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DESBKY 160930Z FCO

DESKBY 160830Z HONG KONG

FROM PEKING 160800Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1199 OF 16/11/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

MY TEL NO 1194: FUTURE OF HONG KONG: FUTURE TACTICS

THIS HAS BEEN A DISCOURAGING SESSION. IN THE LIGHT OF IT THE ROAD AHEAD LOOKS EVEN BLEAKER THAN WE HAD ENVISAGED.

2. ALTHOUGH THE TONE OF THE MEETINGS REMAINS VERY FRIENDLY IT LOOKS AS IF THE CHINESE POSITION HAS HARDENED. THOUGH THIS MUST BE CONJECTURAL, IT COULD WELL BE THAT DENG HIMSELF HAS HARDENED IT. IN PARTICULAR THE CHINESE HAVE MADE A FIRMER DISTINCTION THAN BEFORE BETWEEN AREAS WHICH THEY REGARD AS THEIR INTERNAL POLICIES, AND THOSE WHICH IN THEIR VIEW INVOLVE SOME DIRECT BRITISH INTEREST. ON THE FIRST THEY ARE UNWILLING TO GO INTO DETAIL AND HAVE MADE NO COMMITMENT TO DO SO IN THE FUTURE. THE MOST THEY ARE PREPARED TO DO AT LEAST FOR THE PRESENT IS TO GO THROUGH OUR WORKING PAPERS AND KNOCK OUT THE BITS WHICH THEY SEE AS CONFLICTING WITH THEIR PREMISE. THEY HAVE REFUSED TO DISCUSS DETAIL: THEY MAY BE WILLING TO DO SO AT A LATER DATE, BUT THEY ARE CLEARLY RESERVING THE RIGHT TO DECIDE MATTERS FOR THEMSELVES, POSSIBLY, IF WE ARE LUCKY, TAKING ACCOUNT OF OUR VIEWS IN DOING SO. SUCH SMALL PIECES OF INFORMATION AS WE HAVE BEEN ABLE TO PRY OUT OF THEM TEND TO BE OF A DISCOURAGING KIND.

3. SECONDLY THE CHINESE ARE SAYING THAT WHOLE AREAS ARE OUT OF BOUNDS BECAUSE THEY ARE MATTERS FOR DECISION BY THE SAR GOVERNMENT WHEN IT IS SET UP. THE IMPRACTICALITY OF THIS IS LIKELY TO STRIKE EVEN THEM EVENTUALLY, AND IT IS POSSIBLE THAT THIS IS A DELIBERATE DELAYING TACTIC, OR WILL AT LEAST IN PRACTICE TURN OUT TO BE A TEMPORARY PHASE. BUT IT IS A MAJOR OBSTACLE TO CURRENT BUSINESS.

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4. THEY CONTINUE TO SHOW SUSPICION ABOUT OUR INTENTIONS AND TO PRESS FOR FURTHER DETAIL ON THE BRITISH LINK OR BRITISH ROLE. THEY PRESS US TO CLARIFY OUR ATTITUDE TO THE LETTERS PATENT, ROYAL INSTRUCTIONS AND COLONIAL REGULATIONS. THIS IS TAKE TO BE ANOTHER WAY OF MAKING THE SAME POINT, IE WHAT BRITISH LINK DO WE ENVISAGE?

5. LOOKING AHEAD, PROSPECTS OF ACHIEVING A SATISFACTORY PACKAGE LOOK WORSE THAN WE HAD HOPED. WE THINK THAT WE MUST NOW KEEP CONSTANTLY IN MIND THE POSSIBILITY THAT WE MAY IN THESE TALKS FAIL TO GET A PACKAGE THAT CAN IN ANY WAY BE REPRESENTED AS ACCEPTABLE, AND WE MUST THEREFORE PLAN OUR MOVES WITH THE POSSIBILITY OF A BREAKDOWN IN MIND.

6. WE CONSIDER NEVERTHELESS THAT WE HAVE NO ALTERNATIVE BUT TO SEEK TO PURSUE OUR PRESENT COURSE. THE ONUS FOR ANY BREAKDOWN MUST BE PLACED FIRMLY ON THE CHINESE. WE MUST SHOW OURSELVES READY TO CONTINUE TO TALK CONSTRUCTIVELY. BETWEEN NOW AND THE NEXT SESSION WE WOULD PROPOSE TO HAND OVER AS MANY OF THE FURTHER WORKING PAPERS AS CAN BE GOT READY, AND TO CONTINUE TO PRESS THE CHINESE TO TALK IN SENSIBLE DETAIL ABOUT THEM. THEY HAVE SAID THEY WELCOME THE WORKING PAPERS AND EVEN THOUGH THEIR COMMENTS ARE CONFINED TO MATTERS OF PRINCIPLE, IN THE PROCESS A CERTAIN AMOUNT OF ELUCIDATION AND EVEN AGREEMENT OCCURS. THEY ARE ALSO READY TO HAVE FURTHER INFORMAL CONTACTS IN THE INTERVAL BETWEEN THE ROUNDS.

