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DD 080100Z PEKING  
 GRS 912  
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 DESKBY 080100Z  
 FM FCO 071405Z MAR 84  
 TO IMMEDIATE PEKING  
 TELEGRAM NUMBER 190 OF 7 MARCH  
 INFO IMMEDIATE HONG KONG  
 HONG KONG TELNO 571 AND YOUR TELNO 383:  
 FUTURE OF HONG KONG: TIMETABLE

A. J. C. 8/3  
 f.a.

1. I AM MOST GRATEFUL TO THE GOVERNOR FOR HIS SKILL IN GUIDING DISCUSSION IN EXCO ON OUR FUTURE STRATEGY AND TIMETABLE. I AM CONVINCED THAT WE HAVE ALL MADE THE RIGHT DECISION, AND I AM GLAD THAT WE NOW HAVE EXCO WITH US.
2. WE SHOULD SOON BEGIN EXPLAINING OUR THINKING ON THE TIMETABLE TO THE CHINESE. MRS SHIRLEY WILLIAMS WILL HAVE DONE SOMETHING TO EDUCATE ZHOU NAN ON THE PARLIAMENTARY REQUIREMENTS AND THEIR EFFECT ON THE TIMING AND SUBSTANCE OF THE SCENARIO. (YOUR TELNOS 346 AND 350 REFER). BUT IT IS IMPORTANT FOR HMG TO MAKE TWO ESSENTIAL POINTS QUICKLY: THAT WE ARE READY TO WORK FOR A SIGNED AGREEMENT THIS YEAR: BUT THAT CHINESE IDEAS OF SIGNING AN AGREEMENT BY SEPTEMBER OR EVEN BY JULY ARE UNREALISTIC.
3. THIS MIGHT BEST BE DONE IN AN INFORMAL DISCUSSION WITH ZHOU NAN, PREFERABLY AT YOUR DINNER ON 9 MARCH. UNLESS YOU OR THE GOVERNOR SEE OBJECTION, YOU SHOULD SPEAK ON THE LINES OF MIFT.
4. THE LINE TO TAKE HAS BEEN CONSTRUCTED SO AS TO PRESENT OUR POINTS IN THE BEST POSSIBLE LIGHT, WHILE LEAVING THE CHINESE IN NO DOUBT ABOUT THE REQUIREMENTS OF PARLIAMENT AND THE NEED TO PREPARE OPINION IN HONG KONG.
5. OBVIOUSLY THE POINT ABOUT RATIFICATION WILL BE VERY UNWELCOME TO THE CHINESE. WE MUST NOT LEAVE IT TOO LATE TO GET THE WHOLE TRUTH OVER TO THE CHINESE, OTHERWISE THEY MIGHT ACCUSE US LATER OF BAD FAITH. NEVERTHELESS, IT MIGHT BE BETTER NOT TO MAKE THE POINT IN THIS INITIAL APPROACH AND TO LEAVE IT FOR A FURTHER CONTACT. YOU HAVE DISCRETION TO

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HANDLE THE QUESTION IN THIS WAY IF YOU JUDGE IT NECESSARY.

6. FOR YOUR INFORMATION AT THIS STAGE, I HAVE THOUGHT FURTHER ABOUT THE POSSIBILITY OF MY VISITING PEKING, AS WELL AS HONG KONG, IN APRIL AS PART OF MY FAR EASTERN TOUR. I BELIEVE THAT THE TALKS HAVE NOW REACHED THE STAGE WHEN THIS WOULD BE HELPFUL TO HONG KONG'S AND OUR INTERESTS. IT WOULD DEMONSTRATE THE SERIOUSNESS WHICH HMG ATTACH TO THE NEGOTIATIONS. IT WOULD ENABLE ME TO TAKE UP POINTS OUTSTANDING SO FAR IN THE DISCUSSION AT DIPLOMATIC LEVEL. IT WOULD ALSO PROVIDE AN OPPORTUNITY TO IMPRESS UPON THE CHINESE AT A HIGH LEVEL BOTH THE SINCERITY OF OUR INTENTION TO NEGOTIATE FOR A SIGNED AGREEMENT THIS YEAR AND ALSO THE NEED FOR ANY SUCH AGREEMENT TO BE DEMONSTRABLY ACCEPTABLE IN HONG KONG IF PARLIAMENT IS TO ENDORSE IT. I KNOW THE IMPORTANCE WHICH EXCO ATTACH TO AN EARLY MINISTERIAL STATEMENT IN ORDER TO PROVIDE HONG KONG PEOPLE WITH A CLEAR IDEA OF THE LIKELY NATURE OF A PACKAGE, WHILE NEGOTIATIONS ARE CONTINUING, AND I WOULD PROPOSE TO MAKE SUCH A STATEMENT IN HONG KONG. IT WILL CLEARLY BE NECESSARY TO TELL THE CHINESE WHEN I AM IN PEKING OF WHAT I PROPOSE TO SAY IN HONG KONG, AND TO BEGIN TO ACCUSTOM THEM VERY SOON TO THE IDEA OF UNVEILING THE LIKELY SHAPE OF THE AGREEMENT IN THE SPRING. THE SPEAKING NOTE INCLUDES A SENTENCE INTRODUCING THIS POINT.

