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INFORMATION

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FROM PEKING 191900Z DEC 84
TO IMMEDIATE FCO
TELNO 2048 OF 19/12/84
INFO IMMEDIATE HONG KONG

COMMS OFFICE REG NO.....
D.T.R. 20th DECEMBER 1984 0710HRG.

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH WU: 19 DECEMBER

SUMMARY

WU REAFFIRMED ZHAO'S ASSURANCE TO SOLICIT HONG KONG OPINION IN DRAFTING THE BASIC LAW AND TOOK NOTE OF OUR OFFER OF ADVICE AND HELP. SECRETARY OF STATE TOLD WU THAT OFFICIALS FROM THE HONG KONG GOVERNMENT WOULD BE INCLUDED IN THE BRITISH DELEGATION IN THE JOINT LAISON GROUP. WU AGREED TO CONSIDER JOINT REGISTRATION OF THE AGREEMENT IN THE U N. WU SAID THAT OUR PROPOSED FORMULA ON THE FUTURE NATIONALITY STATUS OF BDTCS WAS UNACCEPTABLE. THE SECRETARY OF STATE RAISED CLAIMS AND AIR SERVICES. WU SAID THAT PEOPLE WERE WORRYING UNNECESSARILY ABOUT CONSCRIPTION QIN HONG KONG.

DETAIL

2. THE SECRETARY OF STATE HAD A SEPARATE MEETING WITH FOREIGN MINISTER WU AFTER THE BANQUET THIS EVENING IN ORDER TO DISCUSS A NUMBER OF OUTSTANDING POINTS FROM THE NEGOTIATIONS.

BASIC LAW

3. THE SECRETARY OF STATE RECALLED THE PRIME MINISTER'S REMARKS AT HER MEETING WITH ZHAO THIS MORNING. HE STRESSED THAT, WHILE THE DRAFTING OF THE BASIC LAW WAS A MATTER FOR THE CHINESE GOVERNMENT, IT WAS PARTICULARLY IMPORTANT TO GET IT RIGHT. THE WORDING HAD TO BE SUITABLE FOR A CAPITALIST SYSTEM, AND FOR APPLICATION IN THE HONG KONG COURTS. THE BASIC LAW WOULD BE SCRUTINISED WITH THE SAME INTENSITY AS THE JOINT DECLARATION HAD BEEN. WE WOULD BE HAPPY TO OFFER ALL THE HELP WE COULD, SUCH AS THROUGH JOINT CONSULTATIONS, ON PRACTICAL MATTERS.

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4. WU SAID THAT THE BASIC LAW WOULD REFLECT THE JOINT DECLARATION AS AGREED. AS PREMIER ZHAO HAD SAID, THE CHINESE WOULD SOLICIT OPINION IN HONG KONG ON A WIDE BASIS. THESE WOULD INCLUDE PEOPLE EXPERT IN LEGAL PROCEDURES AS WELL AS OTHER ASPECTS OF THE CAPITALIST SYSTEM. ZHAO NAN INTERVENED AT THE END OF THE DISCUSSION TO EMPHASISE THAT WHEN WU HAD SPOKEN OF SOLICITING OPINIONS HE MEANT ONLY THE OPINIONS OF THE PEOPLE IN HONG KONG, ALTHOUGH REGARDLESS OF NATIONALITY. THE IMPLICATION OF THIS REMARK WAS THAT THIS WAS NO ROLE FOR THE BRITISH GOVERNMENT AS SUCH, ALTHOUGH THIS WAS NOT STATED EXPLICITLY. THE SECRETARY OF STATE REPEATED OUR OFFER OF HELP AND ADVICE. THIS WAS NOTED.

JOINT LIAISON GROUP

5. THE SECRETARY OF STATE SAID THAT THERE WAS PRESSURE IN THE PARLIAMENT AND IN HONG KONG FOR THE HONG KONG PEOPLE TO BE REPRESENTED ON THE JOINT LIAISON GROUP. OUR INTENTION WAS TO HAVE ONLY OFFICIALS TAKING PART. THESE WOULD INCLUDE OFFICIALS FROM THE HONG KONG GOVERNMENT. OVER TIME SUCH OFFICIALS WOULD INCREASINGLY BE LOCAL PEOPLE FROM HONG KONG AND NOT EXPATRIATES SINCE THESE WERE BEING PHASED OUT IN THE HONG KONG GOVERNMENT.

6. WU SAID THAT THE JOINT LIAISON GROUP HAD TO BE CONFINED TO REPRESENTATIVES OF THE BRITISH AND CHINESE GOVERNMENTS. THE HONG KONG GOVERNMENT AS SUCH COULD NOT BE REPRESENTED. (THE SECRETARY OF STATE REASSURED HIM THAT THIS WAS NOT OUR INTENTION: OFFICIALS FROM THE HONG KONG GOVERNMENT WOULD BE INCLUDED AS MEMBERS OF THE BRITISH DELEGATION.) WU WENT ON TO SAY THAT CHINESE NATIONALS COULD NOT BE MEMBERS OF THE BRITISH SIDE. AFTER FURTHER DISCUSSION HE SAID THAT IF THERE WAS A NEED TO CONSULT CHINESE NATIONALS BECAUSE OF THEIR LOCAL KNOWLEDGE THEY COULD BE MEMBERS OF AN EXPERT SUB-GROUP. THE SECRETARY OF STATE EMPHASISED THAT THE IMPORTANT POINT WAS TO CHOOSE PEOPLE WHO COULD DO THE WORK EFFECTIVELY. THE AGREEMENT WAS THAT EACH SIDE WOULD APPOINT ITS OWN MEMBERS. HE SUGGESTED THAT THIS PROBLEM COULD BE SOLVED AS WE WENT ALONG. WU AGREED.

