



Ref. A083/3003

PRIME MINISTER

Hong Kong

(OD(K)(83) 2)

BACKGROUND

Flag B

This is the first meeting of the Sub-Committee, which has been established to keep under review all aspects of the conduct of the negotiations with the Chinese Government over the future of Hong Kong. A Note by the Foreign and Commonwealth Secretary on the problem has been circulated to the Sub-Committee under OD(K)(83) 2 to give background information to those Ministers who have not hitherto been associated with consideration of the subject.

Flag A

2. Your message to the Chinese Prime Minister was delivered by Sir Percy Cradock on 14 October, and the fifth round of negotiations took place on 19 and 20 October. The results of these negotiations are summarised in the Foreign and Commonwealth Secretary's minute to you of 24 October. Our aim was to convince the Chinese that your offer to consider other options for HongKong's future, apart from the continuation of British administration, was sincere; and to persuade them to elaborate on the sorts of arrangements they have in mind for Hong Kong as a Special Administrative Region (SAR) in order to provide a basis for detailed and potentially productive discussion and avoid any danger that they might break off the talks. The Chinese have continued to seek explicit British endorsement of their premise (that sovereignty and administration are to be returned to China), which it is not possible for us to give in advance of Parliamentary approval. But they do seem to have taken on board the significance of the step taken in your letter, and may even be coming to grasp the fact that constitutionally this is the furthest we can go at this stage (the atmosphere in the negotiations was strikingly warmer on the second day). The positive tone of the communique, which referred to "useful and constructive" talks, has been helpful in maintaining confidence, and it is clear that the prospect that China might break off the talks has receded; indeed it has been agreed that there should be a further round on 14 and 15 ~~October~~.

November.



3. Sir Percy Cradock has reported the Chinese side's reluctance to enlarge upon their detailed proposals for Hong Kong as a SAR. He believes that they have not in fact thought their ideas through, and has suggested that in order to make progress we should put forward our own ideas on how different areas of Hong Kong's administration should work. He suggests, and the Governor of Hong Kong agrees, that we should give the Chinese negotiator well before the next round informal working papers covering the legal and financial systems, and be ready to present further papers at the meeting itself. The Foreign and Commonwealth Secretary endorses this approach, and recommends that it be discussed by the Governor with his Executive Committee (EXCO). If it is agreed by EXCO, the Foreign and Commonwealth Secretary proposes to authorise Sir Percy Cradock to put our own ideas on detailed questions to the Chinese.

HANDLING

4. You will wish to invite the Foreign and Commonwealth Secretary to introduce the discussion. Apart from taking stock of the position reached in the negotiations, the crucial question to be addressed in discussion is that of tactics. It was a large step for the United Kingdom to move away from its earlier position and to indicate willingness to discuss the Chinese proposals. To go further, and to take the initiative in tabling detailed schemes which, to have any chance of attracting Chinese interest will have to be based on the hypothesis of Chinese sovereignty and at least a measure of Chinese administrative control, would be a further major step. It is for consideration whether it is right to take this step at once, without first making a further attempt to get the Chinese to put more of their cards on the table. By proceeding thus we should in effect be setting a ceiling to what we could hope to achieve in negotiations; but that might not matter too much if the ceiling was set high enough, and we should at least be putting ourselves into the position where we were making the proposals and the Chinese had to respond.



5. If the Sub-Committee is content in principle with the Foreign and Commonwealth Secretary's proposals, you will probably want to suggest that the Sub-Committee should be invited to approve the various papers before they are put to the Chinese. (The Foreign and Commonwealth Secretary will be circulating an outline at the meeting.) If so, the Foreign and Commonwealth Secretary could be invited to circulate them to the Sub-Committee.

*I wonder whether this is really necessary
A J C. 2/10*

CONCLUSION

6. Subject to the points made in discussion, you could guide the Sub-Committee to:

1. Take note of the position reached in the negotiations with the Chinese over the future of Hong Kong.
2. Agree that the Foreign and Commonwealth Secretary should authorise the Governor of Hong Kong to discuss with EXCO the general proposition of putting our own ideas on detailed questions to the Chinese.
3. Invite the Foreign and Commonwealth Secretary to consult the Sub-Committee on the content of any detailed proposals for the administration of Hong Kong before they are put to the Chinese.

Re
Approved by
ROBERT ARMSTRONG
and signed in his absence

24 October 1983