7. THE TIMING OF MY VISIT IS NOT EASY. OUR EARLIER PLANNING HAD PROVIDED FOR A VISIT TO HONG KONG FROM 27-29 APRIL WITH A POSSIBLE VISIT TO PEKING OVER THE EASTER WEEKEND. YOU HAVE RIGHTLY POINTED OUT THE PROBLEMS POSED BY MR REAGAN'S INTENDED VISIT TO PEKING ON 25 APRIL. THERE IS ALSO THE DIFFICULTY THAT THE ABOVE TIMETABLE WOULD LEAVE A FOUR-DAY GAP BETWEEN THE VISITS TO PEKING AND HONG KONG WHICH WOULD ALMOST CERTAINLY BE CRITICISED IN THE TERRITORY WHERE CURIOSITY WOULD BE HEIGHTENED.

8. WE SHOULD STICK TO VISITS IN THE ORDER PEKING AND THEN HONG KONG. I WOULD THEREFORE PROPOSE TO VISIT PEKING FROM 15 TO 18 APRIL AND HONG KONG FROM 18-19 OR 20 APRIL. I WOULD THEN SPEND EASTER WEEKEND PRIVATELY IN THE FAR EAST BEFORE GOING

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ON TO SEOUL ON 23 APRIL AND COMPLETING THE VISITS TO KOREA AND JAPAN AS ALREADY AGREED.

9. I SHOULD BE GRATEFUL FOR YOUR AND THE GOVERNOR'S VIEWS ON THESE PROPOSALS. WE SHALL OF COURSE NEED TO CONSIDER CAREFULLY HOW THE IDEA IS TO BE PUT TO THE CHINESE TO AVOID THEIR READING MORE INTO MY VISIT TO PEKING THAN WOULD BE JUSTIFIED. I HAVE IN MIND THAT YOU SHOULD SAY THAT WE BELIEVE THAT THE TALKS HAD NOW REACHED A STAGE AT WHICH MY INVOLVEMENT, IN THE COURSE OF MY TOUR OF THE FAR EAST, WOULD BE HELPFUL, BOTH IN ORDER TO SUM UP PROGRESS SO FAR AND TO GIVE IMPETUS TO THE NEXT PHASE. WE SHOULD OF COURSE AVOID THE CHINESE CONCLUDING THAT, CONTRARY TO WHAT YOU HAD ALREADY SAID ABOUT THE TIMETABLE, MY VISIT SUGGESTED THAT WE WERE ABLE TO WIND THINGS UP BY JULY. YOU COULD NEVERTHELESS REITERATE OUR INTEREST IN SIGNING AN AGREEMENT THIS YEAR AND SAY THAT WE BELIEVE THAT FROM THE PARLIAMENTARY AND OTHER ANGLES A VISIT BY ME NOW WOULD HELP TOWARDS THIS. DEPENDING OUR OUR PROGRESS IN PREPARING DRAFTS, YOU MIGHT ALSO BE ABLE TO ADD THAT I WOULD FIND IT HELPFUL TO HAVE A FIRST DISCUSSION ABOUT THE FORM OF AN EVENTUAL AGREEMENT.

10. SUBJECT TO YOUR VIEWS, I DO NOT THINK THAT YOU SHOULD MAKE AN APPROACH TO THE CHINESE ON MY VISIT AT THE SAME TIME AS YOU TALK TO ZHOU NAN INFORMALLY ABOUT THE TIMETABLE. WHEN WE HAVE YOUR AND THE GOVERNOR'S COMMENTS, WE CAN DECIDE WHETHER YOU SHOULD MAKE A SEPARATE DEMARCHE TO THE MFA OR RAISE THE MATTER AT THE NEXT ROUND OF TALKS ON 16/17 MARCH.

