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DESBKY 181200Z

FROM PEKING 181140Z AUG 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 812 OF 18/8/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

YOUR TEL NO 537: FUTURE OF HONG KONG:

CALL ON ZHOU NAN

1. I CALLED ON ASSISTANT MINISTER ZHOU NAN AT 3.30 THIS AFTERNOON. I SPOKE FROM A PREPARED NOTE, THE TEXT OF WHICH IS IN MIPT.

2. ZHOU NAN THEN LAUNCHED INTO A LENGTHY AND AT TIMES HEATED TIRADE, THE MAIN POINTS OF WHICH ARE BELOW. WHEN QUESTIONED AT THE END, ZHOU SAID THAT HIS REMARKS WERE NOT MERELY PERSONAL OBSERVATIONS, BUT GIVEN IN HIS CAPACITY AS AN ASSISTANT MINISTER OF THE MFA.

COMMENT ON THIS MEETING IS IN MY SECOND IPT AND A FULL RECORD WILL FOLLOW BY BAG.

2. ZHOU SAID HE WAS SURPRISED AT AND FOUND HARD TO UNDERSTAND THE UNJUSTIFIED BRITISH CRITICISM OF HU YAOBANG'S REMARKS. CHINESE LEADERS HAD THE RESPONSIBILITY AND RIGHT TO MAKE CCLEAR CHINA'S BASIC POSITION. THIS WAS ENTIRELY DIFFERENT TO REVEALING THE CONTENT OF THE TALKS AND THE TWO SHOULD NOT BE CONFUSED. HU YAOBANG HAD IN ANY CASE NOT DISCUSSED THE CONTENT OR AGENDA OF THE TALKS AND INDEED WHEN ASKED FOR DETAILS HAD TOLD THE JAPANESE THAT HE WAS UNABLE TO SAY MORE ABOUT THE TALKS.

3. ZHOU THEN ARGUED THAT IT WAS THE BRITISH SIDE WHO WERE CONDUCTING THE NEGOTIATIONS THROUGH THOSE PARTS OF THE MEDIA WHICH WERE UNDER BRITISH INFLUENCE. RECENT REMARKS BY SENIOR MEMBERS OF THE BRITISH GOVERNMENT IN PARLIAMENT AND IN MESSAGES TO THE EXECUTIVE AND LEGISLATIVE COUNCILS IN HONG KONG WERE, IN ZHOU'S VIEW, A BREACH OF CONFIDENTIALITY AS THEY QUOTED PASSAGES FROM THE PRIME MINISTER'S LETTER TO ZHAO ZIYANG. THE BRITISH GOVERNMENT WERE WELL AWARE THAT THESE PASSAGES WERE UNACCEPTABLE TO THE CHINESE SIDE. HOW WAS THIS CONSISTENT WITH THE BRITISH LOGIC WHICH CRITICISED HU YAOBANG'S RECENT COMMENTS?

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4. ZHOU THEN SAID HE WISHED TO MAKE SOME COMMENTS ON THE TALKS THEMSELVES. THE CHINESE SIDE HAD PARTICIPATED IN THE THREE ROUNDS SO FAR IN GOOD FAITH, BUT THERE WAS NO EVIDENCE TO SAY THE SAME OF THE BRITISH. CHINA HAD SET FORTH HER BASIC POSITIONS AND PRINCIPLES FOR THE MAINTENANCE OF HONG KONG'S STABILITY AND PROSPERITY AFTER 1997 BUT REGRETABLY THE BRITISH SIDENHAD REFUSED TO ENTER INTO DETAILED DISCUSSION ON THIS BASIS. THEY INSTEAD, INSISTED ON DWELLING ON AN ANALYSIS OF PRESENT FACTS. THE BRITISH SIDE MAINTAINED A COLOALIST AND IMPERIALIST ATTITUDE IN INSISTING ON CONTINUED BRITISH ADMINISTRATION AFTER 1997. SUCH AN ATTITUDE WAS OUTMODED, LACKING IN REALITY AND WOULD GET NOWHERE WITH THE CHINESE GOVERNMENT OR PEOPLE. IF THIS WAS THE BRITISH GGVERNMENT'S FINAL CONCLUSION, WHAT WAS THE POINT OF THE TALKS?

