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TO IMMEDIATE FCO

TELEGRAM NUMBER 1753 OF 17 NOVEMBER 1983

INFO IMMEDIATE PEKING



FUTURE OF HONG KONG: CONSULTATION WITH EXCO

1. AT THIS MORNING'S PART IN EXCO MEETING I GAVE THE COUNCIL A VERY FULL ACCOUNT OF THE DISCUSSIONS DURING THE SIXTH ROUND OF THE TALKS, INCLUDING THOSE OVER DINNER ON THE SECOND DAY. I ALSO GAVE THEM A SUMMARY OF THE MAIN POINTS FROM THE AMBASSADOR'S INFORMAL DINNER WITH YAO GUANG ON 10 NOVEMBER. IN ADDITION MEMBERS HAD BEFORE THEM THE TEXT OF YAO GUANG'S OPENING STATEMENT ON 14 NOVEMBER.

2. THE COUNCIL WAS IN A VERY SOBER MOOD FOR THE DISCUSSION WHICH FOLLOWED. INITIAL IMPRESSIONS INCLUDED:

(i) THE ROUND HAD BEEN NEGATIVE: WE HAD GONE BACKWARDS RATHER THAN FORWARDS. AS SIR S Y CHUNG PUT IT, THE CHINESE WERE TIGHTENING THEIR GRIP.

(ii) THERE APPEARED TO BE LITTLE IF ANY FLEXIBILITY IN THE CHINESE POSITION. THE TWELVE POINT PLAN AS NOW PRESENTED TO US WAS BROADLY WHAT THE CHINESE INTENDED TO ANNOUNCE FORMALLY. IT MIGHT WELL BE GIVEN A FAVOURABLE RECEPTION INTERNATIONALLY, SINCE IT LOOKED GENEROUS AND WAS SUPERFICIALLY ATTRACTIVE. THERE WAS A SUGGESTION THAT WE SHOULD CONSIDER MOUNTING AN UNATTRIBUTABLE CAMPAIGN TO EDUCATE INTERNATIONAL OPINION AS TO ITS DEFECTS, PARTICULARLY THE ABSENCE OF GUARANTEES.

(III) MEMBERS NOTED THE DISTINCTION DRAWN BY YAO GUANG BETWEEN AN SAR WITH A HIGH DEGREE OF AUTONOMY AND INDEPENDENCE. THEY BELIEVED THE CHINESE ENVISAGED A VERY LIMITED AUTONOMY, DRAWING ATTENTION TO THE PROVISIONS THAT THE FUTURE SAR WOULD BE UNDER THE DIRECT AUTHORITY OF THE CENTRAL PEOPLE'S GOVERNMENT, AND THAT THE QUOTE PRINCIPAL OFFICIALS UNQUOTE WOULD BE APPOINTED BY THE CENTRAL PEOPLE'S GOVERNMENT. IN THIS CONTEXT THEY ALSO NOTED THE FAILURE OF THE CHINESE TO CONFIRM THAT THE JUDICIARY WOULD BE INDEPENDENT OF THE EXECUTIVE.

(IV) OUR AIM HAD BEEN TO GET THE CHINESE TO ACCEPT A DEGREE OF INSULATION SUFFICIENTLY SUBSTANTIAL TO MAINTAIN CONFIDENCE. THERE WAS NO INDICATION THAT THE CHINESE WOULD BE PREPARING TO AGREE TO SUCH AN INSULATOR. IF IT COULD NOT BE ACHIEVED IT WAS DIFFICULT TO SEE THE WAY AHEAD.

3. AGAINST THIS BACKGROUND MEMBERS WERE UNANIMOUS IN REQUESTING:

(A) HMG'S CONSIDERED ASSESSMENT OF THE CHINESE POSITION, AND WHAT, IF ANY, FLEXIBILITY WE JUDGED THERE MIGHT BE IN IT; AND

(B) HMG'S VIEW OF WHAT OPTIONS WERE NOW OPEN AND WHAT COURSE SHOULD NOW BE ADOPTED.

4. SUMMING UP THE DISCUSSION, I SAID THAT MEMBERS WOULD WISH TO REFLECT ON THE DEVELOPMENTS WHICH I HAD REPORTED AND ON THE POSITION WE WERE NOW IN. IN THE MEANTIME I WOULD PASS ON THE REQUEST IN PARA 3 ABOVE.

5. SEE MIFT

YOUDE