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FM FCO 191800Z NOV 82

TO IMMEDIATE HONG KONG

TELEGRAM NUMBER 970 OF 19 NOVEMBER

AND TO PRIORITY PEKING

PERSONAL FOR GOVERNOR AND AMBASSADOR FROM CLIFT.

FUTURE OF HONG KONG: YOUR TELNOS. 1312, 1326, 1328 1334 AND 1335  
AND PEKING TELNOS. 747 AND 764

1. WE HAVE GIVEN VERY CAREFUL CONSIDERATION TO YOUR SUGGESTION  
THAT YOU SHOULD VISIT LONDON. WE REALISE THE PRESSURES IN HONG  
KONG BUT ON BALANCE WE THINK THAT NOW IS NOT THE RIGHT TIME  
BECAUSE:

A. WE MIGHT HAVE A MUCH STRONGER NEED, FOR CONSULTATIONS IN LONDON  
IN THE NOT TOO DISTANT FUTURE, DEPENDENT ON PROGRESS IN THE  
TALKS:

B. IT COULD BE MISINTERPRETED IN HONG KONG AND PEKING, E.G.  
AS INDICATING A CRISIS IN THE TALKS OR A SHIFT IN OUR POSITION:

C. IT COULD RAISE EXPECTATIONS FOR LORD BELSTEAD'S VISIT  
UNJUSTIFIABLY, IF LINKED TO THAT.

2. HOWEVER, WE FULLY UNDERSTAND THAT OPINION IN HONG KONG,  
PARTICULARLY AMONG UNOFFICIALS, IS BECOMING RESTIVE. WE SEE  
ADVANTAGE IN YOUR HOLDING MEETINGS AT YOUR DISCRETION WITH EXCO.  
WE KNOW THAT YOU WILL USE THESE OCCASIONS TO EXPLAIN THAT THERE  
WILL BE TIMES, AS NOW, WHEN THERE IS NOT MUCH TO REPORT, BUT THAT  
THIS DOES NOT MEAN THAT WE ARE APPROACHING THE NEGOTIATIONS IN A  
'PASSIVE' MANNER. YOU MAY WISH TO REPEAT ASSURANCES THAT WE WILL  
KEEP THE UNOFFICIALS IN THE PICTURE: BUT YOU WILL WISH TO AVOID  
LEADING THEM TO EXPECT A BLOW-BY-BLOW ACCOUNT OF THE TALKS OR TO  
ASSUME THE RIGHT TO BE INVOLVED IN DISCUSSIONS ON STRATEGY.

3. FOR IMMEDIATE PURPOSES WE AGREE THAT YOU SHOULD TELL UMELCO,  
OR EXCO AT YOUR DISCRETION (ON A CONFIDENTIAL BASIS) THAT SIR P  
CRADOCK HAS EXPLAINED FIRMLY TO THE CHINESE OUR VIEW OF THE BASIS  
OF SUBSTANTIVE TALKS, AND COUNTERED CHINESE ARGUMENTS THAT THEIR

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POSITION ON SOVEREIGNTY SHOULD BE CONCEDED FIRST. YOU MAY SAY THAT ZHANG WENJIN HAD UNDERTAKEN TO CONSIDER THIS AND TO REPLY LATER, AND THEN GO ON TO GIVE THE AMBASSADOR'S ASSESSMENT THAT THE SUBSEQUENT DELAY IS PROBABLY DUE TO AN IMPENDING RESHUFFLE OF PERSONALITIES IN THE MINISTRY OF FOREIGN AFFAIRS. YOU COULD ASSURE THE UNOFFICIALS THAT WE ARE WATCHING THE DEVELOPMENT OF THE CHINESE CAMPAIGN VERY CLOSELY. WE DO NOT CONSIDER THAT THIS SHOULD BE MET BY A PUBLIC REBUTTAL BY HMG. THAT WOULD LEAD TO A HARDENING OF THE CHINESE ATTITUDE AND WOULD BE NO SUBSTITUTE FOR NEGOTIATION.

