF THE CHINESE ANNOUNCEMENT, A FORMAL RESPONSE FROM THE AMBASSADOR TO THE CHINESE FOREIGN MINISTRY, A STATEMENT ISSUED BY THE FOREIGN AND COMMONWEALTH OFFICE, A HIGH LEVEL VISIT OR MESSAGE, CALLING ON THE CHINESE AMBASSADOR, OR PERHAPS A COMBINATION OF THESE, ONE FOR PUBLIC CONSUMPTION AND ONE FOR USE THROUGH CONFIDENTIAL CHANNELS, COULD BE CONSIDERED.

LINE FOR USE WITH MPS AND THE PRESS

10. WE SHOULD ALSO NEED TO HAVE A COMMON PRESS LINE FOR USE IN LONDON, PEKING AND HONG KONG, TO BE PREPARED FOR SOME PARLIAMENTARY PRESSURE, AND TO CONSIDER SPECIAL BACKGROUND BRIEFING FOR SELECTED MPS AND JOURNALISTS. THIS WOULD BE BASED ON THE DRAFT AT ANNEX A WITH APPROPRIATE EXPANSION DEPENDING ON THE AUDIENCE.

CONFIDENCE IN HONG KONG

11. THERE WOULD ALMOST CERTAINLY BE DAMAGE TO CONFIDENCE IN HONG KONG, VARYING IN DEGREE ACCORDING TO THE NATURE OF ANY ANNOUNCEMENT. HONG KONG ARE WORKING ON CONTINGENCY PLANS COVERING AN NUMBER OF AREAS, IN CONSULTATION WITH THE FCO.

REVIEW

12. VERY CAREFUL MONITORING OF CHINESE INTENTIONS WILL BE NEEDED IN ORDER TO KEEP THE RESPONSE UNDER CONSTANT REVIEW.

ANNEX A

POSSIBLE STATEMENT IN REPLY TO A CHINESE ANNOUNCEMENT OF THEIR PLAN.

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HMG HAVE NOTED THE STATEMENT OF SQUARE BRACKETS BEGIN DETAILS/ DATE SQUARE BRACKETS END BY THE CHINESE GOVERNMENT ON THE FUTURE OF HONG KONG. THE BRITISH GOVERNMENT'S POSITION ON THIS QUESTION IS BASED ON THE AGREEMENT REACHED IN SEPTEMBER 1982 IN PEKING BETWEEN THE PRIME MINISTER AND CHINESE LEADERS TO ESTABLISH TALKS THROUGH DIPLOMATIC CHANNELS WITH THE COMMON AIM OF MAINTAINING THE STABILITY AND PROSPERITY OF HONG KONG. MEETINGS HAVE BEEN TAKING PLACE SINCE OCTOBER SQUARE BRACKETS BEGIN AND ARE CONTINUING SQUARE BRACKETS END. IT IS HMG'S VIEW THAT DECISIONS ON HONG KONG CAN ONLY EFFECTIVELY BE TAKEN AFTER THOROUGH DISCUSSION. IT IS THEIR INTENTION THEM AND THEY DO NOT REGARD ANYTHING SAID OUTSIDE THEM AS BINDING ON HMG.

IT IS THUS NOT THE INTENTION OF HMG TO COMMENT IN PUBLIC AND IN DETAIL ON THE SQUARE BRACKETS BEGIN PROPOSALS/PLAN SQUARE BRACKETS END OUTLINED BY THE GOVERNMENT OF THE PRC. HOWEVER, IT IS IMPORTANT TO MAKE CLEAR THAT SQUARE BRACKETS BEGIN THEY/IT SQUARE BRACKETS END APPEAR(S) TO LACK A NUMBER OF ELEMENTS WHICH WOULD BE ESSENTIAL FOR THE CONFIDENCE WHICH IS THE BASIS OF FURTHER STABILITY AND PROSPERITY. IT RELIES ON ASSURANCES BY THE CHINESE GOVERNMENT THAT THE AUTONOMY OF HONG KONG WOULD BE RESPECTED BUT GIVES NO DETAILS GUARANTEES TO UNDERPIN THOSE ASSURANCES. IN THE VIEW OF HMG THE PRESENT SYSTEM OF ADMINISTRATION PROVIDES THE BEST GUARANTEES. FURTHER ARRANGEMENTS SHOULD CONTAIN DEFINED PROVISIONS FOR CONTINUITY BASED ON MORE THAN UNILATERAL ASSURANCES.

