

FUTURE OF HONG KONG ADVANCE COPIES 9 10

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TO IMMEDIATE FCO

TELEGRAM NUMBER 1387 OF 21 DECEMBER

INFO IMMEDIATE HONG KONG

*ms*

FUTURE OF HONG KONG: MEETING WITH ZHAO ZIYANG

1. I HAD AN HOUR YESTERDAY AFTERNOON (20 DECEMBER) WITH PREMIER ZHAO ZIYANG. GALSORTHY AND BLUNT WERE ALSO PRESENT.
2. I CONVEYED TO ZHAO THE PRIME MINISTER'S PERSONAL GREETINGS AND ASKED THAT HE SHOULD PASS ON HER PERSONAL GOOD WISHES TO DENG XIAOPING. I SAID THAT THE PRIME MINISTER HAD HOPED THAT BEFORE I LEFT I WOULD BE ABLE TO CALL ON CHINESE LEADERS FOR A DISCUSSION ON HONG KONG'S FUTURE AND WE WERE GRATEFUL THAT THESE CALLS HAD BEEN MADE POSSIBLE. IN RESPONSE ZHAO ASKED ME TO CONVEY GREETINGS AND GOOD WISHES FROM HIMSELF AND CHINESE LEADERS TO THE PRIME MINISTER AND TO THANK HER FOR HER CONTRIBUTION TO SINO-BRITISH RELATIONS.
3. ZHAO ALSO ASKED ME TO CONVEY HIS THANKS AND APPRECIATION TO THE PRIME MINISTER FOR HER MESSAGE OF 14 OCTOBER. HE APPRECIATED THE EFFORTS SHE HAD MADE TO PROMOTE THE SMOOTH PROGRESS OF THE TALKS. THE CHINESE WERE SATISFIED WITH PROGRESS MADE. HE ASKED ME TO CONVEY THE FOLLOWING MESSAGE TO THE PRIME MINISTER: THE CHINESE GOVERNMENT THOUGHT THAT WITH REGARD TO THE NEGOTIATIONS ON THE HONG KONG QUESTION, WITH THE REMOVAL OF THE PRINCIPAL OBSTACLE TO PROGRESS, IT WOULD NOW BE POSSIBLE AND NECESSARY TO EXPEDITE THE PACE OF DISCUSSIONS SO AS TO LEAD TO AGREEMENT AT AN EARLY DATE. THIS WOULD BE BENEFICIAL TO CONFIDENCE IN HONG KONG AND THUS TO STABILITY AND PROSPERITY THERE. SO LONG AS BOTH SIDES HELD SINCERE AND COOPERATIVE ATTITUDES IT WOULD NOT BE DIFFICULT TO SETTLE THE SPECIFIC PRACTICAL QUESTIONS. HE REMEMBERED THAT IN HER MESSAGE THE PRIME MINISTER HAD SAID THAT WITH STATESMANSHIP ON BOTH SIDES IT WOULD BE POSSIBLE TO REACH AGREEMENT. HE APPRECIATED THIS AND HOPED THAT THE BRITISH SIDE WOULD CONTINUE TO VIEW THE TALKS IN THE CONTEXT OF THE OVERALL WORLD SITUATION AND FRIENDLY SINO-BRITISH RELATIONS. HE WAS SURE IT WAS ENTIRELY POSSIBLE TO REACH AGREEMENT.
4. I THANKED ZHAO FOR HIS REMARKS AND MESSAGE WHICH I UNDERTOOK TO PASS ON. I SAID THAT WE TOO BELIEVED IT TO BE IN THE

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TO PASS ON. I SAID THAT WE TOO BELIEVED IT TO BE IN THE  
INTERESTS OF ALL INVOLVED TO SETTLE TO THE BENEFIT OF BOTH SIDES.  
OUR APPROACH TO THE TALKS WAS ON THE BASIS OF THE PRIME MINISTER'S  
MESSAGE. WE WERE TRYING TO BUILD ON THE CHINESE PLAN. IF A  
SATISFACTORY CONCLUSION COULD BE REACHED, THE CHINESE SIDE  
COULD BE SURE OF OUR FULL COOPERATION.

