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GR 730
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FM PEKING 260730Z JAN 83
TO IMMEDIATE FCO
TELNO 48 OF 26 JANUARY
INFO IMMEDIATE HONG KONG.

51

FUTURE OF HONG KONG: CALL ON VICE FOREIGN MINISTER YAO GUANG

1. I CALLED ON YAO GUANG THIS MORNING AND TOLD HIM THAT I HAD BEEN INSTRUCTED TO EXPRESS THE CONCERN OF MY GOVERNMENT THAT WE HAD STILL RECEIVED NO REPLY TO THE PROPOSALS I HAD PUT TO HIS PREDECESSOR ON 19 OCTOBER. IN VIEW OF THE IMPORTANCE OF THE SUBJECT AND THE INTENTION EXPRESSED BY DENG XIAOPING TO THE PRIME MINISTER THAT THE MATTER SHOULD BE SETTLED IN ONE TO TWO YEARS, A DELAY OF OVER THREE MONTHS WAS VERY DISQUIETING.
2. YAO SAID THAT HE HAD BEEN INFORMED ABOUT MY MEETINGS WITH ZHANG WENJIN. HOWEVER HE HAD ONLY TAKEN UP HIS NEW POST ON 13 DECEMBER AND HAD BEEN VERY BUSY. THERE HAD BEEN OTHER PERSONNEL CHANGES INCLUDING THE FOREIGN MINISTER, WU XUEQIAN. WU AND TWO VICE FOREIGN MINISTERS HAD ACCOMPANIED ZHAO ZIYANG TO AFRICA: THEY HAD LEFT ON 20 DECEMBER AND HAD ONLY RECENTLY RETURNED. THE REASON WE HAD NOT HAD A REPLY IN GOOD TIME WAS PURELY TECHNICAL. A 'TRANSITIONAL PERIOD' HAD BEEN NECESSARY. BUT A REPLY WAS IN PREPARATION AND WE WOULD HAVE IT AS SOON AS POSSIBLE. YAO ADDED THAT CHINA SHARED OUR VIEW OF THE URGENCY AND IMPORTANCE OF THE MATTER.
3. I TOLD YAO THAT I WAS ENCOURAGED BY HIS LAST POINT AND RELIEVED TO HEAR THAT A REPLY WOULD BE GIVEN SOON. COULD HE BE MORE SPECIFIC ABOUT TIME? I HAD BEEN TOLD SEVERAL TIMES IN THE PAST THAT WE WOULD HAVE A REPLY 'SOON'. YAO SAID THAT HE DID NOT THINK THE EXACT TIMING WAS VERY IMPORTANT. THE IMPORTANT THING WAS THAT THE BRITISH SIDE SHOULD UNDERSTAND BETTER THE CHINESE STAND ON HONG KONG.
4. I AGREED THAT A GOOD UNDERSTANDING WAS IMPORTANT, BUT UNDERSTANDING WOULD BE HELPED BY REPLIES. WE HAD HEARD NOTHING OFFICIALLY FROM THE CHINESE SIDE FOR THREE MONTHS. WE HAD HEARD VARIOUS REMARKS AND SEEN PRESS COMMENTS, BUT THERE HAD BEEN NO ANSWER ON THE DIPLOMATIC CHANNEL. YAO AGREED THAT THERE HAD BEEN NO FORMAL REPLY, BUT INSISTED THAT CHINA'S STAND HAD BEEN MADE CLEAR TO THE PRIME MINISTER BY CHINESE LEADERS. ZHANG WENJIN HAD SUBSEQUENTLY REPEATED IT TO ME. WE WOULD GET A REPLY, AND THEN CHINA'S STAND WOULD BE FURTHER DISCUSSED: MATTERS OF SUBSTANCE WOULD ALSO BE DISCUSSED. BUT IT WAS MORE IMPORTANT THAT THE BRITISH SIDE SHOULD REACH A BETTER UNDERSTANDING OF CHINA'S STAND, AS IT WAS EXPRESSED TO MRS THATCHER.
5. I TOLD YAO THAT WE WERE NOT AT ONE ON THIS POINT. THE TALKS IN SEPTEMBER HAD BEEN VERY IMPORTANT AND WERE THE BASIS FOR WHAT FOLLOWED. BUT WE HAD WORK TO PURSUE NOW. WE HAD MADE PROPOSALS CONCERNING THE TALKS, INCLUDING BOTH THE BASIS AND THE MODALITIES,

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BUT BECAUSE OF THE FAILURE OF THE CHINESE SIDE TO REPLY TO THESE PROPOSALS ALL WE HAD HAD TO DATE WERE TALKS ABOUT TALKS. IT WAS NOT ENOUGH TO REFER TO WHAT HAD BEEN SAID BY OUR LEADERS IN SEPTEMBER. THERE WAS URGENT WORK TO BE DONE. COULD I THEREFORE HAVE A MORE PRECISE INDICATION OF WHEN WE COULD EXPECT A REPLY, SAY, WITHIN A MONTH OR TWO WEEKS?