7. WE CONSIDER, HOWEVER, THAT IT IS ALSO ESSENTIAL TO TRY TO TACKLE IN THE MEANTIME CHINESE SUSPICIONS ABOUT THE BRITISH LINK OR ROLE. TO THIS END WE SHOULD LIKE TO APPROACH YAO GUANG SOON WITH A CONSIDERED STATEMENT WHICH WE COULD MAKE ON INSTRUCTIONS, LEAVING A SPEAKING NOTE. WE AM GIVING THOUGHT NOW TO THE FORM OF SUCH A STATEMENT AND SHALL TELEGRAPH A SUGGESTION SOON, BUT IT WOULD HAVE TO MAKE IT CLEAR THAT IN THE CONTEXT OF THESE DISCUSSIONS WE SHALL MAKE NO PROPOSAL ON A BRITISH LINK OR ROLE WHICH CONFLICTS WITH THE TRANSFER OF BOTH SOVEREIGNTY AND THE RIGHT OF ADMINISTRATION TO CHINA.

SINCE THE CHINESE HAVE ALSO EXPRESSED WORRY THAT WE HAVE NOT EXPLICITLY RULED OUT CO-ADMINISTRATION IN THE TALKS THEMSELVES, ALTHOUGH WE DID SO IN MY CALL ON YAO ON 8 NOVEMBER, THE STATEMENT SHOULD MAKE THIS CLEAR AS WELL.

8. MY REASONS FOR PROPOSING THIS ARE AS FOLLOWS:-

(A) IT IS THE LOGICAL CONTINUATION OF THE PRIME MINISTER'S MESSAGE, AND INDEED AN INEVITABLE CONSEQUENCE OF IT. THE ONLY WAY IN WHICH WE CAN SEEK TO BUILD ON THE CHINESE PROPOSALS IS TO ACCEPT THOSE PROPOSALS AS THE BASE OF OUR BUILDING. IT IS A TACTICAL MATTER OF TIMING WHEN WE APPLY THIS PRINCIPLE TO THE ISSUE OF THE BRITISH LINK.

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(B) TO DISPEL CHINESE SUSPICIONS ON THIS POINT, IF WE CAN IN FACT SUCCEED IN DOING THAT, MIGHT HELP TO GENERATE MORE PROFITABLE

DISCUSSION ON THE DETAILED AREAS. HE WOULD NOT WISH TO HOLD OUT GREAT HOPES ABOUT THIS. BUT IT IS THE ONLY POSSIBILITY OF GETTING SUCH DISCUSSION.

(C) SUCH A MOVE IS ESSENTIAL IN VIEW OF THE POSSIBILITY OF A BREAKDOWN IN THE TALKS. WE MUST AVOID GIVING THE CHINESE ANY POSSIBILITY OF SAYING THAT THE TALKS HAVE BROKEN DOWN BECAUSE BRITAIN WAS PERSISTING IN TRYING TO PERPETUATE COLONIAL RULE IN HONG KONG. IF WE CAN MAKE IT CRYSTAL CLEAR THAT WE ARE NOT, THE CHINESE WILL THEMSELVES BE AWARE THAT THEIR OWN POSITION,

SHOULD THEY FORCE A BREAKDOWN OF THE TALKS, WILL BE WEAK. THIS MAY IN ITSELF MAKE THEM RELUCTANT TO PUSH MATTERS TO SUCH A BREAK.

9. HE SHOULD LIKE TO MAKE THIS DEMARCHE TO VICE MINISTER YAO ON INSTRUCTIONS AS SOON AS POSSIBLE BEFORE 7 DECEMBER SO THAT WE CAN OBSERVE ITS EFFECT IN THAT ROUND. HE ALSO ENVISAGE (MY TEL 1200) THAT BEFORE LEAVING HE SHOULD SEEK TO CALL ON CHINESE LEADERS, WHEN HE SHOULD NEED TO REITERATE SOME OF THE ABOVE. BUT HE THINK THAT SUCH CALLS SHOULD TAKE PLACE AFTER THE 7/8 DECEMBER ROUND SO THAT HE COULD TAKE INTO ACCOUNT WHAT HAS HAPPENED AT THAT ROUND.

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