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DESBKY 081130Z FCO

DESKBY 090030Z HONG KONG

FROM PEKING 081100Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1161 OF 8/11/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

MIPT: FUTURE OF HONG KONG: MEETING WITH YAO GUANG.

1. YAO WAS GENERALLY DEFENSIVE. HE CLEARLY WISHED TO AVOID A ROW AND, GIVEN THE NATURE OF MY REMARKS AND THE INVOLVEMENT OF DENG HIMSELF, HIS RESPONSE WAS ABOUT AS LOW-KEY AS WE COULD HAVE EXPECTED. HE REMAINED FRIENDLY THROUGHOUT, RECOGNISED PROGRESS MADE IN THE LAST ROUND, AND LOOKED FORWARD TO MY PRIVATE DINNER FOR HIM ON 10 NOVEMBER.

2. HE ALSO ACKNOWLEDGED FAIRLY CLEARLY TWICE IN THE CONVERSATION THAT THERE WAS A GREAT DIFFERENCE BETWEEN THE JOINT ADMINISTRATION OF WHICH DENG SPOKE, AND THE INFORMAL SUGGESTION HE MADE ON 28 OCTOBER. IT IS QUITE LIKELY THAT HE HAD MADE AN INACCURATE REPORT OF THAT CONVERSATION.

3. IT IS, HOWEVER, VERY CLEAR THAT THE CHINESE STILL HARBOUR DEEP SUSPICION OF OUR MOTIVES. THEY HAVE APPARENTLY BEEN WORRIED BY THE REPORTS OF THE PRIME MINISTERS 'PHONE-IN. THIS, OUR UNWILLINGNESS TO SHOW OUR HAND FULLY ON THE BRITISH LINK, AND A PROBABLY INACCURATE REPORT OF THE 28 OCTOBER CONVERSATION, HAVE COMBINED TO THREATEN A SLIPPING BACK. IT WAS APPARENT ON 28 OCTOBER THAT OUR IDEAS ON A STEP BY STEP APPROACH MIGHT NOT BE ACCEPTABLE AND THIS HAS NOW BEEN CONFIRMED. WHAT THE CHINESE ARE SAYING IS THAT IF WE EXPLICITLY AFFIRM THE PREMISE THERE COULD BE STEP BY STEP PROGRESS BUT IF WE ARE NOT WILLING TO DO SO WE SHALL NEED TO PUT ALL OUR CARDS ON THE TABLE QUICKLY.

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4. IN THIS SITUATION, IF WE ARE TO DISSIPATE SUSPICION AND MAINTAIN THE MOMENTUM, I THINK WE SHALL HAVE BE PREPARED TO MAKE AT LEAST A GENERAL, FORMAL STATEMENT FOR THE RECORD TO THE EFFECT THAT IN BUILDING ON THE CHINESE PROPOSALS AS ENVISAGED IN THE PRIME MINISTER'S MESSAGE, WE ENVISAGE NO LINK OF AUTHORITY BETWEEN POST-1997 HONG KONG AND THE UK. THIS WOULD BE SUBJECT TO THE SAME CONDITIONALITY AS THE REST OF THE DISCUSSIONS PROPOSED IN THE PRIME MINISTER'S MESSAGE, AND IS ALREADY IMPLICIT IN OUR PROPOSAL TO ATTEMPT TO BUILD ON THE CHINESE PROPOSALS. BUT IT NEED TO BE MADE EXPLICIT. I THINK ALSO THAT WE SHALL HAVE TO BE PREPARED TO TALK IN MORE DETAIL ABOUT THE CENTRAL ISSUES OF ADMINISTRATION, MUCH SOONER THAN ORIGINALLY ENVISAGED. OTHERWISE WE FACE A REGRESSION TO THE OLD WRANGLE ON PRINCIPLE

CRADOCK

FUTURE OF HONG KONG

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ED/FED

ED/PLANNING STAFF

ED/PUSD

D/ED/PUSD(MR. FLOWER)

RESEARCH DEPT(MR WALKER)

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DESKBY 081100Z FCO

DESKBY 090030Z HONG KONG

FROM PEKING 081000Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1160 OF 8/11/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

FUTURE OF HONG KONG: MEETING WITH YAO GUANG.

