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DESKBY 111200Z

FM HONG KONG 111040Z MAY 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 666 OF 11 MAY

INFO IMMEDIATE PEKING

PEKING TELNO 418 : FUTURE OF HONG KONG : CHINESE REPLY

1. I WOULD NOT DISSENT FROM HMA'S CONCLUSION THAT THIS IS A POSITIVE RESPONSE. BUT I WOULD BE MORE CAUTIOUS IN INTERPRETING ITS CONTENTS. IT REMAINS TO BE SEEN WHETHER THE DEADLOCK HAS BEEN BROKEN. ZHAO ZHIYANG'S PROPOSITION IS ONLY THAT THE TWO SIDES SHOULD QUOTE CONTINUE TO MEET IN PEKING TO DISCUSS THE AGENDA FOR THE TALKS, COMPOSITION OF DELEGATIONS AND OTHER RELEVANT MATTERS IN (NEXT WORD UNDERLINED) PREPARATION FOR AN EARLY START OF SUBSTANTIVE TALKS UNQUOTE, AND HE MAKES A SPECIFIC REFERENCE TO THE SUBSTANTIVE TALKS BEING ON THE QUOTE FORM OF TRANSFERENCE OF SOVEREIGNTY AND HOW CHINA AND BRITAIN CAN CO-OPERATE IN THE TRANSITION PERIOD BETWEEN NOW AND 1997 AND AFTER 1997 UNQUOTE. NOT ONLY HAS ZHAO BLURRED POINTS FROM THE PM'S LETTER BUT HE HAS GIVEN NOTHING ON THE PURPOSE OF THE TALKS BEYOND RECOGNISING THAT THERE ARE DIFFERENCES ON ISSUES OF PRINCIPLE STILL BE BE RECONCILED. WHILE THEREFORE I AGREE WE SHOULD SEEK TO RESPOND POSITIVELY AND USE THE CHINESE REPLY AS A MEANS OF GETTING INTO SUBSTANTIVE TALKS, WE MAY STILL FIND THE CHINESE INSISTING ON THEIR CONDITIONS BEFORE THEY AGREE ACTUALLY TO START SUCH TALKS.

YOUDE

FUTURE OF HONG KONG

LIMITED

HD/HKGD

HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/MR HURD

PS/LORD BELSTEAD

PS/PUS

SIR J BULLARD

MR GIFFARD

MR DONALD

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MR MARTIN ASSESSMENTS STAFF  
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MR FLOWER PUSD

MR COLES NO 10 DOWNING ST.

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