THE MOST EFFECTIVE WAY OF GETTING THE MESSAGE OVER ON THE NEED FOR CONTINUED BRITISH ADMINISTRATION REMAINS FOR UNOFFICIALS AND OTHER LEADING HONG KONG PEOPLE TO EXPLAIN THIS TO THE CHINESE WHENEVER THEY HAVE AN OPPORTUNITY TO DO SO.

4. WHILE SUCH A CONFIDENTIAL BRIEFING FOR UMELCO COULD NOT BE USED TO COUNTER PRESS SPECULATION, WE HOPE THAT THE UNOFFICIALS WOULD BE STEADIED AND ENCOURAGED TO TAKE A CONFIDENT AND POSITIVE LINE IN THEIR OWN OUTSIDE CONTACTS IN HONG KONG.

5. LORD BELSTEAD IS CONSCIOUS THAT UMELCO WILL WISH TO BE BRIEFED ON THE FUTURE IN SOME DETAIL. THE SUBSTANCE OF HIS REMARKS WILL OF COURSE DEPEND ON THE STATE OF PLAY BUT THERE WILL BE A USEFUL OPPORTUNITY TO EXCHANGE VIEWS. WE SHALL CONSULT YOU AND THE AMBASSADOR IN ADVANCE.

PYM

FUTURE OF HONG KONG

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HD/FED

HD/PLANNING STAFF

HD/PUSD

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PS/LORD BELSTEAD

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MR COLES NO 10 DOWNING STREET

MR MARTIN ASSESSMENTS STAFF  
CABINET OFFICE





Prime Minister

Foreign and Commonwealth Office

Agree that the Governor should  
give UMELCO another  
confidential briefing?

London SW1A 2AH

18 November 1982

A.J.C. <sup>18</sup>/<sub>11</sub>

Yes Mr.

Dear John,

Future of Hong Kong: Proposed Visit by Governor

The Governor of Hong Kong has reported that the lack of any outward sign of activity in the talks is causing uncertainty in Hong Kong and has suggested that he should come to London soon to provide an 'event' to keep up Hong Kong morale. The Ambassador in Peking has strong reservations, seeing a risk that if we try to give people in Hong Kong the impression that progress is being made in the talks the Chinese might at any time expose the bluff.

Mr Pym believes that the Ambassador is right. There is no genuine basis for consultations now. The impression could even be given, in Hong Kong and elsewhere, that the talks had reached some kind of crisis and that we were reconsidering our negotiating position. Mr Pym is therefore asking Sir E Youde to put off his plans to visit London.

Nevertheless, the Governor still has a problem in the restiveness of opinion in Hong Kong, particularly among the Unofficials. They have expressed concern that something should be done to counter the Chinese campaign of reassuring remarks on the future, lest the Chinese plan gain acceptance as a 'fait accompli'. However Mr Pym continues to believe that any public statements by HMG on the importance of continued British administration might provoke the Chinese to respond by emphasising again their position on sovereignty. This would be counter-productive. There is nothing to be gained by being drawn into a public debate with the Chinese.

/Nevertheless,





Nevertheless, it would be helpful, unless the Prime Minister sees objection, if the Governor now had a further confidential briefing session with UMELCO to explain in more detail the position now reached with the Chinese and to pass on the Ambassador's assessment that the subsequent delay is probably due to an impending reshuffle of personalities in the Ministry of Foreign Affairs (including a move by Zhang Wenjin, the main interlocutor so far). He could also explain to the Unofficials our reservations about publicly challenging the Chinese campaign, and our view that the most effective way of getting the message over on the need for continued British administration is for them, and other leading Hong Kong people, to explain this to the Chinese when they have an opportunity to do so.

*Yours ever*

*J E Holmes*

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street

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19 November 1982

FUTURE OF HONG KONG: PROPOSED VISIT BY GOVERNOR

The Prime Minister has noted the contents of your letter of 18 November. She agrees that the Governor should give UMELCO another confidential briefing on the lines you describe.

COLES

John Holmes, Esq.,  
Foreign and Commonwealth Office.

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FM HONG KONG 180940Z NOV 82  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 1334 OF 18 NOVEMBER  
INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

*M*

Prime Minister  
Read in full. You have  
just authorized another  
briefing to UNELCO. The  
press did not know this  
when he sent the telegram.