1. WHEN I CALLED ON YAO GUANG ON 8 NOVEMBER I SAID THAT M. THORN HAD GIVEN ME AN ACCOUNT OF HIS CONVERSATIONS WITH DENG AND WU. AS A RESULT, I HAD BEEN INSTRUCTED TO RAISE THE QUESTION OF DENG'S COMMENTS AS REPORTED TO ME BY M9 THMRN (YTUR TEL NO 767)

2. I SAID THAT DENG APPARENTLY BELIEVED THE BRITISH SHIDUYAD BEEN ARGUING FOR SOME KIND OF JOINT ADMINISTRATION IN HONG KONG. IF MY IMPRESSION WAS CORRECT THIS WAS A SERIOUS MISAPPREHENSION. WE HAD MADE VERY PLAIN THAT WE WERE PROCEEDING ON THE BASIS OF THE CHINESE PROPOSALS. THE CHINESE PROPOSALS AS DESCRIBED BY THE CHINESE THEMSELVES WERE INTIMATELY BOUND UP WITH THE CHINESE PREMISE.

AT OUR DINNER ON 28 OCTOBER THE IDEAS I HAD PUT TO YAO ON AN INFORMAL BASIS WERE, OF COURSE, ON THE CLEAR UNDERSTANDING THAT WE WOULD BE WORKING ON THE BASIS OF THE CHINESE PROPOSALS AND THAT ANY ADMINISTRATIVE POSTS OCCUPIED IN 1997 BY BRITISH PERSONNEL WOULD BE SO OCCUPIED BECAUSE THESE PERSONNEL HAD BEEN SOUGHT BY THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION. THEY WOULD BE SERVING THE GOVERNMENT OF THE SAR. THEY WOULD NOT BE APPOINTED BY THE BRITISH GOVERNMENT NOR WOULD THEY BE RESPONSIBLE TO LONDON. THEY WOULD BE RESPONSIBLE TO THE HEAD OF THE SAR GOVERNMENT. NOTHING COULD BE MORE REMOTE THAN THIS FROM ANY IDEA OF JOINT ADMINISTRATION. WE WERE THEREFORE MYSTIFIED AT DENG'S COMMENTS TO THORN AND HOPED THAT THE MISUNDERSTANDING COULD BE CLEARED UP WITHOUT DELAY.

3. YAO GUANG SAID HE WAS NOT PRESENT AT THE INTERVIEW WITH THORN AND THEREFORE DID NOT KNOW THE CONTENTS OF THE TALK. HE WAS GRATEFUL TO LEARN OF OUR REACTION AND FOR MY COMMENTS. HE WOULD REPORT. HE WENT ON TO SAY THAT IN HIS PERSONAL VIEW AT THE 5TH ROUND EFFORTS HAD BEEN MADE BY THE BRITISH SIDE AND THE CHINESE HAD EXPLICITLY AFFIRMED THOSE EFFORTS. HENCE THE USE OF USEFUL AND CONSTRUCTIVE AS ADJECTIVES IN THE COMMUNIQUE. BUT THERE WERE STILL SOME DIFFERENCES BETWEEN THE TWO SIDES AND THESE WERE DIFFERENCES OF PRINCIPLE. IT WAS NATURAL THAT THERE SHOULD BE DIFFERENCES AND THE CONTINUATION OF THE TALKS WAS AIMED AT SOLVING THEM.

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4. YAO THEN WENT ON TO REFER TO MRS THATCHER'S REMARKS AT THE RECENT 'PHONE-IN PROGRAMME. HE QUOTED HER AS SAYING THAT THE BRITISH VIEW HAD NOT CHANGED AND THAT THE TALKS WERE BASED SIMPLY ON THE JOINT COMMUNIQUE WITH ITS REFERENCES TO MAINTENANCE OF STABILITY AND PROSPERITY. HE HAD JUST SAID THAT THE TALKS WERE BEING HELD ON THE BASIS OF THE CHINESE PROPOSALS: THE MESSAGE WAS CLEAR. BUT WHAT WAS THE BASIS OF THE CHINESE PROPOSALS? DID WE HAVE DIFFERING VIEWS OF THESE PROPOSALS? THE CHINESE PROPOSALS AND THE PRINCIPLES ON WHICH SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION WOULD BE RESUMED WERE CLEAR. THE PRIME MINISTER HAD SAID THAT HER OPINION HAD NOT CHANGED. THEY WERE AWARE OF THE BRITISH VIEWS ABOUT HONG KONG FROM THE 5TH ROUND. WE WISHED TO PROCEED ON THE BASIS OF THE CHINESE PROPOSALS. BUT HOW COULD THE TWO (THE OUR STATEMENTS IN THE 5TH ROUND AND THE PRIME MINISTER'S RADIO COMMENTS) GO TOGETHER?