5. I REFERRED TO THE USEFUL CONVERSATIONS I HAD HAD WITH  
WU ZUEQIAN AND JI PENGFEI. I SAID THAT IN BOTH THESE MEETINGS  
I HAD ELABORATED THE SAME THEME: THE AGREED BASIS OF OUR  
PRESENT DISCUSSIONS WOULD ENTIRELY SATISFY CHINESE OBJECTIVES  
OF PRINCIPLE. WHAT REMAINED WERE MATTERS NOT ABSOLUTELY  
CRUCIAL TO THOSE PRINCIPLES BUT NEVERTHELESS VERY IMPORTANT FOR  
THE ECONOMIC SUCCESS OR OTHERWISE OF THE SAR. WE THEREFORE HOPED  
THAT THE CHINESE SIDE WOULD LISTEN TO OUR PROPOSALS AND  
TAKE ACCOUNT OF THEM IN DRAWING UP THE BASIC LAW. I NOTED THAT  
AGREEMENT HAD ALREADY BEEN REACHED ON A NUMBER OF POINTS AND  
SAID THAT I ASSUMED THAT THESE WOULD BE INCORPORATED IN THE  
BASIC LAW.

6. I THEN REFERRED TO THE IMPORTANCE OF CONTINUITY. CHANGES  
SHOULD NOT BE MADE EXCEPT WHERE THEY WERE ABSOLUTELY NECESSARY  
TO MEET CHINESE PRINCIPLES. THERE SHOULD BE NO CHANGE FOR THE  
SAKE OF CHANGE. WE SHOULD BE AS PRECISE AS POSSIBLE IN STATEMENTS  
OF WHAT WAS TO BE ESTABLISHED. I DREW ATTENTION TO MY COMMENTS  
IN OTHER DISCUSSIONS ON THE NEED FOR CONTINUITY IN THE CIVIL  
SERVICE. WE HOPED THAT ALL CIVIL SERVANTS, WHETHER OF LOCAL OR  
OVERSEAS ORIGIN, WOULD BE ABLE TO STAY ON AND COMPLETE THEIR  
CAREERS IN THE NORMAL WAY. THEIR LOYALTIES WOULD NATURALLY  
BE TO THE SAR NOT TO ANYBODY ELSE. I SAID I HAD BEEN ENCOURAGED  
TO HEAR FROM JI PENGFEI THAT THOSE WHO HELD HONG KONG IDENTITY  
CARDS AS WELL AS UK PASSPORTS WOULD BE PERMITTED TO STAY ON AND  
RISE UP TO AND INTO THE MOST SENIOR CIVIL SERVICE POSTS.  
I URGED ~~THE CHINESE~~ <sup>THE CHINESE</sup> SIDE TO BEAR IN MIND THE IMPORTANCE OF  
CONTINUITY, SUBJECT OF COURSE TO MEETING THEIR FUNDAMENTAL  
PRINCIPLES. I SAID THAT IT LAY IN THE TWO SIDES' HANDS TO MAKE  
THE FUTURE HONG KONG A GREAT SUCCESS. THIS WOULD ALSO BE AN  
INTERNATIONAL SUCCESS. IT WOULD COST THE CHINESE NOTHING BUT  
WOULD MEAN EVERYTHING TO HONG KONG. IT WAS A BIG OPPORTUNITY.