SQUARE BRACKETS BEGIN IF THE CHINESE STATEMENT SUGGESTS THAT HMG ARE RESPONSIBLE FOR DEADLOCK IN THE TALKS SQUARE BRACKETS END. HMG HAVE MADE AND WILL CONTINUE TO MAKE EVERY ENDEAVOUR TO REACH A SUCCESSFUL CONCLUSION TO THE TALKS.

WE HAVE APPROACHED THEM WITH THE UTMOST FLEXIBILITY CONSISTENT WITH OUR OBLIGATION TO HONG KONG AND THE CONSTITUTIONAL RESPONSIBILITIES OF THE BRITISH PARLIAMENT. THERE HAS BEEN NO QUESTION OF OUR ADOPTING A DOGMATIC APPROACH TO THE CONSTITUTIONAL STATUS OF HONG KONG. WE UNDERSTAND THE CHINESE POSITION ON THE QUESTION OF SOVEREIGNTY. WE TAKE A DIFFERENT VIEW, AND HAVE MADE CLEAR THAT IT IS FOR PARLIAMENT ALONE TO

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DECIDE THE QUESTION. HOWEVER, WE HAVE ALSO STRESSED THAT WE WOULD NOT EXCLUDE ANY SETTLEMENT WHICH WAS ACCEPTABLE TO PARLIAMENT AND TO THE PEOPLE OF HONG KONG AS WELL AS TO THE CHINESE GOVERNMENT.

(IN RESPONSE TO A STATEMENT ABOUT A TAKE-OVER BEFORE 1997)  
HONG KONG HAS AN IMPRESSIVE RECORD OF STABILITY AND ECONOMIC PROGRESS IN THE EAST ASIAN REGION. IT IS IMPORTANT FOR ALL IN THE AREA, BUT ABOVE ALL FOR THE PEOPLE OF HONG KONG, THAT THAT STABILITY SHOULD NOT BE DAMAGED BY HASTY ACTION, OR BY STATEMENTS WHICH MIGHT DAMAGE CONFIDENCE IN THE TERRITORY. HMG WILL CONTINUE TO DISCHARGE THEIR RESPONSIBILITIES FOR THE TERRITORY. THEY LOOK FORWARD TO CONTINUING COOPERATION WITH THE CHINESE GOVERNMENT IN SEEKING A SETTLEMENT WHICH WILL MEET THE INTERESTS OF THE BRITISH AND CHINESE GOVERNMENTS AND THE PEOPLE OF HONG KONG' '.

PYM

FUTURE OF HONG KONG

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FM FCO 061700Z APR 83

TO PRIORITY HONG KONG

TELEGRAM NUMBER 330 OF 6 APRIL 1983,

AND TO PRIORITY PEKING (PERSONAL FOR AMBASSADOR).

FUTURE OF HONG KONG : CONTINGENCY PLANNING FOR AN ANNOUNCEMENT BY THE CHINESE IN JUNE ON THEIR PROPOSALS FOR HONG KONG

1. MIPT CONTAINS THE TEXT OF A PAPER AND ANNEX WHICH WE HAVE SENT TO NO 10 IN RESPONSE TO THE PRIME MINISTER'S REQUEST AT THE MEETING ON 7 MARCH. THE PAPER TAKES ACCOUNT OF POINTS MADE BY YOU EARLIER.

2. WE HAVE MADE CLEAR THAT GIVEN VARIOUS UNKNOWN FACTORS AND POSSIBLE DEVELOPMENTS OVER THE NEXT COUPLE OF MONTHS, THE PAPER CAN AT THIS STAGE BE ONLY VERY SPECULATIVE. IT WILL HAVE TO BE REFINED, UPDATED AND POSSIBLY RADICALLY ALTERED AS CHINESE INTENTIONS BECOME CLEARER. MEANWHILE WE SHOULD BE GRATEFUL FOR YOUR COMMENTS ON THE PRESENT VERSION.

3. THE PRIME MINISTER HAS AGREED TO THE GOVERNOR NOW DISCUSSING WITH EXCO THE GENERAL QUESTION OF A CHINESE STATEMENT AND OUR POSSIBLE RESPONSE, THOUGH WITHOUT PUTTING ANY PRECISE TEXT TO THEM AT THIS STAGE.

PYM

FUTURE OF HONG KONG

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