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10 DOWNING STREET

*From the Private Secretary*

15 November 1983

HONG KONG

Miss Christine Loh, Chairman of the Hong Kong Observers, called on me this evening. I had a brief word with Dick Clift before the call.

Miss Loh said that the Hong Kong Observers are sending a delegation to Peking from 4 to 10 December. They have made the arrangements through the New China News Agency and have requested appointments with some ten people in the Chinese Government starting with Premier Zhao.

Miss Loh showed me a lengthy position paper which they intend to hand over to the Chinese Government. She was reluctant to let me have a copy, perhaps because it is still under discussion in her group. But I think its contents will be familiar to the Hong Kong Government since she says that the paper has been discussed with, among others, the Hong Kong Attorney General. It struck me as a thoughtful and reasonably well-prepared account of the systems which they wished to see applied in Hong Kong after 1997. It places heavy emphasis on the need for an elected government in the Special Administrative Region but recognises that Hong Kong must move slowly to a system of elections.

The only completely new idea which I detected in the paper was a proposal that, in order to strengthen the confidence of the people of Hong Kong in the outcome of the negotiations, the negotiators should issue an interim communique in the near future by which both sides would guarantee that the existing life-style of Hong Kong would be maintained after 1997.

Miss Loh said that her group were also preparing themselves for question-and-answer sessions in Peking. I said that I thought they might very well be confronted by a statement that the Chinese had already made clear the principal features of the Special Administrative Zone and that these were adequate to satisfy Hong Kong concerns as to the future. I advised that the delegation should counter this line by saying that general statements were inadequate and that nothing short of a detailed agreement as to the way the various systems would operate in Hong Kong in the future would do.

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Miss Loh said that on their return the delegation would give the Hong Kong Government some account of their visit. She sought my advice on whether their paper should at that point be published. I said that my instinct was that it would be helpful to publish it but that this was a point on which she would better be guided by the advice of the Hong Kong Government who would be a far better judge than I of its likely impact on opinion and confidence.

Finally, in answer to my question, Miss Loh confirmed that the thinking of the Observers had evolved considerably since I first met her before the Prime Minister's visit to Hong Kong. At that time they had talked rather unconvincingly about their desire for an independent Hong Kong. She said that the Observers had come round to the view that the practical course was to go for what she called the third best solution. Independence was not possible; the continuation of British administration, their second choice, was also not possible; therefore they should work for an autonomous Hong Kong over which China would have sovereignty.

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P.F. Ricketts, Esq.,  
Foreign and Commonwealth Office.

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