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DESKBY 101800Z
FROM PEKING 100855Z NOV 83

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1176

TO IMMEDIATE FCO

TELEGRAM NUMBER 1176 OF 10/11/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG, ATHENS (FOR PRIVATE SECRETARY

HONG KONG TEL NO 1699 AND FCO TEL NO 460 TO ATHENS:

FUTURE OF HONG KONG.

1. I SHALL OF COURSE SPEAK TO YAO GUANG THIS EVENING AS INSTRUCTED IN YOUR TUR AND WE SHALL NEED TO CONSIDER THE LINES TO BE TAKEN ON 14 AND 15 NOVEMBER IN THE LIGHT OF TONIGHT'S TALK.

2. IN THE MEANTIME, HOWEVER, I AM AFRAID I HAVE TO TAKE UP HONG KONG TUR. IT REVEALS A FUNDAMENTAL DIFFERENCE BETWEEN THIS EMBASSY AND THE GOVERNOR. THIS MUST BE CLARIFIED IF WE ARE NOT TO BECOME COMPLETELY STUCK.

3. THE PRIME MINISTER'S MESSAGE OFFERED - WITHOUT COMMITMENT - TO SEE WHAT COULD BE BUILT ON THE CHINESE PROPOSALS. THE LATTER ARE BASED ON THE PREMISE THAT BOTH SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION WILL PASS TO CHINA IN 1997. IT FOLLOWS AS NIGHT FOLLOWS DAY THAT THESE DISCUSSIONS WITHOUT COMMITMENT MUST BE BASED ON THE ASSUMPTION THAT THERE WILL BE NO LINK OF AUTHORITY BETWEEN THE UK AND THE HONG KONG ADMINISTRATION AFTER 1997. IF WE DO NOT ACCEPT THIS THE COURSE WHICH WE ARE PURSUING IS DOOMED TO FAILURE FROM THE START, AND INDEED WILL GENERATE SUCH SUSPICION AND RESENTMENT ON THE CHINESE SIDE THAT WE WOULD HAVE DONE BETTER NEVER TO EMBARK ON IT.

4. IF THE ABOVE IS ACCEPTED, IT FOLLOWS THAT WHEN, IN THE COURSE OF THESE DISCUSSIONS WITHOUT COMMITMENT, WE COME TO TALK OF THE CONSTITUTIONAL AND ADMINISTRATIVE ARRANGEMENTS, WE CANNOT PUT FORWARD IDEAS WHICH ENVISAGE THE CONTINUATION OF ANY LINK OF AUTHORITY BETWEEN THE UK AND HONG KONG. THE ONLY QUESTION ABOUT THIS IS ONE OF TIMING. WE HAD EARLIER THOUGHT THAT THIS STAGE SHOULD COME LATER IN OUR DISCUSSIONS. I NOW RECOMMEND THAT IT SHOULD COME EARLIER, OR AT LEAST THAT WE SHOULD GIVE AN INDICATION OF THE MAIN LINES OF OUR IDEAS. THERE IS, HOWEVER, NO NEW CONCESSION WHATSOEVER INVOLVED. IT IS A MATTER OF EXPLAINING WHAT IS MEANT BY THE PRIME MINISTER'S MESSAGE, MUCH AS WE HAVE ALREADY BEEN DOING. THE CONDITIONALITY REMAINS THE SAME AS IN THE PRIME MINISTER'S MESSAGE. WHAT WE ARE TRYING TO DO IS TO CONVINCING THE CHINESE THAT WE MEAN WHAT WE SAY WHEN WE SPEAK OF CONSTRUCTIVE DISCUSSIONS BASED ON THEIR PROPOSALS.

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5. IT FOLLOWS THAT I DO NOT AGREE WITH THE GOVERNOR'S SUGGESTION (HIS PARA 2) THAT THIS WOULD BE A FURTHER CONCESSION. NOR DO I AGREE WITH THE SUGGESTION THAT IT WOULD BE 'TANTAMOUNT TO IMPLICIT AFFIRMATION OF THE CHINESE PREMISE'. SUCH AFFIRMATION CAN ONLY OCCUR IF THE CONDITIONALITY ATTACHED TO THE PRIME MINISTER'S MESSAGE IS REMOVED. NOR DO I AGREE THAT THIS WILL COMPROMISE THE POSSIBILITY FOR BUILDING OTHER LINKS WITH BRITAIN INTO THE ARRANGEMENTS. THE POSITION NOW IS THAT FOR THE PURPOSE OF THESE DISCUSSIONS, LINKS OF AUTHORITY ARE IMPOSSIBLE, WHEREAS OTHER LINKS SHOULD BE NEGOTIABLE. WHAT I AM PROPOSING DOES NOT AFFECT THAT. IN FACT, UNLESS WE GET RID OF THE POINT ABOUT AUTHORITY WE HAVE NO CHANCE OF NEGOTIATING LESSER LINKS.