7. ZHAO SAID THAT AS ONE WHO HAD SERVED LONG IN CHINA I WOULD  
BE WELL AWARE OF CHINESE POLICIES. CHINA FOLLOWED PRINCIPLE BUT  
WAS ALSO VERY REASONABLE AND PRACTICAL. SO LONG AS FUNDAMENTAL  
CHINESE PRINCIPLES WERE NOT IMPAIRED, THE CHINESE SIDE WAS  
READY TO LISTEN TO WHATEVER SUGGESTIONS WE MIGHT HAVE CONCERNING  
THE MAINTENANCE OF STABILITY AND PROSPERITY IN HONG KONG AND  
WOULD TAKE THEM INTO ACCOUNT. WE SHOULD SEE THAT CHINA WAS  
VERY FLEXIBLE AND OPEN-MINDED. CHINA AIMED TO RECOVER  
SOVEREIGNTY INCLUDING THE RIGHT OF ADMINISTRATION WHILST  
MAINTAINING STABILITY AND PROSPERITY. ZHAO POINTED OUT HOWEVER  
THAT THE RECOVERY OF SOVEREIGNTY WAS THE PREMISE. ON THAT  
BASIS CHINA WOULD DO WHATEVER WAS POSSIBLE TO MAINTAIN STABILITY  
AND PROSPERITY. UNNECESSARY CHANGES WOULD NOT BE MADE SO  
LONG AS THE ARRANGEMENTS FOR HONG KONG WERE CONSISTENT WITH  
THE CHINESE PREMISE AND CONDUCTIVE TO THE MAINTENANCE OF  
STABILITY AND PROSPERITY. IT WAS POSSIBLE THAT OUR VIEWS WOULD  
DIFFER ON SPECIFIC QUESTIONS. THESE COULD BE DISCUSSED  
THROUGH NEGOTIATION. AS LONG AS BOTH SIDES ABIDED BY THE FUND-  
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STABILITY AND PROSPERITY, AN AGREEMENT WOULD EVENTUALLY BE  
REACHED. ZHAO SAID THAT THE ISSUES OF GREATEST CONCERN TO THE  
CHINESE SIDE, NAMELY SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION,  
WERE KNOWN TO US. HE HOPED THAT WE WOULD IDENTIFY OUR POINTS OF  
MAJOR CONCERN SOON IN A STRAIGHTFORWARD AND FRANK WAY.  
THIS WOULD BENEFIT THE TALKS . SO LONG AS OUR SUGGESTIONS DID  
NOT IMPAIR CHINESE PRINCIPLES IT MIGHT BE POSSIBLE TO AGREE  
ALL OR PART OF SUCH SUGGESTIONS. THERE MIGHT OF COURSE ALSO  
BE AREAS WHERE WE DID NOT AGREE. MUTUAL UNDERSTANDING AND  
TRUST WOULD BE INCREASED. THE RATE OF TALKS WOULD BE ACCELERATED.  
ZHAO REFERRED TO OUR RECENT COMMENTS ON THE CIVIL SERVICE AND  
THE ELECTION OF JUDGES: THE CHINESE SIDE WAS CONSIDERING THEM.  
8. I REPLIED THAT WE WOULD TRY TO PUT THESE ISSUES AS SOON AS  
POSSIBLE TO THE CHINESE SIDE. I WAS ENCOURAGED BY ZHAO'S COMMENTS.  
IN THEIR SPIRIT THERE WAS ONE POINT WHICH, ALTHOUGH RAISED IN  
EARLIER DISCUSSIONS, I WISHED TO REPEAT. I REFERRED TO THE  
POSSIBILITY THAT THE CHINESE INTENDED TO STATION TROOPS IN  
HONG KONG. I SAID THAT WE DID NOT DISPUTE THE CHINESE RIGHT TO  
STATION TROOPS IN ANY PART OF CHINESE TERRITORY. THIS WAS NOT  
AT ISSUE. HOWEVER I ASKED ZHAO TO REFLECT VERY CAREFULLY ON THE  
EFFECT UPON THE INHABITANTS OF HONG KONG AND THE OUTSIDE  
WORLD OF A DECISION TO STATION THEM IN HONG KONG. IT WOULD  
DAMAGE THE SAR'S CREDIBILITY AS AN AUTONOMOUS REGION AND LEAD  
TO THE CONCLUSION THAT THE HONG KONG ISSUE HAD BEEN SOLVED NOT  
THROUGH FRIENDLY RELATIONS BUT BY MILITARY MEANS. THIS WOULD  
BE VERY DAMAGING.  
9. ZHAO SAID THAT ONE ASPECT OF CHINA'S SOVEREIGNTY  
OVER HONG KONG WOULD BE CHINA'S RIGHT TO STATION TROOPS THERE.  
IT WAS A CHINESE PRINCIPLE THAT HONG KONG'S FOREIGN AFFAIRS  
AND DEFENCE WOULD BE THE CENTRAL GOVERNMENT'S RESPONSIBILITY.  
HOWEVER, CONCRETE DISCUSSIONS ON THIS ISSUE COULD BE  
CONDUCTED. IT WAS NOT NECESSARILY THE CASE THAT CHINESE TROOPS  
WOULD BE SENT TO HONG KONG ON THE DAY OF RESUMPTION OF  
SOVEREIGNTY. IT HAD BEEN MADE CLEAR THAT DEFENCE WAS THE  
CENTRAL GOVERNMENT'S RESPONSIBILITY, PUBLIC ORDER THAT OF THE  
SAR POLICE. TROOPS STATIONED IN HONG KONG FOR NATIONAL  
DEFENCE WOULD NOT INTERFERE IN THE SAR'S INTERNAL AFFAIRS.  
THEIR FUNCTION WOULD NOT BE THE SAME AS THE PLA ON THE MAINLAND.  
10. ZHAO RECALLED THAT A FURTHER ISSUE OF CONCERN TO THE UK  
WAS WHETHER OUR AGREEMENT WOULD BE REFLECTED IN THE BASIC LAW.  
HE CONFIRMED THAT IT WOULD BE. ON THE METHOD OF DISCUSSIONS  
HE SAID THAT WE HELD DIFFERENT VIEWS. CHINA CONSIDERED THAT  
WE SHOULD JUST DISCUSS IMPORTANT QUESTIONS LEAVING ASIDE  
EXCESSIVE DETAIL. TO DO OTHERWISE WOULD TAKE TOO MUCH TIME AND  
WOULD IMPINGE UPON THE SAR'S AUTONOMY. IF THE BASIC LAW  
CONTAINED MORE DETAIL, LIMITATIONS ON THE SCOPE AND FUNCTION  
OF THE FUTURE SAR WOULD BE SET. ON CONTINUITY, HE UNDERSTOOD  
THAT THIS WAS A QUESTION OF GREAT CONCERN. IN VIEW OF THE PROGRESS  
MADE, HE SUGGESTED THAT IT MIGHT BE BENEFICIAL IF WHILE  
DISCUSSING POST-1997 ARRANGEMENTS QUESTIONS AFFECTING THE  
TRANSITIONAL PERIOD WERE ALSO DISCUSSED. COMBINING THESE TWO  
AREAS WOULD CREATE BETTER UNDERSTANDING OF CONTINUITY AND WOULD  
ALSO ENABLE DISCUSSION OF HOW THE TWO SIDES COULD BEST COOPERATE  
IN THE TRANSITIONAL PERIOD TO MAINTAIN STABILITY AND PROSPERITY.  
HE HOPED THAT BOTH SIDES WOULD MAKE EFFORTS AND COOPERATE TO  
MAINTAIN STABILITY AND PROSPERITY IN THIS PERIOD AND ALSO THAT

