

FUTURE OF HONG KONG ADVANCE COPIES 810

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FM HONG KONG 240440Z OCT 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 1576 OF 24 OCTOBER
INFO IMMEDIATE PEKING

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FUTURE OF HONG KONG: DISCUSSION WITH EXCO.

1. I GAVE EXCO A SUMMARY ACCOUNT OF THE LAST ROUND OF TALKS AT A PARTIAL MEETING ON 22 OCTOBER, ADDING A PRELIMINARY ASSESSMENT ON THE FOLLOWING LINES:-

(A) THE PRIME MINISTER'S MESSAGE HAD ACHIEVED ITS IMMEDIATE PURPOSE. THE ATMOSPHERE WAS WARMER THAN DURING THE LAST ROUND, PARTICULARLY ON THE SECOND DAY; AND THERE WAS NO FURTHER THREAT TO BREAK OFF THE TALKS.

(B) YAO GUANG KEPT TRYING TO PIN US DOWN TO A CLEAR AND EXPLICIT AFFIRMATION OF THE PREMISE. IT REMAINED TO BE SEEN WHETHER THE CHINESE WOULD ACCEPT THAT THE PRIME MINISTER HAD GONE AS FAR AS SHE COULD.

(C) THE CHINESE REMAINED SUSPICIOUS ABOUT OUR MOTIVES AND OBJECTIVES IN THE TALKS; HENCE THEIR VARIOUS QUESTIONS ABOUT WHAT WE MEANT BY A CONTINUING ROLE FOR BRITAIN AFTER 1997. THEY WOULD PROBABLY RETURN TO INSISTENCE ON THE PREMISE IF THEY THOUGHT WE WERE SAYING THINGS INCONSISTENT WITH IT.

(D) WITH THE EXCEPTION OF THE POINT ABOUT THE SYSTEMS REMAINING UNCHANGED FOR 50 YEARS, OUR ATTEMPTS TO GET THE CHINESE TO SAY MORE ABOUT THEIR PLAN HAD SO FAR ONLY PRODUCED A REPETITION OF WHAT THEY HAD SAID IN JULY. THEY HAD MADE IT CLEAR THAT THEY WERE KEEN TO HEAR OUR IDEAS AND SUGGESTIONS ON ALL ASPECTS OF THEIR PLAN. IT WAS POSSIBLE THAT THEY THEMSELVES HAD NOT DEVELOPED MORE DETAILED IDEAS.

(E) WE SHOULD THEREFORE NEED TO THINK VERY CAREFULLY ABOUT TACTICS FOR THE NEXT ROUND. THE INFORMAL CONTACTS WHICH IT HAD BEEN AGREED SHOULD TAKE PLACE MIGHT HELP TO INDICATE THE WAY FORWARD MORE CLEARLY.

2. I SUMMED UP BY SAYING THAT THE DOOR WAS NOW OPEN AND IT LOOKED AS THOUGH WE WERE EDGING THROUGH IT. BUT IT WAS NOT YET CLEAR WHAT WE WOULD FIND ON THE OTHER SIDE.

3. SIR S.Y. CHUNG SAID THAT WE HAD CLEARLY BEEN SUCCESSFUL IN KEEPING THE TALKS GOING. BUT NO PROGRESS HAD BEEN MADE TOWARDS ACHIEVING OUR OBJECTIVE (OF CONTINUING BRITISH ADMINISTRATION) AND THAT WAS VERY DISAPPOINTING. EVERY TIME WE MADE A CONCESSION THE CHINESE SIMPLY BOCKETED IT. THE CHINESE THEMSELVES DID NOT

ACHIEVING OUR OBJECTIVE (OF CONTINUING BRITISH ADMINISTRATION) AND THAT WAS VERY DISAPPOINTING. EVERY TIME WE MADE A CONCESSION THE CHINESE SIMPLY POCKETED IT. THE CHINESE THEMSELVES DID NOT MOVE. IN THIS CONNECTION HE WAS CONCERNED ABOUT THE DISTINCTION DRAWN BY YAO GUANG BETWEEN THE PLAN AS A WHOLE, ON WHICH THE CHINESE WERE WILLING ONLY TO "BRIEF" US, AND QUESTIONS DIRECTLY AFFECTING BRITISH INTERESTS, WHICH THEY WERE PREPARED TO DISCUSS. HE THOUGHT WE WOULD GET NOTHING MORE OUT OF THEM ON THEIR PLAN. MR T.S. LO WAS IN GENERAL AGREEMENT WITH SHR S.Y.'S COMMENTS. HE THOUGHT THAT THE CHINESE PURPOSE IN SEEKING COMMENTS ON THEIR PROPOSALS WAS SIMPLY TO GET US TO ACCEPT THE PLAN AND THE ASSUMPTIONS ON WHICH IT WAS BASED.

4. OTHER MEMBERS THOUGHT IT WAS TOO EARLY TO TAKE SUCH A PESSIMISTIC VIEW. THEY SAW SIGNIFICANCE IN THE WARMTH OF THE CHINESE WELCOME FOR THE PRIME MINISTER'S MESSAGE; THE CHINESE INTEREST IN GETTING BRITISH IDEAS AND SUGGESTIONS ON THEIR PROPOSALS; AND THEIR WISH TO PURSUE INFORMAL CONTACTS BEFORE THE NEXT ROUND.

5. IN THE LIGHT OF THIS DISCUSSION THE PRESENTATION OF THE TACTICAL IDEAS OUTLINED IN PEKING TELNO 1068 WILL NEED CAREFUL HANDLING. I AM TELEGRAPHING SEPARATELY ABOUT THIS.

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