6. PARA 3 OF HONG KONG TUR ARGUES THAT MY PROPOSAL GOES BEYOND THE TERMS OF THE PRIME MINISTER'S MESSAGE, AS EXCO UNDERSTAND IT. IT WILL BE CLEAR FROM THE ABOVE THAT I REGARD THE PROPOSAL AS IMPLICIT IN THE PRIME MINISTER'S MESSAGE. INDEED, IT IS THE ONLY WAY OF CARRYING OUT HER INSTRUCTIONS OF OCTOBER AND SEEING WHETHER CAN BUILD SOMETHING OF VALUE ON THE BASIS OF THE CHINESE PROPOSALS. THE QUESTION, THEREFORE, IS WHETHER WE ARE TO ALLOW EXCO TO BE THE ARBITERS OF WHAT IS MEANT BY THE PRIME MINISTER'S MESSAGE. I DO NOT UNDERESTIMATE THE DIFFICULTIES WHICH THE GOVERNOR MAY HAVE WITH EXCO. NEVERTHELESS, AS I HAVE SAID BEFORE, I REGARD IT AS VITAL THAT IN ANY CASE WHERE THEY APPEAR TO BE BACKTRACKING FROM THE COURSE PROPOSED IN THE MESSAGE AND AGREED BY THEM, THEY SHOULD BE FIRMLY REMINDED OF THE RATIONALE OF THAT COURSE AND OF THE PRIME MINISTER'S REFUSAL TO CONTEMPLATE CONFRONTATION (THE ONLY ALTERNATIVE) UNTIL IT HAS BEEN FULLY EXPLORED. THIS MEANS A URGENT EFFORT ON OUR PART TO CONSTRUCT A WORTHWHILE BUILDING ON THE FOUNDATION OF THE CHINESE PROPOSALS. THIS OF COURSE INCLUDES A SECTION ON THE CONSTITUTIONAL AND ADMINISTRATIVE ARRANGEMENTS.

7 THE LINE PROPOSED IN PARA 4 OF HONG KONG TUR IS NOT A SUBSTITUTE FOR WHAT I AM PROPOSING. WE CAN AND SHALL CONTINUE TO ARGUE VIGOROUSLY THAT WE HAVE GONE AS FAR AS WE CAN IN THE AFFIRMATION OF THE CHINESE PREMISE. HOWEVER, THE 'FUTURE PAPERS' WHICH THE GOVERNOR MENTIONS MUST INCLUDE PAPERS ON THE CONSTITUTIONAL AND ADMINISTRATIVE POSITION. AS ARGUED ABOVE, THESE CANNOT CONTAIN ANY PROPOSAL FOR A LINK OF AUTHORITY BETWEEN THE UK AND HONG KONG. ALL I AM PROPOSING IS THAT WE SHOULD TELL THE CHINESE THIS NOW INSTEAD OF WAITING FOR IT TO EMERGE WHEN WE PRESENT A PAPER ON THIS SUBJECT. IF WE DO NOT DO THIS NOW WE SHALL FAIL IN OUR IMMEDIATE TASK, WHICH IS TO DISSIPATE CHINESE SUSPICION, PARTICULARLY AT THE TOP, THAT WE STILL PLAN TO KEEP SOME OF THE POWER OF ADMINISTRATION. WE SHALL ALSO RULE OUT WHATEVER CHANCE THERE MAY STILL BE OF THE CHINESE ACCEPTING OUR STEP-BY-STEP APPROACH.

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8. FINALLY, IT COME TO THE SUGGESTION IN PARA 5 OF HONG KONG
 THAT CERTAIN POSITIONS IN HONG KONG SHOULD BE RESERVED
 FOR BRITISH PERSONNEL. THIS IS, OF COURSE, NOT THE SAME
 AS SAYING THAT THEY COULD BE FILLED BY BRITISH PERSONNEL AND
 YAO HAS ALREADY DRAWN THIS DISTINCTION. IT WAS NOT AWARE
 THAT ANY SUCH SUGGESTION HAD BEEN MADE, LET ALONE ACCEPTED.
 IT WOULD REGARD IT AS HIGHLY INADVISABLE. OUR MAIN CONCERN
 IN SEEKING TO DEVELOP THE CHINESE PROPOSALS IS TO PRESERVE FOR
 HONG KONG AS LARGE A DEGREE OF AUTONOMY UNDER PRC SOVEREIGNTY
 AS WE CAN. BY SUGGESTING THAT HONG KONG SHOULD NOT HAVE
 AUTONOMY IN DECIDING WHETHER POSTS SHOULD BE FILLED BY UK
 PERSONNEL OR LOCAL PERSONNEL OR PERSONNEL FROM THIRD COUNTRIES
 AFTER 1997, WE SHOULD SERIOUSLY UNDERMINE OUR OWN ARGUMENTS
 FOR SUCH AUTONOMY AND DAMAGE THE LOGIC OF OUR POSITION.
 IF WE COULD LAY DOWN THINGS WHICH WOULD NOT BE OPEN TO
 QUESTION BY THE AUTONOMOUS GOVERNMENT, WHY SHOULD THE CHINESE NOT
 ALSO DO SO? MOREOVER, IT WOULD SEEM INTOLERABLY PATERNALISTIC TO
 THE CHINESE AND WOULD, I THINK, SERIOUSLY PREJUDICE OUR ATTEMPTS
 TO GET A REASONABLE NUMBER OF UK PERSONNEL RETAINED IN AN
 AUTONOMOUS HONG KONG ADMINISTRATION. DENG'S SUSPICIONS
 WOULD BE SEEN TO BE CONFIRMED AND MY ASSURANCES TO YAO PROVED
 FALSE. THE CHINESE MAY WELL ACCEPT THAT AN AUTONOMOUS HONG KONG
 SHOULD DECIDE ON AND APPOINT SUCH PEOPLE:
 I AM QUITE SURE THEY WOULD NOT ACCEPT THAT
 WE SHOULD. IN ANY CASE, WE ARE SURELY TRYING TO GUARANTEE HONG KONG
 AGAINST CHINA, NOT AGAINST THE HONG KONG PEOPLE.

CRADOCK

FUTURE OF HONG KONG

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