MY TELNO 1328

FUTURE OF HONG KONG

A.F.C. 19/11

1. SIR S Y CHUNG CALLED ON ME TO SAY THAT, AT A RECENT PRIVATE MEETING AMONG EXCO UNOFFICIALS THERE WAS A STRONG FEELING THAT THEY WERE STILL NOT BEING TAKEN SUFFICIENTLY INTO OUR CONFIDENCE OVER THE TALKS WITH THE CHINESE, OR OVER THE ACTION NEEDED TO PROTECT THE INTERESTS OF THE PEOPLE OF HONG KONG AT THIS CRUCIAL TIME. EITHER NOTHING WAS HAPPENING (IN WHICH CASE THEY CLEARLY THOUGHT THAT IT SHOULD BE) OR THEY WERE NOT BEING TOLD ABOUT IT (IN WHICH CASE THEY WONDERED WHY). THEY FELT A STRONG RESPONSIBILITY TO THE WIDER COMMUNITY WHICH THEY WERE APPOINTED TO REPRESENT ON THESE ISSUES, AND WHATEVER THE OUTCOME THEY WOULD HAVE TO ANSWER BOTH TO THEIR OWN CONSCIENCES AND TO THE WIDER COMMUNITY FOR THE ADVICE WHICH THEY HAD SWORN UNDER OATH TO GIVE. HE NOTED THAT IF EXCO, WITH ITS UNOFFICIAL MEMBERS, WAS NOT USED AS A FORUM THERE WAS NO OTHER CHANNEL THROUGH WHICH THE GOVERNOR AND HMG COULD TAKE ADVICE DIRECTLY AND CONFIDENTIALLY FROM HONG KONG CHINESE, WHOSE FUTURE IT IS WHICH IS AT STAKE.

2. HE SAID THAT SOME MEMBERS HAD REVIVED THE IDEA (WHICH WE SUCCESSFULLY SUPPRESSED EARLIER THIS YEAR) THAT THE UNOFFICIAL MEMBERS SHOULD FORM A SEPARATE GROUP OF THEIR OWN TO DEVELOP ADVICE ON POLICY TO ME AND HMG. INSTEAD HE PROPOSED THAT THERE SHOULD BE REGULAR DISCUSSIONS IN EXCO, AFTER THE COMPLETION OF THE NORMAL AGENDA, AT WHICH I COULD BRING EXCO UP-TO-DATE ON DEVELOPMENTS BOTH IN THE TALKS AND IN HONG KONG, AND/OR UNOFFICIALS COULD ON THEIR OWN INITIATIVE OFFER COMMENT ON SUCH DEVELOPMENTS. ALTERNATIVELY, IF I FOUND EXCO TOO LARGE, I COULD MEET WITH THE UNOFFICIALS ONLY: OR I COULD SELECT A SMALLER GROUP OF EXCO UNOFFICIALS. WE AGREED THAT A SEPARATE UNOFFICIAL GROUP WOULD BE POLITICALLY DANGEROUS: IT WOULD GIVE THE IMPRESSION OF A POLARISATION OF VIEWS BETWEEN UNOFFICIALS AND THE HONG KONG GOVERNMENT. I ALSO TOLD HIM THAT I DID NOT BELIEVE IT EITHER PRACTICAL OR DESIRABLE TO CREATE GROUPS WITHIN EXCO.

3. THIS FEELING ON THE PART OF UNOFFICIAL MEMBERS WILL HAVE TO BE TAKEN SERIOUSLY. THEIR ANXIETIES ARE STIMULATED BY THE INTENSE CHINESE ACTIVITY BOTH IN PEKING AND HERE TO SPREAD THEIR LINE, ACTIVITY WHICH PRODUCES IN THE MEDIA A DAILY FARE OF REPORTING AND RUMOUR WITHOUT OVERT RESPONSE FROM US. WE CANNOT AFFORD TO LOSE THE CONFIDENCE OF THE UNOFFICIALS IN THE FACE OF THIS CAMPAIGN.

