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TELEGRAM NUMBER 588 OF 28/3/84
INFO IMMEDIATE HONG KONG

FUTURE OF HONG KONG: CONVERSATION WITH ZHOU NAN
AT INFORMAL DINNER 27 MARCH.

1. I HAD ABOUT AN HOUR'S CONVERSATION WITH ZHOU NAN (ALONE) AFTER MY DINNER FOR THE TWO DELEGATIONS ON 27 MARCH.

THE TIMETABLE

2. ON SIGNATURE, ZHOU AGAIN TRIED OUT ON ME THE TWO SCENARIOS WHICH HE HAD OUTLINED ON 17 MARCH (MY TEL NO 514). I SAID THAT NEITHER WAS ACCEPTABLE. IT WOULD NOT BE POSSIBLE FOR MINISTERS TO ASK PARLIAMENT TO APPROVE AN AGREEMENT WHICH HAD ALREADY BEEN SIGNED (SEMI-COLON) AND IT WAS NOT REALISTIC TO SUPPOSE THAT THE TWO DELEGATIONS COULD COMPLETE WORK ON A DRAFT AGREEMENT BY THE END OF MAY OR THE BEGINNING OF JUNE. HE ASKED WHY NOT. IF WE WERE TO HOLD TWO ROUNDS OF FORMAL TALKS A MONTH, AND TO PUT A GROUP OF SPECIALISTS TO WORK ON THE TEXT OF A DRAFT AGREEMENT, THERE WAS NO REASON WHY WE SHOULD NOT WIND UP OUR WORK BY THE END OF MAY. I SAID THAT THIS TIMETABLE WAS SIMPLY NOT FEASIBLE. IN ANY CASE, PARLIAMENT WOULD NEED MORE THAN JUST A FEW WEEKS TO CONSIDER A DRAFT AGREEMENT. ZHOU ALSO SAID AT ONE POINT THAT CHINA COULD NOT AGREE TO PUBLISH A DOCUMENT WHICH WOULD BE SUBJECT-TO LATER ADJUSTMENT.

3. ON THE INTERVAL BETWEEN SIGNATURE AND RATIFICATION, ZHOU ASKED WHETHER I COULD YET GIVE HIM 'CLARIFICATION'. I COUNTERED BY ASKING WHETHER I WAS RIGHT IN THINKING THAT THIS WAS THE ELEMENT

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IN OUR TIMETABLE WHICH CAUSED THE CHINESE MOST DIFFICULTY. AFTER
HESITATING FOR A MOMENT, HE SAID THAT IT WAS. IT WAS SURELY
UNKNOWN IN INTERNATIONAL PRACTICE FOR A SIGNED BILATERAL AGREE-
MENT TO REMAIN UNRATIFIED FOR YEARS ON END. WAS THERE NO WAY IN
WHICH WE COULD ACCELERATE THE PROCESS?

4. ON UNVEILING (WHICH NEITHER HE NOR I DESCRIBED AS SUCH),
ZHOU AGAIN SAID THAT THE CHINESE WOULD FIND IT UNACCEPTABLE FOR
YOU TO MAKE A STATEMENT IN THE SPRING ABOUT WHAT HAD HAPPENED
DURING THE TALKS (SEMI-COLON THE ONLY SORT OF
STATEMENT WHICH THE CHINESE COULD ACCEPT IN ADVANCE OF THE CON-
CLUSION OF AN AGREEMENT WAS ONE IN WHICH YOU ANNOUNCED THAT
THE UNITED KINGDOM WAS PREPARED TO TRANSFER SOVEREIGNTY.

FORM AND CONTENT OF AN AGREEMENT

5. ZHOU SAID HE HAD THE IMPRESSION THAT I HAD A DRAFT AGREEMENT
UP MY SLEEVE. I SAID THAT I HAD NOT, BUT THAT I EXPECTED TO BE
INSTRUCTED TO DISCUSS THE FORM AND CONTENT OF AN AGREEMENT WITH
HIM BEFORE LONG, PERHAPS IN ADVANCE OF YOUR VISIT. HE
PRESSED ME VERY HARD TO GIVE HIM MY "PERSONAL THOUGHTS" ABOUT
THE FORM OF THE AGREEMENT AND ABOUT WHAT IT MIGHT CONTAIN.
I COUNTERED BY ASKING HIM TO GIVE ME HIS PERSONAL THOUGHTS.
HE SAID THAT THE CHINESE SIDE HAD NOT YET PREPARED A DRAFT.
BUT IT CONTEMPLATED AN AGREEMENT IN FOUR PARCS:-