REGISTRATION AT THE U N

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7. THE SECRETARY OF STATE POINTED OUT THAT IT WAS OUR INVARIABLE PRACTICE TO REGISTER INTERNATIONAL AGREEMENTS AT THE U N UNDER ARTICLE 102 OF THE U N CHARTER. HE THOUGHT IT WOULD BE APPROPRIATE, IF HE AND WU WERE BOTH AT THE UNGA SESSION NEXT YEAR, FOR THEM TO REGISTER THE AGREEMENT JOINTLY. WU SAID THAT THE CHINESE HAD NOT REGISTERED THEIR AGREEMENTS IN THE PAST BUT HE WAS PREPARED TO CONSIDER THE IDEA.

NATIONALITY

8. THE SECRETARY OF STATE EXPLAINED THAT WE WOULD SHORTLY NEED TO PRESENT THE BILL BEFORE PARLIAMENT FOR RATIFICATION OF THE AGREEMENT. THIS BILL WOULD NEED TO DEFINE A NATIONALITY STATUS FOR CURRENT BDTCS IN HONG KONG. THERE WERE TWO REQUIREMENTS. THE FORMULA USED MUST MAKE CLEAR THAT THE NEW STATUS WAS A FORM OF BRITISH NATIONALITY, AND THAT THE NEW STATUS WAS UNIQUE TO FORMER BDTCS CONNECTED WITH HONG KONG. AFTER A GREAT DEAL OF DELIBERATION WE HAD CONCLUDED THAT THE ONLY FORMULA WHICH PROPERLY MET THESE TWO REQUIREMENTS WAS "BRITISH NATIONALITY: HONG KONG". THIS WOULD NOT IMPLY ANY ACCEPTANCE BY CHINA OF DUAL NATIONALITY. NOR WOULD THERE BE ANY REFERENCE TO CHINESE NATIONALITY IN THE BRITISH LAW.

9. WU INSTANTLY REPLIED THAT THIS WOULD BE VERY DIFFICULT FOR THE CHINESE. IT WOULD CARRY AN IMPLICATION OF CONTINUING SOVEREIGNTY OVER HONG KONG AFTER 1997. HE ASKED THE SECRETARY OF STATE TO RECONSIDER THIS. THE SECRETARY OF STATE RETURNED TO THE CHARGE, SAYING THAT THIS FORMULA HAD BEEN CHOSEN AFTER VERY CONSIDERABLE THOUGHT. WU THEN SAID THAT HE WANTED TO MAKE ABSOLUTELY CLEAR THAT THE FORMULA WAS UNACCEPTABLE TO THE CHINESE GOVERNMENT AND THAT THE BRITISH GOVERNMENT WOULD HAVE TO GIVE FURTHER THOUGHT TO FINDING ANOTHER FORMULA.

CLAIMS

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10. THE SECRETARY OF STATE REMINDED WU THAT WE HAD HANDED IN A LOST OF CLAIMS SOME TIME AGO. THE CHINESE GOVERNMENT HAD SPOKEN OF PREPARING COUNTER-CLAIMS BUT WE HAD HEARD NOTHING FROM THEM SINCE. HE THOUGHT IT IMPORTANT THAT THIS QUESTION SHOULD BE EXPEDITED. WU TOOK NOTE AND SAID THAT THIS SHOULD BE DISCUSSED FURTHER THROUGH DIPLOMATIC CHANNELS.

AIR SERVICES

UA11. THE SECRETARY OF STATE SAID THAT THE JOINT DECLARATION HAD CREATED GOOD CONDITIONS FOR CATHAY PACIFIC. BUT WE WOULD WANT TO SEEK A GREATER ROLE FOR CATHAY PACIFIC ON HONG KONG/CHINA ROUTES, AND A FURTHER EXTENSION OF THE PRESENT ARRANGEMENTS GOVERNING THE BRITISH AIRWAYS HONG KONG/PEKING SERVICE. THESE QUESTIONS COULD ALSO BE PUSUED THROUGH DIPLOMATIC CHANNELS. WU AGAIN TOOK NOTICE AND AGREED THAT THIS COULD BE PURSUED BETWEEN OFFICIALS.

CONSCRIPTION

12. THE SECRETARY OF STATE MENTIONS THIS AT LUNCH TO WO WHO WAS NON-COMMITTAL. THIS EVENING WU TOOK THE INITIATIVE TO HAVE A WORD PRIVATELY WITH THE SECRETARY OF STATE. HE SAID THAT PEOPLE WERE WORRYING UNNECESSARILY OVER THIS PROBLEM. WITH ONE BILLION PEOPLE CHINA COULD FIND PLENTLY OF RECRUITS. THE SECRETARY OF STATE POINTED OUT THE GOOD EFFECT WHICH A PUBLIC STATEMENT OF REASSURANCE BY THE CHINESE GOVERNMENT WOULD HAVE. WU TOOK NOTE AND SAID HE WOULD REFLECT ON IT.

A: S(GD)(5)
D: HE, CI, CBZ, PS, AG(2), PA(2), DFA, PS/GH, AD(C)
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