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THE CHINESE INTENTION APPEARS TO BE TO CREATE THE IMPRESSION THAT THEIR PLANS ARE, OR COULD BE MADE, ACCEPTABLE BOTH IN HONG KONG AND INTERNATIONALLY. THEIR OBJECTIVE IS NO DOUBT ALSO TO UNDERMINE OUR CLAIM THAT OUR POSITION IS REPRESENTATIVE OF THE TRUE STATE OF OPINION HERE. TO OFFSET THIS WE SHALL NEED TO SHOW THAT OUR POSITION EMERGES FROM, AND IS SUSTAINED BY, A CONTINUING PROCESS OF CONSULTATION: AND TO THIS END WE MUST PUT EXCO UNOFFICIALS IN A POSITION WHERE THEY CAN CONVINCINGLY ASSURE THEIR UMELCO COLLEAGUES, AND OTHERS AS NECESSARY, THAT THEY ARE BEING CONSULTED. CONSTITUTIONALLY THEIR STANDPOINT IS, IN ANY CASE, UNASSAILABLE SINCE UNDER THE LETTERS PATENT AND ROYAL INSTRUCTIONS I AM REQUIRED TO CONSULT EXCO ON ALL IMPORTANT ISSUES OF POLICY.

4. THERE ARE TWO ASPECTS TO BE TAKEN INTO ACCOUNT. THE FIRST CONCERNS DEVELOPMENTS IN HONG KONG. THE APPOINTMENT OF THE SECRETARY (GENERAL DUTIES) HAS BEEN WARMLY WELCOMED AS A SIGN OF GOOD INTENTION. THE ARRANGEMENTS WE HAVE ESTABLISHED TO REVIEW PUBLIC AND BUSINESS CONFIDENCE IN HONG KONG AND TO TAKE WHAT ACTION IS OPEN TO US TO SUSTAIN THEM, ARE NOW IN OPERATION, AND I SHALL KEEP EXCO REGULARLY INFORMED ON THEM. I SHALL START THIS PROCESS AT EXCO ON 23 NOVEMBER.

5. ON THE TALKS, WHICH ARE THEIR MAIN CONCERN, THEY HAVE BEEN TEMPORARILY SATISFIED THAT NOTHING IS HAPPENING AT THE PRESENT TIME. IF THIS CONTINUES THEY WILL WANT TO KNOW HMG'S STRATEGY FOR DEALING WITH THE SITUATION. (SEE MIFT ABOUT LORD BELSTEAD'S VISIT). IF, AS WE HOPE, THE TALKS SOON RESUME, I HOPE I MAY HAVE DISCRETION TO KEEP EXCO INFORMED TO THE EXTENT NECESSARY TO MAINTAIN THEIR CONFIDENCE. I SHOULD OF COURSE REFER BEFORE DISCUSSING ANY POINTS OF PARTICULAR SENSITIVITY.

6. THERE IS NO CONFLICT BETWEEN WHAT I PROPOSE AND THE UNDERTAKING ON CONFIDENTIALITY. UNDER THE CONSTITUTION THE GOVERNOR-IN-COUNCIL (IE EXCO) IS THE POLICY MAKING BODY OF THE GOVERNMENT. MOREOVER THE CHINESE ARE MAKING NO SECRET AT ALL ABOUT THEIR POSITION IN THE TALKS. POLITICALLY, WE CANNOT AFFORD TO ALLOW ANY SUBSTANCE TO BE GIVEN TO SUGGESTIONS THAT WE ARE CONDUCTING TALKS WITH THE CHINESE WITHOUT TAKING ADVICE DIRECTLY FROM THE PEOPLE WE HAVE APPOINTED TO REPRESENT THE HONG KONG CHINESE.