6. YAO REHEARSED THE REASONS FOR THE DELAY GIVEN IN PARAGRAPH 2 ABOVE. NOW THAT THE FOREIGN MINISTER HAD RETURNED THE 'TRANSITIONAL PERIOD' WAS ALMOST AT AN END.

7. I TOLD YAO THAT I HAD NOTED HIS WORDS AND WOULD REPORT THEM. I THEN SPOKE ABOUT THE IMPORTANCE FOR CONFIDENCE AND STABILITY IN HONG KONG THAT TALKS SHOULD GET UNDER WAY SOON. THERE WERE DIFFERENCES OF APPROACH BETWEEN US. BUT IF WE DID NOT TALK WE WOULD HAVE NO HOPE OF RESOLVING THESE DIFFERENCES. THE CREDIBILITY OF BOTH THE UK AND CHINA WAS AT STAKE IN CONDUCTING TALKS AND BRINGING THEM TO A SUCCESSFUL CONCLUSION. WE SHOULD BE ABLE TO DEAL WITH THIS IMPORTANT MATTER IN A RESPONSIBLE WAY AND SHOW THE WORLD THAT WE COULD DO SO.

8. I ASKED YAO TO CONFIRM THAT HE WAS NOW THE VICE MINISTER RESPONSIBLE FOR HONG KONG, WHICH HE DID BUT ADDED 'TEMPORARILY'.

9. I ALSO SPOKE ABOUT UNHELPFUL PUBLIC REMARKS MADE BY CHINESE LEADERS. PLEASE SEE MIFT.

COMMENT

10. THIS WAS NO MORE THAN A TEMPORIZING REPLY. BUT IT MIGHT HAVE BEEN WORSE. THE ATMOSPHERE WAS REASONABLY RELAXED. YAO IS DULL BUT SOUGHT TO BE FRIENDLY. I AM INCLINED TO ACCEPT THAT PERSONNEL CHANGES AND ABSENCES IN THE MFA HAVE BEEN AT LEAST AN IMPORTANT FACTOR IN THE LONG DELAY. YAO STRESSED TWICE THAT THE CAUSES WERE 'PURELY TECHNICAL'. I WOULD NOT CARE TO GUESS HOW SOON A REPLY MIGHT BE GIVEN, BUT IT WAS IN ANY CASE MADE FAIRLY PLAIN AT THIS MEETING THAT THE REPLY, WHEN IT COMES, WILL NOT BE VERY FORTHCOMING. YAO REPEATED MANY TIMES THAT THE MOST IMPORTANT THING WAS FOR US TO UNDERSTAND BETTER THE CHINESE STAND AS GIVEN TO THE PRIME MINISTER IN SEPTEMBER.

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HD/FED

HD/PLANNING STAFF

HD/PUSD

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PS/LORD BELSTEAD

PS/PUS

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FROM PEKING 260800Z JAN 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 49 OF 26/1/83

REPEATED FOR INFO TO IMMEDIATE HONG KONG

MIPT: FUTURE OF HONG KONG: CALL ON YAO GUANG

1. I REFERRED YAO TO PRESS REPORTS ABOUT LIAO CHANGZHI'S MEETING WITH THE NT DELEGATION, WHICH HAD GIVEN THE IMPRESSION THAT CHINA WAS WAITING FOR A BRITISH RESPONSE. IT WAS NOT ABSOLUTELY CLEAR WHAT LIAO HAD ACTUALLY SAID BUT A MISLEADING IMPRESSION HAD BEEN GIVEN AND ALLOWED TO PERSIST FOR SOME TIME. IT HAD BEEN WIDELY REPORTED IN THE HONG KONG PRESS.

2. YAO SAID THAT WHAT LIAO HAD SAID TO THE DELEGATION HAD BEEN CHINA'S CONSISTENT STAND. HE HAD NOT GIVEN A MISTAKEN (SIC) IMPRESSION. PRESS REPORTS WERE SIMPLY SPECULATION. LIAO HAD NOT (NOT) SAID THAT CHINA HAD PUT A SPECIFIC FORMULA TO BRITAIN AND WAS WAITING FOR A REPLY. YAO SAID THAT HONG KONG DELEGATIONS WERE CONCERNED ABOUT THE HONG KONG QUESTION AND WANTED TO KNOW CHINA'S POSITION. CHINESE LEADERS, INCLUDING LIAO, EXPLAINED CHINA'S STAND. THIS WAS NATURAL AND TO THE GOOD.

