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GR 240
SECRET
FM PEKING 110930Z OCT 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 1005 OF 11 OCTOBER
INFO IMMEDIATE HONG KONG

SECRET

FUTURE OF HONG KONG

1. AT A LUNCH FOR ELLIOTT AND WALKER GIVEN BY WESTERN EUROPEAN DEPARTMENT, MFA, ON 11 OCTOBER LUO JIAHUAN, WHO LOOKED MORE THAN USUALLY TIRED AND WORRIED, EXPRESSED GLOOM ON THE PROSPECTS FOR THE HONG KONG NEGOTIATIONS, AND ASKED ABOUT THE CONTENT OF THE AMBASSADOR'S MESSAGE. HEAD OF CHANCERY SAID THAT HE COULD NOT ANTICIPATE THE AMBASSADOR, BUT THAT THE MESSAGE WOULD BE AN IMPORTANT ONE. LUO SAID THAT IF WE DID NOT CHANGE OUR TUNE IT WAS DIFFICULT TO SEE HOW THE TALKS COULD CONTINUE. H OF C REPLIED THAT A BREAKDOWN WOULD DO GREAT DAMAGE AND BE IN THE INTERESTS OF NEITHER SIDE. LUO REMARKED THAT HE AGREED BUT THAT, UNLESS THERE WAS A CHANGE IN SUBSTANCE ON THE BRITISH SIDE, THE CHINESE HAD NO CHOICE.

2. WHEN TAXED WITH WU XUEQIAN'S REMARK IN OTTAWA THAT NO MATTER HOW NEGOTIATIONS WENT CHINA INTENDED TO ANNOUNCE HER PLAN IN SEPTEMBER 1984 (OTTAWA TELNO 589), LUO SAID THAT IF AN AGREEMENT BETWEEN THE TWO SIDES WAS REACHED THE CHINESE WERE OF COURSE OPEN TO DISCUSSION ON THE FORM OF AN ANNOUNCEMENT.

COMMENT

3. LUO'S REMARK IN PARAGRAPH 1 TENDS TO SUPPORT OUR SUSPICION THAT THE CHINESE HAVE BEEN PREPARING FOR A BREAKDOWN IN THE NEXT ROUND UNLESS THERE IS A SHIFT IN OUR POSITION.

CLARK

FUTURE OF HONG KONG

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