

SECRET

DESKBY 120900Z

FROM PEKING 120430Z MAY 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 440 OF 12/5/83
 REPEATED FOR INFO TO IMMEDIATE HONG KONG

HONG KONG TEL NO 666: FUTURE OF HONG KONG: CHINESE REPLY

1. ZHAO'S PROPOSITION WAS NOT ONLY THAT QUOTED IN TUR. HE ALSO SAID QUOTE THE CHINESE GOVERNMENT AGREES TO HOLD FORMAL TALKS AS SOON AS POSSIBLE, WITH THE COMMON AIM OF MAINTAINING THE PROSPERITY AND STABILITY OF HONG KONG, AND THAT WE SHOULD START SUBSTANTIVE DISCUSSIONS ON THE FORM OF TRANSFERENCE OF SOVEREIGNTY AS WELL AS ON THE RELATED QUESTIONS OF HOW CHINA AND BRITAIN CAN COOPERATE DURING THE TRANSITIONAL PERIOD BETWEEN NOW AND 1997 AND AFTER 1997. UNQUOTE, QQWMI:WMMY TEL NO 439 CONTAINING OUR CONSIDERED TRANSLATION). YAO GUANG, IN HIS WORDS OF EXPLANATION TO ME ON 9 MAY, SAID THAT ZHAO QUOTE AGREED TO FORMAL SUBSTANTIVE TALKS AS SOON AS POSSIBLEUNQUOTE AND QUOTETHE TALKS COULD BEGIN IN MAY.....UNQUOTE (MY TELNO 416 PARA 4)). IT IS PLAIN THAT THIS A GREAT DEAL MORE THAN A PROPOSAL MERELY FOR AGENDA DISCUSSIONS.
2. I AGREE THAT THE CHINESE MAY STILL PUT OBSTACLES IN THE WAY OF SUBSTANTIVE DISCUSSION AND I FULLY EXPECT THOSE DISCUSSIONS TO BE VERY DIFFICULT INDEED. THEY MIGHT EASILY AGAIN BECOME DEADLOCKED. BUT THE ESSENTIAL POINT NOW IS THAT WE HAVE GOT THE CHINESE TO AGREE TO HAVE SUCH DISCUSSIONS, WITHOUT OUR HAVING TO SURRENDER ANYTHING OF OUR BASIC POSITION. WE MUST NOT FUMBLE THE OPPORTUNITY.
3. I THEREFORE WELCOME THE GOVERNOR'S AGREEMENT THAT WE SHOULD NOW RESPOND POSITIVELY AND USE THE CHINESE REPLY AS A MEANS OF GETTING INTO SUBSTANTIVE TALKS.

CRADOCK

FUTURE OF HONG KONG

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