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GRS 700

SECRET

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FROM PEKING 160910Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1202 OF 16/11/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

MY TEL NO 1194: FUTURE OF HONG KONG: SIXTH ROUND.

1. AT DINNER ON 15 NOVEMBER THE FOLLOWING POINTS EMERGED.

CO-ADMINISTRATION

2. BOTH YAO AND OTHER MEMBERS OF HIS DELEGATION SAID THAT THEY HAD IMMEDIATELY NOTICED THAT I HAD NOT USED THE SAME LANGUAGE ABOUT CO-ADMINISTRATION OF HONG KONG AS I HAD ON 8 NOVEMBER. THEY CONSIDERED THIS REGRETTABLE. I SAID THAT ON 8 NOVEMBER I HAD SPOKEN ON INSTRUCTIONS. HOW OFTEN WAS I EXPECTED TO REPEAT MYSELF? THEIR RESPONSE WAS TO EMPHASISE THAT A FORMAL STATEMENT IN THE TALKS IN THE SAME TERMS AS MY EXPLANATORY COMMENTS OF 8 NOVEMBER WOULD BE BENEFICIAL. THIS WAS IMPORTANT AS FAR AS THE VIEWS OF CHINESE LEADERS WERE CONCERNED.

CHINESE PLAN

3. THE CHINESE SIDE REGRETTED THE ABSENCE OF DIRECT REFERENCE OR COMMENT IN MY STATEMENTS TO THEIR 12-POINT PLAN. THIS HAD BEEN ELABORATED ONLY AFTER CONSIDERABLE THOUGHT AND GREAT EFFORT. WE SHOULD COMMENT UPON IT.

PRINCIPLE

4. THE CHINESE RETURNED REPEATEDLY TO THE IMPORTANCE OF THE ISSUES OF PRINCIPLE. YAO SAID THAT EVERYTHING BOILED DOWN TO ONE THING: SOVEREIGNTY AND ADMINISTRATION. WE HAD SAID WE UNDERSTOOD THIS PRINCIPLE BUT THAT WAS NOT ENOUGH.

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## ADVISERS

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5. AFTER MUCH RELUCTANCE TO COME CLEAN, YAO SAID THAT AFTER 1997 FOREIGNERS COULD ONLY SERVE AS ADVISERS. IN A SEPARATE CONVERSATION WITH LUO JIAHUAN, WE DREW ON DENG'S REFERENCE TO ZIMBABWE (DURING HIS MEETING WITH THORN) AND POINTED OUT THAT MANY WHITES HAD REMAINED IN POST AT THE TIME OF ZIMBABWEAN INDEPENDENCE. LUO IMMEDIATELY REPLIED THAT SUCH OFFICIALS HAD BEEN ZIMBABWEAN NATIONALS NOT BRITISH. LUO CONTINUED BY ENQUIRING WHETHER WE BELIEVED THAT SENIOR BRITISH ADMINISTRATORS WOULD BE PREPARED TO TAKE HONG KONG CHINESE NATIONALITY.

## JUDICIARY

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6. WE RECEIVED NO REAL ANSWER TO OUR REPEATED QUESTIONS ABOUT MEMBERS OF THE JUDICIARY CONTINUING TO BE RECRUITED FROM OTHER COMMON LAW JURISDICTIONS.

## ROYAL INSTRUCTIONS ETC

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7. YAO REPEATED THAT THE ROYAL INSTRUCTIONS, LETTERS PATENT AND COLONIAL REGULATIONS WOULD BE ABOLISHED. THE NEW DIRECTOR OF THE MFA'S WESTERN EUROPEAN DEPARTMENT, GUO FENGMIN, SAID THAT HE UNDERSTOOD THAT MUCH OF THE CONTENTS OF THESE DOCUMENTS WOULD HAVE TO BE INCORPORATED ELSEWHERE. HOWEVER, THE CHINESE SIDE GAVE NO INDICATION OF HOW THIS WOULD BE DONE. THEY SAID WE SHOULD CLARIFY OUR ATTITUDE TOWARDS THESE PARTICULAR LAWS.

## DISALLOWANCE

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8. AFTER MUCH QUESTIONING, THE POWER OF DISALLOWANCE WAS DEFINED AS APPLYING TO ANY SAR LAWS THAT CONFLICTED WITH THE BASIC LAW, EG A LAW DECLARING INDEPENDENCE. A LAW AMENDING THE RULES OF THE EXCHANGE CONTROL FUND (OUR EXAMPLE) WOULD NOT BE DISALLOWED.

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ADMINISTRATIVE VACUUM

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9. YAO CLAIMED MANY OF OUR QUESTIONS ON THIS AREA COULD BE DEALT WITH UNDER ITEM 2 OF THE AGENDA, IE TRANSITIONAL PERIOD.

CRADOCK

FUTURE OF HONG KONG

LIMITED

HD/HKD

HD/FED

HD/PLANNING STAFF

HD/PUSD

D/HD/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

MR DONALD

MR WRIGHT

COPIES TO: (VIA DISTR. ROOM)

SIR PHILIP MOORE BUCKINGHAM PALACE

PS/LORD PRESIDENT OF THE COUNCIL

PS/HOME SECRETARY

PS/CHANCELLOR OF THE EXCHEQUER

PS/LORD PRIVY SEAL

PS/SECRETARY FOR TRADE AND  
INDUSTRY

COPIES TO: (VIA ADR)

MR ROBERTS NEWS DEPT

MR BURROWS LEGAL ADVISERS

MR COLES NO 10 DOWNING ST

SIR A PARSONS " "

MR MARTIN ASSESSMENT STAFF  
CABINET OFFICE

MR GOODALL CABINET OFFICE

MR BRENNAN " "

PS/S OF S FOR DEFENCE

PS/ATTORNEY GENERAL

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