5. THE QUESTION OF CONFIDENCE HAD BEEN CREATED BY THE BRITISH SIDE IN ORDER TO SUPPORT THE ARGUEMENT THAT ONLY BRITISH ADMINISTRATION COULD PREVENT HONG KONG'S COLLAPSE. THIS WAS THE LOGIC OF COLONIALISTS. IF BRITISH ADMINISTRATION WAS SO GOOD WHY HAD SO MANY PEOPLE IN FORMER BRITISH COLONIES FOUGHT FOR INDEPENDENCE AFTER WORLD WAR II? HAVING WON THEIR INDEPENDENCE THESE PEOPLE ALL RAN THEIR AFFAIRS VERY WELL. PUBLIC OPINION CITED BY THE BRITISH SIDE IN SUPPORT OF THEIR ARGUMENTS WAS NOT TRUE OPINION BUT OFFICIAL OPINION, MANIPULATED BY THE BRITISH SIDE. THERE WAS A SURPRISING COINCIDENCE BETWEEN THESE EXPRESSIONS OF OPINION AND WHAT THE BRITISH SAID DURING THE TALKS. PUBLIC OPINION WAS MANIPULATED BY UNOFFICIAL MEMBERS OF EXCO FOLLOWING THEIR BRIEFINGS FROM THE GOVERNOR, WHICH THE CHINESE GOVERNMENT IN ANY CASE REGARDED AS IMPROPER.

6. THE BRITISH SIDE HAD NOT SHOWN SINCERITY IN SOLVING THE HONG KONG PROBLEM THROUGH NEGOTIATIONS. THEY SHOULD BE CLEAR THAT BRITISH RULE AFTER 1997, OR SINO-BRITISH CO-ADMINISTRATION AFTER 1997, WAS COMPLETELY UNACCEPTABLE TO THE CHINESE PEOPLE, AND ANY PETTY MANOEUVRES OF THIS KIND WOULD BE FRUITLESS. THE PURSUIT OF THEM WOULD AROUSE THE INDIGNATION OF THE CHINESE PEOPLE AND WOULD BE HARMFUL TO BRITISH INTERESTS. ZHOU HOPED THAT A MORE SINCERE AND BUSINESS LIKE ATTITUDE WOULD BE FORTHGOING FROM THE BRITISH SIDE WHEN THE TALKS RESUMED IN SEPTEMBER.

7. I EXPLAINED THAT IT HAD NOT BEEN MY INTENTION TO HAVE AN EXTRA SESSION OF THE TALKS, WHICH WOULD BE INAPPROPRIATE WITH BOTH DELEGATION LEADERS ABSENT. I WOULD NOT THEREFORE DEAL WITH ZHOU'S POINTS SERIATIM. I DID HOWEVER REMRECT THE SUGGESTION THAT WE WERE NOT SINCERE IN OUR WISH TO FIND A SOLUTION. OUR SINCERITY WAS DEMONSTRATED BY OUR ACTION IN SEEKING NEGOTIATIONS. A SATISFACTORY SOLUTION WAS IN EVERYONE'S INTEREST, BUT I WAS INSTRUCTED TO SAY THAT A PUBLIC ARGUMENT WAS NOT CONDUCTIVE TO FINDING IT.

