

# SECRET

GPS 475

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DESKBY 090900Z

FM HONG KONG 090800Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1699 OF 9 NOVEMBER 1983

INFO IMMEDIATE PEKING

PEKING TELSNOs 1160 AND 1161 : FUTURE OF HONG KONG:  
AMBASSADOR'S MEETING WITH YAO GUANG

1. I HAVE NOT HAD TIME TO STUDY THE AMBASSADOR'S REPORT IN DETAIL BUT AGREE GENERALLY WITH THE ASSESSMENT OF THE CHINESE POSITION AS SET OUT IN PARA 3 OF PEKING TELNO 1161.

2. THE IMPLICATIONS OF WHAT DENG SAID TO THORN, AND WHAT YAO HAS NOW CONFIRMED TO THE AMBASSADOR ARE SERIOUS AND WILL REQUIRE VERY CAREFUL CONSIDERATION. I DO NOT THINK WE SHOULD LET THE CHINESE RUSH US INTO FURTHER CONCESSIONS. IN PARTICULAR, I DO NOT AGREE THAT WE SHOULD GO AS FAR AS IS SUGGESTED IN PARA 4 OF PEKING TEL UNDER REFERENCE. TO TELL THE CHINESE THAT QUOTE WE ENVISAGE NO LINK OF AUTHORITY BETWEEN POST-1997 HONG KONG AND THE UK UNQUOTE WOULD BE TANTAMOUNT TO IMPLICIT AFFIRMATION OF THE CHINESE PREMISE. MOREOVER, IF WE WERE EXPLICITLY TO RULE OUT (NEXT WORD UNDERLINED) ANY QUOTE LINK OF AUTHORITY UNQUOTE AT THIS EARLY STAGE WE SHOULD NO DOUBT THEN BE INVITED TO RENOUNCE OTHER BRITISH LINKS BEFORE THE GAME HAS STARTED. THE SCOPE FOR BUILDING CONTINUING BRITISH LINKS INTO THE VARIOUS SYSTEMS WOULD BE DRASTICALLY REDUCED AND THE PROSPECTS FOR CONSTRUCTING QUOTE ARRANGEMENTS OF LASTING VALUE TO THE PEOPLE OF HONG KONG UNQUOTE ON THE BASIS OF THE CHINESE PROPOSALS WOULD BE SERIOUSLY PREJUDICED.

3. A MOVE OF THIS KIND WOULD ALSO GO BEYOND THE TERMS OF THE PRIME MINISTER'S MESSAGE AS EXCO UNDERSTAND IT, AND I VERY MUCH DOUBT WHETHER UNOFFICIALS WOULD BE WILLING TO ENDORSE SUCH A STEP SO SOON AFTER WE HAVE TOLD THE CHINESE EMPHATICALLY THAT MRS THATCHER'S MESSAGE IS AS FAR AS WE CAN GO TO MEET THE PREMISE.

4. IT IS THEREFORE MY VIEW THAT WE SHOULD CONTINUE TO ARGUE VIGOROUSLY THAT WE HAVE GONE AS FAR AS WE CAN, AND IN FAVOUR OF OUR STEP BY STEP APPROACH: THAT WE SHOULD PUT IN THE ADDITIONAL PAPER ON HONG KONG'S EXTERNAL ECONOMIC RELATIONS (WHICH EXCO APPROVED WITHOUT AMENDMENT TODAY): AND THAT WE SHOULD USE THE THREE PAPERS SO FAR APPROVED AND FUTURE ONES TO DEMONSTRATE TO THE CHINESE THAT WE ARE WORKING ON THE BASIS OF THEIR PROPOSALS AND ARE READY TO GET DOWN TO PRACTICAL DISCUSSION OF THE IMPLICATIONS OF THOSE PROPOSALS POST-1997.

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5. I ALSO BELIEVE WE MUST BE CAREFUL IN DISCUSSING THE POSSIBLE EMPLOYMENT OF BRITISH OFFICIALS AFTER 1997. IT WAS INDEED OUR THOUGHT HERE, AND I THOUGHT IT WAS ACCEPTED, THAT CERTAIN POSTS MIGHT BE RESERVED FOR BRITISH PERSONNEL AS ONE OF THE GUARANTEES. WE SHOULD NOT ABANDON THIS PREMATURELY: IT DOES NOT AMOUNT TO QUOTE CO-ADMINISTRATION UNQUOTE.

6. WHEN THE AMBASSADOR SEES YAO GUANG AGAIN TOMORROW HE WILL NO DOUBT CONTINUE TO REFUTE THE CONTENTION THAT WE ARE WORKING FOR SOME FORM OF JOINT ADMINISTRATION. BUT I HOPE HE WILL LEAVE YAO IN NO DOUBT THAT THE PRIME MINISTER'S MESSAGE IS AS FAR AS WE CAN GO ON THE PREMISE.

YOUDE

FUTURE OF HONG KONG

LIMITED

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