5. THE PRIME MINISTER HAD ALSO TOLD JOURNALISTS THAT THE UK INTENDED TO MAINTAIN ITS LINK WITH HONG KONG. WHAT WAS THE NATURE OF THIS LINK? CHINA HAD ALREADY MADE PLAIN ITS BOTTOM LINE. THE TALKS SHOULD BE CONDUCTED FRANKLY AND COMPREHENSIVELY. WHY COULD THE BRITISH SIDE NOT PUT FORWARD ALL ITS IDEAS, IF WE WERE NOT THINKING OF CO-ADMINISTRATION. RAPID PROGRESS COULD THEN ENSURE. THERE WAS NOT MUCH TIME LEFT.

6. MR LUCE HAD SAID THAT THE TWO SIDES WOULD HOLD DETAILED DISCUSSIONS. AT THE DINNER WITH ME ON 28 OCTOBER YAO HAD SAID THERE WERE TWO WAYS OF PROCEEDING. ONE WAS THAT THE CHINESE SHOULD REITERATE THEIR POLICY PACKAGE AND THE BRITISH SIDE SHOULD COMMENT. THE SECOND METHOD WAS THAT WE SHOULD PROCEED STEP BY STEP AS ADVOCATED BY THE BRITISH. IN HIS VIEW THE CHINESE SIDE DID NOT AGREE WITH THE STEP BY STEP APPROACH. DETAILED DISCUSSIONS WOULD BE LITTLE USE WHERE PRINCIPLES HAD NOT BEEN CLEARLY AFFIRMED. YAO WENT ON TO SAY THAT AT THE PRESENT STAGE IT WAS DIFFICULT FOR THE CHINESE TO BELIEVE THAT THE BRITISH SIDE WERE NOT ACTUALLY SEEKING SOME FORM OF CO-ADMINISTRATION. HE SUGGESTED THAT WE COULD CONTINUE OUR DISCUSSIONS ON THIS POINT AT MY PRIVATE DINNER FOR HIM ON 10 NOVEMBER.

7. HE THANKED YAO FOR HIS COMMENTS AND SAID HE HOPED HE WOULD PASS ON MY EXPLANATION ON THE MATTER OF JOINT ADMINISTRATION. HE HOPED HE HIMSELF UNDERSTOOD THE GREAT DIFFERENCE BETWEEN WHAT HE HAD ACTUALLY PUT FORWARD AS AN INFORMAL IDEA AND WHAT WE WERE REPORTED AS HAVING SAID. HE ONCE AGAIN WENT OVER THE DIFFERENCES. YAO SAID IT WAS A FACT THAT THE BRITISH SIDE HAD NEVER MENTIONED CO-ADMINISTRATION. BUT HE HAD SAID THAT IN FUTURE THE POSITIONS OF CHIEF OF POLICE AND ATTORNEY-GENERAL SHOULD BE FILLED BY UK PERSONNEL. HE INTERJECTED AND SAID THAT HE HAD BEEN VERY CAREFUL IN MY CHOICE OF WORDS. HE REPEATED THAT IF THE NEW HONG KONG GOVERNMENT WISHED TO EMPLOY CERTAIN BRITISH PEOPLE IN CERTAIN POSTS THIS WOULD BE A GOOD THING AS IT WOULD

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HELP THE ATMOSPHERE AT THE TIME. HE MADE IT PLAIN, HOWEVER, THAT THIS WOULD DEPEND ON THE WISH OF THE GOVERNMENT OF THE SAR. THIS WAS VERY DIFFERENT FROM BRITISH PERSONNEL BEING APPOINTED BY HMG. HE HAD ALSO MADE PLAIN THAT IN REFERRING TO THE CHIEF OF POLICE AND ATTORNEY-GENERAL HE WAS MERELY GIVING ILLUSTRATIVE EXAMPLES. YAO THEN CONCEDED THAT RESERVING POSTS FOR BRITISH OFFICIALS WAS ONE MATTER, WHEREAS FOR THE SAR GOVERNMENT TO CHOOSE TO EMPLOY THEM WAS QUITE ANOTHER. HE SAID HE HAD SPOKEN OF THE LATTER COURSE. IT WAS VERY IMPORTANT THAT THE CHINESE LEADERS UNDERSTOOD THIS.

