

Mr Coles

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TO IMMEDIATE FCO
TELEGRAM NUMBER 508 OF 8 SEPTEMBER
INFO IMMEDIATE HONG KONG (PERSONAL FOR POLITICAL ADVISER)

FOR CLIFT, HKGD

MCLAREN'S TELELETTER OF 7 SEPTEMBER TO YOU: VISIT OF AUSTRALIAN
MP: FUTURE OF HONG KONG

1. WE HAVE SEEN THE TEXT OF THE AUSTRALIAN EMBASSY'S REPORT (PLEASE PROTECT) OF THIS CONVERSATION BETWEEN SAINSBURY AND ZHU QIZHEN, DIRECTOR OF THE MFA'S AMERICAN AND OCEANIA DEPARTMENT, OVER LUNCH ON 2 SEPTEMBER. ZHU'S MAIN POINTS WERE:-

(A) IT WAS CLEAR THAT CHINA WOULD WANT TO EXERCISE ITS SOVEREIGNTY OVER HONG KONG, BUT HOW, WHEN AND IN WHAT FORM WERE QUESTIONS FOR FUTURE DISCUSSION.

(B) WHILE THE QUESTION WOULD OBVIOUSLY BE DISCUSSED WITH MRS THATCHER DURING HER VISIT, THE CHINESE DID NOT EXPECT HER TALKS TO GO INTO DETAILS OF THE QUESTIONS TO BE RESOLVED.

(C) WHILE HONG KONG WAS REGARDED BY CHINA AS ITS TERRITORY, NEGOTIATIONS WITH BRITAIN WOULD BE CARRIED OUT BY THE FOREIGN MINISTRY. VICE MINISTER ZHANG WENJIN WOULD BE A PRINCIPAL NEGOTIATOR. ZHU SEMI-JOKINGLY COMMENTED THAT THE NEGOTIATIONS COULD BE AS COMPLEX AS THOSE OVER THE QUESTION OF ARMS SALES TO TAIWAN FOR WHICH ZHANG HAD ALSO BEEN RESPONSIBLE UNTIL A FEW MONTHS AGO.

2. ZHU QIZHEN WAS SPEAKING IN ENGLISH OF WHICH HE HAS AN EXCELLENT COMMAND.

COMMENT

3. ALTHOUGH HE IS NOT DIRECTLY INVOLVED WITH HONG KONG, ZHU WOULD DOUBTLESS BE WELL BRIEFED ON CHINA'S GENERAL POSITION. ALTHOUGH HE SAID MORE TO THE AUSTRALIAN THAN WAS PERHAPS NECESSARY, HIS REMARKS GIVE LITTLE CAUSE FOR ALARM AND STRONGLY SUGGEST THAT

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/ WE SHOULD

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WE SHOULD AT LEAST ACHIEVE THE MINIMUM OBJECTIVE OF AGREEMENT TO
OFFICIAL TALKS DURING MRS THATCHER'S VISIT. NEVERTHELESS IT
SHOULD BE BORNE IN MIND THAT THESE REMARKS WERE MADE TO AN MP
OF A THIRD COUNTRY AND MAY HAVE BEEN TAILORED ACCORDINGLY.

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