

SECRET

FM HONG KONG 131012Z OCT 62  
TO PRIORITY F C O  
TELEGRAM NUMBER 1170 OF 13 OCTOBER  
INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)

PERSONAL FOR DONALD  
MY TELNO 1157  
FUTURE OF HONG KONG : CHINESE STATEMENTS

1. AT THE MEETING OF EXCO ON 12 OCTOBER CONCERN WAS EXPRESSED ABOUT THE RECENT CHINESE STATEMENTS REPORTED IN PEKING TELNO 642 AND MY TELNO 1120. I SAID THAT I WOULD CHECK WITH THE AMBASSADOR AS TO WHAT THE CHINESE HAD SAID, AND WHY HE THOUGHT THEY WERE SAYING IT. THESE CHINESE STATEMENTS WERE DAMAGING TO CONFIDENCE, AND THIS WAS A POINT THE AMBASSADOR WOULD NO DOUBT BE MAKING TO THE CHINESE.

2. IT IS ESSENTIAL THAT WE CARRY EXCO WITH US DURING THE COMING MONTHS. GIVEN WHAT THE CHINESE HAVE BEEN SAYING I CANNOT LEAVE THEM IN THE DARK AND I SHALL NEED TO SAY MORE AT NEXT WEEK'S MEETING (ON OCTOBER 19). MIFT CONTAINS THE POINTS WHICH, SUBJECT TO YOUR VIEWS, I WOULD PROPOSE TO MAKE. I SHOULD DO SO ON EXCO TERMS - NO PAPER WOULD BE CIRCULATED AND NO MINUTES WOULD BE TAKEN - AND I AM SURE THAT SECRECY WOULD BE PRESERVED. EXCO AS SUCH HAS A VERY GOOD RECORD IN THIS RESPECT.

3. IN DRAFTING MIFT I HAVE HAD THE FOLLOWING CONSIDERATIONS IN MIND:

(A) THROUGH BRIEFING DONE BY THE CHINESE OF VISITORS TO PEKING AND OF JOURNALISTS, A LOT IS KNOWN ALREADY ABOUT THE CHINESE POSITION (MY TELNO 1157). WE WOULD LACK CREDIBILITY IF WE DID NOT CONCEDE TO EXCO THAT THE STATEMENTS WHICH HAVE APPEARED IN THE PRESS DO INCLUDE THE MAIN ELEMENTS IN THE CHINESE POSITION (VARIANTS ON SUCH ELEMENTS AS ADMINISTRATION CONTROL IN THE FUTURE NOTWITHSTANDING) AS WE UNDERSTAND IT.

(B) THERE IS EVERY ADVANTAGE IN TELLING EXCO THAT HMG'S OBJECTIVE IS CONTINUED BRITISH ADMINISTRATION (AND DEVELOPING A COMMON LINE WITH THEM AS TO WHY WE THINK IT IS VITAL TO THE MAINTENANCE OF PROSPERITY AND STABILITY). THE PRIME MINISTER SAID THIS VIRTUALLY IN TERMS AT HER MEETING WITH UMELCO ON 27 SEPTEMBER.

(C) WE ALSO NEED TO INDICATE THAT THE BRITISH POSITION ON SOVEREIGNTY IS NOT TOTALLY INFLEXIBLE. THIS CAN BE DONE BY DRAWING ATTENTION TO THE PRIME MINISTER'S REMARKS AT HER PRESS CONFERENCE THAT THE TREATIES CAN BE VARIED BY AGREEMENT.

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4. A BRIEFING ON THESE LINES WILL BE ONLY THE FIRST STEP. WE SHALL NEED TO CONSIDER VERY CAREFULLY WHAT MORE CAN BE SAID TO EXCO, (AND LATER TO THE WIDER UMELCO GROUP), AS THE TALKS IN PEKING PROGRESS.