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FM HONG KONG 170945Z NOVEMBER 82  
TO IMMEDIATE F C O  
TELEGRAM NUMBER 1328 OF 17 NOVEMBER  
INFO PRIORITY PEKING (PERSONAL FOR AMBASSADOR)

NY TELNO 1326: FUTURE OF HONG KONG

WHEN THE SENIOR UNOFFICIAL CALLED ON ME THIS AFTERNOON HE SPOKE AS I EXPECTED ABOUT THE CHINESE 'CAMPAIGN' AND ABOUT EXECUTIVE COUNCIL MEMBERS' CONCERN THAT EITHER THERE WAS NO ACTIVITY ON THE PART OF THE GOVERNMENT OR THEY WERE NOT BEING TOLD ABOUT IT. HE ALSO RAISED A NUMBER OF OTHER ISSUES ON WHICH I AM TELEGRAPHING SEPARATELY.

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FM HONG KONG 161030Z NOV 82  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 1326 OF 16 NOVEMBER  
INFO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

A.J.C. 16/11

PEKING TELNO 747: FUTURE OF HONG KONG.

1. THE PURPOSE OF A VISIT TO LONDON WOULD NOT BE TO GIVE AN IMPRESSION OF PROGRESS BUT, IN THE ABSENCE OF PROGRESS, TO DEMONSTRATE ACTIVITY IN THE HONG KONG INTEREST, (FIRST SENTENCE OF PARA 3 OF MY TELNO 1312): AND TO OFFER ANY HELP LORD BELSTEAD MAY NEED IN PREPARING FOR WHAT IS BOUND TO BE A TRICKY VISIT.
2. I HAVE SPOKEN TO EXCO ON THE LINES RECOMMENDED IN PARA 5 OF PEKING TEL UNDER REF. WHILE ACCEPTING THIS EXPLANATION OF THE HIATUS IN THE TALKS, UNOFFICIALS HAVE EXPRESSED SERIOUS CONCERN ABOUT THE SCALE, AND SKILLFUL ORCHESTRATION OF THE CURRENT CHINESE CAMPAIGN TO "CONSULT" HONG KONG PEOPLE ABOUT THEIR PLAN, (C.F. MY TELNO 1315) AND THE APPARENT LACK OF ACTIVITY ON THE PART OF HMG OR THE HONG KONG GOVERNMENT TO COUNTER THIS CAMPAIGN, OR TO DEMONSTRATE ANYTHING BEING DONE TO PREPARE FOR THE TALKS IN PEKING. A VISIT BY ME TO LONDON WOULD HELP TO REASSURE THEM (AND THE PUBLIC) THAT WE WERE NOT SIMPLY SITTING BACK AND DOING NOTHING.
3. THE SENIOR UNOFFICIAL, SIR S Y CHUNG, HAS ASKED TO CALL ON ME TOMORROW, NO DOUBT TO REINFORCE THE CONCERNS EXPRESSED BY UNOFFICIALS IN EXCO. I WILL REPORT THEREAFTER. IN THE MEANTIME I SUGGEST YOU DELAY A RESPONSE TO MY TELNO 1312.

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FUTURE OF HONG KONG

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FM HONG KONG 120850Z NOV 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 1312 OF 12 NOVEMBER

AND TO IMMEDIATE PEKING (PERSONAL FOR AMBASSADOR)

A.S.C. 15/11

h-a.

FUTURE OF HONG KONG.

1. I HAVE ARGUED IN EARLIER TELEGRAMS THE NEED FOR 'EVENTS' FROM TIME TO TIME TO DEMONSTRATE THAT SOMETHING IS HAPPENING IN THE TALKS WITH THE CHINESE ON THE FUTURE. IN THIS CONNECTION I HAD ENVISAGED THAT A VISIT TO PEKING IN THE NOT TOO DISTANT FUTURE WOULD BE THE FIRST 'EVENT' AND THAT I MIGHT THEREAFTER VISIT LONDON AT SOME STAGE FOR CONSULTATIONS WITH MINISTERS.
  