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IN THIS RESPECT THERE WAS A SIGNIFACANT DIFFERENCE BETWEEN THE GOVERNOR OF HONG KONG INFORMING EXCO OF THE PROGRESS OF THE TALKS AND DISCUSSING THE TALKS WITH JOURNALISTS IF A THIRD COUNTRY. THE BRITISH SIDE HAD CAREFULLY AVOIDED MAKING ANY PUBLIC STATEMENTS ABOUT THE CONTENTS OR THE AGENDA OF THE TALKS. BUT IF IMPORTANT PEOPLE LIKE HU SPOKE IN BREACH OF OUR AGREEMENT, WE SHOULD BE UNDER PRESSURE TO MAKE STATEMENTS OF OUR OWN. WE SHOULD PREFER NOT TO HAVE TO DO SO AS IT WOULD DAMAGE CONFIDENCE AND PROPERITY IN HONG KONG.

8. ZHOU SAID HE DID NOT FIND THIS ARGUMENT CONVINCING. HOW THEN DID WE ACCOUNT FOR SENIOR BRITISH FIGURES QUOTING PASSAGES FROM THE PRIME MINISTER'S LETTER TO ZHAO ZIYANG IN PARLIAMENT. AT THIS POINT WE ASKED FOR CLARFICATION OF THIS AND POINTED OUT THAT THR BRITISH SIDE HAD NEVER EVEN REVEALED THE EXISTENCE OF THE LETTER. ZHOU CONCEDED THAT REMARKS HAD NOT BEEN PRESENTED AS QUOTATIONS FROM THE LETTER: HE SAID THAT HE WAS REFERRING TO YOUR MESSAGE TO EXCO AND LEGCO IN YOUR APPOINTEMENT, AND PRODUCED A SHEAF OF PRESS CUTTINGS. HE MADE TWO FINAL POINTS:

(I) THAT CHINESE LEADERS HAD THE RIGHT TO EXPRESS CHINA'S

BASIC POSITION ON HONG KONG:

(II) THE CHINESE SIDE HAD NOT REVEALED THE CONTENTS OF THE TALKS AND HAD NO INTENTION OF CONDUCTING NEGOTIATIONS THROUGH THE MASS MEDIA.

I WELCOMED THE ASSURANCE CONTAINED IN THIS SECOND POINT. OUR NEGOTIATIONS WERE OF GREAT PUBLIC INTEREST AND GREAT CARE WAS NECESSARY.

9. ZHOU SAID FINALLY THAT HE WISHED TO REMIND THE BRITISH SIDE THAT DENG AND ZHAO HAD TOLD THE PRIME MINISTER THAT IF THE BRITISH CREATED DISTURBANCES IN HONG KONG CHINA WOULD BE COMPELLED TO RECONSIDER THE TIMING AND MANNER OF THE RECOVERY OF SOVEREIGNTY. HU HAD NOT REPEATED THIS REMARK TO THE JAPANESE BUT IT SITLL STOOD. HE REQUESTED ME TO TRANSMIT HIS STATEMENT FULLY TO SIR P CRADOCK AND TO MY GOVERNMENT.

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10. FINALLY WE RECALLED THAT AT THE LAST SESSION BOTH SIDES HAD SAID THEY WOULD CONSIDER CAREFULLY THE POINTS MADE BY THE OTHER. FOR OUR PART WE WOULD DO SO, AND WOULD TAKE INTO ACCOUNT ZHOU'S STATEMENT. WE HOPED THE CHINESE SIDE WOULD ALSO STUDY WHAT WE HAD SAID. ZHOU RETORTED THAT HE HAD DONE SO CAREFULLY, AND HAD READ ALL THE PAPERS WHICH WE PUT FORWARD.

