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TO IMMEDIATE PEKING

TELEGRAM NUMBER 840 OF 2 DECEMBER

INFO IMMEDIATE HONG KONG

YOUR TELNO 1287

FUTURE OF HONG KONG: NEXT SESSION OF TALKS

1. YOUR DINNER WITH YAO WAS CLEARLY A USEFUL SESSION. WE AGREE THAT THE OMENS FOR THE NEXT ROUND LOOK RATHER BETTER ALTHOUGH, AS YOU POINT OUT, THE CHINESE ARE NOT NECESSARILY PREPARED FOR FULLY DETAILED DISCUSSION. THEY HAVE AT ANY RATE REVEALED A NUMBER OF CRACKS WHICH WE COULD USEFULLY TRY TO PRISE OPEN AT THE NEXT ROUND.

2. AS WE SEE IT OUR MAIN OBJECTIVE MUST BE TO EXPLOIT ANY CHINESE READINESS TO COMMENT ON OUR PAPERS, WHICE MAKING CLEAR THAT IT WILL NOT BE ENOUGH SIMPLY TO CATEGORISE OUR PROPOSALS ON THE LINES WHICH YAO SUGGESTED (SENTENCE 3 OF PARA 7 OF TUR). IF WE ARE TO MAKE GENUINE PROGRESS ON OUR CURRENT STRATEGY WE NEED TO ESTABLISH THAT, IN EACH IMPORTANT AREA, THERE WILL BE AGREEMENT ON POINTS ESSENTIAL TO CONFIDENCE IN HONG KONG. HERE IT MAY WELL BE USEFUL, AS YAO'S INTERPRETER HINTED, TO CONCENTRATE ON PINNING THE CHINESE DOWN ON 'THE MAIN ELEMENTS'.

3. THE CHINESE REQUEST TO RECEIVE THE REST OF THE WORKING PAPERS QUICKLY IS INTERESTING. THE PROBLEM IS THAT, IF IN EFFECT WE SUBMITTED A COMPLETE PACKAGE, THIS WOULD BE INCONSISTENT WITH THE STEP-BY-STEP APPROACH, AND WOULD INVOLVE OFFERING IDEAS ON THE CONSTITUTIONAL SUPERSTRUCTURE BEFORE WE HAD CONSTRUCTED A FRAMEWORK OF EFFECTIVE ASSURANCES BENEATH. ON THE OTHER HAND WE MAY NEED TO CONSIDER THE IDEA, OR A VARIANT OF IT, IF THE GRADUALIST METHOD PAYS NO DIVIDENDS.

4. ON PERSONNEL, THERE IS CLEARLY ROOM TO WORK AT THE CHINESE POSITION BUT WE SUSPECT THAT WE SHALL NOT HAVE A CLEAR PICTURE UNTIL WE HAVE TACKLED THE NATIONALITY QUESTION, AS YAO HIMSELF

SAID.

5. AGAINST THIS BACKGROUND ON 7/8 DECEMBER YOU SHOULD AT YOUR DISCRETION:

(A) REPEAT FOR THE RECORD THE FORMULA WHICH YOU GAVE YAO GUANG ON 28 NOVEMBER SEMI COLON

(B) PRESENT THE ADDITIONAL WORKING PAPERS ON RIGHTS OF THE INDIVIDUAL AND CULTURE AND EDUCATION SEMI COLON.

(C) REITERATE OUR BELIEF THAT DISCUSSION ON THE MAIN ELEMENTS IS NECESSARY TO IDENTIFY WAYS OF MAINTAINING CONFIDENCE IN HONG KONG. IT WILL NOT BE ENOUGH SIMPLY TO STATE THAT MATTERS AFFECTING FOR INSTANCE LAWS, THE COURTS OR ESSENTIAL FREEDOMS WILL BE A MATTER FOR A FUTURE SAR GOVERNMENT. ON KEY ISSUES IT WILL BE ESSENTIAL TO SPECIFY CONTINUITY.

(D) ON THAT BASIS TO URGE THE CHINESE TO COMMENT WITH PRECISION ON OUR WORKING PAPERS. YOU SHOULD NOT COMMIT US TO ANY TIMETABLE FOR PRODUCTION OF PAPERS AT THIS STAGE BUT CAN CONFIRM THAT WE WILL GET ON WITH THE PROCESS AS QUICKLY AS WE CAN.

(E) ON THE NEXT ROUND TO AGREE AT ANY RATE A STATEMENT THAT TALKS WILL RESTART AS SOON AS POSSIBLE AFTER MR EVANS' ARRIVAL IN PEKING. (FOR PRACTICAL REASONS INCLUDING THE POSSIBLE DEMANDS OF A REVIEW OF STRATEGY, WE THINK THAT IT WOULD BE BETTER NOT TO ATTEMPT TO SPECIFY DATES AT THIS STAGE.) WE WOULD OF COURSE WISH THIS TO BE PART OF AN ENCOURAGING COMMUNIQUE. IF POSSIBLE WE SHOULD ALSO AGREE TO SAY THAT INFORMAL CONTACTS WILL CONTINUE AS APPROPRIATE.

HOWE

FUTURE OF HONG KONG

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