2. THIS KIND OF TIMETABLE IS NO LONGER FEASIBLE. IT IS NOW MORE THAN THREE WEEKS SINCE THE AMBASSADOR LAST SAW ZHANG WENJIN AND PEKING TELNO 735 SUGGESTS THAT THERE COULD WELL BE A FURTHER LENGTHY DELAY BEFORE THERE IS A CHINESE RESPONSE TO OUR PROPOSALS. EVEN AFTER THE CHINESE HAVE REPLIED (AND ASSUMING THEIR RESPONSE WAS POSITIVE) THERE WOULD INEVITABLY ABE A FURTHER DELAY BEFORE PREPARATIONS WERE COMPLETED FOR THE VISIT. IT THEREFORE SEEMS IMPRACTICABLE TO THINK IN TERMS OF A VISIT TO PEKING IN THE IMMEDIATE FUTURE.
  
3. THE LACK OF ANY OUTWARD SIGN OF ACTIVITY 'ON BEHALF OF HONG KONG' IS ALREADY LEADING TO QUESTIONS HERE. I HAVE BEEN ASKED A NUMBER OF TIMES (BY EXCO MEMBERS, BY THE PRESS AND BY COMMUNITY LEADERS) WHEN I AM GOING TO PEKING, AND THE REPLY THAT I SHALL DO SO WHEN THE MOMENT IS RIGHT IS BEGINNING TO WEAR THIN.
  
4. IN THESE CIRCUMSTANCES I THINK IT WOULD BE USEFUL FOR ME TO RETURN TO LONDON FOR CONSULTATIONS TOWARDS THE END OF THIS MONTH. (THE CHIEF SECRETARY GOES ON LEAVE ON DECEMBER 1 AND WOULD LIKE ME TO BE BACK BEFORE THEN) APART FROM DISCUSSING FUTURE PROSPECTS FOR THE TALKS, AND OTHER CURRENT ISSUES, IT MIGHT BE USEFUL FOR ME TO HAVE A TALK WITH LORD BELSTEAD BEFORE HE COMES HERE AT THE BEGINNING OF DECEMBER. THE MINISTER OF STATE WILL HAVE A TRICKY HAND TO PLAY (EXCO WILL CERTAINLY WISH TO SEE HIM AND WILL EXPECT HIM TO SPEAK WITH AUTHORITY ON ALL ISSUES OF SUBSTANCE) AND I THINK IT WOULD BE USEFUL IF HE HAD THE OPPORTUNITY TO GO OVER THE GROUND WITH ME BEFOREHAND.
  
5. THERE IS OF COURSE A RISK THAT A VISIT BY ME TO LONDON BEFORE I HAD BEEN TO PEKING WOULD BE INTERPRETED HERE AND ELSEWHERE AS AN INDICATION THAT A CRITICAL POINT HAD BEEN REACHED IN THE TALKS IN PEKING AND/OR THAT WE WERE PREPARING A SHIFT IN OUR NEGOTIATING POSITION. THAT RISK WOULD, I THINK, BE REDUCED AS

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LONG AS THE AMBASSADOR AND I WERE NOT IN LONDON AT THE SAME TIME. AS FAR AS PUBLIC OPINION HERE IS CONCERNED WE COULD TAKE THE LINE THAT I WAS GOING TO LONDON FOR THREE REASONS:

(A) FOR NORMAL CONSULTATIONS ON OUTSTANDING ISSUES. PEOPLE WILL EXPECT THAT IN PRESENT CIRCUMSTANCES VISITS TO LONDON FOR CONSULTATIONS WILL BE MORE FREQUENT THAN THEY HAVE BEEN IN THE PAST: AND THERE ARE SOME MATTERS OF HONG KONG GOVERNMENT BUSINESS I COULD USEFULLY ATTEND TO.

(B) TO PREPARE FOR LORD BELSTEAD'S VISIT.

(C) TO HOLD DISCUSSIONS WITH MINISTERS IN PREPARATION FOR A VISIT TO PEKING TO TAKE PART IN THE TALKS (ASSUMING THAT THERE HAD NOT IN THE MEANTIME BEEN A RESPONSE FROM THE CHINESE WHICH WOULD CALL SUCH A VISIT INTO QUESTION).

6. I SHOULD BE GRATEFUL FOR AN EARLY REACTION. IF A POSITIVE REPLY IS RECEIVED FROM THE CHINESE WITHIN THE NEXT WEEK OR SO I COULD OF COURSE WISH TO REVERT TO THE PREVIOUS PLAN.

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