IT SEEMED THAT THEY HAD BEEN WORKING ON THE BASIS OF AN INACCURATE REPORT. HE REPEATED THAT WE WERE SINCERELY OPERATING ON THE BASIS OF THE CHINESE PROPOSALS. HE ASKED FOR CLARIFICATION AND EARLY CONFIRMATION THAT THE DIFFERENCE BETWEEN THE IDEAS HE HAD FLOATED INFORMALLY AND THE MISCONCEPTION THAT WE WERE PRESSING FOR JOINT ADMINISTRATION HAD BEEN ACCEPTED.

8. HE WENT ON TO SAY THAT WE COULD PURSUE THE OTHER POINTS YAO HAD MADE AT MY DINNER ON THURSDAY, BUT HE WOULD WISH TO MAKE SOME PRELIMINARY COMMENTS. AS REGARDS THE PRIME MINISTER'S 'PHONE-IN PROGRAMME, HE WOULD TAKE YAO THROUGH THE DETAILED TEXT ON THURSDAY, BUT HE COULD TELL HIM NOW THAT THE CHINESE REPORTS OF IT WERE NOT ENTIRELY ACCURATE. IN ANY EVENT, THE CHINESE HAD RECEIVED THE PRIME MINISTER'S CONSIDERED THOUGHTS ON THIS MATTER IN THE MESSAGE OF 14 OCTOBER. IT WAS TO THAT AND TO THE COMMENTS OF THE BRITISH NEGOTIATORS THAT THEY DIRECT THEIR ATTENTION.

9. AS REGARDS THE STEP BY STEP APPROACH, HE STILL BELIEVED THIS WAS THE RIGHT METHOD IN ORDER TO BUILD UP CONFIDENCE BETWEEN THE TWO SIDES. THE EVENTS OF THE LAST FEW DAYS HAD SHOWN THAT CONFIDENCE WAS VERY MUCH IN NEED OF FOSTERING.

10. HE SAID THAT ONCE AGAIN YAO SEEMED TO BE HANKERING AFTER AN EXPLICIT AFFIRMATION OF THE CHINESE PREMISE. HE WENT OVER THE GROUND IN EARLIER EXCHANGES, EXPLAINING THE PARLIAMENTARY CONSTRAINTS ON THE PRIME MINISTER AND THE FACT THAT THE CHINESE SHOULD RECOGNISE HOW FAR THEY HAD GOT AND NOT ASK FOR THE IMPOSSIBLE. WE WISHED TO PROCEED ON A BUSINESSLIKE BASIS AND NOT REVERT TO STERILE ARGUMENTS ABOUT PRINCIPLE. THE CHINESE SIDE HAD PRESSED US FOR DETAILS. WE HAD NOW PUT FORWARD PAPERS. WE WISHED TO GET DOWN TO DETAILED DISCUSSION OF THEM.

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11. I THEN RAISED A FURTHER POINT ON DENG'S REMARKS TO THRON, QUOTING DENG'S COMMENT THAT ALTHOUGH THE BRITISH ATTITUDE HAD SHOWN SOME SIGNS OF CHANGE, OUR ACTUAL IDEAS HAD NOT. WE OUR SIDE FOUND THIS A PARTICULARLY DISAPPOINTING AND WORRYING COMMENT. I HAD ON A NUMBER OF OCCASIONS EXPLAINED THAT FOR THE PURPOSES OF THE DISCUSSIONS WE WERE NO LONGER INSISTING ON BRITISH ADMINISTRATION AS A PREREQUISITE. THE CHINESE HAD, IN THE PAST, DESCRIBED THIS AS AN INSURMOUNTABLE OBSTACLE. IT HAD BEEN REMOVED. THAT REPRESENTED A VERY REAL CHANGE IN OUR IDEAS. WHEN I DELIVERED THE PRIME MINISTER'S MESSAGE ON 14 OCTOBER I EXPRESSED THE HOPE THAT THE CHINESE SIDE WOULD RECOGNISE THE IMPORTANCE OF THE STEP WE WERE TAKING AND WOULD RESPOND APPROPRIATELY. DENG'S COMMENTS FAILED TO RECOGNISE ANY REAL CHANGE ON OUR SIDE AND, INDEED, HE HAD SAID THE CHINESE WOULD HAVE TO BE READY FOR FURTHER BRITISH MACHINATIONS. THIS CAME NEAR TO SAYING WE WERE NOT NEGOTIATING IN GOOD FAITH, AND TO CASTING DOUBT ON THE SINCERITY OF THE PRIME MINISTER'S MESSAGE. THESE WERE NOT COMMENTS THAT WOULD HELP A SERIOUS AND CONSTRUCTIVE NEGOTIATION WHICH WE STILL SINCERELY SOUGHT.