~~MAINTAIN STABILITY AND PROSPERITY IN THIS PERIOD~~ AND ALSO THAT THE UK WOULD CONTINUE TO PLAY A POSITIVE ROLE IN HELPING HONG KONG'S ECONOMIC DEVELOPMENT.

11. I SAID THERE WAS ONLY TIME LEFT FOR ME TO MAKE BRIEF COMMENTS, AS FOLLOWS:

(A) TROOPS: WE DID NOT DISPUTE CHINA'S RIGHT TO STATION TROOPS IN HONG KONG. IT WAS A QUESTION OF HOW THAT RIGHT MIGHT BE EXERCISED AND THE EFFECT OF EXERCISING IT. WE UNDERSTOOD THAT PUBLIC ORDER WOULD BE THE RESPONSIBILITY OF THE SAR POLICE.

I NOTED THAT CHINESE TROOPS IN HONG KONG WOULD NOT HAVE THE SAME FUNCTION AS THE PLA. NEVERTHELESS I URGED THE CHINESE SIDE TO THINK VERY CAREFULLY ABOUT THE EFFECT OF STATIONING TROOPS:

(B) BASIC LAW: I WAS GRATEFUL FOR ZHAO CONFIRMATION THAT OUR AGREEMENT WOULD BE REFLECTED IN THE BASIC LAW:

(C) METHOD OF TALKS: I SAID THAT OUR WORKING PAPERS WERE CONCERNED ONLY WITH THE MOST IMPORTANT PRINCIPLES IN EACH AREA. A CERTAIN DEGREE OF PRECISION WAS NECESSARY IF CONFIDENCE, AND THEREFORE PROSPERITY, WERE TO BE RETAINED. WE DID NOT DISPUTE THAT THE SAR SHOULD HAVE A HIGH DEGREE OF AUTONOMY AND SHOULD BE ABLE TO TAKE ITS OWN DECISIONS OVER LARGE AREAS. BUT WE MUST BE SURE OF THE STARTING POINT OR CONFIDENCE WOULD NOT CONTINUE. THIS WOULD NOT PREVENT THE SAR MAKING CHANGES LATER:

(D) AGENDA ORDER: I ACCEPTED THAT A NUMBER OF ISSUES SEEMED TO OVERLAP. HOWEVER UNTIL WE KNEW WHAT HONG KONG WAS TRANSITING TO, WE COULD NOT DECIDE UPON TRANSITIONAL ARRANGEMENTS:

(E) UK INTERESTS: WE CONSIDERED IT MOST IMPORTANT THAT HONG KONG SHOULD FLOURISH. THERE WAS NO POINT IN HAVING INTERESTS IN A DEAD CITY. CONFIDENCE WAS ALL IMPORTANT.

12. SEE MIFT FOR COMMENT.

CRADOCK

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