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FUTURE OF HONG KONG

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DESBKY 181200ZL

FROM PEKING 180920Z AUG 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 813 OF 18/8/83

REPEATED FOR INFO TO HONG KONG

MIPT: FUTURE OF HONG KONG: INTERVIEW WITH ZHOU NAN

1. FOLLOWING IS TEXT OF THE SPEAKING NOTE WHICH I USED WITH ZHOU NAN. I DID NOT, REPEAT NOT, LEAVE A COPY.

FUTURE OF HONG KONG: YOUR CALL ON VICE-FOREIGN MINISTER ZHOU NAN AT THE MINISTRY OF FOREIGN AFFAIRS, 18 AUGUST 1983
SPEAKING NOTE

BEGINS

1. I HAVE BEEN INSTRUCTED BY MY GOVERNMENT TO CALL ON YOU TO RAISE THE MATTER OF A NEW CHINA NEWS AGENCY REPORT WHICH APPEARED ON THE FRONT PAGES OF CHINESE NEWSPAPERS ON TUESDAY 16 AUGUST. THE REPORT SAID THAT THE GENERAL SECRETARY OF THE CHINESE COMMUNIST PARTY, MR HU YAOBANG, SPOKE TO A VISITING GROUP OF JAPANESE JOURNALISTS LED BY THE PRESIDENT OF MAINICHI SHIMBUN, MR YAMAUCI, ON 15 AUGUST ABOUT HONG KONG. ACCORDING TO THE REPORT, MR HU SAID: THAT CHINA WAS SET TO RECOVER ITS SOVEREIGNTY OVER HONG KONG BY 1997: THAT THE PRESENT NEGOTIATIONS BETWEEN CHINA AND BRITAIN WERE ONLY CONCEREND WITH WAYS OF PRESERVING HONG KONG'S PROSPERITY AND STABILITY AND THE GRADUAL TRANSITION FROM NOW TO THE TIME OF RECOVERY: AND THAT CHINA HAD A ''COMPLETE SET OF POLICIES'' FOR THE MAINTENANCE OF HONG KONG'S PROSPERITY.

2. SINCE THE PROCESS OF NEGOTIATION BEGAN IN SEPTEMBER LAST YEAR IT HAS BEEN AGREED BETWEEN OUR TWO SIDES THAT THE TALKS SHOULD BE TREATED AS HIGHLY CONFIDENTIAL. SIR PERCY CRADOCK HAS SPOKEN ABOUT CONFIDENTIALITY WITH VICE-FOREIGN MINISTER YAO GUANG ON SEVERAL OCCASIONS AND MR YAO HAS SAID THAT CHINA WOULD ABIDE BY THE AGREEMENT NOT TO REVEAL THE CONTENT OF THE TALKS. THE SAME GOES FOR THE AGREED AGENDA OF THE TALKS. YMU YOURSELF AGREED WITH SIR PERCY CRADOCK AT LUNCH ON 21 JUNE THAT THE AGENDA SHOWULD BE KEPT CONFIDENTIAL. FURTHERMORE, THROUGHOUT THE THREE ROUNDS OF TALKS HELD SINCE THE BEGINNING OF THE SECOND PHASE OF OUR DISCUSSIONS, IT HAS BEEN AGREED BY THE TWO SIDES THAT WE SHOULD NOT GO BEYOND THE AGREED PRESS STATEMENTS WHEN TALKING IN PUBLIC.

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3. THE BRITISH SIDE HAS STUCK CLOSELY TO THE AGREED PRESS STATEMENTS. WE HAVE SAID NOTHING ABOUT THE CONTENT OF THE TALKS NOR ABOUT THE AGENDA AND WHEN QUESTIONED ON THESE POINTS WE HAVE SAID THAT BY AGREEMENT OF THE TWO SIDES THEY MUST REMAIN CONFIDENTIAL. THE BRITISH GOVERNMENT WAS THEREFORE SURPRISED AND CONCERNED TO READ THIS REPORT OF MR HU'S REMARKS WHICH HAVE DETAILS OF THE CHINESE GOVERNMENT'S POSITION IN THE NEGOTIATIONS WHICH HAVE NOT HITHERTO BEEN MADE PUBLIC WHICH PRESENTED AN INCOMPLETE AND THEREFORE INCORRECT VERSION OF THE AGENDA.

