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DESKBY 030830Z
FM HONG KONG 030530Z MAR 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 571 OF 3 MARCH
INFO IMMEDIATE PEKING

Prime Minister.
In the light of this
discussion it will not be
necessary for EXCO to visit
London. A.P.C. 4/3.

YOUR TELNO 397: FUTURE OF HONG KONG: STRATEGY AND TIMETABLE.

1. THE EXECUTIVE COUNCIL HAD A LENGTHY AND INTENSE DISCUSSION OF THE PAPER IN YOUR TELNO 384 AT A SPECIAL PART II MEETING THIS MORNING. AT THE END OF THE MEETING THE COUNCIL CONCURRED IN MY SUMMARY OF THE VIEWS EXPRESSED BY MEMBERS ALONG THE FOLLOWING LINES:-

(A) THERE WAS SOME SUBSTANTIAL DISAPPOINTMENT THAT HMG WERE NOT PREPARED, EVEN INFORMALLY, TO TRY OUT THE IDEA OF A JOINT INTERIM STATEMENT ON THE CHINESE.

(B) MEMBERS HAD NO QUARREL WITH THE ORDER OF EVENTS IN THE STRATEGY PROPOSED. THEY ACCEPTED THAT THE AIM SHOULD BE A BILATERAL AGREEMENT WITH THE CHINESE THIS YEAR AND AGREED THAT THE STAGES WHICH IT WOULD BE NECESSARY TO GO THROUGH UP TO AND BEYOND THAT POINT WERE THOSE SET OUT IN THE PAPER.

(C) A NUMBER OF MEMBERS WERE STRONGLY OF THE VIEW THAT THE TIMETABLE ENVISAGED WAS UNREALISTICALLY TIGHT. NEVERTHELESS THE COUNCIL WERE WILLING TO ACCEPT THIS TIMETABLE AS THE OBJECTIVE, ON THE CLEAR UNDERSTANDING THAT IT WAS NOT REGARDED AS ABSOLUTE, AND THAT HMG WOULD REVIEW THE POSITION AT EACH STAGE BEFORE DECIDING WHETHER AND WHEN TO GO ON TO THE NEXT.

(D) MEMBERS ATTACHED GREAT IMPORTANCE TO THE MINISTERIAL STATEMENTS ENVISAGED FOR THE SPRING AND SUMMER. THEY CONSIDERED THAT THE FIRST SHOULD BE A 'FAIR PROSPECTUS' AND IN PARTICULAR SHOULD INDICATE CLEARLY THAT CONTINUING BRITISH ADMINISTRATION COULD NOT BE ACHIEVED AND SHOULD GIVE A FAIR PRESENTATION OF WHAT MIGHT BE OBTAINED FROM THE CHINESE IN THE NEGOTIATIONS TO PRESERVE HONG KONG'S SYSTEMS AND FREEDOMS. HONG KONG WOULD ALSO NEED TO BE TOLD BEFORE SEPTEMBER WHAT ASSURANCES WERE LIKELY TO BE AVAILABLE.

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(E) IT WAS THE COUNCIL'S UNDERSTANDING THAT HMG'S AIM WAS TO REACH A (NEXT WORD UNDERLINED) DRAFT AGREEMENT BY SEPTEMBER, AND THAT IF MAJOR POINTS AROSE DURING THE PROCESS OF ESTABLISHING THE ACCEPTABILITY OF THAT AGREEMENT TO THE PEOPLE OF HONG KONG HMG WOULD BE PREPARED TO GO BACK TO THE CHINESE AND ARGUE THESE POINTS WITH THEM. MEMBERS TOOK THE VIEW THAT HMG SHOULD AT THE APPROPRIATE TIME MAKE THIS CLEAR TO THE CHINESE.

(F) THEY WELCOMED THE LINK BETWEEN RATIFICATION AND THE BASIC LAW: BUT THE TIMING OF RATIFICATION AND THE LINKAGE WITH THE PUBLICATION OF THE BASIC LAW WOULD NEED FURTHER CONSIDERATION AND DISCUSSION. IF THE BASIC LAW WAS PUBLISHED QUICKLY IT WOULD BE ONE THING: BUT IT MIGHT NOT BE AVAILABLE IN ITS FINAL FORM UNTIL MUCH LATER.

2. I WILL TELEGRAPH A FULL ACCOUNT OF THE DISCUSSION NEXT WEEK.

YOUDE

(REPEATED AS REQUESTED)

FUTURE OF HONG KONG
LIMITED
HD/HKD
ED/FED
ED/PLANNING STAFF
ED/PUSD
D/ED/PUSD (MR FLOWER)
RES.B. (MR WALKER)
LEGAL ADVISER (SIR IAN SINCLAIR)
PS
PS/LADY YOUNG
PS/MR LUCE
PS/PUS
SIR J BULLARD
SIR W HARDING
MR WILSON
MR WRIGHT
SIR C TICKELL

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