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DESKBY FCO 110900Z

DESKBY PEKING 110600Z

DESKBY ATHENS 110700Z

FROM HONG KONG 110440Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1707 OF 11 NOVEMBER 1983

INFO IMMEDIATE PEKING AND ATHENS (FOR PRIVATE SECRETARY)

HN 1707

PEKING TELNO 1176: FUTURE OF HONG KONG

1. I AGREE THAT THERE IS A NEED TO CLARIFY OUR PRESENT STRATEGY AND OBJECTIVES.
2. AS I UNDERSTAND IT, THE COURSE ON WHICH WE ARE NOW EMBARKED IS THAT RECOMMENDED IN PEKING TELNO 1068 AS AMPLIFIED BY MY TELNO 1581, AND ENDORSED BY MINISTERS IN FCO TELNO 718 TO PEKING. IT IS A COURSE WHICH INVOLVES MOVING BY STAGES FROM THE RELATIVELY UNCONTENTIOUS AREAS WHERE WE HAVE ALREADY SUBMITTED WORKING PAPERS THROUGH SUCH MATTERS AS INTERNATIONAL TRADING AND ECONOMIC ARRANGEMENTS, AND THE INTERNAL WORKINGS OF THE HONG KONG ADMINISTRATION, TO WHAT WE ENVISAGE TO BE THE MOST CONTROVERSIAL QUESTIONS, IN PARTICULAR THE ROLE, APPOINTMENT AND AUTHORITY OF THE GOVERNOR, AND SECURITY. IT WAS OUR HOPE THAT BY THE TIME WE CAME TO THESE LAST QUESTIONS WE WOULD HAVE ESTABLISHED THROUGH DETAILED DISCUSSION OF THE LESS SENSITIVE AREAS THE EXTENT TO WHICH THE CHINESE WOULD ALLOW HONG KONG REAL AUTONOMY AND EXTERNAL CONTACTS, AND WHAT GUARANTEES OR ASSURANCES THEY WOULD BE READY TO CONCEDE. THE CHINESE MAY BE ARGUING AGAINST THIS BUT THAT IS NO REASON TO BE IMMEDIATELY DEFLECTED FROM IT.
3. THE AMBASSADOR NOW ENVISAGES A DIFFERENT COURSE IN WHICH WE WOULD DEAL WITH THE CENTRAL QUESTIONS OF ADMINISTRATION SOON, BEFORE WE HAVE ANY CLEAR IDEA OF THE REST OF THE PACKAGE, AND THAT WE SHOULD DO SO HAVING ALREADY CONCEDED THAT THERE IS NO POSSIBILITY OF ANY LINK OF AUTHORITY OR RESPONSIBILITY BETWEEN THE UK AND HONG KONG. THIS MAY BE THE BEST WAY TO REACH EARLY AGREEMENT WITH THE CHINESE, BUT IT CARRIES THE DANGER, TO WHICH I DREW ATTENTION IN MY TELNO 1674, THAT WE WILL END UP WITH A PACKAGE WHICH IS NEGOTIABLE WITH THE CHINESE BUT WHICH WILL NOT BE REGARDED AS ACCEPTABLE HERE AND WILL NOT MAINTAIN CONFIDENCE.
4. AS I SAID IN THAT TELEGRAM, THE HEART OF THE MATTER FROM THE POINT OF VIEW OF MAINTAINING CONFIDENCE HERE IS THE QUESTION OF GUARANTEES AND ASSURANCES. ONE OF THE MOST IMPORTANT OF THESE GUARANTEES MUST BE THE NUMBER AND STRENGTH OF THE CONTINUING BRITISH LINKS WHICH WE ARE ABLE TO BUILD INTO THE SYSTEMS. WE NOW HAVE VIRTUALLY RULED OUT IN ADVANCE ANY LINKS OF AUTHORITY OR RESPONSIBILITY, AND THE AMBASSADOR HAS GONE A LONG WAY, IN HIS CONVERSATION WITH YAO GUANG ON 8 NOVEMBER TOWARDS EXCLUDING

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THE POSSIBILITY OF RESERVING POSTS FOR EXPATRIATE BRITISH OFFICIALS. THE CHINESE POSITION IS THAT SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION MUST REVERT TO CHINA. WE ARE NOW INTERPRETING THAT FOR THEM, IN A RESTRICTIVE SENSE, BEFORE WE HAVE TESTED HOW FAR THEIR POSITION COULD BE QUOTE FINESSED, UNQUOTE AND WHAT EXTERNAL LINKS COULD BE ACCOMMODATED WITHIN IT.

