



By the middle of this year the Sino-British joint declaration on Hong Kong will be formally ratified. The twenty two page document containing the declaration, that outlined the beginning of the end of British rule of the Crown Colony of Hong Kong, was initialled in Peking by China's Deputy Foreign Minister Zhou Nan and the Britain's Ambassador in Hong Kong Sir Richard Evans in September last year.

Hong Kong is an island of 30 square miles which was ceded to Britain "in perpetuity" by the treaty of Nanking in 1842 which ended the Opium War hostilities between Britain and China. Kowloon, a 3 1/4 square mile section on the southern tip of the main land was ceded in an 1860 treaty similarly wrested from Beijing by British "gunboat diplomacy". The new territories, which covers 373 sq. miles and constitutes more than 90 percent of the colony's total area, was added in 1898 by a 99 year rent-free lease. It is that pact, which is due to expire on June 30, 1997 and was the 'time bomb' that ultimately forced Britain into negotiations.

The need to take back Hong Kong has been a slogan of the Communist Party of China since its inception in 1921. The formal British position was that only the 375 sq. miles of mainland and islands which were secured on a 99 year lease in 1898 - (The New Territories") need to be the subject of any discussion with China. On three occasions since the World War II Anglo-Sino relations became tense: immediately after the communist victory in 1949, during the Korean War in 1951, and at the time of cultural revolution between 1966-68.

China asked the UN in 1972 to remove Hong Kong from its list of "Colonies to be liberated" claiming that the problem was "entirely within China's Sovereign right" and would be dealt with "in an appropriate way when conditions are ripe". When Sir Murray Maclehoze was Governor of Hong Kong between 1971 and 1982 Anglo-Sino relations improved. Concern about Hong Kong's long term future eventually became evident, and in 1979 the Hong Kong governor was invited to Peking where Chinese Leader Deng Xiaoping reassured thus. "Tell the investors in Hong Kong to put their hearts at ease". However, this was not sufficient and the then British Foreign Secretary Lord Carrington commented. "It is not their hearts they are worried about".

As the period of lease neared its end in 1982 investors began to demand a solution to the problem. Fifteen years was a significant period in terms of commercial mortgages on property. The stock market panicked. By the end of December property prices and rents crashed. Hong Kong's office rents, which once held the record of being the highest in the world,

dropped to fourth place after New York, London and Tokyo. There were fears of a rapid economic back slide with investments drying up and capital fleeing.

By late 1981 the malaise in the property and stock markets called for action and a series of visits from British diplomats persuaded Chinese leaders that the problem could be put off no longer. In January 1982 China indicated that it was ready to talk.

In June 1981, Den Xiaoping summoned a group of pro-Peking Hong Kong residents and told them that China would recover sovereignty over the island around 1997 but that people could retain their existing life style and economic system. In July it was announced that China's new draft constitution would contain a clause providing for the creation of "Special Administrative Regions" (SARs) and the reference it was thought was to Hong Kong and Taiwan. Pledges that China would allow SARs to keep their own laws were only partially successful in dampening a mounting sense of alarm in the territory. Pro British opinion was of the view that British recognition of Chinese sovereignty in exchange for Chinese acceptance of continued British administration during a lengthy post 1997 transition period was possible, which apparently was the British Government's strategy in Peking.

In the following months as the talks remained deadlocked over the issue of sovereignty, it became clear that China intended to regain both sovereignty and administrative rights over Hong Kong not later than 1997. Exodus of capital continued while emigration queues at local consulates lengthened. Peking repeatedly maintained that after 1997 Hong Kong would become an SAR with its own capitalist system

and a government headed by a Hong Kong Chinese. Though such pledges helped to allay fears, serious doubts remained about whether and how they would be kept.

Though continuing rounds of talks were described as useful and constructive, it was not until 1984 April that the British decision to relinquish Hong Kong was publicly confirmed. Support for a detailed and legally binding accord was mounting and it was finally accepted that various points agreed on should be enshrined in a legally and mutually binding accord.

On September 26, 1984 the joint declaration on Hong Kong was signed and this international treaty defines the terms under which China will resume sovereignty over Hong Kong on July 1, 1997. The authorities have printed 1.25 million copies of the treaty - one for every household - as part of a public relations exercise designed to ease the apprehensions of Hong Kong's 5.2 million inhabitants about life after 1997, when China will resume sovereignty.

British officials stressed how the draft details the principles which will be enshrined in China's future management of the colony: the continuation of capitalism until at least 2047, an elected legislature, a local civil service and an independent judiciary - all of which will be legally required to serve Hong Kong rather than Beijing. In short, to leave Hong Kong's capitalist economy and way of life intact for 50 years after 1997, the year in which Britain's 99-year lease expires.

The Hong Kong dollar will remain a convertible currency, and the local administration will have the authority to negotiate commercial agreements with other

countries or international trade organizations. Foreign affairs and defense, however, will be in the hands of Peking's central government which will station troops in the territory when British administration ends.

Critics, however, were quick to point out that its enforcement depended entirely on the promises of China's present leaders: they could either change their minds at some point in the future or be replaced by others who did not share their views.

This type of end to Britain's hold on Hong Kong was inevitable from the start of the negotiations. The Hong Kong population knew that Britain was made aware that there was no escape from the transfer of sovereignty to China. But they also knew that the Chinese would not force an agreement which would frighten the local investment into fleeing out of the colony. Their effort would be to woo it, to persuade it to stay.

There were strong ties that hold the two countries close together which were to each others mutual advantage. For instance, a large part of Beijing's foreign trade is through Hong Kong, which provides the People's Republic with upto 40 percent of its foreign exchange earnings. On the other hand Hong Kong businessmen have invested around £ 425 million in "joint co-operative" ventures in China. Furthermore, the colony is linked to China by far more than the Hong Kong-Danton railroad. Well over half the territory's food and most of its fresh water come from the mainland, as do many of the raw materials needed for its industries.

The Chinese view is that local real estate agents were previously worried over policy changes after

1997. The joint declaration, however, assures them that the present land deed period will be extended until the year 2047, and private ownership of real estate will be protected by law. To them Hong Kong was regarded "a bridge reaching the huge Chinese market, and as the ties between Hong Kong and the hinterland of China become closer in the future, China will raise funds to import technology and equipment from overseas, mostly through Hong Kong.

Hong Kong, as a world financial and shipping centre and a major trade port in the Far East, will become increasingly important to China's modernization, and China's economic growth will in turn promote the farmers' prosperity."

The Chinese maintain that the so-called question of 'confidence' was exaggerated by some people and used by speculators to cause fluctuations on the currency and stock markets. The initialling of the joint declaration has put an end to the two-year chaos. Most local residents regard the joint declaration as better than expected.

A Beijing official says that the authorities on the mainland have viewed human rights as fundamental elements to be included in the state constitution ever since 1954. "You must not doubt our commitment. It is much easier to preserve what you already enjoy in Hong Kong than to extend these rights to the whole Chinese nation, which historically has never had them."

This observation according to one commentator sums up an attitude common among Chinese officials: special treatment for Hong Kong is justified because the territory sets economic and social standards from which China's big cities could learn with profit.