12. YAO SAID, RATHER DEFENSIVELY, THAT DENG HAD READ THE PRIME MINISTER'S MESSAGE. HE HAD ALSO UNDERSTOOD THE CONTENTS OF THE PRIME MINISTER'S 'PHONE-IN. HE WAS FAMILIAR WITH THE CONTENT OF THE TALKS AND WAS VERY WELL INFORMED. I SAID I HOPED HE UNDERSTOOD THE EFFORTS WE HAD MADE. YAO DREW ATTENTION TO DENG'S REFERENCE TO THE CHANGE IN CERTAIN RESPECTS IN OUR ATTITUDE. IN ADDITION TO HIS PERSONAL INTEREST IN POST-1997 ARRANGEMENTS, DENG WAS ALSO CONCERNED OVER THE TRANSITIONAL, THE PRE-1997, PERIOD. WHEN HE SAW THE PRIME MINISTER IN 1982 DENG HAD SAID THAT HE HOPED THE TWO SIDES WOULD AVOID ANY MAN MADE TURBULENCE IN HONG KONG, OTHERWISE CHINA MIGHT HAVE TO RECONSIDER ITS TIMING AND METHOD OF RESUMPTION OF SOVEREIGNTY. DENG'S REMARKS WERE WELL-MEANT: THEY HAD BEEN MADE IN A POSITIVE AND CONSTRUCTIVE SPIRIT. HE WAS HOPING WE WOULD FIND A GOOD SOLUTION.

13. I SAID I WAS VERY ENCOURAGED TO HEAR THAT DENG'S REMARKS WERE MADE IN A HELPFUL WAY. WHAT WE MOST WANTED WAS AGREEMENT THAT THERE HAD BEEN SOME MISUNDERSTANDING OVER JOINT ADMINISTRATION. YAO RESPONDED THAT IT WAS RIGHT TO RECOGNISE THAT DIFFERENCES EXISTED AND REPEATED HIS EARLY COMMENT THAT THERE WAS A CLEAR DIFFERENCE BETWEEN POSTS BEING RESERVED AND POSTS BEING FILLED AT THE REQUEST OF THE SAR. THIS ISSUE INVOLVED THE SOVEREIGNTY AND DIGNITY OF A SOVEREIGN STATE. HE ADVISED US TO MAKE VERY CLEAR WHAT WE MEANT BY A BRITISH LINK, BRITISH PARTICIPATION AND OUR ROLE IN HONG KONG AFTER 1997. ONCE THIS WAS CLEAR WE COULD GO AHEAD IN THE TALKS. BUT AT PRESENT A STEP BY STEP APPROACH WAS UNACCEPTABLE. HE REITERATED THAT TIME BEFORE SEPTEMBER 1984 WAS RUNNING OUT.

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14. I SAID I NOTED HIS COMMENTS ON THE BRITISH ROLE AND WOULD REPORT. I THEN WENT ON TO RAISE A FURTHER POINT ON THE DENG-THORN EPISODE. I HOPED YAO WOULD UNDERSTAND THAT I DID SO IN THE SINCERE WISH TO FURTHER OUR TALKS. I HAD RECEIVED M. THORN'S ACCOUNT IN THE FIRST INSTANCE IN A MEETING ATTENDED BY THE OTHER NINE EC AMBASSADORS. THIS WAS ONLY NATURAL WHEN THE CHINESE COMMENTS WERE MADE TO A PERSON WHO REPRESENTED, IN THE ECONOMIC SPHERE AT LEAST, 10 EUROPEAN COUNTRIES. THESE REMARKS WERE THEREFORE BROADCAST THROUGHOUT PEKING AND WE SHOULD NOT BE SURPRISED IF THERE WAS A LEAK. ANY SUCH LEAK WOULD NOT BE THE BRITISH RESPONSIBILITY. I WENT ON TO SAY THAT SPEAKING ON INSTRUCTIONS I THOUGHT IT EXTREMELY UNFORTUNATE THAT A RESPONSE TO POINTS MADE IN THE COURSE OF INFORMAL BILATERAL CONVERSATION IN THE MARGINS OF NEGOTIATIONS WHICH WE HAD BOTH AGREED MUST REMAIN SECRET, SHOULD HAVE BEEN MADE TO A THIRD PARTY. WE WOULD REMAIN VERY INTERESTED IN ANY RESPONSE BY THE CHINESE SIDE TO OUR SUGGESTIONS ON HONG KONG AND WE LOOKED FORWARD TO THEIR COMMENTS ON THE WORKING PAPERS WE HAD DELIVERED. HOWEVER, I PROFOUNDLY HOPED THAT IN THE FUTURE ANY SUCH REACTIONS WOULD BE MADE TO ME OR MY STAFF, OR IF THE CHINESE SIDE PREFERRED, IN A MESSAGE TO BRITISH MINISTERS. THE MINISTER HAD ASKED FOR OUR IDEAS ON THE BRITISH LINK BUT I WISHED TO BE CERTAIN THAT THE CHINESE RESPONSE WOULD BE MADE TO US AND THAT I WOULD NOT HAVE TO SEEK IT FROM THE HANDS OF SOME ITINERANT EUROPEAN OR OTHER VISITOR TO PEKING.

