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FM HONG KONG 210641Z JAN 83
TO IMMEDIATE F C O
TELEGRAM NUMBER 102 OF 21 JANUARY
INFO IMMEDIATE PEKING

MY TELNO 39: VISIT BY A NEW TERRITORIES GROUP TO PEKING

1. THE GROUP RETURNED TO HONG KONG ON 18 JANUARY. THE SECRETARY FOR DISTRICT ADMINISTRATION SAW THE SEVEN HEUNG YI KUK MEMBERS INVOLVED THAT DAY: THE TWO LEGISLATIVE COUNCILLORS WHO TOOK PART GAVE ME THEIR IMPRESSIONS ON 19 JANUARY.
2. THERE WERE THREE MEETINGS WITH LIAO CHENGZHI IN ALL, THE FIRST A FORMAL MEETING AND THE OTHERS CONNECTED WITH WELCOMING AND RETURN BANQUETS. THE GROUP HAVE PROVIDED A DETAILED RECORD OF THE FIRST TWO DISCUSSIONS. THE THIRD RECORD IS IN PREPARATION: THERE ARE LIKELY TO BE ADDITIONAL POINTS IN THIS THIRD RECORD.
3. AS WITH THE FACTORY OWNERS LIAO APPEARS TO HAVE INDULGED IN REPETITIVE MONOLOGUES. THE MAIN POINTS OF INTEREST ARE:
 - (A) LAIO LAID GREAT STRESS ON THE IMPORTANCE OF THE SOVEREIGNTY ISSUE AND SAID THAT THE CHINESE GOVERNMENT HAD DECIDED 'THREE YEARS AGO' TO RECLAIM SOVEREIGNTY. (AT THE SECOND MEETING HE EXPLAINED THAT THIS WAS THE BALL WHICH HAD BEEN KICKED TO BRITAIN AND ASKED THE GROUP TO CORRECT THE MISTAKEN IMPRESSION GIVEN TO THE PRESS - MY TELNO 55). SOVEREIGNTY AND ADMINISTRATION WERE INSEPARABLE. (HOWEVER, SOME OF LAIO'S OTHER REMARKS COULD BE INTERPRETED AS A HINT OF FLEXIBILITY ON FUTURE ADMINISTRATIVE CONTROL. IN PARTICULAR HE SAID THAT IF BRITAIN WOULD CHANGE HER ATTITUDE TO THE THREE TREATIES, GIVE UP SOVEREIGNTY AND PROPOSE TERMS BENEFICIAL TO CHINA, IT MIGHT BE POSSIBLE FOR CHINA TO REVIEW THE PRESENT SITUATION).
 - (B) THE TALKS WERE AT AN IMPASSE. THIS WAS BECAUSE BRITAIN INSISTED IN TALKING ABOUT PROSPERITY FIRST WHILE CHINA INSISTED ON TALKING ABOUT SOVEREIGNTY. THE PRIME MINISTER'S EMPHASIS ON THE TREATIES HAD MADE THE NEGOTIATIONS DIFFICULT.
 - (C) CHINA HAD A DRAFT PROPOSAL BUT THIS WAS STILL BEING IMPROVED AND HAD NOT YET BEEN HANDED OVER TO BRITAIN. THE BASIC PRINCIPLE WAS THAT HONG KONG WOULD BECOME A SPECIAL ADMINISTRATIVE REGION WITH A HIGH DEGREE OF AUTONOMY. LIAO ARGUED THAT THE IDEA OF 'HONG KONG PEOPLE RUNNING HONG KONG' HAD FIRST BEEN PROPOSED BY PEOPLE FROM HONG KONG, AND SAID VARIOUSLY THAT IT WAS 'ONE POSSIBILITY' AND 'STILL UNDER CONSIDERATION'.

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/ (b) LIAO

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(D) LIAO REPEATEDLY REFERRED TO THE APPLICABILITY TO HONG KONG OF THE NINE-POINT PROPOSAL FOR TAIWAN, WITH THE EXCEPTION OF THE PROVISIONS RELATING TO THE ARMED FORCES. HE SAID IT HAD NOT YET BEEN DECIDED WHETHER HONG KONG OR TAIWAN WOULD BE TACKLED FIRST, BUT SOVEREIGNTY OVER HONG KONG WOULD BE RECOVERED BEFORE 30 JUNE 1997.

(E) PROPOSALS FOR IMPLEMENTING THE SELF-RULE IDEA SHOULD BE WORKED OUT BY HONG KONG PEOPLE THEMSELVES AND FORWARDED TO THE CHINESE AUTHORITIES WITHOUT CONSULTING THE BRITISH.

4. THERE ARE A NUMBER OF INCONSISTENCIES, BUT IN GENERAL THESE ACCOUNTS GIVE ADDED WEIGHT TO THE VIEW THAT THE CHINESE STRATEGY IS TO PUT STRONG EMPHASIS ON ADVANCING THEIR POSITION THROUGH DIRECT CONTACTS WITH HONG KONG PEOPLE, WHILE THEY STALL ON THE TALKS.

5. BY THEIR OWN ACCOUNT SOME AT LEAST OF THE GROUP SPOKE ROBUSTLY IN SUPPORT OF BRITISH ADMINISTRATION AND ASKED CRITICAL QUESTIONS ABOUT ASPECTS OF THE CHINESE PLAN. WHETHER THEIR POINTS WILL HAVE COME ACROSS CLEARLY TO LIAO AND OTHER CHINESE OFFICIALS IS ANOTHER MATTER.

6. COPIES OF THE FULL RECORDS, AND OF THE MEMORANDA HANDED OVER BY MEMBERS OF THE GROUP FOLLOW BY BAG.

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