

SECRET

Hongkong

28

GP 290
SECRET
FM PEKING 080450Z JUN 83
TO PRIORITY FCO
TELNO 533 OF 8 JUNE
RPTD INFO PRIORITY HONG KONG.

Mr ^a/_c
f.a.

YOUR TELNO 429: FUTURE OF HONG KONG: FORWARD STRATEGY

1. I HAVE NO DIFFICULTIES WITH YOUR LATEST DRAFT, NOR WITH TWO OF THE THREE COMMENTS IN HONG KONG TELNO 734 TO YOU.
2. ON THE FIRST OF GOVERNOR'S POINTS, HOWEVER, MY VIEW REMAINS AS STATED IN PARAGRAPH 8 OF MY TELNO 434, IE. THAT IN OUR PROPOSAL FOR THE FURTHER DEVELOPMENT OF THE TALKS WE SHOULD NOT RISK A FORMULA WHICH MIGHT LEAD THE CHINESE TO CONCLUDE THAT OUR STAND WAS SO INFLEXIBLE THAT THERE WAS NO POINT IN TALKING FURTHER. I ACCEPT THAT WE SHOULD NOT BE THE ONES TO PROPOSE CHANGES, BUT IF OUR POSITION APPEARS TO EXCLUDE EVEN THE DISCUSSION OF CHANGES, I WOULD EXPECT THE CHINESE TO BREAK OFF THE TALKS. THE FORMULA IN HONG KONG TELNO 734 SUGGESTS THAT WE ARE PREPARED ONLY TO DISCUSS THE PRESENT. THIS IS CONTRARY TO THE AGENDA WE ARE CURRENTLY TRYING TO AGREE WITH THE CHINESE, WHICH INCLUDES 'ARRANGEMENTS AFTER 1997'.
3. PERHAPS MY CONCERNS AND THOSE OF THE GOVERNOR COULD BE MET BY A FORMULA ALONG THE LINES OF:
QUOTE: WE SUGGEST THAT WE SHOULD NEXT DISCUSS HOW HONG KONG OPERATES IN SPECIFIC AREAS EG. THE FINANCIAL, FISCAL AND LEGAL SYSTEMS AND THE NETWORK OF TRADE AGREEMENTS CURRENTLY IN FORCE, IN ORDER TO ESTABLISH THE ROLE OF THE PRESENT DETAILED ADMINISTRATIVE ARRANGEMENTS IN MAINTAINING STABILITY AND PROSPERITY AND HOW THE CONTINUITY OF THESE SYSTEMS MAY BE ENSURED. THE BRITISH SIDE WILL BE HAPPY TO ANSWER ANY QUESTIONS WHICH THE CHINESE SIDE MAY WISH TO RAISE. UNQUOTE.

CRADOCK

FUTURE OF HONG KONG

LIMITED

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