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FM HONG KONG 131025Z OCT 82  
 TO PRIORITY F C O  
 TELEGRAM NUMBER 1171 OF 13 OCTOBER  
 INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)

PERSONAL FOR DONALD  
 MIPT : FUTURE OF HONG KONG

FOLLOWING ARE THE POINTS I SUGGEST SHOULD BE MADE TO EXCO:

(1) WHAT HAS BEEN REVEALED IN THE VARIOUS CHINESE STATEMENTS AND INTERVIEWS OVER THE PAST FEW WEEKS ADDS UP TO A FAIRLY COMPLETE PICTURE OF THE CHINESE FOREIGN MINISTRY'S CURRENT POSITION ON THE FUTURE AS WE UNDERSTAND IT.

(2) THE AMBASSADOR HAS MADE IT CLEAR TO THE CHINESE THAT SUCH STATEMENTS ARE DAMAGING TO CONFIDENCE IN HONG KONG, AND IN BREACH OF WHAT WE REGARDED AS A CLEAR UNDERSTANDING THAT THE TALKS WILL BE HELD WITHOUT PUBLICITY.

(3) IT CAN BE ASSUMED THAT THE CHINESE INDISCRETION FORM PART OF A DELIBERATE PATTERN. WE CAN ONLY SPECULATE ABOUT CHINESE MOTIVES. THE AMBASSADOR'S VIEW IS .....

(4) SOME OF THE ELEMENTS IN THE CHINESE POSITION, IN PARTICULAR ON SOVEREIGNTY, ARE CLEARLY MATTERS OF PRINCIPLE. IN OTHER AREAS, SUCH AS ADMINISTRATIVE CONTROL, THE CHINESE MAY BE SEEKING TO ESTABLISH A STRONG BARGAINING POSITION OR TO TEST THE WATERS OF PUBLIC OPINION HERE. IT SHOULD BE STRESSED THAT THE CHINESE HAVE A VERY INADEQUATE UNDERSTANDING OF HOW AND WHY HONG KONG WORKS. THEIR IDEAS ON FUTURE ARRANGEMENTS SHOULD NOT BE REGARDED AS SET IN CONCRETE, BUT THEY WILL NEED TO BE MADE AWARE, BY ONE MEANS AND ANOTHER, OF THE COMPLEXITIES OF A MODERN MARKET ECONOMY.

(5) THE PRIME MINISTER HAS BEEN CAREFUL NOT TO BE DRAWN ABOUT HER OBJECTIVES IN THE NEGOTIATIONS IN SPEAKING TO THE PRESS. BUT SHE MADE IT CLEAR IN HER MEETING WITH UNELCO THAT HMG'S AIM WOULD BE TO PERSUADE THE CHINESE THAT BRITISH ADMINISTRATION WOULD CONTINUE TO BE NEEDED IF THE COMMON AIM OF PRESERVING THE STABILITY AND PROSPERITY OF HONG KONG IS TO BE ACHIEVED. THE PROCESS OF CONVINCING THEM OF THIS FACT OF LIFE IS BOUND TO BE SLOW.

(6) THE PRIME MINISTER HAS MADE IT CLEAR IN PUBLIC THAT, WHILE HMG REGARD THE TREATIES AS VALID, THEY CAN BE VARIED BY AGREEMENT. SO THE BRITISH POSITION ON THE TREATIES IS NOT INFLEXIBLE IN THE CONTEXT OF THE COMMON AIM.

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(7) SO FAR THE TALKS HAVE NOT GONE BEYOND PRELIMINARY EXCHANGES ON THE MODALITIES, FUTURE CONDUCT OF THE TALKS, AND THE POSITIONS OF THE TWO SIDES.

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*Mr Coles 15  
No 10 Downing Street*

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FM HONG KONG 131005Z OCT 82

TO PRIORITY FCO

TELEGRAM NUMBER 1169 OF 13 OCTOBER

INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)

PERSONAL FOR DONALD

YOUR TELNO 481 TO PEKING: FUTURE OF HONG KONG

1. AS INDICATED IN MY TELNO 1141, I AM CONTENT TO LEAVE CONSIDERATION OF THE TIMING OF A VISIT TO PEKING TO TAKE PART IN THE TALKS UNTIL AFTER THE AMBASSADOR'S NEXT CALL ON ZHANG WENJIN.