- (A) AN UNEQUIVOCAL UNDERTAKING BY THE UNITED KINGDOM TO
TRANSFER SOVEREIGNTY (SEMI-COLON)
- (B) THE CHINESE 12-POINT PLAN (SEMI-COLON)
- (C) A PASSAGE STATING THAT THE UNITED KINGDOM "APPRECIATED"
THE CHINESE PLAN (SEMI-COLON) AND
- (D) A SHORT CLAUSE ABOUT THE MACHINER OF CONSULTATION DURING
THE TRANSITIONAL PERIOD.

6. I SAID THAT THIS SORT OF THINKING WAS A LONG WAY FROM OUR
OWN. WE WANTED AN AGREEMENT WHICH WOULD GO INTO A GOOD DEAL OF
DETAIL, BOTH BECAUSE MINISTERS WOULD NEED TO PRESENT A
DETAILED AGREEMENT TO PARLIAMENT AND BECAUSE SUCH AN AGREEMENT WOULD
BE NECESSARY TO PRESERVE CONFIDENCE IN HONG KONG. THE TWO
ASPECTS WERE IN FACT LINKED (SEMI-COLON) ANY DAMAGE TO
CONFIDENCE IN HONG KONG WOULD HAVE AN IMPORTANT IMPACT ON
PARLIAMENTARY OPINION. ZHOU GRUMBLED, BUT DID NOT MAKE A SERIOUS
ATTEMPT TO ARGUE.

7. I TOLD ZHOU THAT WE THOUGHT THAT THE SHANGHAI COMMUNIQUE WAS
QUITE INAPPROPRIATE AS THE MODEL FOR AN AGREEMENT. IT RECORDED
DISAGREEMENT RATHER THAN AGREEMENT. IN ANY CASE, A COMMUNIQUE
WAS NOT THE SORT OF DOCUMENT WE HAD IN MIND. WE WANTED SOMETHING

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WAS NOT THE SORT OF DOCUMENT WE HAD IN MIND. WE WANTED SOMETHING
MORE FORMAL. GIVEN THEIR REQUIREMENT OVER SOVEREIGNTY, DID NOT
THE CHINESE WANT THIS TOO? ZHOU SAID HE HAD FLOATED HIS IDEA
ABOUT THE SHANGHAI COMMUNIQUE ON 17 MARCH IN ORDER TO HELP OVER
SOVEREIGNTY. THE TWO COUNTRIES HAD POSITIONS WHICH WERE DIFFERENT.
IT HAD OCCURRED TO HIM THAT THOSE POSITIONS COULD BE SET OUT
IN A FORM LIKE THAT USED IN THE SHANGHAI COMMUNIQUE, THOUGH IT
WOULD OF COURSE BE NECESSARY FOR THE UNITED KINGDOM TO BIND
ITSELF TO TRANSFER SOVEREIGNTY.

ITEMS 2 AND 3

8. ZHOU AGAIN SAID THAT THE CHINESE SIDE INTENDED TO MAKE PROPOSALS
ABOUT ITEMS 2 AND 3 AT THE NEXT ROUND. THE PROPOSALS ABOUT ITEM 2
WOULD DEAL CHIEFLY WITH MACHINERY FOR CONSULTATION DURING THE
TRANSITIONAL PERIOD.

FUTURE ROUNDS

9. ZHOU ASKED WHETHER WE COULD AGREE TO A SECOND ROUND NEXT MONTH,
PERHAPS DURING THE PERIOD FROM 24 TO 26 APRIL. HE SAID THAT
WE WOULD LIKE THE TIMING OF THE 13TH ROUND TO BE LEFT
OPEN FOR THE MOMENT. TWO FACTORS WHICH WOULD ENTER INTO THE
RECKONING FOR US WERE THAT THE FOUR-DAY EASTER HOLIDAY
FELL DURING THE SECOND HALF OF APRIL AND THAT YOU WOULD NOT
BE BACK IN LONDON UNTIL 28 APRIL

EVANS

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