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DESKBY 130200Z

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TO IMMEDIATE PEKING

TELEGRAM NUMBER 1184 OF 12 NOVEMBER

INFO IMMEDIATE HONG KONG

PERSONAL FOR AMBASSADOR

YOUR TELS NOS 1179 AND 1180 AND HONG KONG TELNO 1728: FUTURE OF HONG KONG

- A.J.C. $\frac{14}{11}$
f-a.
1. I AM GRATEFUL FOR YOUR REPORTS ON YOUR MEETINGS WITH YAO GUANG AND FOR YOUR AND THE GOVERNOR'S COMMENTS. I AGREE THAT YOUR CONVERSATION ON 10 NOVEMBER WAS USEFUL IN CLARIFYING THE POSITION AFTER DENG XIAO PING'S DISCUSSION WITH M. THORN, AND IN PREPARING A GOOD ATMOSPHERE FOR THE NEXT ROUND ON 14/15 NOVEMBER.
 2. AT THE SAME TIME I APPRECIATE THE PROBLEMS WHICH THE GOVERNOR HAS POINTED OUT, IN PARTICULAR THE NEED TO KEEP EXCO WITH US AND TO AVOID GIVING THE IMPRESSION TO THEM THAT WE ARE GIVING AWAY POINTS TOO SOON.
 3. ON THE QUESTION OF RESERVATION OF POSTS FOR BRITISH PERSONNEL, I UNDERSTAND THE ARGUMENT WHICH YOU EMPLOYED WITH YAO GUANG. HOWEVER I THINK WE MUST AVOID MOVING TOO QUICKLY ON THIS POINT. MINISTERS HAVE NOT TAKEN A DEFINITE VIEW ON IT EITHER WAY. I HOPE THEREFORE THAT IN THE FORMAL TALKS IT WILL BE POSSIBLE TO AVOID GIVING THE IMPRESSION THAT WE HAVE MADE A DEFINITE COMMITMENT. IN PARTICULAR I SUGGEST THAT YOU SHOULD AVOID REPEATING THE CONCEPT THAT BRITISH PERSONNEL AFTER 1997 WOULD BE IN HONG KONG (BEGIN UNDERLINING) AT THE INVITATION OF THE GOVERNMENT OF THE SPECIAL ADMINISTRATIVE REGION (CEASE UNDERLINING). THAT PHRASE IS A CLEAR NEGATION OF THE CONCEPT OF RESERVATION AND ITS USE ON THE RECORD MIGHT BE TACTICALLY DIFFICULT FOR US IF NOT COUNTER-PRODUCTIVE.
IN GENERAL YOU SHOULD USE THE FORMULA IN PARA 2 OF HONG KONG TELNO 1703 AND NOT GO BEYOND THAT EXCEPT TO ILLUSTRATE YOUR POINT.

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4. ON PERSONNEL, YOU AND THE GOVERNOR MAY WISH TO DISCUSS THE POINT IN PARA 1 OF HCNG KONG TELNO 1703 ABOUT THE PRACTICAL DIFFICULTY OF GETTING EX-PATRIATE CIVIL SERVANTS TO CONTINUE TO SERVE IN THE RUN UP TO 1997 WITHOUT SOME SECURITY OF TENURE. IF YOU JUDGE IT HELPFUL YOU COULD MAKE THIS POINT IN ORDER TO DEMONSTRATE TO THE CHINESE THAT THE PROBLEM IS COMPLEX.
5. ON THE QUESTION OF 'LINKS OF AUTHORITY' TO LONDON, I AGREE THAT YOU SHOULD DEPLOY AGAIN, FOR THE RECORD, THE FORMULA IN THE LAST TWO SENTENCES OF PARA 5 OF YOUR TELNO 1179, IE. THAT AUTHORIZED IN ATHENS TELNO 1 TO PEKING.
6. I TAKE THE GOVERNOR'S POINT ABOUT THE POSSIBLE IMPLICATIONS OF DISCUSSION OF THE ROYAL INSTRUCTIONS, LETTERS PATENT, ETC. WHILE CLEARLY CHANGE IN HONG KONG WOULD REQUIRE A CHANGE IN THE FORM OF CONSTITUTIONAL DOCUMENTS, WE MUST AVOID ABANDONING IMPORTANT POINTS OF SUBSTANCE CONTAINED IN THEM. IF THE CHINESE RAISE THE SUBJECT IN THE NEXT ROUND YOU SHOULD CONTINUE SIMPLY TO LISTEN BUT NOT TO OFFER COMMENT.
7. FOR THE REST I AGREE THAT YOU SHOULD FOLLOW THE GENERAL LINE OF PARA 5 OF YOUR SECOND TUR, I.E. TO PRESS THE STEP-BY-STEP APPROACH AND TO ENCOURAGE THE CHINESE TO RESPOND TO OUR PAPERS. ESSENTIALLY WE SHOULD SIT TIGHT ON OUR PRESENT POSITION.
8. ON THE QUESTION OF POSSIBLE EARLIER DISCUSSION OF CENTRAL CONSTITUTIONAL AND ADMINISTRATIVE QUESTIONS, THIS RAISES IMPORTANT QUESTIONS OF TACTICS AND OUR RELATIONSHIP WITH EXCO, IF NOT OF STRATEGY. WE SHALL NEED TO CONSIDER THE POSSIBILITY CAREFULLY IN THE LIGHT OF THE NEXT ROUND OF TALKS.

HOWE

FUTURE OF HONG KONG

LIMITED

HD/HKD

HD/FED

HD/PLANNING STAFF

ED/PUSD

D/ED/PUSD(MR FLOWER)

RESEARCH DEPT(MR WALKER)

LEGAL ADVISER(SIR IAN SINCLAIR)

PS

PS/LADY YOUNG

PS/MR LUCE

PS/PUS

SIR J BULLARD

MR GIFFARD

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