11. THE ABOVE WAS DRAFTED BEFORE RECEIPT OF YOUR TELNO 383, AND TO A LARGE EXTENT SUPERSEDES IT. OUR THINKING IS CLEARLY ON THE SAME GENERAL LINES. WE LOOK FORWARD TO YOUR FURTHER COMMENTS, IN PARTICULAR (IN THE LIGHT OF THE FIRST SENTENCE OF YOUR PARA 2) ON THE TIMING OF AN APPROACH TO THE CHINESE.

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DD 080100Z PEKING

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FM FCO 071330Z MARCH 84

TO IMMEDIATE PEKING

TELEGRAM NUMBER 191 OF 7 MARCH

INFO IMMEDIATE HONG KONG

MIPT: FUTURE OF HONG KONG: TIMETABLE

1. YOU SHOULD BEGIN BY SAYING THAT IN OUR VIEW IT IS TIME TO LOOK AHEAD AT THE WHOLE PICTURE OF THE NEGOTIATIONS OVER THE COMING MONTHS AND AT THE TIMETABLE TOWARDS WHICH IT IS FEASIBLE TO AIM. FOR OUR PART WE ARE NEGOTIATING IN EARNEST AND IN GOOD FAITH. WE HOPE THAT THE WAY FORWARD CAN BE DISCUSSED IN THE FRIENDLY AND CO-OPERATIVE SPIRIT THAT HAS CHARACTERISED THE TALKS SO FAR.
2. WE ARE AWARE OF THE CHINESE HOPE THAT A JOINT PUBLIC STATEMENT CAN BE MADE BY SEPTEMBER IN THIS YEAR. WE SHARE THIS HOPE. OUR AIM IS TO REACH A FORMAL BILATERAL AGREEMENT. WE BELIEVE THIS IS THE CHINESE WISH TOO. WE WISH TO SIGN SUCH AN AGREEMENT THIS YEAR AND THINK THE TWO SIDES SHOULD AIM AT ANNOUNCING THE TEXT OF A DRAFT BY SEPTEMBER. THE END OF DISCUSSION ON AGENDA ITEM 1 IS IN SIGHT AND IT SHOULD BE POSSIBLE TO BEGIN AGENDA ITEM 2 IN APRIL. WE ARE ALSO GIVING INTENSIVE CONSIDERATION TO THE FORM AND CONTENT OF AN AGREEMENT AND HOPE TO LET THE CHINESE HAVE OUR IDEAS BEFORE TOO LONG.
3. WE HOPE THE CHINESE WILL UNDERSTAND THE NATURE OF THE CONSTRAINTS WITHIN WHICH WE ARE WORKING. THE CONSTITUTIONAL REQUIREMENT UPON THE GOVERNMENT TO SEEK PARLIAMENT'S APPROVAL OF ANY AGREEMENT REACHED WITH THE CHINESE GOVERNMENT OVER HONG KONG IS A REAL AND SERIOUS ONE. IT IS NO FORMALITY. MEMBERS OF PARLIAMENT WILL WISH TO HOLD A SERIOUS AND WELL-PREPARED DEBATE ON THE BASIS OF THE PUBLISHED AGREEMENT. THEY MUST BE CONVINCED THAT THE AGREEMENT IS IN THE INTERESTS OF ALL THOSE WHOM IT

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AFFECTS. IT MUST BE UNDERSTOOD IN THIS CONNECTION THAT PARLIAMENT WILL WISH TO SATISFY ITSELF, BEFORE TAKING ANY DECISION THAT IT IS IN A POSITION TO ASSESS THE SENTIMENT OF THE PEOPLE OF HONG KONG.