3. I SAID THAT THERE HAD BEEN VARIOUS PRESS REPORTS, ATTRIBUTED TO THE CHINESE SIDE, THAT HAD TROUBLED US. WE FOR OUR PART HAD KEPT ABSOLUTELY QUIET ABOUT OUR POSITION IN THE TALKS. SUCCESS IN THE TALKS DEPENDED ON CONFIDENTIALITY.

IT WAS DIFFICULT TO DISMISS THE REPORTS OF LIAO'S RECENT INTERVIEWS AS MERE SPECULATION. REMARKS BY THIS IMPORTANT CHINESE FIGURE HAD BEEN REPORTED BY ALL THE HONG KONG PAPERS, COMMUNIST AS WELL AS RIGHT-WING. A CORRESPONDENT FROM WEN WEI PO HAD BEEN WITH THE NT DELEGATION AND HIS PAPER HAD IMMEDIATELY CARRIED A HEADLINE TO THE EFFECT THAT CHINA HAD PUT PROPOSALS TO BRITAIN AND WAS AWAITING A REPLY. THIS WAS RATHER DIFFERENT FROM SPECULATION.

4. YAO SAID THAT CHINA ABIDED BY THE AGREEMENT THAT CONFIDENTIALITY SHOULD BE MAINTAINED. BUT THIS DID NOT MEAN THAT CHINA COULD NOT STATE ITS STAND: THIS WAS AN ENTIRELY DIFFERENT QUESTION. CHINA WAS A SOVEREIGN STATE.

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PERSONALLY HE THOUGHT THAT CHINA DID NOT MAKE ENOUGH USE OF THE MEDIA. LATER ON CHINA SHOULD USE THE MEDIA MORE TO PUBLICISE ITS POSITION ON VARIOUS ISSUES, INCLUDING HONG KONG. OUR PRIME MINISTER HAD MADE REMARKS ABOUT HONG KONG TO THE PRESS AND PARLIAMENTARY DEBATES HAD BEEN REPORTED IN THE PRESS. WHY COULDN'T CHINA PUT ITS POSITION?

5. I REITERATED THAT IT WAS THE CONTENT OF THE TALKS THAT WE WISHED TO KEEP CONFIDENTIAL. WE HAD REVEALED NOTHING, NOT EVEN THAT THE TALKS WERE STILL ONLY AT A PRELIMINARY STAGE. BUT CHINESE OFFICIALS HAD GIVEN INTERVIEWS REVEALING ALMOST EVERYTHING THAT HAD BEEN SAID TO MRS THATCHER IN SEPTEMBER. THIS PUT GREAT PRESSURE ON US TO DO THE SAME SORT OF THING, WHICH COULD LEAD TO A PUBLIC SLANGING MATCH FROM WHICH NO ONE WOULD GAIN. I WAS VERY CONCERNED THAT YAO ENVISAGED INCREASED USE OF THE MEDIA, FOR THIS WOULD PUT FURTHER PRESSURE ON US TO RESPOND IN KIND. THIS WAS NOT THE ATMOSPHERE IN WHICH SUCCESSFUL DISCUSSIONS COULD BE CONDUCTED.

6. YAO AGAIN INSISTED THAT CHINA HAD NOT REVEALED THE CONTENT OF THE PRIME MINISTER'S TALKS. I REBUTTED THIS, CITING THE EXAMPLE OF VICE FOREIGN MINISTER QIAN QICHEN'S INTERVIEW WITH A VISITING FINANCIAL TIMES DELEGATION SOON AFTER THE PRIME MINISTER'S VISIT. AFTER FURTHER UNPRODUCTIVE REPETITION OF THE ABOVE ARGUMENTS WE AGREED TO DIFFER. YAO SEEMED TO WITHDRAW SOMEWHAT FROM HIS LINE THAT CHINA SHOULD STEP UP ITS USE OF THE PRESS ON THIS SUBJECT, AND SAID THAT CHINA HAD NO INTENTION OF CONDUCTING TALKS THROUGH THE MEDIA. BUT IT IS PLAIN THAT WE SHOULD EXPECT DISCLOSURES AND UNHELPFUL STATEMENTS TO CONTINUE.

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