2. I AM ALSO CONTENT WITH THE SCENARIO IN PARAGRAPH 7 OF YOUR TELEGRAM UNDER REFERENCE (THOUGH WHAT IS REQUIRED IF NOT SO MUCH A BRIEFING ON QUOTE THE PRESENT SYSTEM OF GOVERNMENT UNQUOTE IN HONG KONG AS A DETAILED EXPLANATION OF HOW AND WHY HONG KONG WORKS AS SUCCESSFULLY AS IT DOES). I AGREE THAT IT MIGHT GIVE IMPETUS TO THE TALKS, AND HELP TO GET THE CHINESE ENGAGED ON GROUND OF OUR CHOOSING, IF THE BRIEFING COULD BE SPUN OUT OVER MORE THAN ONE SESSION. IN THAT EVENT IT MIGHT ONLY BE NECESSARY FOR ME TO TAKE PART IN THE FIRST SESSION. DEPENDING ON HOW THINGS WENT THE AMBASSADOR COULD BE SUPPORTED AT SUBSEQUENT SESSIONS BY OTHER REPRESENTATIVES FROM HONG KONG. BUT WE CAN DECIDE THAT WHEN THE TIME COMES.

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FM HONG KONG 081105Z OCTOBER 82  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 1140 OF 08 OCTOBER  
INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR

PERSONAL FOR DONALD  
FROM GOVERNOR

PEKING TELNO 636: FUTURE OF HONG KONG

WE AGREED WITH THE CHINESE ''TO ENTER INTO TALKS'' ABOUT THE FUTURE. WE AVOIDED DISTINGUISHING BETWEEN PRELIMINARY AND SUBSTANTIVE TALKS BY SAYING, IN MY LEGCO SPEECH, THAT ''MEETINGS'' HAVE BEGUN. I AGREE THAT THERE ARE DANGERS INVOLVED IN TRYING TO ELABORATE ON THIS AND I SEE NO NEED TO DEPART FROM THE FORMULA FOR SOME TIME: ON THAT BASIS THERE WOULD BE NO INCENTIVE FOR THE CHINESE TO CHALLENGE US.

2. I AM TELEGRPAHING SEPARATELY ABOUT POSSIBLE VISITS BY ME TO PEKING. I CERTAINLY DO NOT ENVISAGE GOING FOR THE AMBASSADOR'S NEXT CALL ON ZHANG WENJIN.

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FM HONG KONG 070810Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1125 OF 7 OCTOBER

INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

*29*  
*Hong Kong 4*  
*Mr Coles*  
*100 10 Downing St*  
*A.J.C. 5-10*  
*K.A.*

FOLLOWING FOR DONALD FROM GOVERNOR.  
FUTURE OF HONG KONG.

1. MIFT CONTAINS THE TEXT OF AN AFP REPORT PRINTED IN THE SCMP THIS MORNING AND DATE-LINED LONDON OCTOBER 6.
2. I HAD HOPED THAT WE COULD AVOID MAKING SUCH A CLEAR DISTINCTION IN PUBLIC BETWEEN THE PRELIMINARY AND SUBSTANTIVE NEGOTIATIONS (PARA 4 OF MY TELNO 1105). IF THIS AFP REPORT IS CORRECT, WE RUN A STRONG RISK OF BEING ASKED SOON WHETHER FORMAL NEGOTIATIONS HAVE YET BEGUN. I HAD THOUGHT IT WAS OUR INTENTION SIMPLY TO INDICATE THAT TALKS (WITHOUT SPECIFICATION AS TO THEIR NATURE OR CONTENT) HAD COMMENCED AND STICK TO THAT (PARA 3 OF MY TELNO 1116).
3. GRATEFUL FOR YOUR COMMENTS.

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