15. YAO REPLIED THAT DURING THE 5TH ROUND HE HAD MADE AN EXPLICIT REQUEST FOR DETAILS OF OUR INTENDED FUTURE ROLE. I POINTED OUT THAT WEN HAD GIVEN AN INFORMAL REACTION TO THIS REQUEST THE RESPONSE HAD NOT COME BACK TO ME. YAO WENT ON THAT IT WAS ONLY NATURAL THAT DENG SHOULD MAKE REMARKS TO A THIRD PARTY. THORN AS A GUEST HAD WANTED TO HEAR ABOUT HONG KONG. I ASKED WHETHER HE MEANT THAT THORN HAD RAISED THE MATTER. AFTER SOME HAVERING, HE SAID HE WAS NOT SURE, BUT IT WAS A MATTER OF GENERAL INTEREST. HE ALSO SAID THAT THE CHINESE HAD MADE REMARKS TO MR HEATH IN THE SAME WAY. DENG'S COMMENTS WERE MADE IN A POSITIVE SPIRIT AND WERE DESIGNED TO BE A HELPFUL REMINDER TO OUR BRITISH FRIENDS. I HAD SAID THAT THE BRITISH SIDE WAS NOT SEEKING CO-ADMINISTRATION BUT IT WAS DIFFICULT TO BELIEVE THIS. IF THERE WERE MISUNDERSTANDINGS HE HOPED THAT THE BRITISH SIDE WOULD CLARIFY THE SITUATION.

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16. HE THEN SAID THAT OF COURSE THERE WAS GENERAL INTEREST IN THE SUBJECT OF HONG KONG. WE WERE CONSTANTLY ASSAILED BY QUESTIONS BUT GAVE GENERAL AND EVASIVE ANSWERS. THIS WAS VERY DIFFERENT FROM TAKING UP WITH THIRD PARTIES SOME OF THE MOST DELICATE QUESTIONS IN THE NEGOTIATIONS. THE PARALLEL WITH MR HEATH WOULD NOT STAND. MR HEATH WAS A FORMER BRITISH PRIME MINISTER AND A MAN OF TOTAL DISCRETION. MOREOVER, THE EMBASSY WAS PRESENT AT THE INTERVIEW. HE CONTINUED THAT HE HAD ONLY LEARNED OF THE CHINESE DOUBTS ABOUT JOINT ADMINISTRATION BECAUSE OF THORN'S VISIT. THE SIMPLE WAY FOR SUCH DOUBTS TO BE CLARIFIED WAS FOR YAO TO ASK ME TO CALL.

16. SEE MIFT FOR COMMENT.

CRADOCK

FUTURE OF HONG KONG

LIMITED

ED/ERD

ED/FED

ED/PLANNING STAFF

ED/PUSD

D/ED/PUSD (MR FLOWER)

RESEARCH DEPT (MR WALKER)

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SECRET



Prime Minister.
We discussed. You
need only read the first
telegram enclosed.

Foreign and Commonwealth Office

London SW1A 2AH

9 November, 1983

Dear John,

A. d. C. $\frac{9}{11}$

Future of Hong Kong

You will have seen Peking telegram numbers 1160, 1161 and 1170 and Hong Kong telegram number 1699 about Sir Percy Cradock's meeting yesterday with Yao Guang (I enclose copies).

I also enclose a copy of a telegram containing the advice which Mr Luce has this evening sent to Sir Geoffrey Howe in Athens on the line which the Ambassador should take at his dinner with Yao on 10 November. I shall, as agreed, let you have tomorrow a synopsis of recent developments. I shall also let you have as soon as possible advice on the approach to the next round of talks on 14/15 November, taking account of anything which may emerge from the Ambassador's dinner with Yao.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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