



Foreign and Commonwealth Office

London SW1A 2AH

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*John Taylor*

Future of Hong Kong: Recent Developments and the Prime Minister's Dinner with Dr Kissinger on 12 November

This letter sets out recent developments under a number of headings and covers some suggested Points to Make for use by the Prime Minister at the dinner with Dr Kissinger on 12 November. I have not been able to show this letter or its enclosures to Mr Pym. I shall be putting copies in his box tonight.

Talks with the Chinese

As you will have seen from the telegrams, HM Ambassador, Peking, is still waiting, at the time of writing, for the Chinese to come back to him following his meeting of 19 October with Vice Foreign Minister Zhang Wenjin. We understand a number of personnel changes within the Foreign Ministry are likely to take place shortly, including the departure of Vice Minister Zhang Wenjin as Ambassador to Washington, or to some other appointment in Peking. These impending changes may well be the reason for the apparent delay on the Chinese side. As soon as the Chinese come back to us we will submit further advice accordingly.

Chinese Ambassador

In the meantime, HM Ambassador, Peking, has had a chance to see Ke Hua, the Chinese Ambassador in London, who is on leave in Peking. Ke Hua harked back again to the sovereignty premise, but expressed confidence that talks would continue.

/The Americans





The Americans

You will know that HM Ambassador, Washington, and Alan Donald held useful talks on Hong Kong in Washington on 4 November with Secretary of State Shultz and Vice President Bush. Alan Donald also discussed Chinese negotiating tactics with senior State Department officials. These talks were on a strictly personal and confidential basis. The Americans were most grateful and would be glad to be kept in the picture. Secretary of State Shultz expects to visit China early next year. Meanwhile, we see advantage in authorising the Ambassador in Peking and the Governor to tell the American Ambassador and the Consul-General in Hong Kong respectively about the high level contacts in Washington on a strictly personal basis.

*Prime Minister  
Contact?*

*✓ Yes  
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Dr Kissinger's Visit

For the working dinner with Dr Kissinger, I attach some suggested Points to Make for the Prime Minister. It will be particularly valuable to hear about Dr Kissinger's discussions with Chinese leaders in Peking last month and have his views on how we might best play our hand in our negotiations with the Chinese on the future of Hong Kong.

*Yes*

*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street





## POINTS TO MAKE

Introduction

1. Welcome Dr Kissinger to London. Always glad to see him.

2. Valuable to hear his experience of Chinese negotiating tactics, against the background of our present talks with the Chinese over Hong Kong. Dr Kissinger talked to Chinese leaders including Deng in early October.

Prime Minister's Talks with Chinese Leaders

3. On strictly personal and confidential basis Dr Kissinger may like to hear our views on meetings with Deng and Zhao in September and developments since.

4. Chinese took hard line on sovereignty. Not negotiable. Recovery in or before 1997. If it came to the crunch sovereignty took priority over prosperity.

5. Subject to this Chinese were prepared to pursue special policies to allow capitalist way of life to continue. British interests would be taken into account. British officials could remain in certain posts.

6. But China would not let others administer Hong Kong on its behalf. Deng and Zhao did not believe that without British administration and link with UK Hong Kong economy would decline. Sought co-operation in ensuring smooth transition to Chinese sovereignty and overall control in 1997.

7. I recognised how important sovereignty was to China. But a difficult issue for us also. Need first to consider

/definite



definite arrangements for administration and control which would command confidence of Hong Kong people and could be justified to Parliament. Moral obligation to people. Important connection between confidence and continuity of British administration.

#### Subsequent Talks with Chinese

8. Since then meetings held through diplomatic channels in Peking. Chinese have insisted that talks be based on premise that China recovers sovereignty no later than 1997. We are still discussing with them framework within which talks can take place with common aim as agreed with Deng of maintaining stability and prosperity.

9. Chinese stand predictable. Encouraging that they agreed to joint press statement in September that did not refer to sovereignty, in spite of subsequent remarks made publicly and privately.

#### Talks in Washington

10. Last week, HM Ambassador Washington went over all this, in strict confidence, with Vice-President Bush and Secretary of State Shultz. Very useful exchange of views, especially on negotiations over arms sales to Taiwan, where we see a possible analogy, in spite of several differences.

#### Dr Kissinger's Views

11. Very interested to know what impressions Dr Kissinger gained from his talks with Deng and others. Does Dr Kissinger have any ideas on how we might play our hand with the Chinese? They appear reluctant to make a distinction between sovereignty

/and





and administrative control. This is the key element. We cannot give up the sovereignty card early in the negotiations. Nevertheless, a clear hint was given to Deng that we could consider this later, provided that satisfactory arrangements could be agreed.

12. At present discussions continuing through diplomatic channel. Very slow. Perhaps due to current re-organisation of senior posts in the Foreign Ministry. Or alternatively to make us sweat. At some stage we may need to use special emissary. Dr Kissinger's views on when that might be tactically useful.

Message to Get Across to the Chinese

13. Chinese leaders continue to show ignorance about basis of confidence on which Hong Kong's prosperity depends. Message we wish to get across is that present system of British administration provides Hong Kong people and investors with insurance against Peking's interference or imposition of Communist policies. Obviously will be changes but if link with UK is severed altogether, Hong Kong people will have little confidence in general Chinese assurances.