

Subject
Hong Kong future A12

CONFIDENTIAL



AUSTRALIAN HIGH COMMISSION • LONDON

10 February 1984

THE HIGH COMMISSIONER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T31/84

Mr Hawke who is at present visiting Peking has asked me to pass to you the following message conveying his discussions with Chinese Premier Zhao Ziyang on the Hong Kong question.

Text begins:

Dear Margaret,

Recalling our discussion in New Delhi last November when we touched on the progress of your negotiations with the Chinese on Hong Kong's future, I thought I would send you a message on that subject following my talks here on Hong Kong. In discussing matters of regional concern with Premier Zhao the subject of Hong Kong also came up and I mentioned the discussion I had had with the Governor ten days ago.

I made it clear to Premier Zhao, as I had to Sir Edward, that I considered the matter of Hong Kong's future to be a matter between China and the United Kingdom, and that Australia would not presume to intrude in the negotiations. I said I trusted that the negotiations would proceed in such a way that their outcome would be acceptable to the parties principal, and also provide an amicable environment for Hong Kong. From my observations it seems to me that this is occurring, and this is a cause of satisfaction to us and other countries in our region, which have an interest in a peaceful and stable outcome.

You will be interested, I think, in Premier Zhao's remarks. He expressed satisfaction at the way the talks were proceeding. He emphasised that the Chinese objective was to preserve Hong Kong's stability and prosperity while at the same time resuming Chinese sovereignty after 1997 over the whole of the territory. Premier Zhao indicated that with China's present policies, the cooperative attitude on your Government's part and the recent more stable conditions within Hong Kong itself, he was now more confident that the two Chinese objectives would be achieved.

The Rt Hon. Margaret Thatcher, MP
Prime Minister
10 Downing Street
LONDON SW1

Premier Zhao said China would be very reasonable and take into account the interests of the United Kingdom, other countries and the people of Hong Kong, especially its business people. He said that once the major questions of principle were resolved, China would adopt all measures necessary to ensure stability and prosperity in Hong Kong. In this regard he laid great stress on measures that would reassure the people of the territory.

Premier Zhao described to me in general terms China's policies in relation to the future of Hong Kong. He said the capitalist system would be kept intact for at least fifty years after 1997. China would not send people to Hong Kong to manage the capitalist system. The system would instead be managed by a government composed of local inhabitants. They would run a special administrative region. The existing legal system would remain mainly unchanged. The Hong Kong Dollar would be retained in circulation and remain freely convertible, with no foreign exchange control; Hong Kong would remain a free port and an independent tariff zone. China would not intervene in the internal affairs of Hong Kong; but it would reserve for itself the management of Hong Kong's foreign relations and defence.

My talks with the Chinese leadership here in the last few days have very much confirmed my earlier impressions of the considerable sophistication and pragmatism underlying their attitudes on this and other matters and I believe they have a clear perception of what will be required of their policies if the full measure of confidence in Hong Kong, especially among its business and managerial circles, is to be sustained.

I have devoted this letter to Hong Kong because I knew you would be directly and personally interested in that topic. My discussions here have been mainly on other matters of concern to Australia and China in the regional, international and bilateral spheres. They have been tremendously interesting discussions for me and they have revealed the very great potential for China's role in the world if the constructive pragmatism to which China's leadership seems committed can be continued.

Yours sincerely,

Bob Hawke

Text ends

SGD. A. R. PARSONS

A.R. PARSONS



MO FEB 1984

Faint, illegible text or markings at the bottom of the page.