4. IF PARLIAMENT IS TO BE SATISFIED IN THIS WAY, THERE MUST BE AN INTERVAL BETWEEN PUBLICATION OF A DRAFT AGREEMENT AND THE PARLIAMENTARY DEBATE. THE PROCESS OF PARLIAMENTARY CONSIDERATION WOULD HOWEVER BE FACILITATED IF IN ADVANCE OF THAT STAGE IN THE NEGOTIATIONS A MEANS HAD BEEN FOUND, CONSISTENT WITH THE CONFIDENTIAL BASIS OF THE NEGOTIATIONS, TO PROVIDE AN INDICATION TO HONG KONG OPINION OF THE POSSIBLE OUTCOME: I HAVE IT IN MIND THAT I SHOULD MAKE A STATEMENT IN THE SPRING WHICH WOULD GIVE A BROAD INDICATION OF THE LIKELY CONTEXT OF THE DRAFT AGREEMENT. BUT EVEN SO IT WOULD NOT BE PRACTICABLE TO CONCLUDE AN AGREEMENT BY JULY. THAT WOULD INVOLVE A DEBATE BEFORE THE SUMMER RECESS. IT WOULD NOT BE FEASIBLE TO PUBLISH AN AGREEMENT WITH SUFFICIENT ADVANCE NOTICE TO ACHIEVE THAT.

5. WE THEREFORE PROPOSE TO WORK FOR THE PREPARATION OF A DRAFT AGREEMENT BY SEPTEMBER AT THE LATEST. THIS WOULD ENABLE A JOINT ANNOUNCEMENT TO BE MADE IN THAT MONTH. AFTER PARLIAMENT HAD RECONVENED IN THE AUTUMN THERE WOULD BE A FORMAL DEBATE. MEMBERS OF PARLIAMENT WOULD BY THEN BE ABLE TO ASSESS OPINION IN HONG KONG AND SHOULD BE MORE CONFIDENT OF THE BASIS FOR THEIR DECISION. ON THE ASSUMPTION OF A FAVOURABLE DECISION BY PARLIAMENT SIGNATURE COULD TAKE PLACE BY THE END OF THE YEAR.

6. (DEPENDING ON CHINESE INITIAL REACTION.) THE FINAL STAGE WILL BE RATIFICATION OF THE AGREEMENT. INSTRUMENTS OF RATIFICATION CANNOT BE EXCHANGED UNTIL THERE HAS BEEN SECURED IN BOTH COUNTRIES THE PASSAGE OF THE LEGISLATION NECESSARY TO PUT THE AGREEMENT INTO EFFECT IN 1997. PARLIAMENT CANNOT BE EXPECTED TO ENACT THE NECESSARY LEGISLATION IN THE UNITED KINGDOM UNTIL IT HAS BEEN ABLE TO SATISFY ITSELF THAT THE TERMS OF THE BASIC LAW TO BE ENACTED IN CHINA ARE CONSISTENT WITH THE AGREEMENT CONCLUDED BETWEEN THE TWO GOVERNMENTS. THE TIMING OF THIS STAGE WILL THEREFORE DEPEND ON THE LENGTH OF TIME TAKEN OVER THE

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DRAFTING AND ENACTMENT OF THE BASIC LAW. AS WE SEE IT, BOTH SIDES HAVE AN INTEREST IN HAVING THE WHOLE PROCESS CONCLUDED AS RAPIDLY AS POSSIBLE.

7. WE RECOGNISE THAT THERE MAY BE A DISPOSITION ON THE PART OF ZHOU NAN TO CAVIL AT THIS TIMETABLE AND ACCUSE US OF FOOT-DRAGGING. HE MAY IN PARTICULAR ARGUE THAT WE SHOULD BE ABLE TO CONCLUDE ALL THE PARLIAMENTARY PROCESSES BY THE SUMMER RECESS. YOU WILL HAVE TO CORRECT HIM IN THIS BY GIVING HIM OUR JUDGEMENT THAT NOTHING CAN BE ACHIEVED MORE QUICKLY, THOUGH OBVIOUSLY YOU WILL WISH TO PUT MORE STRESS ON THE REQUIREMENT OF ACCEPTABILITY IN LONDON THAN IN HONG KONG. IN GENERAL, THE ANSWER TO ZHOU NAN SHOULD BE THAT, AS YOU HAVE MADE PLAIN AT THE OUTSET, WE ARE APPROACHING THIS MATTER IN A SINCERE SPIRIT OF ENDEAVOURING TO MEET THE CHINESE TIMETABLE AND ARE SIMPLY EXPLAINING TO HIM THE VARIOUS SHOALS THAT HAVE TO BE NAVIGATED ON OUR SIDE IN PURSUIT OF OUR COMMON OBJECTIVE. HE WILL SIMPLY HAVE TO ACCEPT THAT WE ARE THE BEST JUDGE OF HOW TO GET AN AGREEMENT THROUGH IN THE UK AND HONG KONG.

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