4. WHEN SIR PERCY CRADOCK HAS DISCUSSED THE QUESTION OF CONFIDENTIALITY IN THE PAST WITH VICE-MINISTER YAO GUANG, AND YOURSELF, HE HAS STRESSED THAT THE BRITISH SIDE HAS NO WISH TO NEGOTIATE THIS HIGHLY DELICATE PROBLEM VIA THE MASS MEDIA. IT IS OUR FIRM BELIEF THAT TO DO SO WOULD BE HIGHLY DAMAGING FOR CONFIDENCE IN HONG KONG. THIS LATEST REPORT WAS GIVEN PROMINENT COVERAGE IN THE HONG KONG PRESS AND WILL CAUSE CONSIDERABLE CONCERN. MY GOVERNMENT BELIEVES THAT IT IS STRONGLY IN THE INTERESTS OF BOTH SIDES THAT WE ACHIEVE OUR COMMON AIM OF MAINTAINING STABILITY AND PROSPERITY IN HONG KONG. DURING THE PERIOD OF THE NEGOTIATIONS IT IS VITALLY IMPORTANT THAT WE DO NOT AIR THE DIFFERENCES BETWEEN US IN PUBLIC. I AM INSTRUCTED TO EXPRESS THE HOPE THAT THE CHINESE SIDE WILL IN FUTURE ABIDE BY ITS COMMITMENT TO MAINTAIN CONFIDENTIALITY ABOUT THE CONTENT OF THE TALKS.

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FROM PEKING 181040Z AUG 83

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TO IMMEDIATE FCO

TELEGRAM NUMBER 814 OF 18/8/83

REPEATED FOR INFO TO ROUTINE HONG KONG

MY 2 IPTS: FUTURE OF HONG KONG

COMMENT

1. THIS WAS A DIFFERENT ZHOU NAN FROM THE ONE WE SAW EARLIER IN THE SUMMER. ALTHOUGH HIS MANNER AT BEGINNING AND END WAS FRIENDLY, WHILE REJECTING OUR DEMARCHE AND PARTICULARLY WHILE DELIVERING HIS 'COMMENTS' ON THE STATE OF THE TALKS ZHOU STAGED A SHOW OF AGNER, RAISING HIS VOICE, GOING RED IN THE FACE AND EVEN ONCE SHOUTING AT HIS INTERPRETER. THIS, THOUGH NO DOUBT CONTRIVED, IS UNLIKE ANYTHING WE HAVE YET SEEN IN THE TALKS.

2. ZHOU READ HIS PRINCIPAL COMMENTS FROM A PIECE OF PAPER. THE CARE HE TOOK TO UNDERLINE THE IMPORTANCE OF HIS STATEMENT (AND THE FACT THAT LUO TOOK GALSORTHY ASIDE ON THE WAY OUT TO EMPHASISE AGAIN THAT IT WAS VERY IMPORTANT) MAKE IT CLEAR THAT THIS WAS A FORMAL STATEMENT BY THE CHINESE TO THE BRITISH GOVERNMENT.

3. WHEN CHINESE OFFICIALS BEHAVE LIKE THIS IT USUALLY MEANS THAT THEY ARE UNDER HEAVY PRESSURE FROM ABOVE. THERE IS NO DOUBT THAT THE TEMPERATURE HAS RISEN. THE MOST PROBABLE EXPLANATION IS THAT SINCE THE LAST SESSION OF TALKS A REPORT HAS BEEN MADE TO THE LEADERSHIP, THAT THERE WAS AN ANGRY REACTION THERE TO OUR STANCE, AND THAT INSTRUCTIONS HAVE BEEN GIVEN TO THE NEGOTIATORS TO UP THE ANTE. THIS WOULD BE CONSISTENT WITH HU'S STATEMENT TO THE JAPANESE PRESS. THE PURPOSE OF DOING THIS AT THIS TIME IS NO DOUBT TO PUT PRESSURE ON US WHILE WE ARE STILL CONSIDERING OUR POSITION FOR THE SEPTEMBER ROUND.

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