5. THE SUGGESTION REGARDING EXPATRIATE OFFICIALS HAS APPEARED IN MANY OF THE STUDIES WHICH HAVE BEEN MADE ON POSSIBLE SAFEGUARDS, AND WHICH HAVE BEEN THE SUBJECT OF CORRESPONDENCE BETWEEN THE EMBASSY, OURSELVES AND THE DEPARTMENT. IT IS TO BE FOUND, FOR EXAMPLE, IN ANNEX III OF THE QUOTE REAPPRAISAL UNQUOTE STUDY SUBMITTED TO MINISTERS IN AUGUST THIS YEAR (PARA 11(C)) AND IN THE DEPARTMENT'S LATEST SAFEGUARDS PAPER. IF WE ARE NOW TO RULE OUT ANY RESERVED POSITIONS FOR EXPATRIATE BRITISH OFFICIALS, AS WELL AS ANY LINKS OF AUTHORITY, THERE WILL BE PRECIOUS LITTLE LEFT FOR US TO PROPOSE IN THE WAY OF BRITISH LINKS. AS FAR AS WE CAN SEE THE REMAINING LINKS WOULD AMOUNT TO LITTLE MORE THAN THOSE DESCRIBED IN THE LEGAL SYSTEM WORKING PAPER, THE POSSIBILITY OF AN INDEPENDENT FINANCIAL COMMISSION WITH SOME BRITISH MEMBERSHIP, AND THE POSSIBILITY THAT THE UK MIGHT PROVIDE TRAINING AND OTHER ASSISTANCE FOR THE POLICE AND A LOCAL DEFENCE FORCE. BUT THE AMBASSADOR MAY WISH TO SPECIFY WHAT QUOTE OTHER LINKS UNQUOTE HE HAS IN MIND (PARA 5 OF HIS TUR). MOREOVER WE DO NOT SEE HOW WE CAN QUOTE GET A REASONABLE NUMBER OF UK PERSONNEL RETAINED IN AN AUTONOMOUS HONG KONG ADMINISTRATION UNQUOTE (PARA 8 OF PEKING TUR) IF SOME AGREEMENT IS NOT REACHED BEFOREHAND ON WHO THOSE PEOPLE MIGHT BE AND WHICH POSTS THEY MIGHT OCCUPY. THE CONTINUITY AND INTEGRITY OF THE CIVIL SERVICE ARE ESSENTIAL TO THE FUTURE STABILITY OF THE ADMINISTRATION (MY TEL NO 1703). WE CANNOT EXPECT EXPATRIATE CIVIL SERVANTS TO CARRY ON UNTIL 1997 IF THEIR ONLY GUARANTEE OF FUTURE EMPLOYMENT IS THE POSSIBILITY THAT THE AUTONOMOUS ADMINISTRATION MIGHT THEREAFTER CHOOSE TO ASK SOME OF THEM TO CONTINUE IN OFFICE, ON THE BASIS THAT THEY CAN BE ALSO BE DISMISSED AT WILL.

6. AT THE RISK OF REPEATING MYSELF, I AM CONCERNED THAT WE MAY NOW BE MAKING A MAJOR SHIFT IN OUR STRATEGY WITHOUT PROPER CONSIDERATION OF THE POLICY ISSUES INVOLVED, AND WITHOUT THE CONSULTATION WITH EXCO TO WHICH WE ARE COMMITTED. I FEAR ALSO THAT IN SEEKING TO GET ROUND THE NEW OBSTACLE RAISED BY DENG'S ATTITUDE AS REVEALED IN HIS CONVERSATION WITH M. THORN WE ARE OURSELVES VOLUNTEERING RESTRICTIVE INTERPRETATIONS OF THE CHINESE PROPOSALS WHICH THE CHINESE THEMSELVES HAVE NOT STIPULATED. IF WE CONTINUE TO DO THIS WE MAY FIND OUT THAT WE END UP WITH A PACKAGE WHICH AMOUNTS TO LITTLE MORE THAN THE CHINESE PLAN, AND WHICH WE WILL OURSELVES HAVE PROPOSED. I THEREFORE THINK IT ESSENTIAL THAT BEFORE WE GO FURTHER DOWN THIS PATH WE SHOULD HAVE A MUCH CLEARER IDEA OF THE SHAPE OF THE PACKAGE AT WHICH WE ARE AIMING.

SECRET - 2 -

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SECRET

7. THIS TELEGRAM HAS BEEN DRAFTED WITHOUT BENEFIT OF THE AMBASSADOR'S REPORT ON HIS DINNER WITH YAO GUANG ON 10 NOVEMBER. BUT AS REGARDS TACTICS FOR THE NEXT ROUND OF THE TALKS ON 14/15 NOVEMBER, IT REMAINS MY VIEW THAT WE SHOULD NOT MAKE FURTHER CONCESSIONS AT THIS STAGE (AND WE CONTINUE TO REGARD OUR VOLUNTEERING THE GENERAL AND EFFECTIVE EXCLUSION OF ANY LINK OF AUTHORITY AND RESPONSIBILITY BETWEEN THE UK AND HONG KONG AS A CONCESSION, HOWEVER CORRECT THE AMBASSADOR'S LOGICAL ARGUMENT MAY BE). IT MAY WELL BE THAT THE CHINESE ARE SIMPLY TESTING HOW MUCH FURTHER THEY CAN PUSH US TOWARDS EXPLICIT ACCEPTANCE OF THEIR PREMISE. UNLESS WE ARE PREPARED TO SHUT TIGHT AT LEAST FOR THE NEXT ROUND WE SHALL BE IN DANGER OF GETTING ON TO THE SLIPPERY SLOPE WHICH LEADS INEXORABLY TO THE OLD OPTION C: ACCEPTING THE CHINESE PREMISE AND NEGOTIATING THE BEST DEAL WE CAN ON THAT BASIS.

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-3-
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