

SECRET D E D I P

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PP CANBERRA

GRS360  
SECRET  
DEDIP

FM FCO 061140Z JUL 84  
TO PRIORITY CANBERRA (PERSONAL FOR AMBASSADOR)  
TELEGRAM NUMBER 539 OF 6 JULY  
AND TO PRIORITY OTTAWA, (PERSONAL FOR HIGH COMMISSIONER)  
WELLINGTON (PERSONAL FOR HIGH COMMISSIONER)  
INFO PRIORITY HONG KONG AND PEKING

FUTURE OF HONG KONG: BRIEFING OUR ALLIES.

1. YOU MAY USE THE FOLLOWING TO BRING YOUR SENIOR OFFICIAL CONTACTS UP-TO-DATE.
2. THE 17TH ROUND OF TALKS TOOK PLACE ON 27/28 JUNE. IT WAS AGAIN DESCRIBED BY BOTH SIDES AS USEFUL AND CONSTRUCTIVE. THE NEXT ROUND WILL BE ON 11 AND 12 JULY.
3. BOTH SIDES ONCE AGAIN WENT OVER FAMILIAR GROUND ON ITEM II AND THE SETTING UP OF A JOINT LIAISON GROUP. THE CHINESE ARGUED YET AGAIN FOR THE ESTABLISHMENT OF A JOINT GROUP IN HONG KONG WITH STANDING MACHINERY. THEY DISMISSED OUR OBJECTIONS TO THIS PROPOSAL OR ARGUED THAT THEY WERE GROUNDLESS. THEY AGREED THAT THE GROUP SHOULD FORMALLY BE CALLED THE JOINT LIAISON GROUP.
4. WE SPOKE ABOUT THE REVISED DRAFT AGREEMENT WHICH WE HAD TABLED DURING THE WORKING GROUP SESSION ON 25 JUNE. OUR REVISED DRAFT REPRESENTS A MOVE TOWARDS THE CHINESE POSITION AND TAKES INTO ACCOUNT SOME OF THEIR CRITICISM OF OUR ORIGINAL DRAFT. IN PRODUCING IT, WE HAVE TRIED TO BUILD ON THE EXISTING COMMON GROUND. THE ANNEXES TO THIS REVISED AGREEMENT STILL CONTAIN THE AMOUNT OF DETAIL WE CONSIDER NECESSARY TO MAINTAIN DOMESTIC AND INTERNATIONAL CONFIDENCE IN HONG KONG.
5. DURING THIS ROUND WE STRESSED THAT:-
  - (A) THE REVISED DRAFT AGREEMENT AND ANNEXES FORMED A SINGLE PACKAGE. MINISTERS WOULD BE PREPARED TO COMMEND AN AGREEMENT

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ON THE LINES OF OUR REVISED DRAFT ONLY IF THE ANNEXES WERE SUFFICIENTLY DETAILED.

(B) THE WORDING COULD BE DISCUSSED, BUT ITS GENERAL CONTENT REPRESENTED THE MINIMUM REQUIRED TO SUSTAIN CONFIDENCE IN HONG KONG.

6. IN RESPONSE TO THIS REVISED DRAFT AGREEMENT, THE CHINESE SAID THAT IT DID NOT REPRESENT A MAJOR MOVE BY US TOWARDS THEIR POSITION. THEY ASSERTED THAT THERE WAS NO POSSIBILITY OF REACHING AGREEMENT ON THE BASIS OF OUR DOCUMENTS.

7. NO FURTHER PROGRESS WAS MADE DURING THIS ROUND. THE CHINESE ARE STICKING FIRMLY TO THEIR POSITION ON THE JOINT LIAISON GROUP. THEIR RESPONSE TO OUR REVISED DRAFT AGREEMENT WAS NEGATIVE.

HOWE

FUTURE OF HONG KONG  
LIMITED

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